



Report to Scrutiny

Item Number:

Contains Confidential or Exempt Information

Yes (Part) – Appendices 1&3, Exempt Information by virtue of Paragraph 3 of Schedule 12A to the Local Government Act 1972

Subject of Report: Procurement Methods and Commercialisation (i.e. Future Ealing Commercial Programme)

Meeting: Scrutiny Review Panel 4 - 2018/2019: Future Ealing

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Scrutiny Officer: Harjeet Bains, Scrutiny Review Officer, bainsh@ealing.gov.uk, ext. 7120

Cabinet Responsibility: Cllr Bassam Mahfouz, Finance and Performance

Director Responsibility: Ross Brown, Chief Finance Officer, BrownRo@ealing.gov.uk, ext. 6110

Brief: This report provides an update on the Future Ealing Commercial Programme and the implementation of the Council's new Commercial Hub and the progress which has been made to date on embedding a more commercial approach to procurement and contract management across the organisation.

Recommendations: This report is for information only and so the Panel is asked to note the progress made to date.

1.0 Commercial Programme Background

1.1 Future Ealing is about taking an outcome led approach. By agreeing the outcomes that are most important and taking a 'one council' approach to delivering these we can best deliver improvements for residents, operate as the most effective organisation we can be and address financial challenges.

1.2 The following objectives were agreed for the programme:

- To provide a framework for partnership between members and officers;
- To motivate and drive 'one council' and 'one public service' approach to achieving outcomes;
- To link aspiration, delivery and organisational development;
- To identify the areas where we need transformation vs continuous improvement;
- To drive our resource allocation against priorities;
- To ensure we deliver a balanced budget;
- To help 'tell our story' more effectively externally;
- To help 'tell our story' more effectively internally to motivate and engage staff.

1.3 With the approved priority outcomes of:

- A growing economy creates jobs and opportunities for Ealing residents to reduce poverty and increase incomes and skills;
- Children and young people achieve educationally and fulfil their potential;
- Children and young people grow up safe from harm;
- Residents are physically and mentally healthy, active and independent;
- Ealing has an increasing supply of quality and affordable housing;
- Crime is down and Ealing residents feel safe;
- The borough has the smallest environmental footprint possible;
- Ealing is a clean borough and a high-quality place where people want to live;
- Ealing is a strong community that promotes diversity with inequality and discrimination reduced.

1.4 These objectives and outcomes led to five transformational themes:

- Digital, data and Customer;
- Commercialisation and Assets;
- Cross Cutting and Efficiency;
- Children's and Adults review;
- Service efficiency.

1.5 We spend approximately £320M every year on contracts to support delivery of services to residents. How we procure and manage contracts around the nine Future Ealing outcomes is key to getting the best value we can from limited resources. As part of the Commercialisation & Assets theme (later to become Modern Council Board) it was therefore agreed in late 2017 to select a pilot programme in Procurement and Contract Management to commence rapidly into

delivery, which was subsequently approved by the Future Ealing Board. This then became the Future Ealing Commercial Programme.

1.6 Following ongoing engagement through Modern Council Board and consultation across the Council, the pilot culminated in a new Commercial Hub being launched in November 2018 to replace the old Procurement team so as to provide greater support across the Council. This new team, financed through the existing budget with no increase in funds, provides support across the whole commercial cycle, from commissioning, to procurement and through to contract management. Appendix 1 outlines the function of the Commercial Hub. To further support the Council and the introduction of the Hub, a new Commercial Policy has also been developed in Appendix 2. The policy is also designed to ensure the Council focuses on those areas for development that are required to be in-line with the LGA National Procurement Strategy, for which a full diagnostic of the Council has been undertaken. The results of the diagnostic (section 1.7) show the council to be either a “leader” or “innovator” in many categories. However, on the categories where the Council is closer to the local authority benchmark there is clearly scope for even greater development and so therefore these categories will be a focus for the Commercial Hub moving forwards.

1.7 London Borough of Ealing - LGA National Procurement Strategy 2018 Diagnostic Benchmarking Results



1.8 The original aim of the Commercial Programme was to conduct commercial reviews of third party spend and contracts with a view to driving greater commercial focus and capability across Ealing, as well as identifying potential savings and cost avoidance opportunities. The programme comprised of two key elements:

- Development of a Target Operating Model;
- Review of contracts and spend areas leading to the realisation of savings.

There was £1.000M in the MTFs for FY18/19 and £1.400M overall in relation to review of contracts and spend areas with scope for increased delivery of savings.

1.9 There was a broad consensus on the need for change and to build the Council's commercial capability in order to drive better value for money through third party spend. The key questions were whether the Council wants to achieve this through the creation of a centralised hub and subsequently how this hub will be resourced. The key challenge across Directorates was the lack of core commercial resource which could transfer to a hub, without impacting operational delivery. The Council therefore had to consider the options available to build the required capacity and capability.

1.10 The scope of this piece of work covered the following:

- Assessing how procurement and contract management is carried out currently and opportunities for building on and sharing good practice across the council, specifically a more consistent approach across all areas of the council;
- Reviewing the Procurement Target Operating Model (TOM) to support the development of commercial skills within the organisation for the whole council;
- Assessing any opportunities for immediate contract savings and release of these savings, which also informs the above.

1.11 The outputs and success criteria of the programme would be as follows:

Outputs

- New Commercial Hub team established and working effectively;
- An ongoing programme of contract reviews;
- New commercial governance established across the organisation;
- Category Management approach embedded across the organisation;
- The creation and delivery of a clear commercial policy for the organisation;
- Embedding of outcome based commercial models across the organisation.

Success criteria:

- Budget savings, non-cashable efficiencies and service outcome improvements;
- Culture change – organisation being far more commercial;
- Stakeholder feedback.

2.0 Delivery of the Commercial Programme

2.1 As part of this programme additional resource (Ernst & Young) was initially

bought in by the Commerciality & Assets Board to support the Council in determining the most appropriate Target Operating Model for the Commercial Programme (see the Current State Assessment in Appendix 3). Along with colleagues from the old Procurement team a review was undertaken of how the Council currently procures and manages contracts and the resource which is allocated to this. This was based upon the following methodology:

- Desktop review of staff titles and roles to determine who is involved in which of the 6 procurement functions and to what degree;
- List validated with Directorates;
- Questionnaire to determine current knowledge and processes: maturity assessment being finalised;
- Staff considered 'core' if have 75%+ time covering one or more function;
- In scope: grade 16 and below (above considered 'strategic commissioning' to remain with the service).

2.2 Alongside the Target Operating Model, to accelerate the commercial culture change the Council required, a number of contract reviews were undertaken across service areas by the Procurement team in collaboration with additional capacity provided by EY. The first round of reviews focussed upon nine individual contracts, whereas the second round focussed upon two "categories", Supporting Adults and Repairs & Maintenance. Please see section 4.0 for the financial information related to this. The learning from these contract reviews has helped with the implementation of the Commercial Hub and upskilling the members of staff who either remained from the old Procurement team or were bought into the centre from service areas and whom are now in positions in the Commercial Hub.

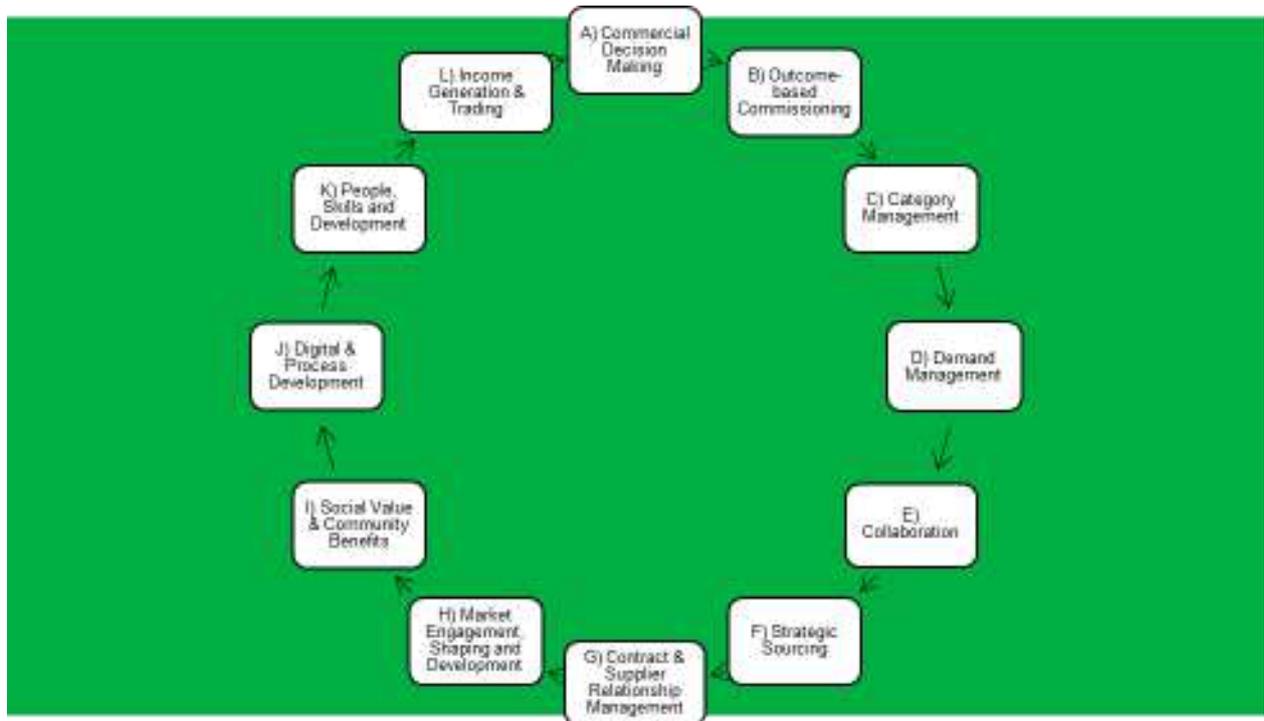
2.3 The review found that in general (and when benchmarked with what is perceived to be best practice in both public and private sectors), the Council was relatively good at operationally managing contracts with suppliers e.g. ensuring an end user receives a service. However, when it came to the commercial management, whilst there are pockets of good practice within the Council, generally the standard was lower e.g. ensuring the supplier meets the terms of the contract from a financial perspective (service credits, key performance indicators and benchmarking etc). The review identified the following key four opportunities:

Theme	Observation	Evidence	Opportunity
1. Spend Controls	Lack of consistent approach to management of third party spend across the Council	The Council spends <€1m with the majority of the supply base, 38% of total spend attributed to the top 20 suppliers. Other Local Authorities range between 40-60%, with best practice closer to 80%.	Such a large volume of suppliers is not only cumbersome to manage but suggests that there is an opportunity for the Council to implement more robust category management to consolidate spend and drive better value.
2. Workforce	Due to how devolved commercial activity is, resources performing procurement and contract management often pick this up on top of their operational duties.	Out of the 145 people identified as performing a procurement or commercial function, the majority are non-core and 100 have been identified as performing multiple functions.	There is an opportunity to increase integration between each department and reduce duplication of effort, enhancing the opportunity to collaborate. Roles and responsibilities could be more clearly defined for non-core resources who perform commercial activities using a shared level of capability and capacity.
3. Governance, Processes and Procedures	DCBs seek to enforce commercial processes and procedures but are split across Directorates.	DCBs operate for each Directorate currently, however a paper has been created with a view to amalgamating these which evidences the current inconsistencies from one board to another.	Creation of centrally owned and uniform governance process would increase collaboration and challenge across third party spend by applying more rigour to decision making in procurement and contract management.
4. Tools and Technology	Data quality and lack of automation makes it challenging to plan and manage supplier performance.	The total third party spend for FY 16/17 was €397m. The sum of the est. annual value for active contracts (excluding extensions taken) on the Contracts Register within that time frame was €3.9bn. However based on TCV divided by the contract term, the total annual committed spend for active contracts as per the contract register for FY 16/17 would be just €6.4m indicating lack of compliance with a key spend management tool.	Improving the quality of the data would make it easier for LRF to accurately manage supplier performance, plan for over or under spend or keep costs under control. Greater automation would enhance the ability to control both on and off contract purchasing and is a more effective use of resource due to the reduced level of administration and processing involved.

2.4 To enable the realisation of these opportunities the below three operating models were considered:

#	Option	Description	Risks & Benefits	Staffing Impact
1	 <p>Directorate Led Model</p>	<p>Limited holistic governance. Each individual team controls the commercial management activity but in reality the devolvement leads to reduced controls and compliance with high cost implications.</p> <p>Activities are often delivered in siloes. Service-led activity which favours operational rather than commercial delivery.</p> <p>Success of this model requires enforcing tighter operational controls to strengthen the core of the commercial function and standardise the activities.</p>	<ul style="list-style-type: none"> Services will continue to be provided in silos with little integration between departments Model imposes challenge on financial sustainability and service quality as little integration between each department Roles and responsibilities are not clearly defined Duplication of efforts and services Limited leverage on available contracts and services within the business leading to higher costs Non-qualified commercial individuals leading on procurement and contract management activities resulting in variable standards and continued cost leakage Bespoke service for each service unit All decisions are made by the service and for the service and specialised resources remain focused on operational delivery 	<ul style="list-style-type: none"> Staff remain in Directorates within the same teams under the existing line management structure Increased controls and governance across Directorates would be required to better manage third party spend
2	 <p>Hub & Spoke</p>	<p>A Hub and Spoke model puts control and accountability for the function in a central position. It ensures that the central commercial management capability leads on all compliance and governance whilst ensuring an end-to-end service provision, but also that those areas with specialist service area knowledge either remain wholly or predominantly within Directorates with strong links to the centre.</p>	<ul style="list-style-type: none"> Danger of shrinking back to working in the existing model through force of habit and cultural shock Services are integrated and streamlined across the business where work is no longer carried out in silos, but rather as strands across the business Directorates have full control of managing the Service but have a centre of excellence to support and govern any discussions with suppliers 	<ul style="list-style-type: none"> This model allows for flexibility in terms of the size of the hub versus the spoke Whole teams or only key resources would transfer to the hub Success of this model relies on the communication, relationship and controls between the hub and spokes
3	 <p>Matrix Model</p>	<p>Bringing together commercial activities so that they service all aspects of the end-to-end service from the same position in the business. Strongly promotes a category rather than departmental focus with the affected population reporting to a centralised management structure.</p>	<ul style="list-style-type: none"> Cultural shock of change results in defensive behaviours Most effective use of head count but also a sense of loss of control by Directorates Activities are easy to co-ordinate and manage with a centralised leadership team It is possible to retain senior resources as category specialists whilst having a floating pool of junior resources to service all categories, flexed to meet demand 	<ul style="list-style-type: none"> This model requires all core Procurement and Contract Management staff to transfer to a consolidated team Efficiencies are realised through category focus, consolidation of spend and removal of duplicated efforts and processes

- 2.5 Whilst EY had expected to find significant numbers of staff in service areas to bring into the centre, the reality was that there were only a few positions which were suitable when using the criteria of 'commercial and procurement related activity accounting for over 75% of a role'. This is primarily due to the Council having most of its resource allocated to operational management of services with little resource then in place for commercial management or procurement. Based on this x 2.0 FTE were bought into the central team from Housing, x1.0 FTE from Customer Services and 0.5 FTE from HR. Whilst x1 FTE was identified in the Children's & Adults Commissioning team it did not transfer. Finally, x1.0 FTE who were being made redundant by the West London Alliance were also bought into the team to add further capability.
- 2.6 This resulted in the structure, scope and core activities outlined in Appendix 1 being agreed by Modern Council Board for implementing as part of the replacement of the old Procurement team with a new 'Commercial Hub' in November 2018. This involved taking the previous members of the Procurement team, those who were transferred, plus new external recruits to create a new team. No staff were subject to any redundancies as part of this process with the council keen to create more commercial capacity and capability, not less. The recruitment for all remaining positions will be complete by May 2019 with all posts then permanently filled.
- 2.7 To support the implementation of the new Commercial Hub a new 'Commercial Policy' (Appendix 2) was created and consulted upon across the Council prior to going to Cabinet in February 2019. The below summarises the key principles of the policy:
- Introduction of more sophisticated commercial models and working in more creative and commercial ways which improve service outcomes, whilst also reducing the cost paid by the Council;
 - New governance arrangements and the introduction on the Joint Contracts Board, with a 2 year forward plan to enable more proactive market management and commercial strategy design;
 - A new commissioning approach driven by commercial strategies for all new contracts with all Key Decision level contracts approved by the new Joint Contracts Board;
 - A 5-year category strategy for all major categories of spend detailing how we will go to market, the services we will look to procure and how we want the market to develop to meet our future needs;
 - Improved and best in class contract and supplier relationship management, ensuring suppliers provide the service we are contracted with them for and holding them to account when they do not;
 - New commercial policy delivery framework supported by the new Commercial Hub covering the following:



The policy also defined the following Key Performance Indicators for the Council to work towards:

Target Description		2019/20 Goal	2020/21 Goal	2021/22 Goal
On-Contract Spend %		70%	75%	80%
Active apprenticeships within contracts		15+	25+	35+
LLW paid by suppliers in contracts (% of total contracts)		60%	70%	80%
Local Spend %		20%	25%	30%
SME Spend		65%	70%	75%
Supported Project Savings (Market Classification)	Challenging	0.5% +	0.75% +	1.00% +
	Standard	1.0% +	2.0% +	3.0% +
	Economical	2.5% +	3.5% +	5.0% +
Strategic Sourcing – bidder challenges		0	0	0
% of spend covered by commercial / category strategies		60%	65%	70%

2.8 Along with the financial benefits outlined in section 4.0, progress with delivery on this programme continues positively with cross-council culture change ongoing and a greater commercial focus becoming far more predominant. Whilst the

Commercial Hub is supporting service areas on well over 100 projects, there are some specific examples that illustrate the benefits of taking a more commercial approach to letting contracts. For example, the Hub recently helped to re-procure the £6.000M per annum Parking contract. This involved working closely with colleagues in Parking, Finance and Legal to carry out quite a complicated process of negotiation (competitive dialogue) with many stages and activities, all designed to help save the council money and get better performance from our parking service. This will deliver £0.900M worth of savings per annum for the council.

- 2.9 Recently the Hub also worked with colleagues in Children's Services to carry out a detailed review of a contract which is worth more than £5.000M per annum. By working closely with colleagues, the Hub's review identified that the supplier had not been providing the service as it should have and so a rebate of £0.727M was negotiated.
- 2.10 To support the work of the Commercial Hub and ensuring a cross-Council view on external spend, a new Joint Contracts Board was launched in January which addresses all key officer level contracts (i.e. over £0.500M). The board is made up of all Directors and has already been successful in breaking down previous silos between directorates and acts to ensure capital and revenue contracts are let and managed effectively and collaboratively, as well as monitoring all commercial and contract related savings opportunities across the organisation. To support the board a new Contracts Register system (Sharepoint-based) has been implemented internally with a blitz on contracts data and training across the whole Council now completed.
- 2.11 Further evidence of the Council taking a more commercial approach to services and contracts can be seen through the work being undertaken to establish a Local Authority Trading Company for Waste, Streets and Grounds Maintenance services, led by the Director of Environment. This is an excellent example of the Council not only working well together to deliver a service in a very collaborative manner (Waste, Streets and Grounds Maintenance teams, Commercial Hub, Finance Accountancy, Legal Contracts, ICT and HR are all involved) but it also shows the Council being highly innovative by introducing a new commercial model for this service, something on this scale and complexity the Council has not done before on any service it commissions.
- 2.12 It should be noted that a number of Local Authorities have taken a different approach to being more "commercial". They have taken the view that a more commercial approach is based purely around the selling of services externally, either informally or via trading companies and have established separate services to focus on this. This is a narrow view and one which Ealing Council has not followed, instead taking a broader stance on what it means to be commercial across all services, assets and external spend. Examples of where this has been successful can be seen in shared services with other Local Authorities such as that led on by Audit & Investigation, the selling of services to Schools by HR, commercial waste services, as well as with various projects in Regeneration such as land disposals / leasing, property joint ventures such as the Perceval House

project and the establishment of Broadway Living. Income is therefore generated via various models on services but is addressed on a case by case basis and usually where there is the following:

- an existing level of service quality being provided by the Council that would be attractive to customers other than residents;
- in a market which is not over saturated and there is a suitable for a new entrant;
- the Council can be competitive in terms of pricing but still make an adequate margin (minimum 15%) so as to make it commercially viable;
- trading does not divert attention from our core business of serving Ealing's residents.

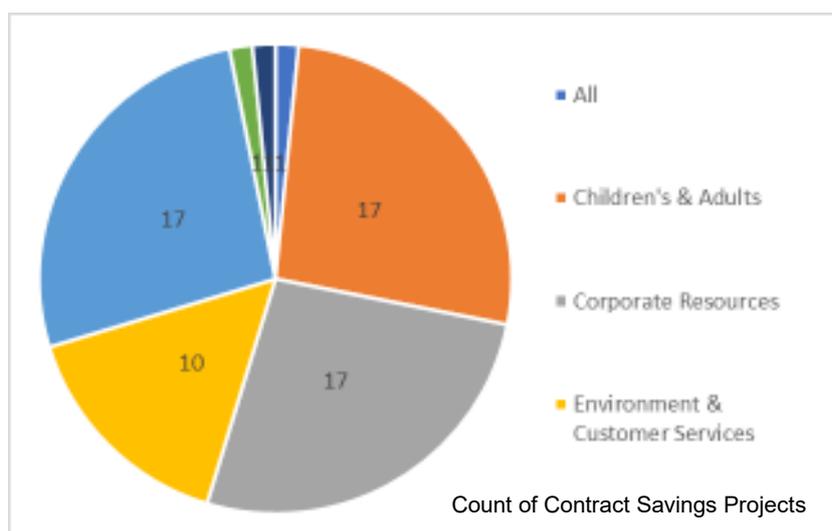
3. Legal Implications

3.1 When procuring contracts all service areas must ensure they adhere to the Public Contracts Regulations 2015 and the Council's Contract Procedure Rules. Modifications and variations to contracts must also be in adherence to these rules and legislation. Other pieces of legislation that impact upon procurement include the Social Value Act 2013, as well as service specific requirements, for example the Care Act 2014 or The Construction (Design & Management) Regulations 2015.

4. Financial Implications

4.1 Whilst no additional funds have been sought for the establishment of the Commercial Hub, the business case for it which was approved by Modern Council Board, was based upon prudent level savings of £1.200M being generated for service areas across the Council in 2019/20. However, that figure has now been far exceeded and, due to the success on a number of projects, for 19/20 a number of FE1s were produced which targeted contract-based savings and efficiencies. These are as follows:

Directorate	Savings Target (Prudent) (MTFS)	Savings Target (MLO)	Savings Target (Stretch)
All	£250,000	£350,000	£450,000
Children's & Adults	£1,120,427	£1,849,144	£2,093,061
Corporate Resources	£274,283	£374,890	£475,688
Environment & Customer Services	£1,204,829	£1,242,093	£1,279,557
Housing & Regeneration	£233,180	£340,828	£448,077
Housing & Regeneration and Corporate Resources	£900,000	£1,100,000	£1,300,000
Housing & Regeneration, Children's & Adults and Corporate Resources	£1,310	£6,465	£8,620
Grand Total	£3,994,838	£5,063,321	£6,055,804



Directorate	MTFS Saving 19/20	Annual Contract Value	Savings Target (Prudent) [MTFS]	Savings Target (MLO)	Savings Target (Stretch)
Children's & Adults	Adults Transport (ad-hoc routes) D2 & E2 Contract Review FE1	£800,000	£25,000	£32,500	£40,000
Children's & Adults	Adult Support Contract Review FE1	£5,200,000	£270,000	£577,000	£808,000
Children's & Adults	DPS for Care Home and Supported Living Placements – Placement Review FE1	£24,000,000	£120,000	£180,000	£240,000
Children's & Adults	3 x Children's DPVs (contract management outsourced to WLA) – Safe & Achieving FE1	£5,060,284	£35,301	£42,952	£50,603
Environment & Customer Services	Parking Re-Procurement FE1	£6,500,000	£930,000	£930,000	£930,000
Environment & Customer Services	Festivals & Events Zero Subsidy FE1	£90,000	£72,000		
Environment & Customer Services	Sports and Leisure Operator (GLL) C Concession FE1	£0	£210,000		
All	D2 Savings – D2 & E2 Contract Review FE1	Various	£250,000	£350,000	£450,000
Housing & Regeneration and Corporate Resources	Maintenance Category Spend - E2 Contract Review FE1	£26,600,000	£900,000	£1,100,000	£1,300,000
All	Other Contracts – Contract Savings FE1	£58,983,366	£847,257	£1,208,589	£1,569,921

4.2 Efficiencies are a mix of cashable (budget reductions and cost avoidance) and non-cashable (improved service outcomes and social value). All of the FE1s above relate to budget savings. Activity will cover both new contracts being procured and how we can generate better value for money through a more commercial approach as well as current contract reviews and negotiations.

4.3 As mentioned earlier in this report, the Council has already begun a range of contract reviews which the Commercial Hub have been leading on with service areas. The first round of these has delivered budget savings of more than

£1.000M in 18/19 with a further £0.400M already built into the MTFs for 19-20 and which is being worked upon now. The first round of reviews focussed on nine suppliers. The second round has focussed more upon categories of spend and is looking at Supporting Adults (Separate FE1) and Repairs & Maintenance across the Council. In addition to this FE1 there are specific separate FE1s with further savings that are contract focussed and which the Hub is supporting e.g. Parking, All Age Disabilities Outcomes Commissioning etc. The total of all contract-related savings FE1s for 19/20 is £3,994,838.

- 4.4 The approach to supporting the contract savings outlined in these FE1s will, wherever possible, look to generate efficiencies through more commercial, outcome-based commissioning and negotiations / contract reviews which drive better value from suppliers through a rate reduction but have no material impact on the specification of what has been contracted. However, it is acknowledged that this will only deliver a certain level of savings and with a greater level required, activity will also have to include, on certain contracts, the re-alignment of specifications to the new available budget amounts.
- 4.5 Any service impact assessments or consultation is completed on a case by case basis for each impacted contract by the relevant service area. It should also be noted that a balanced approach needs to be taken between commercial and service benefit versus legal contractual risk to deliver these savings, primarily where negotiating with suppliers where we are already under contract. This is looked at on case by case basis but requires a pragmatic line of attack for this programme to succeed.
- 4.5 The analysis of potential savings has been based upon the forward plan of procurements for the next 24 months, contract specific budgets information, third party spend analysis and the current contracts register. This analysis has considered the sort of market each contract is within and the level of savings a more commercial approach can deliver. The below summarises the target savings levels:
- Challenging (0.5% to 1.0%), i.e. Adult and Children's Social Care;
 - Standard (1.00% to 2.00%), i.e. Legal, Training, Agency, FM;
 - Economical (3.00% to 5.00%), i.e. Fleet, Equipment, Professional Services.
- 4.6 The ownership of each contract efficiency target is the relevant contract owner (i.e. service area) who holds the associated budget(s), working with support from the Commercial Hub and other departments such as Legal Contracts and Finance Accountancy. It should be noted that the savings are indicative as it is only once the work begins that they can be substantiated and the target savings identified in these FE1s are based on an initial desktop exercise, not contractual / service deep dives. Some contracts will over deliver against their target, whilst others may under deliver but the aim is for each directorate to deliver their overall target. It should be noted that work done to date and savings already delivered provide some assurity and confidence as to the level of deliverability.

5. Social Value in Contracts & Procurement

5.1 The Social Value Act is designed as a tool for enabling commissioners and procurers to be more innovative in their procurement methods and to encourage more responsive service delivery with the potential of achieving significant cost savings. "Social Value" has been defined as the additional benefit to the community from a commissioning / procurement process over and above the direct purchasing of goods, services and works.

5.2 Ealing Council has gone beyond the Act's requirements and the Commercial Hub have produced guidance which will assist the Council embed social value further into aspects of its commercial and procurement activity, where it is practical to do so, please see Appendix 4. In doing this, both the detail and spirit of the Act can be delivered in all the Council's commercial and procurement activities.

5.3 Furthermore, in April 2018 Cabinet approved the following:

- As a minimum, all procurements will be required to include social value metrics (using the Social Value Guidance) as a part of the scoring and evaluation process. Assessments should be based upon the total cost benefit of any social value that is to be delivered;
- Where possible and appropriate, Social Value should form part of the overall outcomes which are being specified and evaluated as part of any procurement exercise;
- Where social value has not been incorporated already into the key outcomes being evaluated as part of a procurement, it is recommended that a minimum 5% of the overall evaluation score is attributed to social value. However, each procurement would be dealt with on a case by case basis.

5.4 The Commercial Hub will be looking at further new innovative ways of embedding social value, whilst also delivering cashable savings and service outcome improvements for the Council on external spend. To further develop the Council's approach to social value a report will be going to the Joint Contracts Board recommending the introduction of minimum social value requirements (i.e. minimum numbers of apprenticeships) on contracts, as well as introducing a financial assessment of social value benefits and including this value in the assessment of contracts when they are being procured.

5.5 The aforementioned financial assessment of social value benefits would be based upon a national framework of reporting measures and evidence-based social value 'benefit costings'. The principal benefits of a minimum and consistent reporting standard for social value are that it:

- Provides a consistent approach to measuring and reporting social value;
- Allows for continuous improvement;
- Provides a robust, transparent and defensible solution for assessing and awarding tenders;
- Allows organisations to compare their own performance by sector and industry benchmarks and understand what good looks like;

- Reduces the uncertainty surrounding social value measurement for businesses, allowing them to make informed decisions based on robust quantitative assessments and hence embed social value into their corporate strategies.

5.5 Additionally, work is being undertaken looking at ‘zoning’ within social care contracts like Homecare. Zoning allows the Council to offer guaranteed minimum volumes (GMV’s), thus potentially allowing providers to offer staff fixed term contracts rather than zero hours’ contracts. In conjunction with GMV’s, work being undertaken to establish sustainable hourly rates for providers may enable providers to pay the LLW, made financially viable by the commercial benefits zoning and GMV’s could provide. Better terms and conditions for workers are likely to improve recruitment & retention, training, self-worth and care delivery resulting in better outcomes for Ealing residents. Zoning is also likely to promote more local employment as workers can work closer to home. Zoning will also result in a decrease in travel by workers thus reducing driving & pollution.

6. Background Papers

- Appendix 1 – Commercial Programme Background (Confidential)
- Appendix 2 – LBE Commercial Policy
- Appendix 3 - EY (TOM) Current State Assessment (Confidential)
- Appendix 4 – Social Value in Procurement Guidance

Consultation

Name of Consultee	Department	Date Sent to Consultee	Date Response Received from Consultee	Comments Appear in Report Para:
Ross Brown	Chief Finance Officer	14/03/2019	15/03/2019	
Kieran Read	Director Strategy & Engagement	14/03/2019		
Alison Reynolds	Director of Customer Services	14/03/2019		
Helen Harris	Director of Legal & Democratic Services	14/03/2019		
Liz Chiles	Director of HR & OD	14/03/2019		
Ed Axe	Director ICT, ID, CIO & Property Services	14/03/2019		
Lucy Taylor	Director of Regeneration & Planning	14/03/2019		
Mark Wiltshire	Director of Safer Communities & Housing	14/03/2019		

Gillian Marston	Director of Environmental Services	14/03/2019
Alan Baldwin	Interim Director of Housing Development	14/03/2019
Carolyn Fair	Director of Children and Families	14/03/2019
Kerry Stevens	Director of Adult Services	14/03/2019
Wendy Meredith	Director of Public Health	14/03/2019
David Francis	Director of WLA	14/03/2019
Cllr Bassam Mahfouz	Portfolio Holder for Finance and Performance	15/03/2019 N/A - For Information Only
Cllr. Deirdre Costigan	Chair of Scrutiny Review Panel 4 - 2018/2019: Future Ealing	21/03/2019
Cllr. Gary Malcolm	Vice Chair of Scrutiny Review Panel 4 - 2018/2019: Future Ealing	21/03/2019

Report History

Decision Type: For Information		Urgency item? No	
Authorised by Cabinet Member:	Date Report Drafted:	Report Deadline:	Date Report Sent:
N/A	12.03.19	05.04.19	03.04.19
Report No.:	Report Author and Contact for Queries:		
	Tim Smith, Head of Commercial Hub, smithti@ealing.gov.uk, ext. 7737		