

Commercial Policy 2022-25

December 2022

Basildon Borough Council

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1. Definitions

For the purposes of the Commercial Policy, the following definitions are applicable:

- Social Value – Quantifying the additional benefits that can be delivered through commercial activity that aid the development of local communities and economies. This is underpinned by the Social Value Policy (2022-25).
- Enterprising – Making every penny count and every minute matter.
- Innovation – Seeking to stimulate new ways of working within the Council in response to the continuous change in customer needs, ensuring the customer is at the heart of all operations and delivery of Council services

2. Introduction

Basildon Borough Council is committed to delivering the aims of the Corporate Plan, whilst managing resources in accordance with approved budgets, as set out in the Medium-Term Financial Strategy (MTFS). This is set against the backdrop of increasing financial pressure on local authorities as a result of reduced Government funding, increased demand for services, and evolving wider economic and socioeconomic changes. Commercial activity, the process of seeking to deliver enterprising, innovative and high-quality services at the greatest value for taxpayers' money, is therefore essential in order for the Council to achieve its aims.

This Commercial Policy has been designed to provide a fit for purpose framework against which commercial activity within the Council is undertaken, building on the foundations laid by the previous Commercial Strategy (2018-2021).

The term 'Commercial' is used often but can be interpreted in a variety of ways. For the Council, commercial is recognised as an activity that is neither niche nor discrete; nor can it only be delivered by a single team. Rather, commercial is seen as a mindset that is integral to all that the Council does, focusing on wider value for money considerations, encouraging enterprise, working in partnerships and stimulating innovation, in addition to purely commercial decisions such as income generation. In essence it is 'making every penny, action and minute count'.

Commercial activity covers a wide spectrum and can be focused on specific projects and initiatives, but is also a core part of the day-to-day activity of all council services:

- Delivering ongoing efficiencies
- Generation of new income streams
- Optimising value for money
- Developing an enterprising and innovative culture
- Maximising existing income streams

The purpose of the Commercial Policy is to provide an overarching structure for the delivery of the Council's commercial ambitions in tandem with the aims of the Corporate Plan.

The Commercial Policy will enable services to operate in a more efficient manner and to support the development and upskilling of staff. This Policy is developed to guide activity and manage risk. Without this, there is a possibility that the Council will undertake commercial activity in the pursuit of optimising income, efficiency and service improvement without consideration of the proper processes, risks, resources and other policy areas such as delivering social value. In addition, there is also a risk that an enterprising mindset will not be adopted, which will have a negative impact upon the Council's ability to deliver services to communities and invest in internal service areas.

It is the responsibility of all those within the Council to seek to undertake enterprising activity in a manner that optimises value for money within their services. The Commercial Team will act as ambassadors and provide a supporting service in implementing the Commercial Policy, working in partnership with services across a range of roles, such as:

- Contract management, review and development
- Business case development from inception to approval
- Project managing new business opportunities
- Assessing commercial opportunities
- Horizon scanning future opportunities and undertaking benchmarking
- Accessing funding and grants
- Supporting service and efficiency reviews
- Facilitating commercial and procurement training and development opportunities
- Reviewing fees and charges
- Facilitating the inclusion of Social Value consideration in all areas of the authority
- Ensuring interactions with Finance and Procurement Teams are effective
- Supporting the maximisation of existing income streams
- Optimising marketing and advertising of established commercial activities

The Commercial Policy will impact upon the Council and how it conducts commercial activity with its customers, partners and residents. Furthermore, the policy will affect internal resources across the different service areas, management groups and Councillors, by providing a guide for effective engagement using the correct mechanisms and moulding services around the customer's needs.

3. Policy Statement

Basildon Borough Council is proactively seeking to deliver high quality services that optimise value for money. The Commercial Policy will support this ambition by helping to develop an enterprising culture and innovative mindset within the Council. This underpins all activity within

the Council and will be achieved by working in collaboration with services to support upskilling, nurture development and implement new ways of operating more efficiently.

4. Commercial Policy

4.1 What is the need for this Policy?

The need for a fit-for-purpose Commercial Policy has been shaped by both national and local drivers.

The national driver is the reduction of Government funding to local authorities, which has shrunk dramatically over recent years and is forecast to continue decline into the future. The need for greater innovation within local authorities had already been established through earlier cuts / austerity measures. However, further reductions mean that it is now essential that local authorities explore new ways to protect frontline services, optimise service delivery and ensure positive outcomes for local communities.

The national levelling up agenda is also a key driver to ensuring that the way the council does business within the borough maximises and actively encourages the local supply chain.

On a local level, there is greater demand for services and a continuing need to deliver positive outcomes for residents of the borough. The ongoing impacts of reduced funding and the Covid-19 pandemic have created further demand. This requires additional investment and resource allocation from the Council in priority areas to support local communities and ensure the corporate objectives are delivered in line with the Corporate Plan.

The Corporate Plan (2022-26) sets out the Council's vision for delivering for the residents of Basildon. There are three strategic themes that directly influence the Commercial Policy:

1. People: We want Basildon to be home to healthy and active local communities able to support themselves and each other.
2. Place: We want Basildon to offer a high quality of life for all residents through attractive, liveable, accessible and safe neighbourhoods and towns along with the provision of enduring facilities, green spaces and town centres that meet the needs of the community.
3. Prosperity: We want Basildon to have a thriving, dynamic and diverse economy where all our communities benefit from increased opportunity and our workforce has the right skills for our local economy and beyond.

The 'Levelling Up' approach for Basildon aims to attract investment in the borough as a priority area to support with jobs, the environment, education, skills and healthy active lifestyles.

4.2 What does the Policy seek to achieve?

At a strategic level, the Commercial Policy will support the delivery of the Corporate Plan ambitions. The Corporate Plan makes clear the Council's commitment to making every penny count and delivering value for money for residents. The Commercial Policy will drive this commitment forward by embedding commercial thinking and skills development within the organisation and supporting the release of budget and resources and thereby maintaining the delivery of services to residents of the borough.

At a corporate level, the Commercial Policy seeks to support services to optimise efficiencies within their respective operations and delivery models, including maximising existing income streams and identifying new opportunities. This will be achieved in tandem with the delivery of the Social Value Policy (2022-25) and Procurement Strategy (2021-2024).

The Commercial Policy, including the tools and deliverables contained within, will also seek to ensure the continued delivery of added social value at a corporate level as a core outcome. This will be achieved by utilising the TOMs adopted by the Council within the Social Value Policy and applying these to commercial activity and the contract management toolkit. For example:

1. Jobs - Promote Local Skills and Employment
 - Creating apprenticeship opportunities within contracts.
2. Growth - Supporting Growth of Responsible, Regional Businesses
 - Ensuring social value commitments are adopted within supply chains.
3. Social - Healthier, Safer and More Resilient Communities
 - Promoting and supporting community projects through contracted partners.
4. Environment - Decarbonising and Safeguarding our World
 - Ensuring commitment from contractors to adopt sustainable practices in delivery.
5. Innovation - Promoting Social Innovation
 - Seek to deliver innovative measures to promote local skills development.

At a service level, the Commercial Policy seeks to support all services to upskill their resources, develop an enterprising mindset, stimulate innovation and service improvement and embed practices that achieve value for money, ensuring the customer remains at the centre. This will be supported by the Commercial Team working in partnership with services. For example, training sessions will be developed to help empower services to better understand how to identify opportunities within their respective areas.

Case Study - Morgan Sindall Review

Following a commercial procurement review in early 2020, the Morgan Sindall contract for repairs, maintenance and other property services was identified as a significant area of expenditure within the Council.

A deep-dive review of the contract was commissioned, supported by the Commercial Team and external specialists. This included a review of the contract clauses, analysis of the expenditure and consideration of the governance structures in place. Collaboration was essential to the success of the review, with workshops held with key stakeholders to better understand the contract, explore the relationships and validate findings.

Recommendations were made to ensure compliance with procurement regulations and maximise value for money outcomes based on the services delivered. An additional recommendation was made to develop a contract management toolkit to support the organisation in the management of contracts and related expenditure. The toolkit has been developed and is now available for use.

5. What evidence have you used that suggests your Policy approach is the right one?

The LGA 'Enterprising Councils' Report identifies within its guidance the importance of developing an effective commercial strategy or policy that is consistent with overarching aspirations and priority outcomes. There are a number of key strategies and initiatives already in place or in development which the Commercial Policy aims to support.

The Council has identified the importance of independent and peer reviews of its commercial programme. This has seen a number of objective reviews in recent years designed to challenge commercialism within the organisation and improve its effectiveness.

In early 2022, the Council appointed 'Local Partnerships' to provide an independent review of commercial activity. The Local Partnerships are an external specialist agency designed to support public sector organisations and jointly owned by the Local Government Association, HM Treasury and the Welsh Government. The purpose of the review was to assess the

strengths and weaknesses of commercial activity, the Commercial Team, governance arrangements, risk management and skills, capability and capacity. Recommendations were made to optimise performance and the effectiveness of commercial activity within the organisation. The Commercial Policy has been informed by these findings and seeks to address the recommendations in full.

The Commercial Policy has been developed and will be delivered in line with the Procurement Strategy and Social Value Policy. The LGA 'Profit with a Purpose' Report demonstrates the importance of practically considering social value when seeking to embark on commercial activity and provides guidance for driving this. This has been formally enabled within the Council through adoption of the selected TOMs from the National Framework to be used to drive social value.

Changes to the ability for local authorities to borrow from the Public Works Loan Board (PWLB) for the purposes of investment has resulted in a shift of focus away from commercial property investment and towards economic development and in-borough investment.

6. Who or what will be affected by the Policy?

The Commercial Team will be primarily responsible for maintaining and delivering the Commercial Policy as a support service within the Council. However, it is the responsibility of all services to ensure the proactive management of their budgets and to secure efficiencies and value for money. The Commercial Team will be available to support with this process, working in partnership with services to help develop an enterprising and innovative culture within the Council, embedding best practice and guidance and acting as custodians of effective financial management. This will be underpinned by the Commercial Programme and the deliverables within the Commercial Action Plan.

6.1 Inclusion and Diversity

The Commercial Policy does not have any direct implications on inclusion and diversity. Rather, the Policy creates opportunities to consider and positively impact inclusion and diversity through the activities and deliverables as defined in the Commercial Action Plan. For example:

- Ensuring that new projects fully consider inclusion and diversity implications in the development of commercial projects, including building business cases and Cabinet reports, linking to an Equality Impact Assessment where required.
- Maximising the ability for the Council to achieve its public sector equality duty by fostering good relations and advancing the quality of wider social value opportunities.

- Supporting services to consider their inclusion and diversity responsibilities and implications when assessing opportunities for innovation.
- Incorporating inclusion and diversity considerations within contract management.

7. Corporate Knowledge

Corporate Ambitions	Levels of Impact			
	High	Medium	Low	None
People: We want Basildon to be home to healthy and active local communities able to support themselves and each other			X	
Place: We want Basildon to offer a high quality of life for all residents through attractive, liveable, accessible and safe neighbourhoods and towns along with the provision of enduring facilities, green spaces and town centres that meet the needs of the community		X		
Prosperity: We want Basildon to have a thriving, dynamic and diverse economy where all our communities benefit from increased opportunity and our workforce has the right skills for our local economy and beyond	X			
Fit for Purpose: We are committed to making every penny count and delivering value for money for residents. We seek to continue to innovate and deliver efficiencies to maintain and enhance the essential services delivered to the community	X			

Outcome and Priorities

Outcome	Priority
Improved contract management processes	<ol style="list-style-type: none"> 1. Develop and implement a Contract Management Toolkit within the organisation 2. Facilitate contract management training through bitesize sessions with Procurement
Support with releasing resources and budget to achieve the corporate aims of the Council	<ol style="list-style-type: none"> 1. Deliver efficiencies / value for money through commercial activity across the Council services 2. Generate income through new revenue streams

	<ol style="list-style-type: none"> 3. Review fees and charges against budgets and levels of subsidy 4. Supporting the maximisation of existing income streams 5. Optimising marketing and advertising of established commercial activities
A commercial mindset is developed across all services in the organisation	<ol style="list-style-type: none"> 1. Support services with upskilling and the development of commercial acumen 2. Facilitate commercial and procurement training and development sessions 3. Sharing good practice and lessons learned
Social value is generated through procurement and commercial activity	<ol style="list-style-type: none"> 1. Drive social value through commercial activity as a core outcome 2. Ensure social value is factored into commercial procurement and ongoing contract management
The delivery of service-led commercial projects within the Council	<ol style="list-style-type: none"> 1. Assist services with business case development 2. Assist services with project management 3. Provide streamlined access to financial and procurement resources and support
The identification of new commercial and funding opportunities for the Council	<ol style="list-style-type: none"> 1. Assess new and existing commercial opportunities 2. Undertake regular horizon scanning and benchmarking 3. Support services with funding applications

Case Study - Trade Waste Review

In 2021, the Commercial Team supported the lead service and external specialists Peopletoo with a review of the existing Trade Waste function of the Council. A full review of the businesses operating in the Basildon borough was undertaken to determine the market-share of the Council's trade waste customer-base, the types of waste collected and hotspot this data against collection routes.

Utilising the mapping data collated and comparing this to benchmarked fees and charges of private sector competitors enabled the development of an informed business case that outlined the different commercial options available to the Council to maximise value for money, customer retention and the quality of services provided.

8. Accompanying Strategy

The Commercial Policy will be supported by the Commercial Action Plan, which outlines the activities to be undertaken within the Council as defined by the deliverables in the Commercial Programme. The Commercial Action Plan will serve the same purpose as a Commercial Strategy, defining the projects and commercial activities to be undertaken and underpinning the overarching Commercial Policy.

9. Links to other Corporate Policies or Partner documents

- Corporate Plan 2022-26
- Commercial Action Plan
- Social Value Policy 2022-25
- Procurement Strategy 2021-24
- Events Policy 2021-24
- Commercial Delivery Plan
- Procurement Delivery Plan
- Customer Policy

10. Appendices

None

Monday to Friday
10am to 5pm



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