

## Commercial Service vision

The Commercial Service provides professional expertise and leadership to ensure Corporation commercial relationships deliver innovative, high-quality, value for money services and responsible outcomes

Aims & objectives:	What's changed since last year	Our strategic commitments
<ul style="list-style-type: none"><li>• Our <b>key people</b> across the organisation are <b>upskilled</b> in commercialism, contract management and procurement.</li><li>• We <b>mitigate increasing costs</b> and ensure our contracts are financially sustainable</li><li>• Opportunities to leverage <b>responsible outcomes</b> are maximised.</li><li>• Our <b>services</b> provide what is needed and are <b>easy to use</b></li><li>• The Corporation has the capabilities to maximise commercial relationships to <b>deliver new and/or increased revenue</b></li></ul>	<ul style="list-style-type: none"><li>• New service model launched 01 April 2022 introducing a consolidated procurement and contract management business partner function.</li><li>• Publication of the new Responsible Procurement (RP) Policy and introduction of a min. 15% evaluation weighting for RP in tenders</li><li>• Updated Procurement Code removing bureaucracy and empowering Chief Officers to make procurement-related decisions</li><li>• Publication of a climate action procurement strategy (to be approved later in 22/23)</li><li>• Establishment of the new OPP sub-Committee</li><li>• Procurement of a new Integrated Facilities Management framework</li></ul>	<ul style="list-style-type: none"><li>• Climate Action Strategy - We are responsible for delivering the actions related to Scope 3 emissions.</li><li>• Review of interventions and opportunities to further diversify our supply chain as part of our commitment to SME strategy and EDI.</li></ul> <p><b>Corporate Plan outcomes</b></p> <ul style="list-style-type: none"><li>• <i>Indirect impact on all corporate outcomes</i></li><li>• <i>Direct impact through RP outcomes:</i><ul style="list-style-type: none"><li>• People have equal opportunities to enrich their lives and reach their full potential.</li><li>• Communities are cohesive and have the facilities they need</li><li>• Businesses are trusted and socially and environmentally responsible.</li><li>• We have clean air, land and water and a thriving and sustainable natural environment.</li></ul></li><li>• <i>Commercial outcomes:</i><ul style="list-style-type: none"><li>• We inspire enterprise, excellence, creativity and collaboration</li></ul></li></ul>

# Commercial transformation and future direction of travel

This plan represents a transition plan for the Commercial service, moving from the former City Procurement Service and establishing the foundations for a new leading-edge Commercial Service. The maturity map shows where we are now, and, where we want to be in the future. This plan focusses on the interim steps – optimising our operations, ensuring strategic alignment and developing both individual and corporate capability - to move towards innovation.



## *Our long-term ambition*

- The City is recognised as an industry/sector leader using its procurement power to influence the market delivering added value for its stakeholders*
- The Corporation has the capabilities to maximise commercial opportunities internally and externally*
- The City's chosen service models drive innovation and enable the success of the (new) Corporate Plan*

## How?

### Maximise service delivery models

- Service delivery model assessment
- Enhanced income streams
- Improved service outcomes
- Efficiencies and savings
- Added value

### Create opportunities for improvement and transformation

- Robust contract management and supplier relationship management
- Market management and shaping
- Value chain analysis

### Leverage our buying power to shape markets

- Exploit CSR opportunities
- Engage local supply market (microbusinesses and Ethnic minority-owned businesses)
- Incubate and accelerate new ventures
- Deliver social value

### Develop dynamic capabilities

- Proportionate and enabling internal governance
- Proactive opportunity and risk management
- Intelligence-led assurance
- Equip stakeholders with tools and knowledge needed

# Our priorities and major workstreams for 23/24

COO priority	Deliverable	Due
<b>Develop a customer focused service model that supports the team to become the Commercial service of 'choice'</b>		
Transparency/enablement	<ul style="list-style-type: none"> <li>Redesign Commercial intranet around the customer</li> <li>Undertake business process improvement to better exploit existing technologies and further integrate back office functions</li> <li>Develop a new commercial assurance framework to support new operating model</li> <li>Establish customer feedback reporting</li> </ul>	Q2 23/24 Q2 23/24 Q2 23/24 Q1 23/24
<b>Exploit datasets to develop intelligence-led commercial strategies</b>		
Partnership/credibility	<ul style="list-style-type: none"> <li>Develop category strategies and dashboards to help manage procurement activity and commercial risks</li> <li>Undertake review of contract portfolio to identify key risks,</li> <li>Develop reporting format that allows assessment of contract and market risks across key categories including responsible procurement metrics</li> </ul>	(Q1 23/24) (Reporting to Committee by) Q2 23/24
<b>Develop a low-value spend strategy that delivers best value for COL</b>		
Credibility/Enablement	<ul style="list-style-type: none"> <li>Implement new strategy (includes tactical buying framework, spend analytics, P-card policy refresh) to deliver cost savings (c. 10% reduction in in-scope tail end spend), reduce supply base (target tbc) and, deliver process efficiencies</li> </ul>	Q3 23/24
<b>Leverage COL spending power to further diversify our supply chains</b>		
Partnership	<ul style="list-style-type: none"> <li>Establish supplier focused communications on COL website</li> <li>Deliver twice-yearly Meet the Buyer events</li> <li>Successfully appoint at least three EMB suppliers through our tender processes</li> </ul>	Q1 23/24 Q4 23/24
<b>Develop COL commercial capabilities to support increased innovation and enterprise</b>		
Credibility/Enablement	<ul style="list-style-type: none"> <li>Embed head of profession function and relationship with commercial networks across COL</li> <li>Deliver pilot business development (proof of concept) projects in Environment department and develop business case for sustainable funding model</li> <li>Define core commercial capabilities and develop Commercial Academy business case</li> </ul>	Q1 23/24 Q2 23/24 Q3 23/24
<b>Procurement Act implementation</b>		
All	<ul style="list-style-type: none"> <li>Monitor progress of Bill through Parliament working with London Councils to develop collaborative sector response</li> <li>Develop prioritised implementation and engagement plan (Q4 23/24)</li> </ul>	Q2 23/24

## Other priorities

### Resources and Priorities refresh

The Resources and Priorities Refresh is a corporately-led programme that aims to embed a holistic approach to the allocation and deployment of our resources that aligns our actions and spend to what we truly ‘value’ (our priorities).

The Commercial service is directly responsible for delivering the Commercial RPR workstream.

### RPR Workstreams



In addition to the workstreams identified on previous slides, there are other key activity that will need to be delivered in subsequent years that may require additional capacity (these are set out below). We will be working during the course of 23/24 to better define this activity and to scope the resources required.

### Medium Term Plans under consideration(2024/25 and 2025/26)

Priority list ( <i>Include any known changes you are preparing for, e.g. new legislation, services, projects, automation</i> )	Narrative
<i>ERP implementation – opportunities to further strengthen contract spend monitoring and enable efficient tactical buying</i>	(unfunded - if additional capacity is required)
<i>Sustainable Commercial Academy model</i>	Unfunded

### Key Risks

Risk Title	Score
Levels of non-compliance increase due to Procurement Code changes and increase of procurement thresholds	6
Financial pressures, incl, inflationary pressures, result in contracted services becoming unaffordable	6
Risk of provider failure due to ongoing impact of lockdown and economic downturn	12
Supply chain issues and labour shortages impact the market's ability to/ interest in responding to tenders	12

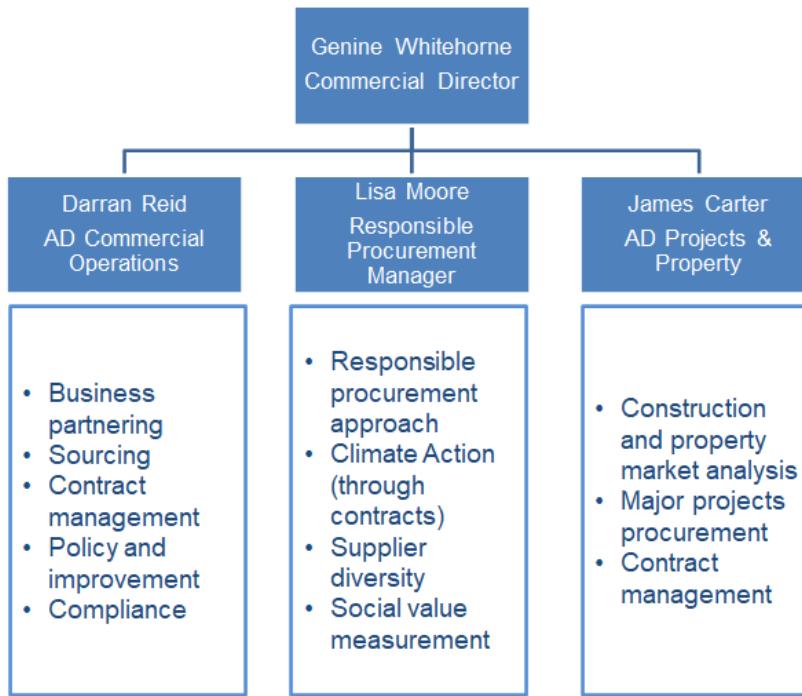
	Minor	Serious	Major	Extreme	
Likelihood	0	0	0	0	Likely
	0	2	2	0	Possible
	0	0	0	0	Unlikely
	0	0	0	0	Rare
	Impact				

## Our People

The Commercial Service has been successful in promoting internally to fill vacancies. The implementation of the new model has been supported by a team development plan which will be updated for 23/24. Our priorities are set out below:

- Phase 2 development plan identifying specialisms across the team produced
- Commercial competency matrix to be embedded in performance appraisal process
- Apprenticeships established – 2x Commercial Operations, 1x Responsible Procurement
- Head of Profession role embedded – community of practice to be set up, corporation capability matrix developed, Commercial Academy business case approved

Commercial Service – 29 staff members



## Our plans to progress EDI

Equalities considerations are central to effective strategic commissioning, procurement and contract management. The assessment below highlights a number of areas that we, as a team, will work on during the year. These will be included in our team development plan.

As a starting point all team members will need to complete the corporate EDI training by end of Q1 232/24 as part of their appraisal.

Monitoring and use of data and information	1
Completing Equality Analysis (EQIA) and tackling discrimination and barriers to inclusion	2
Target setting and mainstreaming equalities into performance systems	2
Using procurement and commissioning to achieve equality and cohesion targets	3
Engagement & partnership	3
Employment and training	1

E D & I Key	
4	Excellent
3	Good
2	Average
1	Requires improvement
N/A	Not applicable

## Measuring our success

### Key Performance Indicators

#	KPI	Current Performance	Direction of Travel/Target
1	% of off contract spend	New measure	
2	No. of procurement breach waivers	n/a	
3	% of spend with: <ul style="list-style-type: none"> <li>• Local suppliers</li> <li>• SMEs</li> <li>• Not-for-profit</li> </ul>	Baseline to be established	
4	Savings delivered through procurement	£1,658,527	
5	Customer satisfaction	New measure	
6	No. of EMBS in COL supply chain	Baseline to be established	
7	Sustainability measures: <ul style="list-style-type: none"> <li>• 10 measured carbon emissions reduction events per annum across all categories</li> <li>• 75% of new contracts and 40% of overall contracts through Commercial Services with a carbon metric integrated</li> <li>• 'Actual' carbon emissions data for Purchased Goods and Services Top 25 by end of FY 23/24</li> <li>• ISO 20400 (Sustainable Procurement)</li> </ul>	New measures	

We will be focussing on developing our reporting framework as part of the development of our new customer focussed service model. We will work closely with Members of the new Operational Property, Projects and Procurement sub-Committee to ensure meaningful reports are presented to Members (and the public) that provide an overview of not only business/process performance but also measure impact.

Our aim is to develop balance scorecard approach covering areas including:

- Finance – savings/cost mitigation/chargeable services/value engineering
- Customer – satisfaction, SLA performance, compliance
- Business process – CI implementation, supply base reduction
- Outcomes - Responsible Procurement impact measures

We will also introduce our first Responsible Procurement Annual Report at the end of the year (Q4 23/24)