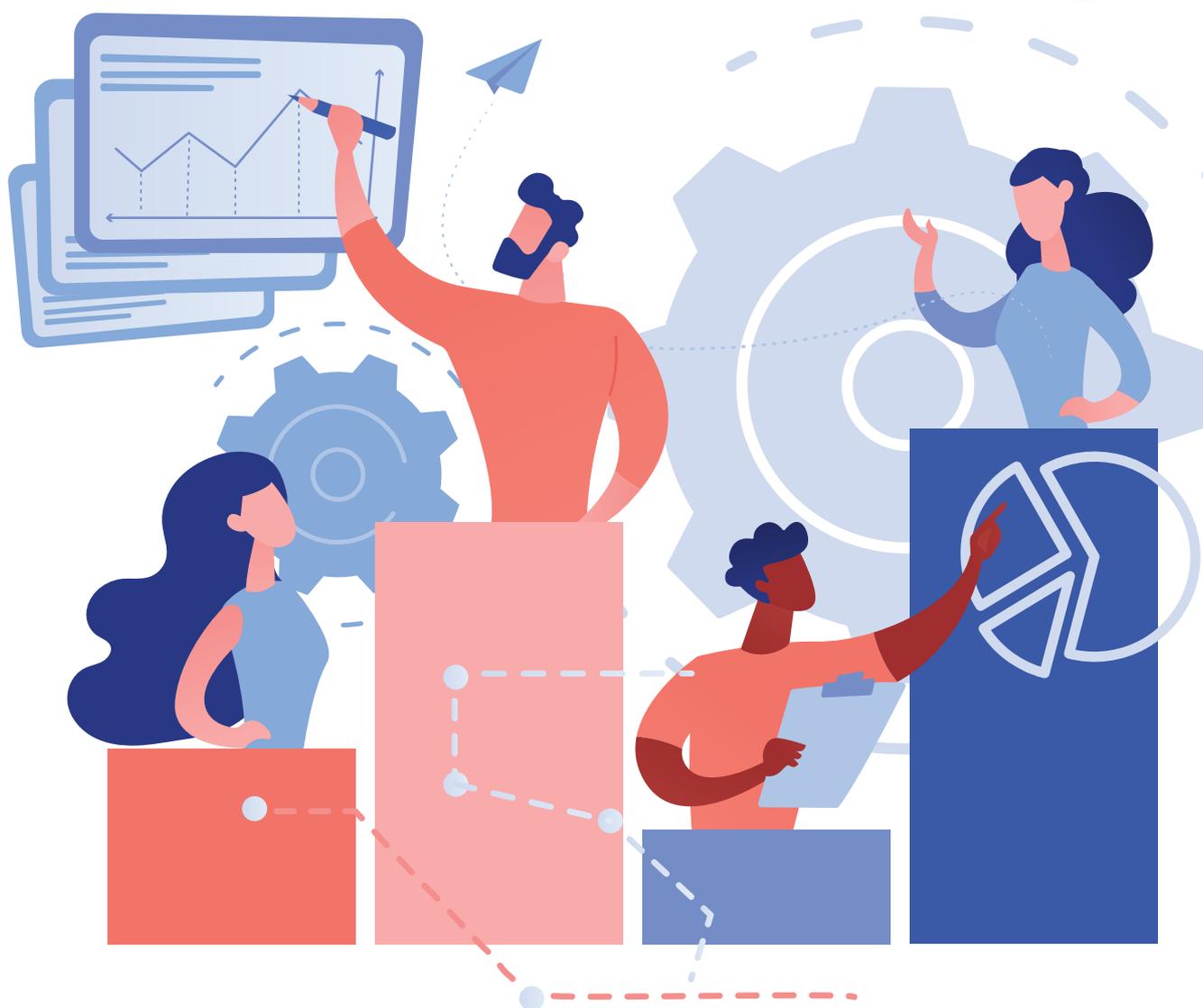


# Corporate Commissioning & Procurement Strategy

2021/22 - 2026/27





# Contents



4	Foreword
5	Introduction
7	Our Vision
7	Our Values
7	Our Behaviours
8	Our Approach
11	Tackling inequality, supporting local communities, and putting People at the heart of everything we do
13	Investing in our local economy
15	Working together for a better and greener future
18	Delivering value for money and ensuring a sustainable council

# Foreword

This new Corporate Commissioning and Procurement Strategy sets out Gateshead's approach to pro-actively using our collective resources within the borough in the most effective way to deliver the best outcomes for Gateshead people to help them to thrive.

Our approach to strategic commissioning helps us to understand what needs to be done to tackle inequalities and improve the life of the communities that we serve. A radical rethink is needed about the way that we work as a Council and what we should expect from our suppliers, service providers, contractors, and sub-contractors (referred to as our "supply chain").

Gateshead is a vibrant place and residents have a strong sense of community and local pride. We recognise the need to be inclusive, and work more closely with Gateshead People, our partners, and our supply chain to achieve maximum value for money and make the "Gateshead Pound" go further. We will continue to encourage others to play a bigger role in the delivery of improved, person-centred outcomes and explore innovative ways of supporting them to do so.

We want to work in partnership to pursue wider social and economic benefits for local people in a constructive and collaborative way in order to realise our ambition of a thriving Gateshead whilst not restricting free trade.

Our Strategy ensures that we take into account key principles: to strengthen our local economy, reduce our environmental impact, and tackle inequality and disadvantage. It is more important now than ever before to focus on buying locally when we can and encourage others to support Gateshead's economy, in order to build and retain wealth in our communities which will help to reduce demand for some of our services.

Our Corporate Commissioning and Procurement Strategy will help us to work more innovatively to continue to improve Gateshead the place, and provide the best opportunities for those who live, work, and visit here.



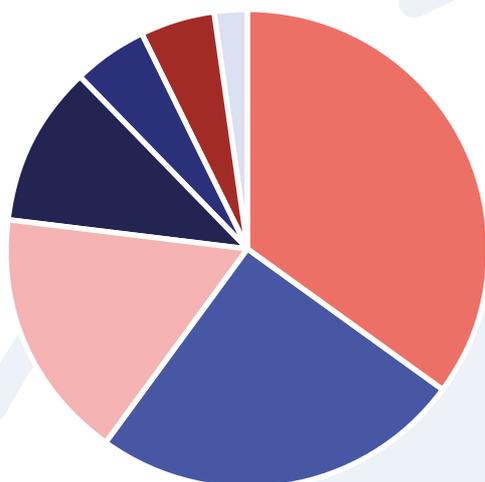
**Councillor M Gannon**  
Leader of the Council



# Introduction

Gateshead Council has a gross expenditure budget of £668M (2021/22) and in the region of £275M per annum is spent on external provision of works, goods and services (supplier and third party payments) as illustrated in the diagrams below.

## 2021/22 Gross Expenditure by Subjective (£668m)



**35% - Direct Employees** £236.12m

**25% - Third Party Payments** £165.11m

**17% - Supplier Payments** £113.21m

**11% - Payments to individuals** £73.65m

**5% - Capital Financing - Council** £35.31m

**5% - Capital Financing - Housing** £34.06m

**2% - Levies** £11.01m

We understand our responsibility to use this money in a way that achieves the best possible outcomes for Gateshead people, the local economy, and generates maximum value for the 'Gateshead Pound'. The Gateshead Pound is a term we use meaning that we will endeavour to maximise the benefit of each £ we spend in Gateshead through spending locally, using local supply chains, supporting local employment and upskilling local people to create a more regenerative local economy where more money recirculates within Gateshead.

We continue to face significant financial and demand pressures arising from reductions in public spending along with increasing expectations, an ageing population, and inequalities across the borough. The situation has been exacerbated with the recent outbreak of Covid-19 which has hugely impacted the people of Gateshead and the Council's ability to deliver service by increasing financial and demand pressures further. The Council has played a vital role in leading emergency responses to the pandemic and we are now in new and uncertain times. Planning for recovery will enable us to take the lead in rebuilding and reforming our local economy and supply chain to make it stronger, more resilient, innovative and sustainable.

*"Our commissioning and procurement activity has a key role to play in that recovery and the transformation necessary to support people to thrive, continually seeking improved outcomes by exploring ways of doing things differently, finding new, lower cost and often better solutions and determining what services and support will be provided by whom".*





*“Commissioning in Gateshead is defined as a cycle of activity that begins by considering what evidence is telling us about our community, and then leads us to determine the needs of our local population and analyse what must be done to achieve the best possible outcomes within our available resources”.*

Our commissioning activity will continue to be undertaken at all levels from a strategic level that determines how we allocate our budget, to a service level that determines how a service should be delivered and by whom, or at an individual level to understand what care package may be required to support a Gateshead resident.

Our procurement activity covers the whole process from the initial identification of a need for goods, works or services; decisions about routes to market and market engagement; through selecting suppliers or partners; receiving the goods, works or services; managing contracts; achieving the benefits expected, to finally disposing of any assets, transitioning to new contracts, or ending contractual arrangements that are no longer viable or required.

*“Procurement in Gateshead is defined as the process of acquiring goods, services and works, to achieve the optimum combination of costs, benefits and risk management, to meet the Council’s objectives”.*



Our Commissioning and Procurement Strategy sets out the strategic framework to help us deliver excellence in terms of value for money and better outcomes in all our procurement and commissioning activity. It supports the delivery of the Council's key priorities and strategies such as tackling inequality; supporting the local economy by creating new businesses, new jobs and new skills; reducing waste; reducing carbon and tackling climate change; and maximising the value of the Gateshead £; all within the constraints of ever reducing budgets.

In accordance with the public procurement rules and the new National Procurement Policy Statement, our approach is relevant, proportionate and aims to secure “best value”, i.e. the optimum combination of whole life costs and social benefits to meet our requirements.

We have a good track record of working in partnership with others such as various health sector organisations, other councils, NEPO, SCAPE, and we believe that by working together on social value and wider corporate responsibilities we can develop and implement a Gateshead specific Community Wealth Building Programme and achieve more for the people of Gateshead, but we need to re-define our relationship with some of the markets within which we operate, and to support the community and voluntary sector to become more resilient.

We expect high standards of integrity and professionalism in all business dealings and practices from everyone we deal with. We have developed our Corporate Social Responsibility Pledge and a Gateshead Social Value Toolkit to clearly set out our requirements and ask that our supply chain incorporates them in all business activities and cascades them throughout their supply chains, enabling us all to work towards a fair, inclusive, sustainable, and progressive economy.

# Our Vision

We will continue to provide first class, outcome focused services based on compliant commissioning and procurement activity that delivers value for money, maximises the value of the Gateshead £, tackles inequality, helps to reduce our carbon footprint and supports Gateshead people to thrive.

# Our Values

How we work is as important as what we set out to do. For us to be effective it's not just about what we do, but how we do it. Our values define how we work as a Council and help to inform important decisions and choices. Our values are evident in everything we do and will be demonstrated by us all.

## Integrity

We will always work with integrity - demonstrating fairness and respect every day and in every way.

## Inclusive

We will be inclusive - **one council** working together and engaging people to get better results and ensure equality of opportunity.

## Inspirational

Thinking creatively, being dynamic and motivating and empowering everyone to do the things that make a real difference for the people of Gateshead.

# Our Behaviours

Our behaviours will be evident in how we approach our work, how we treat others and how we expect to be treated, as well as how we work together.

- We will always be positive, helpful, and supportive in our approach
- We will be professional and lead by example
- We will work as a team and take personal responsibility for our actions
- We will learn from our mistakes and celebrate our successes
- We will embrace and promote equality
- We will be flexible and adaptable to change

# Our Approach

## Thrive

Our strategic approach, “Making Gateshead a place where everyone thrives”(Thrive), has been developed through the following pledges:

- Put people and families at the heart of everything we do
- Tackle inequality so people have a fair chance
- Support our communities to support themselves and each other
- Invest in our economy to provide sustainable opportunities for employment, innovation, and growth across the borough
- Work together and fight for a better future for Gateshead.

***Our commissioning and procurement activity plays a key role in the delivery of Thrive***

## Health and Wellbeing Strategy

Our “Thrive” delivery plan is contained within our Health and Wellbeing Strategy. This Strategy is focussed on the following key aims:

- Giving every child the best start in life, with a focus on conception to age two;
- Enabling all children, young people and adults to maximise their capabilities and have control over their lives;
- Creating the conditions for fair employment and good work for all;
- Ensuring a healthy standard of living for all, in accordance with international law on economic and social rights;
- Creating and develop sustainable places and communities;
- Strengthening the role and impact of ill health prevention.

***Our commissioning and procurement activity plays a key role in the delivery of the Health and Wellbeing Strategy.***

## Climate Emergency Strategy

In May 2019 Gateshead Council declared a Climate Emergency, with a commitment for the Council’s activities to be carbon neutral by 2030. The Council’s commissioning and procurement activity can play a significant role in reducing the Council’s carbon footprint, and this Strategy sets out a range of measures that will help achieve this objective, in keeping with the Council’s Climate Emergency Action Plan, published in February 2021 and emerging Climate Emergency Strategy.

***Our commissioning and procurement activity plays a key role in the delivery of the Climate Emergency Strategy.***

## Economic Strategy

In September 2021, the Council began to develop an Economic Strategy that focuses on 5 policy objectives to drive the Thrive agenda:

- Building the economy of the future
- Supporting businesses
- Helping People
- Shaping future places
- Improving connectivity

***Our approach to social value and commissioning and procurement activity will help to implement the Economic Strategy.***

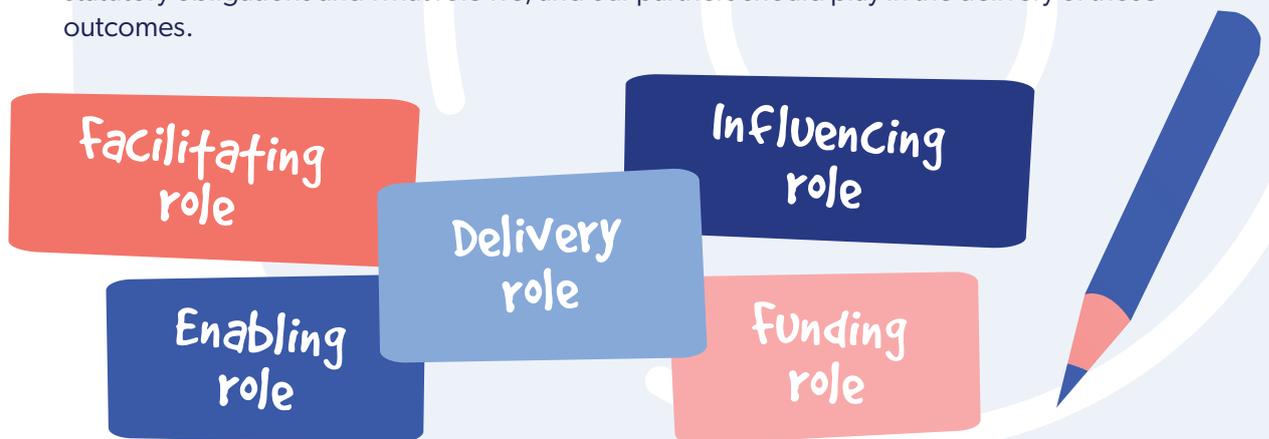
## Corporate Commissioning and Procurement Strategy

Our Corporate Commissioning and Procurement Strategy will help us to meet the objectives in all of the key strategies highlighted above by using our resources within the borough in the most effective way. It is structured around the following:

- Tackling inequality, supporting local communities, and putting people at the heart of everything we do
- Investing in our local economy
- Working together for a better and greener future
- Delivering value for money and ensuring a sustainable Council

## Strategic Commissioning

Our Strategic Commissioning activity begins by considering what data and evidence is telling us about our community, and then leads us to determine the needs of our local population. Further consultation and data analysis enables us to understand what must be done to achieve the best possible outcomes within available resources, considering our statutory obligations and what role we, and our partners should play in the delivery of those outcomes.



We are increasingly using a strategic commissioning approach in the design of services and to channel the resources of our communities to best effect to gain maximum value for everyone.

Our Commissioning and Procurement Strategy will communicate to all stakeholders our vision for the way forward in commissioning and procuring goods, works and services and detailing everyone's responsibilities in achieving Thrive. We recognise that by implementing our Strategy we will become a more strategic and modern organisation which is networked and agile; empowers communities, employees and its partners; and is focused on reducing cost and place shaping.

### **An emerging approach to commissioning in complexity**

Working with Collaborate for Social Change and Newcastle Business School we have begun to explore new ways of commissioning services for individuals. We recognise that the current ways of working do not enable service providers to respond effectively to the challenges faced by people today. We are in complex times and complexity of need is increasing. Our assumptions about what people want, need, and aspire to are changing as we learn more from our Public Sector Reform work to understand individual people who lead complex lives.

By recognising our communities as complex systems and complex places influenced by many but controlled by none, we know that working in isolation or silos, and in a way that considers and attempts to help specific issues faced by people, one by one, is not likely to be successful in the longer term. The three shifts in thinking and practice that underpin the emerging new ways of working include:

#### **Motivation**

Our new assumption will be that people are intrinsically motivated to do a good job. They do not require 'incentivising' to do the right thing. Instead, they need help and support to continuously improve their judgement and practice.

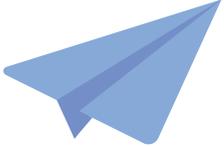
#### **Learning and adaptation**

We will also assume that learning is the mechanism to achieve excellent performance and continuous improvement. Learning comes from many sources – from measurement and analysis, to reflection on the sensemaking and judgements we make every day in situations of uncertainty. We will view learning as a feedback loop which will drive adaptation and continuous improvement.

#### **System Health**

Outcomes are created by people's interaction with whole systems, not by particular interventions, or organisations. As part of our co-ordinating role, we need to invest in network infrastructure to enable organisations to communicate effectively; build positive, trusting relationships; and develop the skills of people who work in the system to create healthy systems which will produce better outcomes.

While undertaking this work we will not lose sight of the Standards of Good Commissioning as set out in "Commissioning for Better Outcomes" by Institute of Local Government Studies and University of Birmingham.



# Tackling inequality, supporting local communities, and putting people at the heart of everything we do

Our Gateshead Joint Strategic Needs Assessment helps us to understand the key issues facing people in Gateshead, however our work around “Commissioning for Complexity” and “Public Sector Transformation” tells us that people are rarely facing single issues and that there are often numerous influences that lead to inequalities. Helping people to thrive depends upon us really understanding them in the round and the range of issues that influence them and impact on their lives. We therefore will involve local people in the planning of services so that their priorities are incorporated in service provision.

Our Commissioning for Complexity work will enable us to take a step back and consider more flexible approaches to supporting people which may no longer be measured in terms of time and/or task but monitor success in terms of improved wellbeing, independence and social connections. Through better commissioning of services, we want to empower people to make the most of their lives and reach their full potential.

We want children and young people to have the best start in life. We know that many families already enable this and therefore we will target our support to children and young people who need it the most.

We will also deploy our every contact matters approach to identify potential support at an early stage to prevent issues from escalating and we will ensure that our partners and supply chains adopt this approach in their everyday work.

We know that health inequalities and poverty (including in work poverty) are the biggest challenges that the people of Gateshead face and therefore we will target some elements of service provision to those most in need, and we will engage our supply chain to help us to readdress some of the inequality between different areas within our borough, or sectors of our population through our Social Value Toolkit. We will encourage our partners and supply chain to provide greater opportunity to parts of our communities to prosper by, for example, targeting recruitment and training initiatives to those who are most disadvantaged.

Other forms of inequalities can also impact on people’s ability to thrive including digital exclusion. Whilst pursuing our digital by default policy, we will ensure that our communications, engagement, and service provisions are conducted through a wide range of channels, so that we do not inadvertently leave behind those who are unable to access or communicate via digital means.

Inequalities exist beyond the boundaries of Gateshead and we will strive to reduce inequalities in everything we do, for example in addition to supporting local people and our local communities, we will support fair trade where possible so that people in third world countries also have a fair chance.

## The action we will take includes:

- Implementing a strategic commissioning approach that ensures that services are person centred, flexible, accessible, and focused on delivering more effective and progressive needs and outcomes to enable everyone to maximise their potential, strive for independence and have control over their lives;
- Considering people's needs in the round, involving them in the planning and co-production of services that impact on their lives, and delivering them where and how people want to receive them;
- Further developing our Commissioning in Complexity work to implement more flexible approaches to supporting people that measures success in terms of improved wellbeing, independence and social connections, rather than tasks or time;
- Integrating our health and care services whilst ensuring they are place based and bespoke to the needs of individuals;
- Deploying our every contact counts approach to all activity, and ensuring that our partners and supply chains adopt the same approach;
- Focussing on early intervention and striving to reduce future demand for services and taking a whole life cost approach to measuring outcomes.
- Applying appropriate challenge to all decision making using open, fair, non-discriminatory, and transparent processes that are proportionate, build confidence and create a level playing field for all;
- Using our commissioning and procurement levers to tackle poverty, (with particular focus on in work poverty), ill health, social inequality, isolation, and digital exclusion; and promoting good health and wellbeing in everything we do;
- Basing our resource allocation on the priorities of our communities, targeting those individuals and communities most disadvantaged, or at risk;
- Taking appropriate, proportionate action to support fair trade and tackle the risks associated with Human Trafficking and Serious and Organised Crime groups infiltrating supply chains;

## We will deliver this through:

- Our Health and Wellbeing Strategy
- Our Housing Strategy
- Our "Commissioning for Complexity" work
- Maximising the value of the Gateshead £
- Our Social Value Toolkit
- Our Corporate Social Responsibility Pledge
- Our category management approach and category strategies

## How will we measure success?

- Our supply chain will be more diverse
- The value of the Gateshead £ will be maximised
- Contracts will be more effective as a result of improved customer input, supplier input and continuous learning.



# Investing in our local economy

To enable Gateshead people to thrive we need to invest in our local economy and one of the ways that we can do this is by maximising the benefits derived from every £ spent in Gateshead, not only by us but by our partners too.

Working with Centre for Local Economic Strategies (CLES), we are becoming a committed practitioner of community wealth building principles. Driven by a desire for our communities to greatly benefit from our spending power; and to develop more inclusivity, we aim to reorganise the Gateshead economy so that wealth is not extracted; but broadly retained and generative, with local roots, so that income is recirculated; communities are put first and the people of Gateshead are provided with opportunity, dignity, and well-being.

The recent Covid-19 crisis has highlighted the fragilities and failings of our national and local economies and has demonstrated that the procurement and economic development practices of the past should not provide a road map for the future. We need to skilfully plan the process for economic recovery and reform at a local level, working with CLES to try to combat the coming economic turmoil which is likely to intensify the long-term economic challenges that have been identified by the Council in recent years.

Our place leadership and procurement and commissioning activity will help to stimulate private, public, and social investment in Gateshead. We have developed a flexible Social Value Toolkit to ensure that maximum and focussed social value considerations are built into all our commissioning and procurement activity to maximise the value of our commercial arrangements. The more money we spend locally, and with organisations that are locally regenerative, the greatest impact this will have on our local economy. We will prioritise the use of Gateshead based organisations with a focus on providing opportunities to local people to develop life skills and help to prepare them for work to support Gateshead people to thrive where possible and legal to do so.

Our commissioning and procurement activity aligned with community wealth building practices will help us to deliver our emerging Economic Strategy and advance the 'Thrive' agenda aspirations to develop Gateshead as a place where more people are flourishing, prosperous, successful, and faring well. Some work has already started, and we are refining our approach to various spend categories, however, we need to focus more on bringing about structural and societal change for our communities and local economies by taking responsibility for generating economic, environmental, and social growth.

Our communities, partners and supply chains are playing an increasingly key role in helping us to achieve outcomes. We will work with them, in addition to our own workforce, to ensure that skills continue to be developed so we can successfully make the changes needed to create a better future for the people of Gateshead. We are also committed to identifying and sharing best practice, by engaging a range of local organisations with whom we can work to extend community wealth building aspirations across the borough.



## The action we will take includes:

- Implementing category strategies for all our key spend areas which will have a focus on maximising the value of the Gateshead £;
- Continuing our work with CLES and our partners to further develop and promote Community Wealth Building in Gateshead;
- Supporting the local economy by making procurement spend more accessible to local small businesses and community and voluntary sector, and ensuring that local organisations can compete;
- Developing and implementing our Gateshead Social Value Toolkit across all high value procurements and developing a proportionate approach for all lower value procurements;
- Identifying gaps in our local supply chains and supporting the creation of diverse, sustainable, and good quality local supplier/provider markets;
- Supporting people to thrive by ensuring that local wages are fair, good recruitment and employment practices are adopted, and by providing life skills, experience and opportunities for readiness for work for young people and adults throughout their lives;
- Reviewing our Corporate Social Responsibility Pledge to streamline and prioritise the areas that will have the greatest impact;
- Improving engagement with local suppliers, social enterprises and supported businesses to help grow local provider capability and capacity and to promote innovation;
- Improving the quality of data used to support our commissioning and procurement activity by developing more category and local market knowledge and expertise;
- Helping to build more sustainable, sufficiently skilled, and regenerative businesses that create wealth which remains within Gateshead and is not extracted;

## We will deliver this through:

- Our Economic Strategy
- Maximising the value of the Gateshead £
- Our Community Wealth Building work
- Our Social Value Toolkit
- Our category management approach and category strategies
- Our Corporate Social Responsibility Pledge

## How will we measure success?

- Community Wealth Building principles are embedded across everything we, and our partners do
- A greater proportion of our spend is with organisations based in Gateshead, or the North East region
- An increased number of Gateshead people are employed in the delivery of services across the Borough

# Working together for a better and greener future

We know that where we live and the home we live in, together with the physical environment, the communities, and social networks to which we belong can all significantly impact on our achievements and wellbeing. Developing Gateshead as a greener, sustainable, thriving borough lies at the heart of what we are trying to achieve, and our commissioning and procurement activity can play key role in helping us to succeed.

The Council has declared a climate emergency and we are doing everything we can through our commissioning and procurement activity to improve air quality, minimise waste and reduce the borough's carbon footprint. In February 2021 we published a Climate Emergency Action Plan that will deliver on the council's commitment to make its own activities carbon neutral by 2030. We have made significant progress in recent years in reducing the carbon emissions associated with our own activities. We have invested in new technologies to help us reduce reliance on fossil fuels for providing heat and power to our buildings, and improved the efficiency of street lighting, and this has resulted in a reduction in carbon emissions by 55% since 2010.

However, the Council's own activities account for only around 2.5% of Gateshead's total emissions. Clearly, achieving a significant reduction in total emissions from Gateshead requires action within our communities, our business sector and from our partners. Our Climate Emergency Strategy sets out how communities, businesses and other agencies can reduce their carbon footprint, and the steps that the Council can take in facilitating this.

Our procurement and commissioning activity will support the delivery of the Climate Emergency Strategy and Action Plan through the inclusion of carbon reduction criteria within our specifications and the implementation of our Social Value Toolkit.

Resilient, inclusive, greener communities are more sustainable and more likely to support people to thrive than those dependant on the council and/or its partners. We fully understand the benefits of working with our communities, supply chain and partners in all our commissioning and procurement activity. Working collaboratively enables:

- Accessing resource that otherwise would not be available to us;
- Streamlining of processes and sharing capacity which may lead to investment in carbon reduction solutions;
- Spend aggregation to maximise economies of scale, where appropriate;
- Sharing and effectively using data across a wider range of organisations;
- Access to wider experience and greater expertise;
- Greater influence on providers and supply markets to tackle climate emergency;



Our inclusive approach to Community Wealth Building will bring about structural and societal change which is required to provide a better future for our communities and local economies. We also have a good track record in commissioning and procuring jointly with others as evidenced by the many lead roles we have undertaken and joint arrangements we participate in, as the examples below evidence:

### **Integrated Commissioning with Health**

Working closely with Newcastle/Gateshead CCG (CCG), we have made huge progress with an integrated commissioning model for health and social care to meet the needs of their communities. The Gateshead Health & Care System (Gateshead Cares) developed an Alliance Agreement in April 2021 that has provided an opportunity for the Gateshead system to set its stall out, making the most of the relationships that have been developed at Place over a long period and looking to maximise benefits for the Gateshead population in the future.

The Agreement supports the Gateshead Thrive agenda and it will facilitate further progress towards integrated commissioning and delivery of health and care services across Gateshead through its core objectives which are to:

- (i) reduce levels of inequality through tackling the circumstances that lead to inequality;
- (ii) shift the balance of services from acute hospital care and crisis interventions to community support with a focus on prevention, early help and self-help, matched by appropriate resource levels;
- (iii) support the development of integrated care and treatment for people with complicated long-term health conditions, social problems or disabilities;
- (iv) create a joint planning and financial framework for managing the difficult decisions required to ensure effective, efficient and economically secure services, getting the most from the Gateshead £.

Strategic thinking through an integrated service will increase the knowledge base and enhance the development of services to meet the challenges being faced by commissioning services in the ever-changing market. The CCG has increasingly moved towards Place based working arrangements in anticipation of future changes to the health landscape and this has included the development of a Gateshead Team so that it can work more closely and more effectively with the Council and other partners within the Borough.

### **North East Procurement Organisation**

We continue to support and fully engage with the North East Procurement Organisation. As a founder member of the consortium we benefit from NEPO's capacity, co-ordination role, governance structure and operational model designed to harness the expertise and experience of procurement officers from across the region and this is set out in a Regional Collaborative Procurement Strategy. We also work together to develop joint strategies and policies.





## SCAPE

As a founder member of SCAPE, we play a key role in developing the SCAPE construction frameworks which are recognised nationally as an effective route to market. We will work with SCAPE to ensure that organisations based in Gateshead are tender ready and able to compete for future opportunities when the frameworks are re-advertised.

### **Commissioning and procurement of services for children and adults**

We participate in arrangements for the joint commissioning and procurement of services for children and adults. Some of the work is around developing joint strategies for service provision and other work has led to joint procurement of services such as children's residential services, advocacy services and arrangements for independent fostering organisations. Whilst accepting that working in collaboration brings about many benefits, we must however learn to better balance the benefits of working collaboratively with the benefits of engaging Gateshead based organisations and the retention of wealth within our borough and reducing travel and distribution (road miles) where possible.

### **The action we will take includes:**

- Demonstrating a whole system approach to promote sustainability values and behaviours, and ensuring the best use of all resources through joint working between the Council, other public services, the private and voluntary sectors;
- Supporting growth in the "green economy" and facilitating a transition to more environmentally sustainable (often also more financially efficient) working practices.
- Maximising our social value leverage to deliver a sustainable future for all by considering climate emergency and environmental impacts throughout our commissioning and procurement activity
- Upskilling our employees and our supply chains on improving environmental impacts such as knowledge of sustainable materials and processes, waste minimisation, sustainability accreditations etc;
- Considering the benefits of regional or national collaboration against the potential impact on the Gateshead economy for all commissioning and procurement activity.
- Developing a culture of innovation and improvement, using business intelligence to ensure that services procured are designed and delivered to meet sustainability criteria, changing outcomes and future needs.

### **We will deliver this through:**

- Our Climate Emergency Strategy and Action Plan
- Maximising the value of the Gateshead £
- Our category management approach and category strategies
- Our Social Value Toolkit
- Our Corporate Social Responsibility Pledge

### **How will we measure success?**

- Benefits have been realised from the implementation of the Gateshead Health and Care System Alliance Agreement
  - Climate change and environmental sustainability impacts have been minimised
  - The Council is on track to achieve its CO2 zero emissions target by 2030

# Delivering value for money and ensuring a sustainable Council

The Council has faced many years of austerity and has delivered over £170m of budget cuts whilst trying to minimise the impact on the people of Gateshead. There is a considerable estimated funding gap in the years to come and therefore it is important that we try to minimise spend and achieve value for money in all of our commissioning and procurement activity.

Achieving value for money means spending wisely, strategically planning the use of resources using category management techniques, challenging unnecessary spend, reducing demand, and managing contracts when they are in place. The Council has plans to achieve value for money in the following ways:

## **Category Management**

Category management can help to drive effective commissioning and procurement activity and help us to plan the best way of delivering outcomes. Starting with a comprehensive analysis of the Council's spend and local market capacity and capability, it will enable a strategic approach that focuses on the entire spend within a specific category, and if applied effectively it will reduce demand, simplify the way we buy, improve market engagement and aggregate spend across all groups and services. The results can be significantly greater than traditional transactional and silo-based purchasing by;

- improving overall value from all external spend through better planning and co-ordination resulting in budget reductions;
- identifying, managing and reducing risks;
- maximising social value by considering it in a wider context;
- identifying the best routes to market;
- enabling us to balance potential savings to be made through effective collaboration, with potential negative impacts on the local economy should local suppliers fail to win collaborative contracts;
- gaining access to more innovation from procurement processes through better supplier engagement.

## **Demand management**

We will better understand, manage, reduce demand, and develop flexible services that better target scarce resources and shift away from a typical 'universal' service approach. Procurement and commissioning teams should strive to find alternative and lower cost ways of meeting customer needs through challenging the status quo. Demand management practices often involve changing the respective roles and relationships between provider and customer, such as by promoting independence, facilitating peer to peer support and by empowering customers to decide how their needs can best be met within the overall reducing budgetary constraints.

## **Contract and supplier management**

A significant amount of time and resource is spent on managing external provision for the delivery of goods, works or services to our communities. Although areas of best practice exist within the Council, we need to ensure that we maximise all our commercial arrangements, and realise what we set out to achieve in terms of value for money. A more consistent approach to supplier and contract management built on appropriate relationship management of supply chains will be developed to:

- ensure that suppliers meet their contractual obligations;
- achieve savings, and continuous improvement throughout the life of our contracts;
- evidence contract performance and effectiveness in gaining maximum value from contracts;
- identify and manage our own risks in addition to better understanding supplier's risks;
- measure ongoing savings, social value, value for money, and outcomes;
- ensure that contracts remain responsive, relevant, and effective;
- ensure that what was envisaged from the outset (outcomes) is actually achieved.

We will also try to ensure that our contractors act fairly with their own supply chains in terms of passing on fair terms and conditions, paying promptly, promoting good employment practices, and ensuring their sustainability.

## **Risk Management**

We will identify and manage risks through a number of approaches that are integral to our commissioning and procurement activity, and continue through contract management. Greater attention will be paid to higher value and higher risk areas to ensure proportionality of our approach.

## **Good Governance**

Operating within a good governance framework is essential for any commissioning and procurement function, and we therefore will ensure that officers involved in these activities have full awareness of the Public Contract Regulations 2015 and subsequent amendments, National Procurement Policy Statement, Council Constitution, Contract Procedure Rules, Financial Procedure Rules and various other Council policies and strategies that apply to this activity.



## Modernisation

Continuous change is becoming the norm and our commissioning and procurement activity must adapt to change and ensure that solutions are flexible, progressive, innovative and effective.

Working alongside NEPO, we were at the forefront of implementing eTendering many years ago, and at that time were able to demonstrate increased efficiency and productivity using e-procurement solutions, leading to a reduction in the capacity of our procurement team. A wider range of suppliers have been encouraged to do business with us through our procurement portal and some barriers to doing business have been removed without compromising process.

Procurement processes have changed significantly since the development of the existing eTendering solution; however, the electronic procurement solution providers have not kept up with the changes and modernised their systems sufficiently. The procurement systems available on the market are clunky, overly bureaucratic, operate on old technology and are often cited as a barrier to SME engagement.

Since 2017, we have worked collaboratively with, and contributed to, the development of NEPO's "OPEN" project. The ultimate driver of this project is to establish an innovative solution which optimises the end to end procurement function through automation, standardisation and improved technology. Built around the needs of the procurement functions within the NEPO member authorities and focussed on streamlining procurement processes and making it easier for businesses to trade with us, the new, intuitive system will be designed and built on the latest technology platforms and will include a suite of tools and processes to ensure that the procurement activity is undertaken effectively and efficiently. It will enable a greater level of data collection, manipulation, and analysis to achieve outcomes more cost effectively. It is anticipated that the new system will be available for implementation during 2022.

## Commercialisation

Recognising the importance of increasing commercial activity to drive financial self-sufficiency, there is an increasing role for commissioning and procurement in commercialisation and income generation. Renegotiation of existing contract could be a source of further savings or income, and each new contract will consider opportunities for efficiency savings throughout the duration of the contract, and a more commercial approach which may also include exploiting assets, selling services and further reducing costs through cost/benefit analysis.



### **Developing capacity and skills**

We will build better procurement competencies across the Council by ensuring staff are equipped with the knowledge training and relevant practical skills to drive maximum benefit from commissioning and procurement activity, take on a more influential role with suppliers and incorporate a more commercial approach by embracing the flexibilities afforded by the Public Contract Regulations.

To deliver this strategy, the upskilling of officers across the council will ensure that they understand the role they play in delivering Thrive through their commissioning and procurement activity. Capacity and skills of officers will continue to be improved through:

- providing opportunities for modern apprentices and obtaining appropriate professional qualifications;
- supporting continuing skills development and experience for our employees to ensure knowledge is up to date and aligned to developments in the sector;
- engaging with other local authorities, public sector organisations and other relevant organisations to support knowledge transfer;
- providing mentoring, coaching and work shadow opportunities;
- developing and delivering in-house workshops, training, and guidance to support better commissioning, commercial awareness and legislative knowledge;
- the ongoing training of technical officers and those involved in procurement evaluations prior to embarking on specific procurement processes.

Training and support will also be provided to local SME's and other potential suppliers on general business improvement, how to tender, and also in the use of the Council's e-tendering system (both current system and the new OPEN system) in conjunction with our Economic Development colleagues and NEPO's Business Club.



### The action we will take includes:

- Developing and implementing a Category Management approach to the Council's spend;
- Developing and implementing Category Strategies for key areas of spend;
- Working with and engaging suppliers in the delivery of cost reductions throughout the life of contracts;
- Improving demand management and introducing more targeted arrangements rather than universal services;
- Developing and implementing a more consistent approach to contract management to ensure that what we set out to achieve is realised;
- Identifying and managing risk proportionately and effectively throughout the procurement cycle;
- Maximising the benefits that can be achieved through the implementation of "Open", the new electronic procurement solution, by reviewing our commissioning and procurement processes;
- Identifying opportunities for greater commercialisation in our commissioning and procurement activity;
- Committing to the ongoing development of upskilling our employees engaged in commissioning and procurement activity;
- Ensuring that our local suppliers have the necessary skills to tender and deliver services to the People of Gateshead.

### We will deliver this through:

- Our approach to budget setting and management
- Our category management approach and category strategies
- The setting of savings targets for specific contract areas
- Our risk management processes
- Our Social Value Toolkit
- The implementation of "Open"

### How will we measure success?

- Streamlined procurement processes
- Improved the quality of supplier, market and spend data
- Improved contract management and risk management
- Additional value for money has resulted from the re-negotiation of existing contracts and the implementation of efficiency targets in procurement activity
- Procurement officers and suppliers are skilled to deliver better quality services
- By implementing the new "OPEN" digital procurement system, the council has



## Strategy Implementation Action Plan

The Council will develop and maintain a Strategy Implementation Action Plan. Progress against the plan will be monitored by the Councils Corporate Strategic Commissioning and Procurement Group and further details are available from: [Procurement@gateshead.gov.uk](mailto:Procurement@gateshead.gov.uk)

