

APPENDIX F

**DRAFT**  
**Medium Term**  
**Resources Strategy**  
**2014/15 – 2016/17**

## **Contents**

**Foreword by Councillor Richard Livingstone**

**Introduction and background**

**Implementation**

**Financial Management and Control Strategy**

**Workforce Strategy**

**Asset Management Plan**

**Voluntary and Community Sector Strategy**

**Contracts and Procurement Strategy**

**Technology Strategy**

**Facilities Management Strategy**

## Foreword



Southwark's strength is its people. With our immense diversity comes an array of amazing talents and vast depths of untapped potential. The council's vision is for a "fairer future for all" in Southwark.

Having made some difficult budget decisions in the context of reduced financial resources over at least the medium term, effective planning and resource management will be crucial to meeting our collective goals.

The purpose of the Medium Term Resources Strategy (MTRS) is to enable the council to make best use of financial, human, technological and other resources available and to enable the continued provision of value for money services that meet the needs of residents, businesses and other stakeholders.

The scale of the resource challenge in the coming years cannot be understated. Effective and efficient management of resources through a robust MTRS will be pivotal to meeting that challenge and delivering our Council Plan.

The core principles of fairness and support to the most vulnerable were fundamental to the setting of the budget. These principles will continue to guide the MTRS and our management of resources over the coming years.

*Cllr Richard Livingstone*

*Cabinet Member for Finance, Resources and Community Safety*

# INTRODUCTION AND BACKGROUND

Council services that support all major policy objectives and priorities as set out in the Council Plan are delivered using any number of a range of different resources. This document sets out the council's resources strategies in relation to financial management and control, workforce, asset management, the voluntary and community sector, contracts and procurement and technology.

The key resources are:

## Financial

Focus	Enablers
<ul style="list-style-type: none"> <li>▪ <i>Retention of Business Rates</i></li> <li>▪ <i>Government and other grants</i></li> <li>▪ <i>Council tax</i></li> <li>▪ <i>Fees and charges</i></li> <li>▪ <i>Capital finance</i></li> <li>▪ <i>Housing finance</i></li> <li>▪ <i>Financial control and anti-fraud</i></li> </ul>	<ul style="list-style-type: none"> <li>▪ <i>Value for money</i></li> <li>▪ <i>Statutory &amp; Regulatory duties (s151)</i></li> </ul>

## Workforce

Focus	Enablers
<ul style="list-style-type: none"> <li>▪ <i>Employees</i></li> <li>▪ <i>New recruits</i></li> </ul>	<ul style="list-style-type: none"> <li>▪ <i>Recruitment and retention</i></li> <li>▪ <i>Learning and development</i></li> <li>▪ <i>Rewards and remuneration</i></li> <li>▪ <i>Mobile ways of working</i></li> </ul>

## Assets

Focus	Enablers
<ul style="list-style-type: none"> <li>▪ <i>Administrative buildings</i></li> <li>▪ <i>Office accommodation</i></li> <li>▪ <i>Operational buildings</i></li> <li>▪ <i>Housing stock</i></li> <li>▪ <i>Commercial portfolio</i></li> </ul>	<ul style="list-style-type: none"> <li>▪ <i>Facilities management</i></li> <li>▪ <i>Health and safety and Equality Act compliance</i></li> </ul>

## Voluntary & Community Sector

Focus	Enablers

<ul style="list-style-type: none"> <li>▪ <i>Partnership</i></li> </ul>	<ul style="list-style-type: none"> <li>▪ <i>Grants</i></li> <li>▪ <i>VCS compact</i></li> </ul>
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### **Contracts and Procurement**

<b>Focus</b>	<b>Enablers</b>
<ul style="list-style-type: none"> <li>▪ <i>Procurement</i></li> <li>▪ <i>Commissioning</i></li> <li>▪ <i>Supplier relationship and contract management</i></li> </ul>	<ul style="list-style-type: none"> <li>▪ <i>Service design</i></li> <li>▪ <i>Market considerations</i></li> <li>▪ <i>Competencies and compliance</i></li> </ul>

### **Technology**

<b>Focus</b>	<b>Enablers</b>
<ul style="list-style-type: none"> <li>▪ <i>Business applications</i></li> <li>▪ <i>IT infrastructure</i></li> <li>▪ <i>Desktop</i></li> <li>▪ <i>Network</i></li> </ul>	<ul style="list-style-type: none"> <li>▪ <i>Service design</i></li> <li>▪ <i>partnership working</i></li> <li>▪ <i>training</i></li> </ul>

### **Facilities Management**

<b>Focus</b>	<b>Enablers</b>
<ul style="list-style-type: none"> <li>▪ <i>Administrative buildings</i></li> <li>▪ <i>Office accommodation</i></li> <li>▪ <i>Operational buildings</i></li> </ul>	<ul style="list-style-type: none"> <li>▪ <i>Facilities management</i></li> <li>▪ <i>Health and safety and Equality Act compliance</i></li> </ul>

Depending upon the design of each service, all or some of these resources may be utilised to deliver agreed outcomes. Because the extent of resources is limited, principally by financial constraints, the council sets out clear priorities in order to distribute available resources effectively.

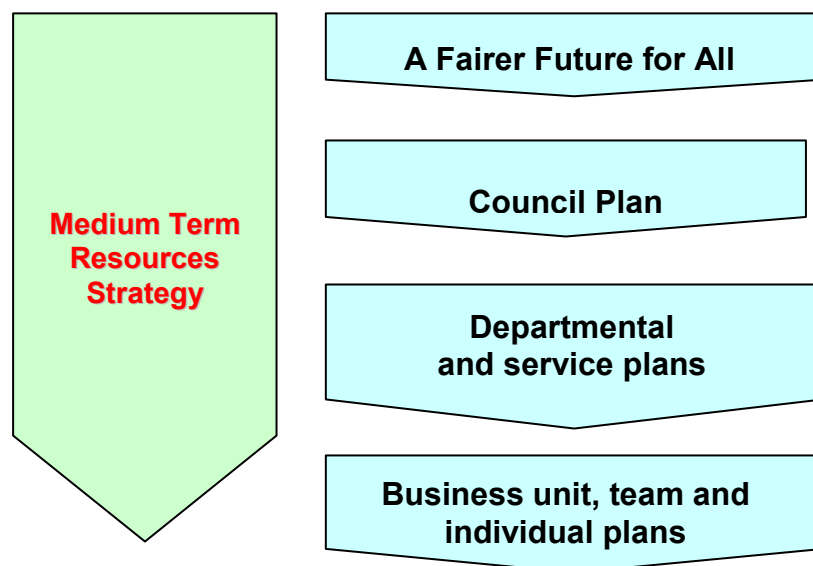
The MTRS provides a framework of underlying principles by which resources may be allocated across the council and other relevant considerations that need to be taken into account.

Each key resource is managed centrally within the council and has a specific strategy in place. Each strategy is designed not only to enable best practice but also to allow for innovation and most importantly to deliver the key outcomes for frontline services across the council. These strategies are set out within this document.

The MTRS has been embedded in the council’s strategic planning processes since 2008. While the strategy was developed initially in response to the government’s first three year grant settlement, it has become an essential management tool in directing council resources. It has adapted and will continue to adapt over time to changes in council policy and other relevant factors. Most importantly the MTRS provides a key reference point for the Council Plan.

## IMPLEMENTATION

The MTRS and Council Plan form important components of the council’s “business management framework”. The business management framework provides a “golden thread” linking the council’s overarching strategy and plans such as the Council Plan to the performance of departments and individual members of staff within the council. This ensures that there is collective responsibility across the council for achieving the outcomes of the MTRS. The MTRS is kept under regular review, including an annual refresh, to ensure it remains relevant to delivering the Council Plan and local priorities.



# **FINANCIAL MANAGEMENT AND CONTROL STRATEGY**

**Lead Department:** Finance & Corporate Services

**Strategic Director:** Duncan Whitfield

**Lead Officer:** Jennifer Seeley

## **Context**

The Financial Management and Control Strategy sets out the financial principles of the Council and the remit within which it plans its business. The strategy is set in the context of a number of key themes, each structured to support all major policy objectives and priorities as set out in the Council Plan. As the council faces a sustained period of reducing resources, the key considerations influencing key principles of the strategy are:

- Retention of Business Rates
- Government and other grants
- Council tax
- Fees and charges
- Capital finance
- Housing finance
- Financial control and anti-fraud
- Value for money
- Statutory and regulatory duties (S151)

## **Key Outcomes**

Over the period of the MTRS we will achieve the following:

- Unqualified accounts each year.
- A balanced three year budget agreed annually.
- A robust ten year capital programme.
- A five year housing investment programme, secured and maintained.
- Maximisation of the collection income due to the council.
- Maintenance of appropriate levels of general and earmarked balances and contingencies to protect council services and assist in mitigating future risks.
- Maximisation of returns from council investments, within a prudent framework.
- Minimisation of the impact of fraud and corruption on council business.

## **Key Principles**

The principles which underpin how finance resources will be allocated are set out below.

### **Budget setting**

- To prioritise commitments made and updated by the cabinet and the vision to create a fairer future for all by promoting social and economic equality in an economically vibrant borough.
- To protect front-line services and support the most vulnerable people.
- To provide value for money, value for council tax payers and to contribute towards delivering the vision of creating a fairer future for all in Southwark.
- To explore alternative ways of providing a service, talking to partner organisations, the voluntary sector, the trade unions, the business community and other local authorities (links to *contracts and procurement* below).
- To be transparent with any specific group or groups of users who may be affected by any cut or reduction in service provision as soon as possible, and explore with them other ways to provide the service, conducting equalities analysis for all budget proposals.
- To provide a clear and comprehensive explanation for why any service should be cut, reduced or no longer provided by the council, and this explanation should be capable of being subject to robust challenge.
- To take a three year approach and have regard to innovative ways of providing services and maintaining employment in the borough.

### **Financial Management**

- To spend only within budgeted limits whilst sustaining and achieving performance improvement in line with strategic policies and priorities.
- To rigorously review all proposed unavoidable commitments and ensure that all possible avenues for delivery, including alternative funding, have been explored, and that the costs have been kept to the minimum required to meet statutory and contractual requirements.
- To only fund new service growth from additional, identified departmental savings.
- To underpin all council resource allocation decisions with financial reality and health checks.
- To return all windfall benefits not planned within base budgets to central resources for corporate allocation in line with strategic priorities.



### **Value for money and the management of performance**

- To ensure that value for money is sustained and impact of spending reductions on service performance and quality is mitigated as far as effectively possible.
- To monitor and benchmark service performance relative to costs against other councils, nationally and locally.
- To ensure there is an appropriate test of value, efficiency and quality in commissioning arrangements.
- To maximise returns on cash investments while maintaining capital preservation and liquidity.
- To target sustained upper quartile performance for pension fund investments.

### **Reserves, balances and central contingency**

- To present balanced budgets year on year without recourse to reserves and balances except for specific earmarked projects.
- To maintain a central contingency at a sufficient level to cover demand pressures that are volatile, difficult to predict or unforeseen and cannot be reliably quantified at the time the budget is set.
- To maintain reserves and balances at a level sufficient to manage the potential risks and opportunities of the council.
- To target an increase in general fund balances to £20m, over the course of medium term, in line with similar local authorities in London.
- To maintain appropriate earmarked reserves to mitigate risk and smooth cost pressures arising from major council projects and priorities, not least regeneration and development, modernisation and service improvement.
- To use the New Homes Bonus to incentivise house building by returning the benefits of growth to the community, generally through capital projects.
- To allocate to reserves any money received from relevant short-term funding streams, to meet the implementation costs of major projects.

### **Savings and efficiencies**

- To maintain a robust programme of efficiencies and other savings that minimise the impact on the delivery of local priorities.
- To invest to save on the basis of sound and robust business cases.
- To continually review the extent and costs of discretionary services or activity being provided in the context of service priorities and resources available, and explore alternative ways of providing a discretionary service or activity prior to proposing any cut or reduction.

### **Income and investments**

- To maintain the Southwark element of any council tax increases within consumer price index inflation levels over a medium term planning horizon.
- To maximise billings and improve council tax collection rates and non-domestic rates (NNDR) collection rates eliminating unnecessary waste identified within processes.
- To maximise external funding opportunities whilst ensuring the continuance of and further investment in key priorities.
- To achieve an effective and prioritised forward strategy when specific external funding streams cease.
- To maximise the council's income generation by seeking income streams in line with council policies and priorities.
- To increase discretionary fees and charges to a level, at a minimum, that is equal to the most appropriate London average (e.g. inner London, family, groupings etc) except where this conflicts with council policy, would lead to adverse revenue implications or would impact adversely on vulnerable clients.
- To increase all fees and charges capped by statute to the maximum level the cap allows.
- To make appropriate representations to government to ensure the council receives the fairest possible level of grant to support Southwark's population and communities.
- To act to reduce arrears overall, with particular emphasis on council tax, rent and NNDR, and seek prompt payment or payment in advance so as to improve the council's overall cash flow position.

### **Treasury Management**

- To optimise investment income returns within the principles of "security, liquidity then yield", in line with the risk appetite and counterparty selection as set out in the Treasury Strategy report as approved by Council Assembly each year.
- To manage debt from borrowing in line with the principles of the Prudential Code and within the setting of Prudential Indicators as approved by Council Assembly each year.
- To use prudential borrowing only where business cases are agreed in accordance with the principles of the overall treasury strategy.
- To seek to reduce the cost of borrowing through debt repayment or debt refinancing where it is economically viable and affordable within the budget framework to do so.

- To set aside funds from the revenue budget to meet the cost of the repayment of debt in accordance with statutory provisions or under the requirements of the Prudential Code as implemented.
- To secure increased funding levels of the pensions fund over time to achieve 100% funding within the period recommended by actuaries.

### **Capital Programming and strategic projects**

- To incorporate major strategic projects in the mainstream capital programme.
- To exploit opportunities afforded through the regeneration programme, including setting a target for capital receipts from regeneration projects to support the council's future capital programme.
- To profile capital schemes realistically over their lifetime and apply full whole life costing principles to all major capital projects including investment and disposal decisions.
- To establish over the medium term sufficient lifecycle maintenance provision for the council's fixed assets where the assets are essential for service delivery and it is cost effective to maintain them in line with the council's asset management plans.
- To review uncommitted budgets within the existing approved capital programme annually and reprioritise as necessary.
- To identify, review and select the most appropriate procurement strategies and partnerships arrangements (where appropriate) for all major capital projects.
- To maximise and accelerate the programme of capital receipts ensuring best consideration and due regard to service provision, in line with the asset management strategy.
- To maximise use of planning gains and associated benefits in accordance with agreements and strategic priorities, by prioritising the use of external grants and planning gains ahead of corporate receipts.
- To pool corporately all capital receipts without any specific earmarking unless so directed by the cabinet.
- To build and maintain a capital contingency reserve (£5m) to fund urgent and unavoidable works, including health and safety and DDA works.

### **Housing finance**

- To ensure the adoption of a balanced Housing Revenue Account (HRA) budget throughout the budget planning horizon.

- To support the provision of landlord services to residents, including planning for balance levels adequate to support the continuing provision of these services.
- To set rents at a level consistent with income assumptions within the 30-year HRA self-financing business plan
- To calculate service charges for tenants and leaseholders to match relevant costs for particular levels of service provision.
- To maintain a business plan for the HRA consistent with self-financing requirements.
- To support the delivery of the housing investment programme within the context of self-financing.

### **Governance and partnerships**

- To regularly review the financial standing orders, financial regulations and contract standing orders to ensure their robustness and continued suitability in order to safeguard the council's assets, maximise its resources and ensure value for money.
- To ensure effective governance arrangements for all partnership agreements are in place particularly where there is a shared use of resources.
- To maintain a risk register for joint risks of all partnerships.
- To optimise the opportunities for efficiencies afforded by improved partnership working and shared services.

### **Financial control and anti-fraud**

- To review controls, systems and processes and ensure proposals for improvement following fraud loss are robust.
- To promote efficiencies to tackle fraud through collaborative working, including local and regional partnerships.
- To share information and good practice with key stakeholders, within statutory guidelines in the interest of preventing and detecting fraud. This will include continuing to undertake statutory data matching across all relevant service areas.
- To ensure a systematic and comprehensive approach to fraud prevention across all service provision.
- To promote ethical behaviour and raise fraud awareness.
- To promote a zero tolerance approach towards fraud which ensures dishonesty is dealt with firmly and consistently.
- To constantly keep under review key fraud risks so that fraud exposure is minimised.
- To enhance the effectiveness of the anti-fraud service through maximising and reinvesting losses recovered.

- To successfully manage operational demand through times of change.
- To conduct professional investigations in line with the changing statutory environment and requirements.
- To minimise fraud risk across all service provision through the effective provision of advice and support.
- To ensure continued fitness for purpose, through regular and rigorous review, of policies, procedures and working practices in relation to the prevention and detection of fraud.

# WORKFORCE STRATEGY

## WORKFORCE STRATEGY

**Lead Department:** Chief Executive's

**Strategic Director:** Eleanor Kelly

**Lead Officer:** Bernard Nawrat

### Context

The Council is operating in an environment which will require a significant reduction in posts arising from the general fund savings programme. In implementing these savings the Council will look first at existing vacant posts, agency / temporary staff cover, as well as natural wastage. The Council has tried and tested policy and procedures to manage workforce change and there will be greater emphasis on the redeployment process, supporting staff and in mitigating redundancies.

### Key Outcomes

Over the period of the MTRS we will achieve the following:

- The Council remains an employer of choice.
- Staff are equipped with skills to manage the organisation through a period of significant change.
- A talented and diverse workforce is retained and developed.
- Efficiencies and service improvements are achieved through embedding flexible working practices throughout the organisation.

### Key Principles

There are some underlying principles that the Council will aim to maintain through this period of significant change whilst trying to meet financial challenges through collective means. These principles are:

- **Recruitment & Retention**  
Ensure that Southwark is an employer of choice that attracts, develops, motivates and retains staff of sufficient numbers and talent to deliver our fairer future promises.
- **Resource management**  
Ensure we use every penny as if it were our own through striving to do things better.

- **Reward, recognition & support.**

Deliver a total reward package which is fair, seen as fair & robust to external scrutiny.

- **Employee development & career opportunities**

Develop people's skills & knowledge so that they enjoy productive careers & deliver innovative high performing services and excellent customer care.

- **Employee engagement & communication**

Enable employees to trust the organisation and be committed to its goals. They must be empowered to believe their views count and will be acted upon.

- **Identifying & developing leaders**

Employ and build leaders who can demonstrate the courage, energy and capability to deliver organisational goals and work in partnership with others.

# **ASSET MANAGEMENT PLAN**

**Lead Department:** Chief Executive's

**Strategic Director:** Eleanor Kelly

**Lead Officer/s:** Steve Platts / Matthew Jackson

## **Context**

Built around the objective of delivering corporate priorities from available resources as efficiently as possible, the refreshed Asset Management Plan (AMP) establishes a framework for rationalisation across the council's £3 billion corporate asset base and for achieving sustainability in the retained portfolio.

The overriding objective of the AMP is to achieve a corporate portfolio of property assets that is appropriate, fit for purpose and affordable. In turn the estate will contribute to improving operational and service delivery outcomes.

Much of course has changed in the public sector resources environment over the last few years. Therefore the AMP seeks to fully address the pressures of escalating property holding costs, and mounting financial constraints on the public sector purse. The council's estate and those across the public sector (including those of our operating partners) will emerge very significantly altered and our overall vision is to plan for a smaller, sustainable corporate estate.

## **Key Outcomes**

Over the period of the MTRS we will achieve a property estate that:

- Is treated as a corporate resource and is managed corporately;
- Supports the delivery of the council plan;
- Is well maintained and fit for purpose (i.e. delivering services);
- Is fully utilised;
- Is suitably located and accessible;
- Is cost effective and represents a value for money return on the council's investment.



## **Key Principles**

The principles which underpin how the council's assets are managed are set out below.

### **Corporate & Operational**

- To achieve a corporate portfolio that is appropriate, fit for purpose, affordable and which contributes to improving operational and service delivery outcomes i.e. (sustainable; efficient; value for money).
- To ensure strategic planning of the estate is fully integrated into the council's business planning processes.
- To proactively mitigate the affects of the market downturn whilst reconciling this with the strategic objectives of the council.
- To consolidate property management arrangements at strategic and operational levels.
- To manage our estate in accordance with our obligations as a landlord and with regard to all relevant health and safety / statutory compliance requirements;
- To constantly review and monitor the operational estate to achieve portfolio objectives, including the maximisation of opportunities and efficiencies from the council's occupation of 160 Tooley Street and Queen's Road offices.
- To successfully manage operational demand for corporate accommodation arising from extensive restructuring across the organisation and the ongoing drive towards modernise.
- To provide flexible solutions to operational requirements to allow for changing future demands in the operational estate (including through exit strategies).
- To respond to changing demand for property services from all parts of the organisation; balancing those demands against the resources available.
- To promote collaborative/partnership working to provide efficiencies, either through occupational, operational or procurement arrangements.
- To promote high environmental sustainability in both existing buildings and in procurement of new assets in order to minimise costs in use and emissions.

### **Arrangements for Asset Management**

- To ensure the provision of effective, professional property advice in support of departmental strategic objectives;
- To raise the profile of asset management planning corporately and operationally across the authority and reinforce the role of the Corporate Property Officer;
- To renew and reinforce structures for asset management planning at a corporate

level;

- To ensure property strategies in support of corporate objectives are properly resourced and programmed;
- To review and refine systems, data, and performance management arrangements in order to fulfil the growing client expectations;
- To safeguard the Council's legal position with regard to its land holdings by completing a comprehensive review and registration of title programmes.

### **Regeneration**

- To contribute to key regeneration projects through acquisition and disposal activity, rent and lease renewal strategies, and use of compulsory purchase order powers where appropriate.

### **Investment Assets**

- To challenge reasons for holding investment property and monitor investment returns and performance;
- To manage rent reviews and lease renewals to maximise revenue income;
- To take appropriate action to minimise the arrears of rent;
- To proactively manage the investment portfolio to ensure compliance with lease terms and protect/enhance value.

### **The Voluntary & Community Sector Estate**

- To review the strategy in 2014 for managing voluntary and community sector assets owned by the council, building on the previous strategy framework of 2009, and 2010 Corporate Asset Management Plan.

### **Surplus Properties and Disposal**

- To deliver challenging capital receipt targets whilst maintaining best consideration principles and balancing revenue requirements.

# VOLUNTARY AND COMMUNITY SECTOR STRATEGY

**Lead Department:** Housing and Community Services

**Strategic Director:** Gerri Scott

**Lead Officer/s:** Stephen Douglass

## **Context**

The voluntary and community sector (VCS) has an essential role to play in Southwark. In the coming years the role of VCS organisations will be increasingly important to ensure that our most vulnerable residents are not left behind. To do this in the current financial climate the council and the VCS will together have to change and modernise the way we work and draw upon the expertise and experience that exists across all our partners.

The council has a history of promoting greater engagement by the community however the resource environment is now much tighter than in recent years. The community must now be encouraged to seek opportunities for widening this engagement and meeting the challenge that sits alongside the loss of financial resources. The fundamental principle is about change that has collaboration at its heart. We will work to build on the strong relationship we have developed with the VCS to shape the services our residents use and help tackle the problems facing the local community.

Work will continue on the key principles of relationship between the council and VCS to ensure that they are fit for purpose and robust. Keeping the principles under review will assist in the delivery of activities involving partnership working between the council and the VCS.

## **Key Outcomes**

Over the period of the MTRS we will work in partnership with the VCS to achieve:

- A modernised relationship between the council and the VCS that supports the delivery of efficient public services.
- A self-sustaining sector that enables local organisations to find new ways of accessing funding, resources, and support.

- Modern and streamlined commissioning processes that reduce transactional costs for the council and the VCS, provide value for money and clear outcomes for our communities.

### **Key Principles**

The principles which underpin the council's approach to the VCS is set out below;

- To work with partners to reconfigure and redesign public services to meet the needs of the most vulnerable in future.
- To work with the VCS to develop public services which are efficient and effective.
- To reduce the burdens on the council and the sector that are imposed through commissioning relationships by removing unnecessary barriers and streamlining commissioning processes so as to minimise transaction costs.
- To further promote the social benefits that come from having a strong relationship with the VCS community.
- To reduce cost by working in more efficient ways with the sector to support a programme of VCS modernisation.
- To ensure that the impact of the cuts on frontline service provision is minimised by helping to develop a strong independent VCS ready to face the challenges of the future.
- To promote and encourage the sharing of VCS back office costs and collaboration and merger where it is appropriate and best to do so.
- To better understand the overall funding landscape of the VCS sector and how council funding helps to lever funds from other sources.
- To work with the VCS to maximise resources and support from a wide range of sources in order to ensure the sustainability of the sector enabling local organisations to find new ways of accessing funding, resources, and support.
- To support the VCS in developing the most effective and the best value for money services. Finding better ways of measuring outcomes for our residents so that we know what is being achieved not just what is being done.
- To ensure that the VCS is supported in the development of business plans, fundraising strategies and future funding bids that leads to self-sustaining financial and other key resource outcomes. We will also work with our VCS partners to develop volunteering and local philanthropy.
- To actively encourage the development of initiatives that will support third sector organisations to engage with the personalisation agenda.

- To encourage and support, where possible and viable, new models of service provision, innovation, resource activity that also more effectively and efficiently realise savings over the medium term planning period.
- To take an approach that strengthens the resilience of the sector by finding new or better ways of supporting our local VCS that go beyond the financial. This may for example include how we use our property portfolio to supports the VCS to achieve self-sustainability and take advantage of regeneration and development opportunities to find new ways of improving and providing community spaces that are efficient and fit for purpose.

# CONTRACTS AND PROCUREMENT STRATEGY

**Lead Department:** Finance & Corporate Services

**Strategic Director:** Duncan Whitfield

**Lead Officer:** Jennifer Seeley

## **Context**

The aim of the Contracts and Procurement Strategy is to ensure that the council takes the right steps when:

- Identifying service needs and options for the ways in which these may be best delivered.
- Procurement of these services where contracting is the preferred option.
- Management and monitoring and commissioning of contracts that have been awarded.

Where contracting with external suppliers is the preferred vehicle for providing services, this must be successful in meeting defined service objectives, meet the commitments of the Council Plan and achieve value for money.

Procurement, contract management and commissioning remains a critical element of the council's efficiency programme and budget plan, alongside issues of people, property and process. All cost reductions and efficiencies must be considered in the context of the need to maintain the most appropriate service levels, protection of the council's statutory and regulatory functions and the needs for customer satisfaction. The Finance and Corporate Services department will therefore continue to support managers across the council to secure products and services that provide value for money.

## **Key Outcomes**

Over the period of the MTRS we will achieve the following through procurement, commissioning and contract management:

- Maintain a clear and unambiguous understanding of current and future service needs.
- Provide contracts that deliver quality services at an affordable cost.
- Sustain a joint passion with our contractors for customer service and satisfaction.

- Commit to contracts that achieve a right first time approach to service delivery.
- Continually improve through collaboration and partnership working with contractors.
- Facilitate and promote innovation through procurement, contract management and commissioning.
- Procure and manage contracts in a way that is fair to local businesses and to their employees.
- In real and recognised terms, be known as a good organisation to do business with.

### **Key Principles**

In achieving these outcomes, the council's contracts and procurement function will continually refer to following key principles:

#### **Value for Money**

- To recognise the balance between price and quality and the relative importance of both.
- To get best value from contracted services through :
  - Challenge of procurement arrangements and seeking opportunities to reduce price, improve quality and maximise efficiency.
  - Delivery of service solutions that are future proof.
  - Understanding distinction between essential and non essential service needs and the impacts on cost.
  - Decisions supported by comprehensive and robust data.
  - Whole life analysis of options and assessment of risks.
- To improve contract management by continuously improving and learning from experience of 'relationship management'.
- To achieve continuous improvement from all areas of procurement expenditure by ensuring that all procurement activity is undertaken by informed managers supported by professional procurement staff.
- To increase the utilisation of e-procurement facilities to deliver process and procurement savings.
- To continue joint procurement of services with other councils where such arrangements deliver value for money and improved services.

#### **Good Governance, Effective Process and Competencies**

- To ensure all procurement practices are legal, ethical and transparent, conforming to procurement legislation and regulation and robust enough to meet the challenge of external scrutiny.
- To ensure that the council's governance arrangements are appropriate to meet the principles of openness and accountability.
- To maintain a model where service directors are accountable for the delivery of service definition, procurement, commissioning and contract monitoring.
- To provide specialist support, advice and leadership as appropriate.
- To have clear, unambiguous and sufficiently flexible operational arrangements that respond to service needs, reduce red tape and protect statutory and regulatory responsibilities of the council.
- To promote a climate of corporate compliance supported by appropriate staff competencies in procurement, contract management and commissioning.
- To promote commitment of suppliers to the prevention, detection of fraud and corruption in their processes.

### **Support and Advice**

- To provide high quality guidance, support, documentation and awareness sessions for service managers and their staff engaged in procurement processes.
- To ensure all procurement process projects follow standard project and risk management procedures appropriate for the size and complexity of the procurement.
- To reduce the costs of procurement process and the time it takes by taking a planned and co-ordinated approach that is efficient, effective and streamlined and avoids duplication and waste.
- To ensure existing contracts, frameworks and internal and external procurement vehicles such as the Local Education Partnership are utilised to reduce procurement costs.

### **Social Considerations**

- To demonstrate improvement in the equality of opportunity and the promotion of good relationships between people within a diverse community in all procurement activity.
- To ensure that all procurement considers the environment and where appropriate includes evaluation models that take into account the council's sustainability objectives.



- To develop socially responsible specifications and to seek to realise social, environmental and community benefits through procurement.
- To create a basis for assessing social, environmental and community benefits within the process for evaluating contracts where it is both affordable and legal to do so, taking into account the Public Services (Social Value) Act 2012.

### **Market Considerations**

- To work with current suppliers and contractors to explore opportunities for bringing benefits to the local community and employment, including application of the London Living Wage.
- To operate a mixed economy of service provision with ready access to a diverse, competitive range of suppliers providing quality services, (including small firms, social enterprises, minority businesses, and voluntary and community sector groups), and wherever possible encourage local sourcing and local employment.
- To promote the concept of the London Living Wage not only within Council contracts but also with those businesses and employers working in Southwark.
- To build good relations with suppliers and making Southwark an organisation of preferred choice for companies of all types.
- To ensure that good communications exist with suppliers before, during and after procurement processes.
- To be 'open and transparent' treating all potential suppliers both 'fairly' and equally during tender processes
- To make available contract and tender applications on the council website.

### **Contracts fit for purpose**

- To secure an open and honest approach to relationship management.
- To ensure good communication exist with contractors and that respective roles and responsibilities are clear.
- To share objectives for service outcomes.
- To continually develop contracts through formal and informal management of relationships, including variations to reflect changing need and innovation.

# TECHNOLOGY STRATEGY

**Lead Department:** Finance & Corporate Services

**Strategic Director:** Duncan Whitfield

**Lead Officer/s:** Richard Heap / Ian Morrisey / Matthew Hunt

## **Context**

This strategy is in a transitional phase. Options are being considered for the future support and management of the IT service, especially that which is presently provided through existing contracts in the context of new and emerging technologies, **such as cloud computing**.

Exploiting the opportunities provided by technology remains integral to the council's drive to deliver essential high quality, universal services that get it right first time and reduce waste and duplication.

The effective use of technology – along with change management, process redesign and training - is fundamental to achieving service wide improvement in a time of resource restraint. Southwark is committed to exploring the use of technology to the advantage of its citizens, wherever the resulting business benefits are justified by the investments required, and wherever the organisation needs to deliver service excellence.

The Technology Strategy will be revised as the council transforms specifically in response to reductions in funding across all services and to changes in functions, activities and delivery models that this will create. Significant investment however will be required in technology to ensure that key business applications are responsive to service needs, and to enable and facilitate better service delivery at an affordable cost.

## **Key Outcomes**

Over the period of the MTRS we will achieve the following:

- Services kept operational
- Improve supplier relationships
- Improve supplier performance
- Enhance customer relationship and involvement

## **Key Principles**

The principles which underpin the council's strategy around technology will continue to be reviewed and currently include:

- To keep information services operational.
- To realise the potential of existing systems through the effective implementation of changes to the infrastructure;
- To improve the delivery and cost of services through the effective use of technology;
- To have the technology which enables the sharing of data and information so that sound decisions can be made and processes can be streamlined;
- To enable residents increased access to services within the borough by improved on-line and interactive provision;
- To maximise output from contracted outsource providers;
- To improve supplier relationships and improve stakeholder management in IS delivery.

## **Facilities Management**

- To maintain a sustainable corporate estate and preserve its inherent investment and utility value. This will be delivered through comprehensive facilities management arrangements and a planned preventative maintenance programme;
- To put in place a full condition survey programme for the operational estate;
- To improve stock condition and minimise backlog maintenance;
- To ensure statutory compliance and minimise facilities exposure to risk;
- To rationalise and repackage facilities management contracts to achieve management efficiencies, economies of scale and mitigation of corporate landlord compliance risk;
- To consolidate facilities management budgets providing total cost of occupancy to support strategic asset management;
- To undertake informed outsourcing based on fixed price repairs and maintenance bringing significant cost certainty and increasing transfer of risk to the supply side;
- To continue the delivery of the corporate compliance programme, working toward best practice allowing effective and transparent management of risk.

# **FACILITIES MANAGEMENT STRATEGY**

**Lead Department:** Finance & Corporate Services

**Strategic Director:** Duncan Whitfield

**Lead Officer:** Matthew Hunt

## **Context**

Through its established Asset Management Plan and ongoing modernisation programme the Council is working to deliver a corporate, operational portfolio that is appropriate, fit for purpose and affordable. This process is well underway with a significant disposal programme in train.

Key to this is the development and ongoing, effective management of healthy, safe and compliant buildings that provide both a good, efficient working environment for staff and modern facilities for the delivery of services to Southwark residents.

The Council's Facilities Management (FM) strategy is to progress towards a consolidated approach to FM for its operational estate both in terms of management and the provision of contracted services. It is moving from multiple, single provider service contracts to a small number of newly procured, appropriately specified service arrangements.

This approach to procurement will provide the platform to bring together all FM arrangements for the operational estate, and to develop those with partners to deliver further efficiencies through economies of scale

All new and refreshed office accommodation will operate under the Council's fully adopted Modern Ways of Working (MWoW) principles, with the adoption of these principles where practical in the remaining estate.

The FM Strategy will be reviewed as the council and its operational estate transforms specifically in response to reductions in funding across all services and to the resultant changes in operational property requirements.

## **Key Outcomes**

Over the period of the MTRS we will achieve the following:

- A reducing operational estate
- Increased and co-ordinated management of FM related budgets
- A rationalised FM supplier base
- Innovative and improving FM services at reducing cost.
- Improved supplier relationships
- Continuously improving supplier performance
- Delivery of customer focussed services
- Comprehensive management information for the operational estate

## **Key Principles**

The principles which underpin the FM strategy will continue to be reviewed and currently include:

- To maintain a sustainable corporate estate and preserve its inherent investment and utility value delivered through comprehensive FM arrangements and a co-ordinated planned preventative maintenance programme;
- To put in place and manage comprehensive condition data and associated building related management information;
- To improve stock condition through a targeted capital preventative planned maintenance programme;
- To ensure statutory building related compliance and effectively manage any residual risk;
- To implement corporate standards across all FM services to bring consistent, affordable and appropriate service levels to the working environment;
- To rationalise and repackage FM contracts through informed procurement to achieve management efficiencies and economies of scale bringing increasing cost certainty and transfer of risk to the supply side;
- To implement best practice contract management to deliver services that meet the evolving needs of the council;
- To continue the consolidation of FM budgets providing total cost of occupancy to support strategic asset management and ensure the best use of the council's resources.