



NOTTINGHAM CITY COUNCIL
COMMISSIONING AND PROCUREMENT SUB-COMMITTEE

Date: Tuesday, 13 February 2018

Time: 10.00 am

Place: LH 0.06 - Loxley House, Station Street, Nottingham, NG2 3NG

Councillors are requested to attend the above meeting to transact the following business

Corporate Director for Strategy and Resources

Governance Officer: Kate Morris, Governance Officer **Direct Dial:** 01158764353

AGENDA

Pages

- | | | |
|----------|--|---------|
| 1 | APOLOGIES FOR ABSENCE | |
| 2 | DECLARATIONS OF INTERESTS | |
| 3 | MINUTES To confirm the minutes of the meeting on 12 December 2017 | |
| 4 | VOLUNTARY AND COMMUNITY SECTOR UPDATE | Verbal |
| 5 | NOTTINGHAM CITY COUNCIL PROCUREMENT STRATEGY 2018-2023 Report of the Director of Commissioning and Procurement | 3 - 28 |
| 6 | FEE RATES FOR ADULT SOCIAL CARE SERVICES 2018/19 - KEY DECISION Report of the Corporate Director of Strategy and Resources and the Director of Commissioning and Procurement | 29 - 32 |
| 7 | EXCLUSION OF THE PUBLIC To consider excluding the public from the meeting during consideration of the remaining item(s) in accordance with Section 100A(4) of the Local Government Act 1972 on the basis that, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. | |

- | | | |
|----------|---|---------|
| 8 | FEE RATES FOR ADULT SOCIAL CARE SERVICES 2018/19 EXEMPT APPENDICES - KEY DECISION Report of the Corporate Director of Strategy and Resources and the Director of Commissioning and Procurement | 33 - 40 |
| 9 | SOURCING INVESTORS AND PROVIDERS FOR DELIVERY OF THE DN2 CHILDREN'S INTERVENTIONS SOCIAL IMPACT BOND - KEY DECISION Report of the Director of Commissioning and Procurement and Director of Children's Integrated Services | 41 - 50 |

ALL ITEMS LISTED 'UNDER EXCLUSION OF THE PUBLIC' WILL BE HEARD IN PRIVATE. THEY HAVE BEEN INCLUDED ON THE AGENDA AS NO REPRESENTATIONS AGAINST HEARING THE ITEMS IN PRIVATE WERE RECEIVED

IF YOU NEED ANY ADVICE ON DECLARING AN INTEREST IN ANY ITEM ON THE AGENDA, PLEASE CONTACT THE GOVERNANCE OFFICER SHOWN ABOVE, IF POSSIBLE BEFORE THE DAY OF THE MEETING

CITIZENS ATTENDING MEETINGS ARE ASKED TO ARRIVE AT LEAST 15 MINUTES BEFORE THE START OF THE MEETING TO BE ISSUED WITH VISITOR BADGES

CITIZENS ARE ADVISED THAT THIS MEETING MAY BE RECORDED BY MEMBERS OF THE PUBLIC. ANY RECORDING OR REPORTING ON THIS MEETING SHOULD TAKE PLACE IN ACCORDANCE WITH THE COUNCIL'S POLICY ON RECORDING AND REPORTING ON PUBLIC MEETINGS, WHICH IS AVAILABLE AT WWW.NOTTINGHAMCITY.GOV.UK. INDIVIDUALS INTENDING TO RECORD THE MEETING ARE ASKED TO NOTIFY THE GOVERNANCE OFFICER SHOWN ABOVE IN ADVANCE.

Agenda Item 5

COMMISSIONING AND PROCUREMENT SUB-COMMITTEE
13th February 2018

| | | | |
|---|---|--|--|
| Subject: | NOTTINGHAM CITY COUNCIL PROCUREMENT STRATEGY 2018-2023 | | |
| Corporate Director(s)/ Director(s): | Katy Ball, Director of Commissioning and Procurement | | |
| Portfolio Holder(s): | Councillor Graham Chapman – Portfolio Holder for Procurement | | |
| Report author and contact details: | Jo Pettifor, Category Manager – Strategy and People Jo.Pettifor@nottinghamcity.gov.uk 01158765026 | | |
| Key Decision | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | Subject to call-in <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Reasons: <input type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision | | | <input type="checkbox"/> Revenue <input type="checkbox"/> Capital |
| Significant impact on communities living or working in two or more wards in the City | | | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Total value of the decision: nil | | | |
| Wards affected: all | Date of consultation with Portfolio Holder(s): Councillor Chapman - 12 th December 2017 and 24 th January 2018 | | |
| Relevant Council Plan Key Theme: | | | |
| Strategic Regeneration and Development | | | <input checked="" type="checkbox"/> |
| Schools | | | <input type="checkbox"/> |
| Planning and Housing | | | <input type="checkbox"/> |
| Community Services | | | <input checked="" type="checkbox"/> |
| Energy, Sustainability and Customer | | | <input checked="" type="checkbox"/> |
| Jobs, Growth and Transport | | | <input checked="" type="checkbox"/> |
| Adults, Health and Community Sector | | | <input checked="" type="checkbox"/> |
| Children, Early Intervention and Early Years | | | <input checked="" type="checkbox"/> |
| Leisure and Culture | | | <input checked="" type="checkbox"/> |
| Resources and Neighbourhood Regeneration | | | <input checked="" type="checkbox"/> |
| <p>This report presents the draft Nottingham City Council Procurement Strategy for 2018-2023 (the Strategy), which sets out for the supplier market and other key stakeholders the strategic priorities of the Council to be taken forward through our procurement activity over the next five years. It outlines how procurement will use the Council's spending power to drive our key strategic objectives of:</p> <ul style="list-style-type: none"> • Citizens at the heart • Securing economic, social and environmental benefits • Commercial efficiency <p>The Strategy also highlights the central role of the procurement function and the approach to be taken in supporting the Council to achieve its strategic priorities within a constrained financial envelope. The draft Strategy is attached at Appendix 1.</p> | | | |
| Exempt information: None | | | |
| Recommendation(s): | | | |
| 1 To endorse the revised Nottingham City Council Procurement Strategy 2018-2023 (attached at Appendix 1) and recommend the draft Strategy to Full Council for approval. | | | |
| 2 To note that the outcomes of procurement activity undertaken under the Procurement Strategy will be reported to Committee on an annual basis. | | | |

1 REASONS FOR RECOMMENDATIONS

- 1.1 It is essential that Nottingham City Council adopts a robust framework for the procurement of all goods, works and services that will drive the delivery of its strategic priorities within a challenging financial context. The Procurement Strategy 2018-23 sets out how procurement will use the Council's spending power to pursue our key objectives of:
- Citizens at the heart
 - Securing economic, social and environmental benefits
 - Commercial efficiency
- 1.2 The Strategy will drive the delivery of social value for the City by outlining how we will address economic, social and environmental considerations at all stages of the procurement cycle, through the framework of the Public Services (Social Value) Act 2012. Our strategic objectives for procurement are set out under the key economic, social and environmental themes, with proposed actions to maximise the benefits secured through all our purchasing activity.
- 1.4 The Strategy sets out a number of core principles for all our procurement activity that will ensure a focus on:
- Commercial efficiency – a commercial approach and securing best value for money to make financial resources go further
 - Citizens at the heart – providing great services that are right for all citizens and customers
 - Partnerships and collaboration – to maximise opportunities for joint working, particularly in the context of devolution and integration
 - Governance, fairness and transparency – implementing robust procedures to ensure a level playing field and legal compliance
 - Ethical standards – ensuring the well-being and protection of work forces throughout the supply chain
 - Innovation and improvement – continuously developing and improving our processes and working innovatively to secure improved outcomes.
- 1.5 The delivery of the Council's strategic priorities depends on the efficient and strategic use of our spending power. The Strategy promotes a commercial approach and will support the Council to address the significant financial challenges it faces now and in the longer term.
- 1.6 A primary purpose of the Strategy is to inform the supplier market of the Council's key strategic objectives and the proposed procurement approach to deliver them. This aims to enable all potential suppliers (particularly local businesses, SMEs, SEs and the voluntary and community sector) to access our contract opportunities.
- 1.7 The Strategy will support compliance with the legal and procedural requirements of EU and UK Procurement Regulations and the Council's Financial Regulations, through ensuring fair, open and transparent procurement processes to ensure a level playing field for all suppliers.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 The Nottingham City Council Procurement Strategy 2014-17 was developed during 2013 to reflect the strategic context at that time, including the government's

economic agenda, UK Procurement Regulations, Nottingham's Growth Plan and the Nottingham Plan to 2020. It brought together existing policy into one overarching framework for all Council procurement activity. This was a major step change in our approach; facilitating the development of a modern, effective and efficient procurement service to deliver best value, support innovation, stimulate growth and ensure quality services for citizens.

- 2.2 The 2014-17 Strategy has driven strong achievements through being citizen focused, maximising savings and delivering economic, social and environmental benefits to the City. In the first three years of the Strategy, a total of £288m was injected into the local economy through procurement activity – representing 69% of total contract value. Additionally 364 new entry level jobs and apprenticeships were created for local people through contracts awarded.
- 2.3 The review and refresh of the Strategy provided an opportunity to take stock of the current strategic context. The 2018-23 Strategy has been developed with reference to current and emerging policies and strategic drivers. The National Procurement Strategy for Local Government 2014 set out the vision for local government procurement and encouraged the delivery of outcomes in relation to savings, supporting local economies, leadership and modernisation. The Public Services (Social Value) Act 2012 requires consideration of the economic, social and environmental benefits of procurement and provides a framework to pursue these objectives. The EU Public Contracts Directives 2014 and UK Public Contracts Regulations 2015 provide the legal framework and oblige us to operate in a fair, open and transparent way, whilst providing new opportunities for flexibility and innovation. The City Council Plan 2015-20 sets out the driving purpose of putting citizens at the heart of everything we do and the aim to be a thriving, sustainable City.
- 2.2 The development of the Strategy has involved engagement with internal and external policy and strategy leads and other key stakeholders, particularly in relation to the key themes of economic growth, employment and skills and environmental sustainability. Consultation has been undertaken with stakeholders including the Voluntary and Community Sector and the local business community. Feedback received through the consultation was considered in finalising the proposed Strategy.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 Do nothing. This option was rejected as the current Procurement Strategy 2014-17 is expiring and a refreshed Strategy is needed to set out the strategic direction and approach for procurement activity from 2018 onwards. The Strategy provides clear messages for the market about the Council's strategic objectives to enable all suppliers (including local firms, SMEs and voluntary and community sector) to be able to participate in contract opportunities. It also sets out good practice to be adopted in all procurement activity to drive the Council's strategic aims whilst ensuring compliance with legal and procedural requirements.

4 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

- 4.1 Implementation of the Procurement Strategy is expected to deliver significant financial benefits to the Council through the category management approach and through maximising savings and value for money from all contracts.

- 4.2 For all procurement activity undertaken under the Strategy, separate approvals will be required by the relevant Board or Portfolio Holder as appropriate. This will include the appropriate financial implications and recommendations ensuring budget availability and aligning any procurement savings captured as part of the Medium Term Financial Plan (MTFP).

Hayley Mason, Strategic Finance Business Partner

5 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 5.1 As a 'Contracting Authority' under the EU procurement regime, the award of contracts by Nottingham City Council is governed by the EU procurement regulations, in particular the EU Public Contracts Directives 2014 (implemented in the UK by the Public Contracts Regulations 2015, Utilities Contracts Regulations 2016 and Concession Contracts Regulations 2016). The Procurement Strategy includes the core principles of 'governance, fairness and transparency', which aim to ensure that all procurement is undertaken in a fair, open and transparent way in compliance with these legal requirements. Measures include robust procedures for governance and the implementation of procurement process, and controls to combat fraud.
- 5.2 The 2014 EU Directives offer new opportunities for social value to be considered in the award of public contracts by allowing social and environmental factors (including workforce matters) to be addressed provided these are relevant to the subject matter of the contract. Therefore, social criteria such as combatting long term unemployment may be included in contracts and in tender evaluation criteria, provided they are relevant and proportionate and (in accordance with the EU principles of equal treatment and non-discrimination) measures taken do not directly favour local businesses over those from other EU Member States.
- 5.3 For contracts below the thresholds of the EU Directives or subject to the 'Light Touch' regime, there is greater flexibility to promote local strategic priorities, within the overall principles of fairness, non-discrimination and transparency.
- 5.4 The legal context governing the Council's procurement activity will be reviewed during the lifetime of the Strategy, particularly in light of the UK's exit from the EU and any new regulatory framework that may be introduced for public procurement.

Legal Observations

- 5.5 The Legal Services team works closely with colleagues in Procurement and Commissioning to ensure compliance with the legal procurement framework and the City Council's own Financial Regulations and Contract Procedure Rules. It will provide support to those teams and the City Council more widely to deliver the Procurement Strategy.
- 5.6 The Public Contracts Regulations 2015 introduced a new procurement procedure called the Competitive Procedure with Negotiation. The City Council has started to make use of this new procedure which may assist the City Council to ensure it can achieve best value from contractors. In addition concession contracts for works

and services are now subject to the Concession Contracts Regulations 2016 and the City Council must consider the application of those regulations when it awards concessions for the operation of, for example, leisure and catering facilities.

- 5.7 The Procurement Strategy is correct to recognise that the ability for the City Council to include social value in contracts, such as employment opportunities, training and apprenticeships must be considered on a case by case basis and can only be included where relevant to the subject matter of the contract.

Andrew James, Team Leader (Contracts and Commercial)

6 STRATEGIC ASSETS & PROPERTY COLLEAGUE COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE (STRATEGIC REGENERATION COMMITTEE REPORTS ONLY)

- 6.1 This decision does not have any implications for strategic assets and property.

7 SOCIAL VALUE CONSIDERATIONS

- 7.1 The Public Services (Social Value) Act 2012 (the Act) applies to all service Contracts covered by the EU Directives and UK Regulations. It places obligations on public sector commissioners to consider the economic, environmental and social impact of their approaches to procurement before the process starts, and to consider consulting on these issues.
- 7.2 The Procurement Strategy 2018-23 will be a key driver in promoting and meeting the requirements of the Public Services (Social Value) Act 2012 by using the framework of the Act at all stages of the procurement process to consider how the social, economic and environmental well-being of the area can be improved. It sets out how procurement will deliver the Council's key priorities of supporting the local economy, delivering social and community benefits and environmental sustainability. Our social aims will also be supported by a number of core principles of the Strategy, in particular 'Citizens at the heart' and ethical standards.
- 7.3 The Strategy supports the implementation of the Council's Business Charter, through the inclusion within eligible contracts of relevant contract specific requirements and targets based on the principles of the Charter. To maximise the benefits delivered from each contract, and ethical standards, contract requirements and targets will be developed in each case as appropriate and proportionate to the contract being procured.
- 7.4 A Procurement Information Management System is maintained to monitor the outcomes of procurement activity undertaken, in particular progress against the key economic, social and environmental objectives within the Strategy.

8 REGARD TO THE NHS CONSTITUTION

- 8.1 This will be considered where appropriate for relevant service areas.

9 EQUALITY IMPACT ASSESSMENT (EIA)

- 9.1 Has the equality impact of the proposals in this report been assessed?

No

Yes

Attached as Appendix 2, and due regard will be given to any implications identified in it.

10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

10.1 None

11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

11.1 Nottingham City Council Procurement Strategy 2014-17

11.2 Public Services (Social Value) Act 2012

11.3 The Public Contracts Directives 2014 (the Public Contracts Directive 2014, the Concessions Contracts Directive 2014, and the Utilities Directive 2014)

11.4 The Public Contracts Regulations 2015

11.5 The Concessions Contracts Regulations 2016

11.6 The Utilities Contracts Regulations 2016

Equality Impact Assessment Form (Page 1 of 2)

Title of EIA/ DDM: Nottingham City Council Procurement Strategy 2018-23

Name of Author: Jo Pettifor

Department: Strategy and Resources

Director: Katy Ball

Service Area: Contracting and Procurement

Strategic Budget EIA No

Author (assigned to Covalent):

Brief description of proposal / policy / service being assessed:

A refreshed Nottingham City Council Procurement Strategy for 2018-2023 has been developed setting out for the supplier market and other key stakeholders the strategic priorities of the Council to be taken forward through our procurement activity over the next five years. The Strategy outlines how procurement will use the Council's spending power to drive our key strategic objectives of: Citizens at the heart; Securing economic, social and environmental benefits and Commercial efficiency. The Strategy also highlights the central role of the procurement function and the approach to be taken in supporting the Council to achieve its strategic priorities within a constrained financial envelope.

Information used to analyse the effects on equality:

The Procurement Strategy has been developed with reference to how procurement will support the Council in meeting its obligations under the Equality Act 2010, including ensuring non-discrimination and compliance with the public sector equality duty. This includes activities delivered through contracts procured. Additionally a key driver for the Strategy is the Public Services (Social Value) Act 2012, which places duties to consider the economic, environmental and social benefits and to consult on these aspects. The Strategy uses the Social Value Act as a framework for considering how social, economic and environmental well-being can be improved when procuring goods, services and works. Consultation on the draft Procurement Strategy has been undertaken with a range of internal and external stakeholders including the Voluntary and Community Sector and the local business community. Feedback has been considered in finalising the Strategy, including from Voluntary Sector organisations and representatives of the local business community and small businesses. More consultation will be done specifically with BME groups during the development of Good Practice Guidelines.

| | Could particularly benefit X | May adversely impact X | How different groups could be affected (Summary of impacts) | Details of actions to reduce negative or increase positive impact (or why action isn't possible) |
|--|---|-----------------------------------|--|--|
| People from different ethnic groups. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <p>The refreshed Nottingham City Council Procurement Strategy will support the Council in meeting the requirements of the Equality Act 2010 including ensuring non-discrimination and compliance with the public sector equality duty in the delivery of contracts procured. The Strategy will be a key driver in promoting and meeting the requirements of the Public Services (Social Value) Act 2012, through the key objectives and themes of securing social, economic and environmental benefits for the City and its citizens. To maximise the economic, social and environmental benefits delivered, appropriate specific measures</p> | <ul style="list-style-type: none"> • The outcomes of procurement activity will be monitored and reported, in particular progress against the key economic, social and environmental objectives of the Procurement Strategy. • The Procurement Team will work in a fair and inclusive way and will promote equality and diversity in accordance with the principles of the Procurement Strategy. • The Strategy will support and promote the Council's Equality Objectives: 'Make sure that our workforce will reflect the citizens we serve; Create economic growth for |
| Men | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | |
| Women | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | |
| Trans | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | |
| Disabled people or carers. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | |
| Pregnancy/ Maternity | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | |
| People of different faiths/ beliefs and those with none. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | |
| Lesbian, gay or bisexual people. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | |
| Older | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | |

| | | |
|--|-------------------------------------|--------------------------|
| Younger | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Other (e.g. marriage/ civil partnership, looked after children, cohesion/ good relations, vulnerable children/ adults). <i>Please underline the group(s) /issue more adversely affected or which benefits.</i> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

will be taken where relevant to the contract procured, for example including requirements for employment and training opportunities and promoting the principles of the NCC Business Charter. Where a procured contracts has specific equality implications (for example a change of service provision) an EIA will be undertaken as part of the commissioning decision making process. The Strategy sets out a number of core principles for all procurement that will support equalities including:

- 'ethical standards' including the well-being and protection of work forces, that people are treated with respect and their rights protected.
- 'governance, fairness and transparency' in the procurement and governance process
- Citizens at the heart': ensuring all services procured are accessible and appropriate to meet the diverse needs of the community

the benefit of all communities; Provide inclusive and accessible services for our citizens; Lead the City in tackling discrimination and promoting equality'

- Procurement processes will be fair, open, transparent, proportionate and accessible to ensure a level playing field for all suppliers and no barriers to participation, particularly for small businesses and VCOs.
- The Strategy aims will be taken forward through good practice guidance to be developed by July 2018 setting out detailed actions for implementation, including measures to support access to contracts for all diverse organisations. Consultation will be undertaken with BME groups in developing this guidance
- Engagement will be made with local BME organisations to ensure these groups are not disadvantaged is accessing contract opportunities and that the views of these groups are considered in developing the Strategy implementation plans.

Outcome(s) of equality impact assessment:

- No major change needed •Adjust the policy/proposal •Adverse impact but continue
- Stop and remove the policy/proposal

Arrangements for future monitoring of equality impact of this proposal / policy / service:

Note when assessment will be reviewed (e.g. Review assessment in 6 months or annual review); Note any equality monitoring indicators to be used; consider existing monitoring/reporting that equalities information could form part of.

Approved by (manager signature):

The assessment must be approved by the manager responsible for the service/proposal. Include a contact tel & email to allow citizen/stakeholder feedback on proposals.

Jo Pettifor, Category Manager (Strategy & People),
jo.pettifor@nottinghamcitycouncil.gov.uk

Date sent to equality team for publishing:

Send document or link to:
equalityanddiversityteam@nottinghamcity.gov.uk
25th January 2018

Before you send your EIA to the Equality and Community Relations Team for scrutiny, have you:

1. Read the guidance and good practice EIA's
<http://www.nottinghamcity.gov.uk/article/25573/Equality-Impact-Assessment>
2. Clearly summarised your proposal/ policy/ service to be assessed.
3. Hyperlinked to the appropriate documents.
4. Written in clear user friendly language, free from all jargon (spelling out acronyms).
5. Included appropriate data.
6. Consulted the relevant groups or citizens or stated clearly when this is going to happen.
7. Clearly cross referenced your impacts with SMART actions.

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NOTTINGHAM CITY COUNCIL

PROCUREMENT STRATEGY 2018 – 2023

DRAFT

1. FOREWORD

Councillor Graham Chapman, Portfolio Holder for Procurement

As a Council our main aim is to provide quality services to our citizens. Yet we have the toughest financial context local government has ever faced. How we obtain and pay for services therefore has a central role in the Council's drive for efficiency and value for money. We also have a duty to provide ethical standards and this document sets out the standards that Nottingham City Council requires as a contracting authority and the three priority areas for delivering economic, social and environmental benefits and commercial efficiency for the City. Finally, we have a duty to promote the economic growth of the City and our Strategy aims to maximise local spend ensuring local growth and job creation.

Our previous Procurement Strategy 2014-17 has been very successful in delivering social value. In the first three years of the Strategy, £228m was injected into the local economy and 364 new jobs and apprenticeships were created for local citizens through contracts awarded. As part of this good work, thousands of pounds worth of savings were also achieved.

Our category management approach to purchasing arrangements has helped establish effective collaborative and commercial relationships with our key stakeholders, partners and suppliers; providing a centre of expertise and first point of call for our clients. All of this benefits the citizens of Nottingham, which is our main aim.

2. INTRODUCTION

This Procurement Strategy sets out for the supplier market and other key stakeholders the strategic aims of the Council to be taken forward through our procurement activity over the next five years. It outlines the central role of the procurement function in supporting the Council to achieve its strategic priorities within a constrained financial envelope.

Our Definition of Procurement

“Procurement is the process of acquiring the goods, services and works an organisation needs. It spans the whole cycle, comprising three phases:

- i) Identifying needs and deciding what is to be bought and when (procurement planning);*
- ii) The process of awarding a contract, including defining the terms on which the goods, services or works are to be provided and selecting the contracting partner that offers the best value*
- iii) Managing the contract to ensure effective performance*

Procurement also involves options appraisal and ‘make or buy’ decisions, which may result in the provision of services in-house where appropriate.”

Commercial and Social Value

Procurement will use the Council's spending power to drive our key strategic priorities for the City. Our key objectives are:

- Citizens at the heart
- Securing economic, social and environmental benefits
- Commercial efficiency

Through all our procurement, we will use the Council's purchasing power to secure the best possible value and outcomes for the City and its citizens. We will seek to maximise the value of every pound we spend in terms of jobs, skills and supply chain opportunities in the local community. We will promote inclusive growth, through which the benefits of productivity are shared across all areas and communities in the City.

We will address economic, social and environmental considerations at all stages of the procurement cycle, through the framework of the Public Services (Social Value) Act 2012. We will maximise value for money by considering beyond simply what is the most economically advantageous - within the rules of open, fair and transparent competition. We will take advantage of new flexibilities and opportunities to free up markets, facilitate growth and drive innovation.

We will further develop our collaborative and commercial relationships with key partners as part of our strategic category management approach, to deliver the best possible outcomes for the City and its citizens.

We will influence and stimulate the development of markets and competition to increase opportunities for choice, quality and value for money. We will continue to drive competition and innovation across the City and amongst a range of suppliers, in particular supporting access to contract opportunities for small and medium sized enterprises, voluntary and community organisations and social enterprises. We will maximise the opportunities to promote inclusive growth and sustainability, supporting the local economy and delivering social and economic opportunities for local people.

Within a changing local, national and international context, our procurement needs to be forward thinking, flexible and able to respond to the opportunities and potential challenges ahead. This Strategy sets out our ambitions for the medium and long term and it will be supported by an annual plan of key actions for each year.

This Procurement Strategy aims to support local growth that enables the widest range of Nottingham residents and neighbourhoods to both contribute to and benefit from economic success, achieving more prosperity alongside greater equality of opportunity and outcome for our diverse communities

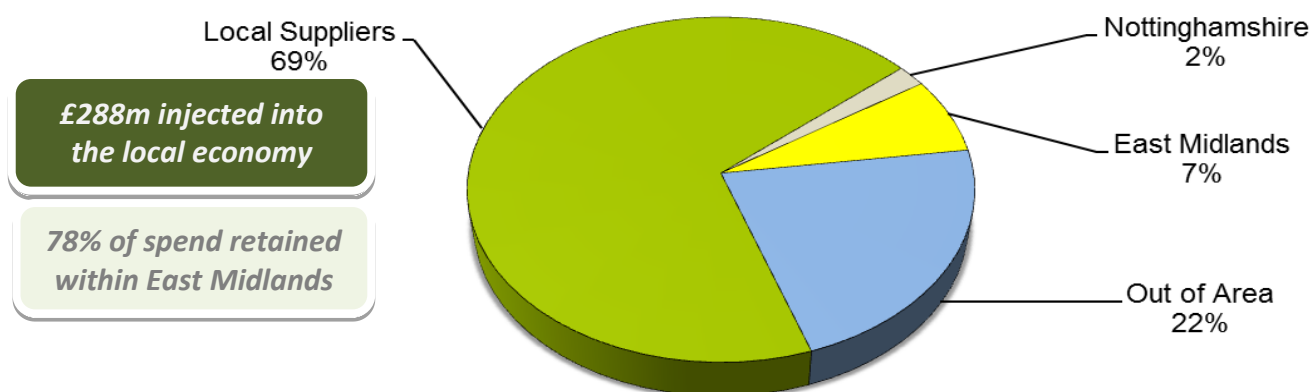
3. SOCIAL VALUE ACHIEVED THROUGH OUR PROCUREMENT STRATEGY 2014-17

Procurement activity

| Activity | 2014/15 | 2015/16 | 2016/17 | Total |
|---------------------------------|---------|---------|---------|----------------|
| Contracts awarded | 120 | 331 | 116 | 567 |
| Total value (awarded contracts) | £112.7m | £224.5m | £80.3m | £417.5m |
| Local spend (%) | 60% | 76% | 62% | 69% |

Investment in the local economy

£288m injected into the local economy – 69% of total contract value awarded to local suppliers. In 2016/17, £48m was awarded to locally based small and medium sized enterprises (SMEs).



Income and savings

| Annual Value of Awarded Contracts (Recurrent spend) | Savings Achieved (Annualised) | Income from Concessions & Commercial Activity (Annualised) |
|---|-------------------------------|--|
| £106.9m | £10.4m | £1.2m |

Savings achieved represent approximately 8.9% of value prior to procurement

*£179.2k per annum secured through 1% levy initiative **

*The 1% levy helps provide sustainable funding for the Nottingham Jobs Employment Hub, which supports unemployed City residents back into work through offering a free and confidential recruitment service to businesses operating in the City.

Employment opportunities

A total of 364 new jobs and apprenticeships created for local people

4. CONTEXT FOR THIS STRATEGY

This Procurement Strategy provides an opportunity to take stock of the wider context impacting on the City and our procurement activity, and to respond to new and emerging strategic drivers. Within a changing local, national and global arena we need to be flexible and forward thinking; ready to respond to opportunities and challenges ahead. The key national and local policy and strategic drivers that influence this Strategy are outlined below and detailed at Appendix 1.



The *National Procurement Strategy for Local Government 2014* sets out the vision for local government procurement and encourages the delivery of outcomes in relation to savings, supporting local economies, leadership and modernisation. The *Public Services (Social Value) Act 2012* requires consideration of the economic, social and environmental benefits of procurement and provides a framework to pursue these objectives. The *EU Public Contracts Directive 2014* and *UK Public Contracts Regulations 2015* provide the legal framework; obliging us to operate in a fair, open and transparent way whilst offering opportunities for flexibility and innovation. The *City Council Plan 2015-20* sets out the driving purpose of putting citizens at the heart of everything we do and the aim to be a thriving, sustainable City.

5. OUR STRATEGIC PRIORITIES FOR PROCUREMENT

| Strategic Theme | Key Procurement Objectives |
|--|---|
| ECONOMIC: <i>Supporting the local economy</i> | Grow the local economy - Increase spend within the local economy Create employment and training opportunities for citizens A strong and diverse local market - Support for SMEs, VCOs, SEs and local businesses |
| SOCIAL: <i>Citizens at the heart of what we do</i> | Deliver safe, quality and innovative services that meet citizens' needs Secure social and community benefits Inclusive growth - Tackling deprivation, promoting social inclusion and improving health and wellbeing |
| ENVIRONMENTAL: <i>Sustainable and responsible</i> | Minimise the environmental impact of goods, services and works procured <ul style="list-style-type: none"> • Air quality and climate change • Resource efficiency, waste reduction and recycling • Biodiversity, nature conservation and greening* Source innovative and sustainable green solutions |

Our social value themes will enable us to maximise the opportunities for economic, social and environmental considerations to be addressed at all stages of the commissioning and procurement cycle. In all our procurement, we will seek to maximise value through the inclusion of relevant social value requirements; tailored as appropriate and proportionate for each contract to ensure compliance with our legal obligations.

**Greening refers to the process of proactively protecting the environment; specifically making an environment greener by planting grass, trees, and plants*

THEME 1: ECONOMIC

OUR PROCUREMENT OBJECTIVES

Grow the local economy - Increase spend within the local economy

Create employment and training opportunities for citizens

A strong and diverse local market - Support for SMEs, VCOs, SEs and local businesses

We will use our purchasing power to drive the strategic aim of growing the local economy; delivering economic benefits for the City, promoting local regeneration and increasing spend locally. We will support the aim of tackling poverty and deprivation in the City by increasing employment and getting more local people into good jobs. We will promote a diverse and productive local market; ensuring a wide range of suppliers are able to do business with the Council. We recognise the innovation and value offered by SMEs, VCOs and SEs and their importance to the local market and wider economy and we will endeavour to remove barriers to these organisations.

OUR ACTIONS

We will achieve these objectives through:

- Securing employment and training opportunities through contracts where possible through the inclusion of relevant requirements and targets
- Encouraging suppliers to engage with the Nottingham Jobs Service* and other local employment and training initiatives, to maximise targeted opportunities for City residents
- Continuing to provide a revenue stream for our employment support activity through a 1% levy charged on eligible contracts
- Developing our understanding of what the market can offer; considering local supplier capacity in our option appraisals
- Engaging with local businesses, SMEs and VCOs and publishing our procurement plan to enable suppliers to prepare
- Breaking down large value contracts into smaller lots where possible to provide opportunities for small suppliers
- Ensuring our procurement process is accessible and doesn't present barriers to participation; using accessible portals to advertise opportunities
- Encouraging SMEs, VCOs and SEs to identify potential partners to form consortia and ensuring our procurement is accessible to consortia bids
- Exploring opportunities for improved local business to business advertising – including a potential 'business to business' portal at a local level

MEASURES OF SUCCESS

- Percentage of spend within the local economy (of total contracts awarded)*
- Employment and training opportunities secured through contracts awarded
- Contracts awarded to SMEs
- Contracts awarded subject to 1% levy and potential income

**The Nottingham Jobs Service is an initiative established by Nottingham City Council, Futures and the Department for Work & Pensions offering a free and confidential recruitment service to employers, with the primary aim of addressing unemployment in Nottingham by helping unemployed city residents into work*

****Our definition of local spend:***

The value of contracts awarded to organisations that operate principally within the boundaries of the Greater Nottingham economic area (defined for economic purposes as comprising: Nottingham City, the Boroughs of Broxtowe, Gedling and Rushcliffe and 4 wards of Hucknall)

THEME 2: SOCIAL

OUR PROCUREMENT OBJECTIVES

Deliver safe, quality and innovative services that meet citizens' needs

Secure social and community benefits

Inclusive growth - Tackling deprivation, promoting social inclusion and improving health and well being

We aim to secure quality goods, works and services that best meet the needs of citizens and the local community in its widest sense. We will support innovation, early intervention and prevention whilst ensuring services are safe and cost effective, and promote the health and well-being of citizens. We will ensure services are accessible, promote social inclusion and equality, and fight discrimination. We will promote inclusive growth – sharing the benefits of productivity across all communities*. We aim to combat social exclusion by encouraging employment opportunities in contracts targeted at the most deprived local communities and socially excluded groups.

**Inclusive Growth: "Enabling as many people as possible to contribute and benefit from growth...Benefitting people across the labour market spectrum, including groups that face particularly high barriers to high quality employment." (Inclusive Growth Commission Final Report March 2017)*

OUR ACTIONS

We will achieve these objectives through:

- Encouraging suppliers to commit to the social principles and objectives of the NCC Business Charter, including adopting ethical employment practices
- Involving citizens in our commissioning and procurement processes - in the development of services and evaluation of tenders
- Encouraging innovative and flexible ways of working to deliver social benefits for local communities; supporting SMEs, SEs and VCOs well placed to do this
- Maximising social and community benefits wherever possible through relevant requirements in specifications
- Encouraging employment and training opportunities for the most disadvantaged communities; focusing our measures on sectors offering entry level jobs
- Ensuring procured services are accessible and appropriate to meet the diverse needs of all citizens and communities
- Considering equality outcomes and targets at an early stage and incorporating into the design and specifications for services
- Ensuring compliance with the Equality Act 2010 and that Equality Impact Assessments are undertaken at the appropriate stage of all projects
- Implementing robust contract management processes to drive up standards and ensure quality, safe services

MEASURES OF SUCCESS

- Contracts awarded to organisations with social objectives (VCOs, charities and SEs)
- Contracts awarded subject to NCC Business Charter
- Percentage of commissioned service contracts managed with a quality rating at amber or green

THEME 3: ENVIRONMENTAL

OUR PROCUREMENT OBJECTIVES

Minimise the environmental impact of goods, services and works procured

- Air quality and climate change
- Resource efficiency, waste reduction and recycling
- Biodiversity, nature conservation and greening

Source innovative and sustainable green solutions

Environmental sustainability will be at the core of our procurement of all goods, services and works. We aim to minimise negative environmental impacts throughout the supply chain, maximise innovation and source green and sustainable solutions. We will seek to improve air quality by reducing carbon, nitrogen and particle emissions, increasing energy efficiency and using sustainable energy sources. We will encourage sustainable waste management including reducing waste generated; minimising landfill; maximising recycling and treating waste to support the energy needs of the City. We will promote biodiversity, nature conservation and greening.

OUR ACTIONS

We will achieve these objectives through:

- Collaborating with partners to share good practice and maximise opportunities when procuring from the same suppliers
- Undertaking soft market testing to understand the potential for innovation and what the market can offer in terms of green and sustainable solutions
- Considering environmental sustainability in the early stages of each project; identifying goods, works and services with significant impact
- Incorporating relevant objectives and requirements into specifications; setting high level aims and seeking innovative solutions
- Including appropriate standards, requirements and targets into contracts
- Considering environmental factors where appropriate in supplier selection and tender evaluation
- Taking a 'whole lifecycle' approach to costs – including considering the external costs of environmental impacts, where these can be quantified.
- Wherever possible, opting for the least environmentally damaging option when choosing between comparable products

Air quality and climate change

- Maximising opportunities for carbon saving measures in contracts
- Minimising the damaging impact of transport in the City

Resource efficiency, waste reduction and recycling

- Reducing waste by managing demand and making sustainable choices
- Encouraging sustainable methods of waste disposal – in particular reducing landfill

Biodiversity, nature conservation and greening

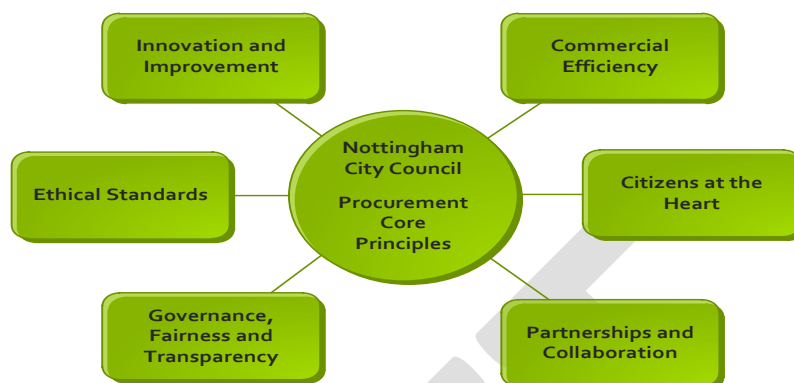
- Measures to improve the green environment and enhance habitats and biodiversity
- Measures to mitigate the impact of construction and development works

MEASURES OF SUCCESS

- Contracts with measures to secure environmental benefits, in relation to:
 - Air quality and climate change
 - Resource efficiency, waste reduction and recycling
 - Biodiversity, nature conservation and greening

6. OUR PROCUREMENT PRINCIPLES

All our procurement activity will be underpinned by a set of core principles:



COMMERCIAL EFFICIENCY

Procurement is central to meeting the significant financial challenges faced by the Council in the short and longer term. The delivery of our strategic priorities depends on the efficient and strategic use of our spending power – enabling reducing budgets to go further. We aim to do this by securing the best value for money; procuring the best possible services on the best terms, and driving efficiencies to deliver cashable and non-cashable benefits. We will support the Council’s commercial effectiveness, embedding a commercial focus and driving commercial benefits from all contracts.

We will achieve this through:

- Maximising the opportunities for collaboration, to benefit from economies of scale, use resources efficiently and realise savings
- Supporting funding bids where opportunities arise to bring new funds to the City, particularly in collaboration with local and regional partners
- Developing commercial skills of procurement to provide the expertise needed to maximise commercial benefit
- Applying our category management approach to identify savings, maximise value and pursue new commercial opportunities
- Including financial modelling and options appraisal in each procurement to ensure alignment to strategic and financial priorities
- Awarding contracts on the basis of the ‘Most Economically Advantageous Tender’ (MEAT); appropriately balancing quality, cost and social value
- Promoting a commercial approach to major projects; including business case and procurement approach and exploring innovative funding mechanisms
- Supporting a commercial approach to ‘Make or Buy’ considerations; assessing the relative costs and benefits of external delivery or insourcing
- For all contracts procured, exploring the potential to generate income

“Overall, the real keys to commercial success (striking a good deal and making sure it is delivered) are pre-procurement planning, good contract design and specification, effective market engagement and robust contract and supplier management” Local Government Association (LGA)

CITIZENS AT THE HEART

Procurement will place citizens at the heart of everything we do; supporting the Council's aim of providing 'great services': designed to be value for money, fit together seamlessly and be right for citizens and customers - where, when and how they are needed. We will support the aims of the Council's Customer Charter: '*Make it happen; make it easy; make it better*'.

We will achieve this through:

- Ensuring effective engagement of citizens and carers where possible throughout the commissioning and procurement process including in the development of services and the evaluation of tenders
- Implementing robust procurement and contract management processes to drive up standards and ensure the delivery of quality, safe services to citizens, with a particular focus on disadvantaged and vulnerable people.
- Reviewing and developing quality monitoring processes and information for citizens to inform choice of services
- Supporting SMEs, SEs and VCOs well placed to meet the needs of citizens in local communities through flexible and innovative ways of working
- Ensuring all services procured are accessible and appropriate to meet the diverse needs of all sections of the community
- Promoting an early intervention and prevention focus in service design and delivery

PARTNERSHIPS AND COLLABORATION

We believe that the key to success is joint planning across council departments and other organisations, including early stakeholder and user engagement to inform a joint procurement approach. Collaborating with partners offers opportunities to secure better value from our resources, for example under the Derby and Nottingham Metropolitan Strategy 2030. The devolution of responsibilities to the local level and the integration of services offer opportunities to consider city-region and county-region models for procurement, including the joint commissioning of major projects.

We will achieve this through:

- Proactively developing strategic, collaborative and commercial relationships with a range of partners including public and private sector and VCOs.
- Ensuring early engagement with partner agencies to develop joint plans and approaches and identify opportunities for collaboration and sharing resources
- Working on joint procurements in appropriate areas with our regional partners
- Early engagement with communities and businesses, in delivering services and securing the best social, economic and environmental outcomes
- Engaging with local supplier umbrella bodies to ensure our strategies and processes encourage suppliers
- Working with local business support organisations to build the capacity of local enterprises

"The keys to success are joint planning (across council departments and across authorities and other public sector organisations), including early stakeholder and user involvement, and a joint approach to market engagement" Local Government Association, PCR Toolkit 2015

GOVERNANCE, FAIRNESS AND TRANSPARENCY

We will ensure that all our procurement activity is conducted in a fair, open and transparent way, in compliance with the legal and procedural requirements of EU and UK Procurement Regulations and the Council's Contract Procedure Rules. We will preserve the highest standards of honesty, integrity, impartiality and objectivity and adhere to the Council's Code of Conduct at all times.

We will achieve this through:

- Ensuring robust governance procedures for accountability and compliance
- Reviewing and refreshing our procedures to reflect current legislation and the Council's own requirements
- Implementing consistent, open, transparent, proportionate and accessible processes and systems to ensure a level playing field
- Using a 'toolkit' of standard procedures, templates, and processes to ensure best practice and consistency
- Maintaining robust controls to combat fraud and corruption; keeping a clear 'audit trail' of procurement procedures and contracts
- Working to improve the visibility of procurement responsibilities across the Council; providing guidance to colleagues to support compliance in all purchasing activity and monitoring purchasing behaviours
- Complying with legal requirements for transparency, including publishing the contracts register and information on contract awards

"Councils should ensure that published data, under the transparency code opens new markets for local business, the voluntary and community sectors and social enterprises to run services or manage public assets" Local Government Association, National Procurement Strategy for Local Government in England 2014

ETHICAL STANDARDS

Procurement has an important role to play in sourcing in a manner that ensures ethical standards are met, minimises the risk of social exploitation and rewards good employment practices. Our ethical procurement objectives are to ensure the well-being and protection of work forces throughout the supply chain, that people are treated with respect and their rights are protected. We will promote the principles of the NCC Business Charter, which include employing the highest ethical standards and operating in a fair and transparent way. We aim to minimise the risk of modern slavery and human trafficking in the supply chain by reviewing the market to identify areas of vulnerability and taking mitigating actions. This will include excluding suppliers with convictions for modern slavery, using robust contract clauses and monitoring supplier performance. We will, where appropriate ensure the principles of the Prevent duty* are written into contracts in a suitable form.

We expect organisations we work with to:

- Work to the highest standards of business integrity and ethical conduct
- Support staff development and welfare and provide a safe and hygienic working environment
- Comply with national laws or industry standards on working hours and not use zero hour contracts that prevent the worker from carrying out other work
- Pay wages and benefits in accordance with national legal standards, aiming to move towards paying the living wage
- Work in an inclusive way and actively promote equality and diversity
- Not discriminate on any grounds in respect of recruitment, compensation, access to training, promotion and termination of employment or retirement

*see Appendix 1

INNOVATION AND IMPROVEMENT

To achieve the Council's ambitions for the City in the long term, we need to be radical, bold and dare to be different. We aim to deliver a modern procurement function and work in innovative ways to secure improved outcomes. We will continuously develop and improve our procurement processes, systems and functions in order to secure the best possible quality and outcomes from all contracts, whilst driving efficiencies and ensuring compliance with regulatory obligations. We aim to deliver an excellent professional procurement service and for procurement to be a simple, efficient and positive experience for our customers.

We will achieve this through:

- Taking advantage of opportunities for flexibility and innovation and for procurement processes to be quicker, simpler and less costly to run
- Encouraging innovation and competition, using market engagement and outcome-based specifications to invite innovative solutions
- Using e-procurement technology where appropriate to increase the efficiency and speed of the process
- Adopting processes that are appropriate and proportionate for each contract
- Using contract terms and conditions which protect the Council's interests whilst being flexible to allow for changes during the life of the contract
- Developing the competencies, skills and expertise of the procurement workforce to deliver an excellent, commercially focused service
- Continually reviewing our processes and documentation to ensure they reflect best practice and are streamlined, proportionate, and flexible
- Seeking feedback from stakeholders and customers in order to improve the procurement process
- Developing our information systems to provide a comprehensive and quality data set on all our procurement activity

7. OUR APPROACH

Our definition of Category Management: “Category Management is a strategic, cross cutting approach to buying goods and services to maximise the economic, social and environmental benefits for the City”

The Council has embedded category management as a strategic, cross cutting approach to procuring goods, works and services to maximise the economic, social and environmental benefits to the City. Through this approach related goods, services and works are grouped together and mapped onto the supplier market. It enables us to consider models of delivery and contracting and the appropriate procurement route on a holistic category basis. This optimises quality and aligns business requirements with the external supply market to lever maximum value.

Under the Procurement Strategy 2014-17 we have delivered strong achievements through our category management approach and our effective collaborative and commercial relationships with key stakeholders, partners and suppliers. We will build on this going forward. We will further develop our category management as we increase our insight and understanding of departments’ requirements. Category Managers will continue to act as a centre of procurement expertise and a first point of call for advice and support on procurement options.

Our procurement and category management is embedded within a broader strategic commissioning cycle through which whole systems are reviewed, ensuring that emerging needs, best practice, market analysis and the available resources are taken fully into account when developing procurement plans.

Commissioning is the “process of identifying needs within the population and of developing policy directions, service models and the market, to meet those needs in the most appropriate and cost effective way”. (Institute of Public Care)

Procurement will engage closely with the commissioning process to ensure service delivery models are fully appraised prior to procurement. This will ensure social value is considered in the pre-procurement stages to re-think service outcomes and inform the design of services and the procurement approach.

“Sustainability and social value can be optimised in the commissioning cycle when it is a core aim, built into the process from the outset and then embedded into all subsequent stages” NHS Sustainable Development Unit

Contract management

Contract life cycle management “is the process of systematically and efficiently managing contract creation, execution and analysis for maximising operational and financial performance and minimising risk.” (CIPS Guide to Contract Management)

The Council has over 1200 contracts with suppliers in private, public and voluntary sector organisations. The Council has a robust contract management policy that adopts good practice, maximises financial and operational performance whilst minimising risk. The Council is committed to improving the quality of goods and services, improving the outcomes for citizens and securing value for money, through its contractual arrangements with its providers.

APPENDIX 1 – STRATEGIC DRIVERS

The key national policy and legislative drivers for this Strategy are:

- *The National Procurement Strategy for Local Government 2014* sets out the vision for local government procurement and encourages councils to engage with the delivery of outcomes in four key areas; making savings, supporting local economies, leadership and modernising procurement.
- *The Public Services (Social Value) Act 2012* places a requirement on public sector commissioners to consider the economic, environmental and social benefits of their approaches, and to consult on these aspects. It provides a framework for considering how social, economic and environmental well-being can be improved when procuring goods and services.
- *The Equality Act 2010* sets out anti-discrimination law in the UK and the public sector equality duty (PSED) applicable to public authorities and organisations contracted to carry out a public function.
- *The EU Public Contracts Directive 2014 and UK Public Contracts Regulations 2015* provide the legal framework for procurement activity undertaken by local authorities in the UK. One objective of these regulations is to enable procurement to be used more strategically; offering new opportunities for social value to be considered throughout the procurement procedure.
- *The Young Report on Small firms 2015* sets out the government priority of opening up public procurement to small firms to support economic growth and efficiency. It introduced a set of 'single market' principles for a more simple, consistent and accessible approach (implemented in the UK Procurement Regulations in 2015) to improve access for small businesses
- *The Modern Slavery Act 2015* consolidates slavery, servitude and forced or compulsory labour and human trafficking offences. It introduces enforcement powers and measures to enhance the protection of victims. Section 54 aims to increase supply chain transparency and accountability for supply chains.
- *The Counter-Terrorism and Security Act 2015* creates the Prevent Duty. This applies to all public bodies but has specific implications for local authorities, which include training staff to identify and report signs of radicalisation, ensuring that Council property is not misused and to extend the implications of the duty through procurement.

Our key local strategic drivers are:

- *The Midlands Engine Strategy 2017* sets out how the Government will support the Midlands Engine as an economic region and sets out the objectives of improving connectivity; strengthening skills; supporting enterprise and innovation; promoting the Midlands; enhancing quality of life.
- *The Derby and Nottingham Metropolitan Strategy 2030* sets out the vision for the cities to have a global reputation as an exciting place to live, work and play.
- *The Nottingham Plan to 2020* sets out the vision 'Go ahead Nottingham: safe, clean, ambitious and proud'. The strategy is an agenda for change; for jobs and prosperity, for better neighbourhoods and for strong and aspiring families. The 2020 Cross Cutting aims are: *Green* – Being environmentally sustainable; *Aspiring* – Raising aspirations and *Fair* – Achieving fairness and equality of opportunity.
- *The Council Plan 2015-19* outlines the Council's priorities and the driving purpose of putting citizens at the heart of everything we do: making Nottingham a great city, being a great Council and providing great services. The aim for Nottingham is to be a thriving, sustainable city both economically and socially, despite the significant financial challenges the Council faces.

- The *Nottingham Growth Plan* aims to drive inclusive growth across the City and benefit all communities. It enables creativity and flexibility to encourage new initiatives to be developed in response to future challenges. The plan seeks to overcome barriers to growth by supporting target sector businesses and the wider economy by fostering enterprise, developing a skilled workforce, and building a 21st century infrastructure.
- The *Neighbourhood Strategy* seeks to address the challenges faced by many people living outside of the city centre through supporting job creation and developing the economy at a neighbourhood level, and helping regeneration of neighbourhood centres and local areas
- The *Nottingham City Council Business Charter* is a way of doing business in the city to promote and support sustainable growth, and social and environmental wellbeing. It identifies the actions and activities that the Council, contracted suppliers and partner organisations will deliver to bring economic growth and prosperity and help transform Nottingham from a good to a great city
- The *NCC Sustainable Development Plan* is centred around six themes (biodiversity, energy, food, transport, waste and water and climate change adaption) which will collectively work towards the strategic objectives of improving air quality; enabling a sustainable economy and improving quality of life, health outcomes and human wellbeing within Nottingham.
- The *Nottinghamshire Sustainability and Transformation Plan (STP)* details the joint approach to the delivery of health and social care provision across Nottinghamshire over the next five years. It sets out the ambition of partners to work together to improve care services for local people through delivery in new, joined up and innovative ways.
- The *Nottingham Community Climate Change Strategy 2012-2020* vision is to create a prosperous, leading low carbon city, maximising the opportunities for green growth and protecting residents from the impacts of extreme weather.
- *The NCC Sustainable Energy Strategy 2010-2020* provides the framework for Nottingham's sustainable energy supply and use, with the aims of cutting emissions, maintaining energy security and developing the City's energy resource and energy efficiency potential.
- The *NCC Municipal Waste Management Strategy 2010-30* is driven by the need to conserve resources and reduce carbon emissions. It aims to work in partnership to reduce the amount of waste generated; minimise landfill (with the ultimate aim of zero landfill); recover materials for recycling and to treat waste to support the energy needs of the City.
- The *Nottingham City Joint Health and Wellbeing Strategy 2016-2020 (Environment Action Plan)* priority outcome is 'Nottingham's Environment will be sustainable; supporting and enabling its citizens to have good health and wellbeing, including good air quality, parks and open spaces, active travel, housing and the built environment'. Actions include the collaboration of partner organisations to improve the social and environmental impacts of commissioning and procurement practices.
- The *Smart City Collaborative Strategy* vision is for Nottingham to become the UK's most Smart Liveable City by utilising emergent technology and the integration of data. It seeks to generate innovative ways to address the City's challenges (under the themes of energy, transport, health and housing) by working with businesses and through innovative procurement.
- *Nottingham City Council Local Transport Plan LTP 2011 – 2026*

Agenda Item 6

COMMISSIONING AND PROCUREMENT SUB-COMMITTEE
13 February 2018

| | | | |
|---|---|---------------------------|--|
| Subject: | FEE RATES FOR ADULT SOCIAL CARE SERVICES 2018/19 | | |
| Corporate Director(s)/ Director(s): | Candida Brudenell, Corporate Director of Strategy and Resources Katy Ball, Director of Commissioning and Procurement | | |
| Portfolio Holder(s): | Councillor Nick McDonald, Portfolio Holder for Adults and Health | | |
| Report author and contact details: | Kaj Ghattaora Kaj.ghattaora@nottinghamcity.gov.uk | | |
| Key Decision | X Yes <input type="checkbox"/> No | Subject to call-in | X Yes <input type="checkbox"/> No |
| Reasons: <input type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision | | | X Revenue <input type="checkbox"/> Capital |
| Significant impact on communities living or working in two or more wards in the City | | | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Total value of the decision: £2.657m | | | |
| Wards affected: | Date of consultation with Portfolio Holder(s): 26th January 2018 | | |
| Relevant Council Plan Key Theme: | | | |
| Strategic Regeneration and Development | | | <input type="checkbox"/> |
| Schools | | | <input type="checkbox"/> |
| Planning and Housing | | | <input type="checkbox"/> |
| Community Services | | | <input type="checkbox"/> |
| Energy, Sustainability and Customer | | | <input type="checkbox"/> |
| Jobs, Growth and Transport | | | <input type="checkbox"/> |
| Adults, Health and Community Sector | | | X |
| Children, Early Intervention and Early Years | | | <input type="checkbox"/> |
| Leisure and Culture | | | <input type="checkbox"/> |
| Resources and Neighbourhood Regeneration | | | <input type="checkbox"/> |
| Summary of issues (including benefits to citizens/service users): | | | |
| <p>This report presents proposals for fee rates in 2018/19 across adult social care contracted provision. This also takes into account the National Living Wage rate from April 2018. The Council is contractually bound to consider fee rates on an annual basis where it has a statutory duty to provide a service. The Council will consult with providers on these proposals during February / March 2018.</p> | | | |
| Exempt information: | | | |
| State 'None' or complete the following. | | | |
| <p>Appendices to this report are exempt from publication under paragraph 3 and paragraph 5 of Schedule 12A to the Local Government Act 1972 because it contains commercially sensitive information relating to the Councils pricing structure and financial modelling. Having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. : Legal advice is exempt from publication under paragraphs 5 of Schedule 12A to the Local Government Act 1972 because it contains information which is subject to legal professional privilege and having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. It is not in the public interest to disclose this information because to disclose could prejudice the ability of the decision maker to consider the decision and associated advice in its entirety.</p> | | | |

| Recommendation(s): | |
|---------------------------|---|
| 1 | To approve proposals which will be consulted on with service providers for fee rates in 2018/19 for Adult Social Care Services as outlined in the exempt appendix pricing detail. |
| 2 | To delegate authority to the Director of Commissioning and Procurement to agree fee rates in accordance with the proposals detailed in the exempt appendix pricing detail. This is subject to the outcome of consultation with providers and in line with the Council budget. |
| 3 | To approve the total spend associated with this decision of £2.657m.. Note: Approval to spend against the high cost placement provision (£0.474m) will be through the Council's scheme of delegation for Adults Care Packages. |
| 4 | To delegate authority to the Director of Commissioning and Procurement to agree any adjustments to residential and nursing fee rates in accordance with the final Valuing Care report, within the available budget. |

1 REASONS FOR RECOMMENDATIONS

- 1.1 The Council is contractually bound to consider fee rates in respect of services that it has a duty to provide. This is balanced against budget commitments and pressures for the City Council.
- 1.2 In accordance with its legal obligation, the Council will consult with adult social care providers with regard to these proposals. The director of Commissioning and Procurement will take account of consultation responses and issue variations to existing contracts reflective of the proposals in this report should no significant issue arise.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 The Council has a legal duty to consider fee rates for social care contracted services. The Council also has a policy to pay the Nottingham Living Wage in respect of all services that it directly commissions. Following the budget announcement in July 2015, the government has also made a commitment to introduce the National Living Wage (NLW). Inflationary fee rate modelling is therefore key to enable social care providers are able to meet NLW and other inflationary pressures, and manage the social care market.
- 2.2 Officers from the City Council have undertaken analysis of the potential impact of fee rates on adult social care providers meeting National Living Wage requirements as well as other pressures such as cost of living, pensions, profit and voids. This analysis has also considered budget savings required across adult provision as a consequence of ongoing reductions in the funding the Council receives from central government. Officers from finance, procurement, contracting and legal have been involved in formulating these proposals.
- 2.3 Analysis has been undertaken on a sector by sector basis across the social care budget. This has taken place against a backdrop of increased demand for social care provision as a result of demographic pressures, policy change and increased difficulty in attracting workers into the care sector due to increased competition from other sectors.

National Living Wage (NLW) increases were announced in the 2017 Autumn Statement by central government. The increase in the hourly rate is 33p per hour, from £7.50 to £7.83 per hour.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 Do nothing – we are contractually bound to review contract fee rates on an annual basis. Doing nothing would have placed the Council at risk of legal challenge. For this reason, this option was rejected.
- 3.2 Offer different fee rate proposals. This option has been rejected as the inflationary rise proposed has resulted from significant work and modelling between finance and contracting colleagues, taking into account our contractual requirements, knowledge of the market and the overall budget pressures for Adult Social Care. The final proposals have also tried to take into account the risk on service delivery and market failure. Offering different fee rate proposals would put pressure on the Adult Social Care budget and this is not a feasible option.
- 3.3 To undertake analysis of individual provider costs and offer fee rates based on the cost of care to factor wage rates paid, pension contributions, profit and void levels etc. This option has been rejected as it will be administratively burdensome and not feasible at this time and problematic as rates of pay and other factors are not standard across the sector. It is however proposed that a review is undertaken in 2018/19 to establish the true cost of care across the social care sector collectively rather than in isolation and enable consideration of service requirements in line with Central Government funding.

4 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY VAT)

- 4.1 Finance comments are contained within an exempt appendix

5 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 5.1 Legal comments are contained within an exempt appendix

6 STRATEGIC ASSETS & PROPERTY COLLEAGUE COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE (STRATEGIC REGENERATION COMMITTEE REPORTS ONLY)

- 6.1 None applicable

7 SOCIAL VALUE CONSIDERATIONS

- 7.1 None applicable

8 REGARD TO THE NHS CONSTITUTION

- 8.1 None applicable

9 EQUALITY IMPACT ASSESSMENT (EIA)

9.1 An EIA is not required because this report is solely concerned with adjustment to existing contractual values

10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

10.1 None

11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

11.1 None

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of the Local Government Act 1972.

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By virtue of paragraph(s) 5 of Part 1 of Schedule 12A
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