

**COMMISSIONING AND PROCUREMENT SUB-COMMITTEE – 10 JUNE 2015**

<b>Subject:</b>	<b>PROCUREMENT STRATEGY IMPLEMENTATION UPDATE</b>	
<b>Corporate Director(s)/ Director(s):</b>	Candida Brudenell – Strategic Director Early Intervention	
<b>Portfolio Holder(s):</b>	Katy Ball, Director of Procurement & Children’s Commissioning	
<b>Report author and contact details:</b>	Councillor Nick McDonald – Portfolio Holder for Jobs, Growth and Transport	
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<b>Key Decision</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>Subject to call-in</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Reasons:</b> <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 type="checkbox"/> No	
<b>Total value of the decision:</b> Nil		
<b>Wards affected:</b> All	<b>Date of consultation with Portfolio Holder(s):</b>	
<b>Relevant Council Plan Strategic Priority:</b>		
Cutting unemployment by a quarter		<input checked="" type="checkbox"/>
Cut crime and anti-social behaviour		<input type="checkbox"/>
Ensure more school leavers get a job, training or further education than any other City		<input checked="" type="checkbox"/>
Your neighbourhood as clean as the City Centre		<input type="checkbox"/>
Help keep your energy bills down		<input type="checkbox"/>
Good access to public transport		<input type="checkbox"/>
Nottingham has a good mix of housing		<input type="checkbox"/>
Nottingham is a good place to do business, invest and create jobs		<input checked="" type="checkbox"/>
Nottingham offers a wide range of leisure activities, parks and sporting events		<input type="checkbox"/>
Support early intervention activities		<input checked="" type="checkbox"/>
Deliver effective, value for money services to our citizens		<input checked="" type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>		
The Nottingham City Council Procurement Strategy 2014-17 was approved in 2014 and in its first year has driven strong achievements through being citizen focused, maximising savings and delivering economic, social and environmental benefits. In 2014/15, procurement activity has delivered:		
<ul style="list-style-type: none"> <li>• a total of 118 contracts (total value £99.2m) awarded</li> <li>• total savings of £5.87m delivered</li> <li>• £59.4m injected into the local economy - 60% of total contract value awarded, compared to 15% previously</li> <li>• 210 new jobs created for local people</li> </ul>		
This report presents the key achievements of the Strategy in its first year; these are detailed at <b>Appendix 1</b> .		

**Exempt information:**  
**State 'None' or complete the following.**

None

**Recommendation(s):**

**1** To note the update on the implementation of the Nottingham City Council Procurement Strategy 2014-17 in its first year

**2** To note that future progress reports on the implementation of the Procurement Strategy will be presented to the Commissioning and Procurement Sub-Committee on an annual basis.

## **1 REASONS FOR RECOMMENDATIONS**

- 1.1 The Nottingham Growth Plan states that a new procurement policy is required to help increase spend with local suppliers. The Nottingham Growth Plan aims to drive growth across the City and benefit all local communities. This Procurement Strategy is therefore the key driver in the delivery of the Council's key strategic priorities, in particular:
- Grow the local economy
  - Drive increased local job opportunities for local people
  - Deliver effective value for money for our citizens
  - Lead as an Early Intervention City
  - Lead as a Green City
- 1.2 Nottingham City Council's Procurement Strategy is a major step change for the organisation. It has allowed the Council to continue to build strong strategic relationships with suppliers and to maximise the impact of our spending power to support sustainable growth, through greater local investment and securing more local jobs.
- 1.3 It is essential that Nottingham City Council implements the robust model and principles set out in its Procurement Strategy to enable the delivery of its strategic priorities within the financial envelope. Additionally effective implementation of the Procurement Strategy has ensured a focus on:
- maximising procurement capability and improving procurement processes in terms of efficiency and effectiveness in delivering priority outcomes;
  - maximising spending power impact to support growth, including small and medium sized enterprises (SMEs), through greater local investment and securing more local jobs;
  - ensuring that return on investment delivers social and environmental benefits for the City;
  - developing strategic, collaborative and commercial relationships with suppliers and key partners.

## **2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

- 2.1 Last year Nottingham City Council developed and launched a Procurement Strategy to deliver economic, social and environmental benefits to the City. The Procurement Strategy has enabled the development of a modern, effective and efficient procurement service that delivers best value, supports

innovation, stimulates growth and most importantly delivers quality services for citizens. This has led to a focussed and sharpened procurement process.

- 2.2 Public procurement must be about more than purchasing goods and services; local authority procurement in particular must be used strategically to deliver social and economic gains. Nottingham City Council has used procurement to support local growth and local jobs by enabling local businesses to successfully tender with the Council, ensuring significantly more of the Council's money is invested in the local area.
- 2.3 The Procurement Strategy 2014-17 was approved by the Council's Executive Board in February 2014 and a formal launch event was held in December 2014. Key partners and stakeholders, including providers were invited to the launch event where the key aims of the strategy and target outcomes were shared.
- 2.4 In the first year of the Strategy, procurement has made a significant contribution to the delivery of Nottingham City Council's strategic priorities:
- A total of 118 contracts (total value of £99.2m) awarded
  - Savings delivered - full year effect: £5.87m
  - £59.4 million injected into the local economy; 60% of total value of contracts awarded to Nottingham City suppliers
  - 210 FTE employment and training opportunities created
- 2.5 Nottingham City Council has been officially recognised for good practice in procurement; being a highly commended finalist in the National Government Opportunities (GO) Awards for innovation in public sector procurement. Additionally a recent independent audit of procurement processes evidenced compliance with procurement regulations and that social value is considered.
- 2.6 Procurement has shown a drive towards income generation initiatives; income has been generated through the Procurement Team leading procurements on behalf of a local charity and partner organisations and through quality improvement workshops and market intelligence activity delivered by the Market Development Team. In 2014/15 approximately £28,000 was generated through procurement consultancy delivered and £25,000 through Quality Development workshops and market development work. Procurement activities currently planned could raise a potential further £18,000.
- 2.7 Nottingham City Council is determined to improve the chances for the citizens of Nottingham and is committed to ensuring all suppliers are committed to a range of ethical standards, have access to systems that enable them to do business themselves with local organisations and are supported to deliver quality services.

### **3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

None

### **4 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)**

- 4.1 The 2014/17 Procurement Strategy was approved by the Executive Board in February 2014.

- 4.2 The recommendations of this report do not have any specific financial implications however the cost reductions achieved, set out in **Appendix 1**, are aligned to the achievement of departmental savings included in the Medium Term Financial Plan (MTFP).
- 4.3 Any savings achieved over and above those values need to be aligned to the Corporate Procurement savings, also included in the MTFP.
- 4.4 In November 2014 the introduction of the 1% levy was approved on all non-care contracts enabling providers to support job creations in the City.

This is currently being implemented on a pilot basis on all new eligible contracts over £0.200m. Financial progress will be included in future updates.

## **5 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)**

- 5.1 When undertaking procurement of supplies, services and works Nottingham City Council must operate within the constraints of the EU Procurement Directives (the 'Directive') and the Public Contracts Regulations 2015 (the 'Regulations'). The new Regulations came into force in the UK from February 2015 and the Procurement Team has been working with Legal Service to consider the implications of the new regulations for procurement activity and the Procurement Strategy and to ensure the changes are implemented appropriately.

## **6 SOCIAL VALUE CONSIDERATIONS**

- 6.1 The Procurement Strategy is a key driver in promoting and meeting the requirements of the Public Services (Social Value) Act 2012 which brings a statutory requirement for public authorities to pay regard to economic, social and environmental well-being in their procurement and contracting activity. A key focus of the Strategy is the delivery of economic, social and environmental benefits; these aims and how they can be supported are contained within the core principles of the Strategy. The Strategy sets out how the procurement function will help meet the Council's strategic priorities of supporting the local economy through increased job opportunities for local people; putting citizens at the heart of what we do and being sustainable and responsible. Social value considerations are made throughout the commissioning and procurement process to ensure opportunities are maximised to improve the wellbeing of the City and its citizens.
- 6.2 A Procurement Project register has been developed as a mechanism to monitor impact of Procurement Strategy, in particular progress against the key economic, social and environmental targets.
- 6.3 During the first year of implementation a total of £59.4 million has been injected into the local economy through the implementation of the Procurement Strategy. In 2014/15, 60% of the total value of contracts awarded was to local Nottingham City based suppliers, meaning the local economy has been boosted by £59.4 million. The Strategy has also led to the creation of 210 new entry level jobs for citizens.

**7 REGARD TO THE NHS CONSTITUTION**

This will be considered where appropriate for relevant service areas.

**8 EQUALITY IMPACT ASSESSMENT (EIA)**

Has the equality impact been assessed?

- (a) not needed (report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions about implementation of policies development outside the Council)
- (b) No
- (c) Yes – Equality Impact Assessment attached

Due regard should be given to the equality implications identified in any attached EIA.

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

None

**10 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT**

Nottingham City Council Procurement Strategy 2014-17  
Public Services (Social Value) Act 2012  
National Procurement Strategy for Local Government, October 2003  
The Public Contracts Regulations 2015  
'Nottingham City Council Procurement Strategy' - Report of the Director of Quality and Commissioning to Executive Board February 2014

**11 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT**

11.1 Andrew James, Team Leader (Contracts and Commercial), Legal Services

11.2 Ceri Walters, Acting Head of Departmental Financial Support