

EXECUTIVE BOARD – 25 FEBRUARY 2014

Subject:	Nottingham City Council Procurement Strategy		
Corporate Director(s)/ Director(s):	Candida Brudenell, Director of Quality and Commissioning, Children and Families Tony Kirkham, Director of Strategic Finance, Resources		
Portfolio Holder(s):	Councillor Nick McDonald, Portfolio Holder for Jobs and Growth Councillor Dave Liversidge, Portfolio Holder for Commissioning and Voluntary Sector		
Report author and contact details:	Katy Ball, Head of Early Intervention and Market Development, Quality and Commissioning Katy.ball@nottinghamcity.gov.uk 0115 8764814		
Key Decision	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Subject to call-in	<input checked="" type="checkbox"/> Yes No <input type="checkbox"/>
Reasons: <input type="checkbox"/> Expenditure <input type="checkbox"/> Income <input checked="" type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision			<input checked="" type="checkbox"/> Revenue <input checked="" 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: Savings delivered through category management through the Commercialism Big Ticket - £1,950,000 (see finance comments)			
Wards affected: All	Date of consultation with Portfolio Holder(s): 5 December 2013		
Relevant Council Plan Strategic Priority:			
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 type="checkbox"/>
Deliver effective, value for money services to our citizens			<input type="checkbox"/>
Summary of issues (including benefits to citizens/service users):			
<p>The creation of Nottingham's Growth Plan has signalled a strong set of messages around the importance of local investment and securing more jobs for local people. This has triggered the need to be more deliberate about how Nottingham City Council uses its spending power to support this agenda and to consider how well current procurement processes allow local small and medium enterprises to compete for business. In response to this, a new Nottingham City Council Procurement Strategy has been established to:</p> <ul style="list-style-type: none"> • provide clear messages to all organisations who wish to work with / deliver business on behalf of Nottingham City Council; • set out how Nottingham City Council's spending power, through procurement, will be used to drive new targets for the top priorities: <ul style="list-style-type: none"> ○ increase investment with local organisations; ○ create jobs; ○ support early intervention and value for money services for vulnerable citizens; ○ support the green agenda; • create a revenue stream to support the Nottingham Jobs Fund and Employer Hub; • review procurement governance to increase councillor and citizen influence; • ensure that the Procurement Function and processes are aligned in the best way to deliver the Strategy. 			

A number of One Nottingham partners have signalled support for the intentions in the draft Procurement Strategy and the longer-term intention is to formalise this, exploring areas for collaboration.

Exempt information:

None

Recommendation(s):

1 To approve the Nottingham City Council Procurement Strategy and its targets.

1 REASONS FOR RECOMMENDATIONS

1.1 It is essential that Nottingham City Council adopts a robust and efficient model for procuring goods and services that enables the delivery of its strategic priorities within the financial envelope. Alongside this, the Procurement Strategy will also ensure 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.

1.2 The Strategy is the key driver for the Procurement function to use Nottingham City Council's spending power to drive Nottingham's aspirations. This will be achieved through being citizen focused, maximising savings, and delivering economic, social and environmental benefits.

1.3 Furthermore, the Strategy sets the framework within which Nottingham City Council will work to ensure that procurement delivers value for money across all services and directly contributes to the achievement of our corporate priorities in line with the Nottingham Plan and the Growth Plan.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

2.1 Getting procurement right is essential to the delivery of economical, effective and efficient services. The Council currently has a Corporate Procurement Strategy 2009-2012. This needed to be revised in line with the government's economic agenda, National Procurement Regulations, Nottingham's Growth Plan and the Nottingham Plan to 2020. Nottingham City Council's Corporate Category Management Group started off the development of the Strategy in early 2013. Over the summer of 2013, this has been taken forward jointly by the Corporate Procurement and Strategic Procurement Teams.

2.2 The development of the Nottingham City Council Procurement Strategy has involved extensive engagement with both Corporate and Strategic Procurement Teams through away days and smaller inquiry groups. Consultation has taken place with the Economic Development Team. Regular liaison has taken place with the Portfolio Holders for Jobs and Growth and Commissioning and Voluntary Sector.

- 2.3 This document looks to bring together all of the existing activity / guidance / policy into one single overarching Strategy which clearly sets out the framework within which all procurement is conducted throughout the Council. The Strategy will enable a refocus to take forward a modern, effective and efficient procurement service driving best value, innovation, stimulating growth and high quality services for citizens.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 Doing nothing was rejected because the current Procurement Strategy is out of date and a new Procurement Strategy was required in response to the Nottingham Growth Plan.
- 3.2 Establishing a Commissioning and Procurement Strategy was considered but current work is focused on a consistent approach for procurement throughout Nottingham City Council across all spend areas. and the next step would be to establish a Commissioning and Procurement Strategy.

4 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)

- 4.1 Full implementation of the Procurement Strategy is expected to deliver significant financial benefits to the Council through the implementation of category management. This approach to procurement will ensure that savings on future contracts are maximised and that value for money is achieved.
- 4.2 To fully implement category management, Corporate Leadership Team (CLT) have previously agreed to an investment in the Corporate Procurement function to acquire additional staffing resource. It is forecast that, in addition to delivering savings sufficient to fund the additional cost of staffing, Category Management will deliver the following savings through the Commercialism Big Ticket:

14/15 - £350,000

15/16 - £650,000

16/17 - £950,000

A set of principles to ensure savings are captured correctly are currently being developed and will be brought to CLT for endorsement.

- 4.3 Any decision to either implement the 1% levy on all non-care contracts to create a revenue stream for Nottingham Jobs Fund, or encourage payment of the living wage, is likely to have an impact on the delivery of these savings as the costs to suppliers associated with of these initiatives are likely to manifest in higher prices to the Council.

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

- 5.1 When undertaking procurement of supplies, services and works the Council must operate within the constraints of the EU Procurement Directives (the 'Directive') and the Public Contracts Regulations 2006 (the 'Regulations'). Where contracts are below the relevant thresholds or are for Part B services there is much greater opportunity to focus on local jobs and the local economy through contract awards to local suppliers.
- 5.2 Where the procurement is subject to the Directive and the Regulations it is possible to include social criteria such as combating long term local

unemployment. However, it is not possible to include requirements which are intended to directly favour local businesses over businesses established in other parts of the EU as that would breach the EU principle of non-discrimination. An obligation to use a specific minimum percentage of supplies or labour from the local area would not be acceptable.

- 5.3 The Public Services (Social Value) Act 2012 (the Act) applies to all service contracts to which the Regulations apply. The Act places the Council under a duty at the pre-procurement stage to consider how what is being procured might improve the economic, social and environmental well-being of the Nottingham City area. The Act places the Council under a duty to consider whether to undertake consultation on those matters. The use of social clauses such as payment of the living wage which could be considered to have a beneficial impact on the economic and social well being of the area should be considered on a case by case basis.
- 5.4 The imposition of the living wage is a problematic issue. The Regulations provide that tenders are to be assessed on the basis of criteria which are linked to the subject matter of the contract. Payment of the living wage is connected to how the contract is performed rather than what is being supplied, provided or constructed. The Regulations permit the contract conditions to include social clauses provided they are compatible with Community law. The European Court has considered the impact of the Posted Workers Directive and has determined that the requirement to pay a contractor a wage which is higher than a mandatory national minimum wage is unlawful. On the basis of this judgement the Scottish Parliament which is undertaking a reform of procurement law has sought clarification from the European Commission and has determined it would not be possible to require a contractor to pay a living wage as a condition of participating in a tendering exercise. Including a requirement for a contractor to pay the living wage carries with it a significant risk of challenge.
- 5.5 Zero hour contracts are not unlawful, however, Government is consulting on the use of them. A zero hour contract is not a legal term – it is one form of contract arrangement – there are variations which give more or less flexibility to the worker. As with the living wage the difficulty in mandating the requirement not to use zero hour contracts is to establish the link to the subject matter of the contract. As with the living wage the use of a zero hour contract is connected to the performance of the contract. The provision could be included as a contract condition provided it is not considered to be discriminatory. Requiring bidders not to use zero-hour contracts could be considered to operate in the same way as the living wage in that it places foreign contractors under an extra economic burden which restricts trade and is therefore incompatible with Community law.
- 5.6 Even if the requirement is lawful the requirement not to use zero hour contracts as a contract performance condition must not be used as an evaluation criteria in disguise. Bidders would not be assessed against it but would be required to comply with it once the contract is awarded. This can prove to be a difficult process to get right. Asking contractors to voluntarily agree to sign up to payment of the living wage and not to use zero-hour contracts would mitigate against the risk of challenge.
- 5.7 The EU is proposing a new procurement directive and the UK government has committed to implement this in 2014. This will introduce changes to the procurement regime - in particular it will remove the distinction between Part A and Part B services. This will have implications for the services commissioned by the City Council. Legal Services will work with commissioners and procurement teams

to ensure they are ready for the changes and implications for the Procurement Strategy are considered in good time.

6 SOCIAL VALUE CONSIDERATIONS

- 6.1 The Nottingham City Council Procurement Strategy will be 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. These aims and how they will be supported through procurement activity undertaken by the Council are included within the core principles of the Procurement Strategy. Additionally the Procurement Strategy sets out how the procurement function will help meet the Council's strategic priorities of supporting the local economy; putting citizens at the heart of what we do and being sustainable and responsible.

7 REGARD TO THE NHS CONSTITUTION

- 7.1 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)

- 9.1 None.

10 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

- 10.1 Nottingham City Council Corporate Procurement Strategy 2009-2012
- 10.2 Social Value Act 2012
- 10.3 National Procurement Strategy for Local Government, October 2003
- 10.4 The Public Contracts Regulations 2006

11 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

A range of colleagues, from Corporate Procurement, Strategic Procurement and Economic Development have contributed to the creation of the Procurement Strategy.

Additional input was received from:

- Nicola Gell, Service Redesign Consultant, HR and Transformation, Resources
Nicola.gell@nottinghamcity.gov.uk
0115 87 63132
- Louise Greig, Finance Business Partner - Resources and Chief Executives, Strategic Finance, Resources
louise.greig@nottinghamcity.gov.uk
0115 87 62546
- Andrew James, Team Leader, Legal Services, Resources
Andrew.james@nottinghamcity.gov.uk
0115 87 64431

Nottingham City Council Procurement Strategy

Foreword

Nottingham City Council (NCC) places the highest priority on putting citizens at the heart of everything it does. Over the last decade, we have improved services and delivered better outcomes for our citizens. However, NCC now faces an unprecedented financial challenge. The need to balance budgets at the same time as supporting our communities and local businesses will require a new approach. At this challenging time we need to harness the opportunities that procurement can provide to drive economic growth, social value and sustainability.

To meet this challenge we need to maximise our procurement capability and continually improve the efficiency and effectiveness of our procurement processes. To do this, we will proactively seek efficiencies and innovation, and build the capacity of the supply market in order to meet the needs of citizens. We must recognise the key contribution that procurement can make to the delivery of the Council's strategic priorities, in particular the key priorities of:

- 1) Growing the local economy;
- 2) Driving increased local job opportunities for local people;
- 3) Delivering effective value for money services to our citizens;
- 4) Leading as an Early Intervention City;
- 5) Leading as a Green City.

Growing the local economy and using that growth to generate employment opportunities is central to NCC's strategy for the city. This procurement strategy sets out a clear commitment that NCC will use its spending power to ensure that continues to be the case. However, it also recognises that it must do so in a cost effective manner, and must ensure that it delivers value for money to the City and to the people who live here.

The final two priorities in this Strategy are also extremely important. Nottingham has delivered some excellent results through focused work on early intervention for children and adults, and in relation to its green agenda. It is a leading Early Intervention City and one of the most energy sustainable cities in the UK. Both of these areas are supported through the wider context of the Nottingham Growth Plan.

This Procurement Strategy is therefore a major step change for NCC. It will allow us to continue to build strong strategic relationships with our suppliers and to maximise the impact of our spending power to support growth, including small and medium sized enterprises (SMEs), through greater local investment and securing more local jobs. It will also ensure that return on investment delivers social and environmental benefits for the City.

This Procurement Strategy will drive us to take forward a modern, effective and efficient procurement service that truly delivers best value, supports innovation, stimulates growth and most importantly delivers high quality services for citizens. It sets out a progressive, inclusive, radical and collective agenda for using NCC's spending power to deliver benefits for Nottingham citizens and for the Nottingham economy.

Councillor Nick McDonald
Portfolio Holder for Jobs and Growth

1. INTRODUCTION

Procurement has a central role in using NCC's purchasing power to drive efficiencies and to deliver more with less money. NCC has a responsibility to spend public money to achieve the best possible value and outcomes for its citizens whilst maximising the wider social, economic and environmental aims. The key challenge is how to continue to make improvements in this era of austerity.

We have already secured efficiencies by changing the way we buy goods and services and implementing a commissioning-led approach across the organisation. But we will do more. We will become more agile and ensure our procurement is fit-for-purpose to respond positively to the need for a progressive economic agenda. Now more than ever we need to develop and transform our processes, systems and functions to enable us to drive through greater efficiencies and improvements. We must continuously strive to improve the way we procure in order to secure quality goods and services in an efficient and effective manner. Our procurement focus will be increasingly around constructively challenging the business need and encouraging the development of new models of delivery.

We recognise the need to forge new and different types of relationships with our citizens and service providers to inform change. Citizens will be part of the solution to the challenges we face. We will build on our strong track record of partnership working with communities to design services which respond to the needs of citizens.

We will also develop strategic, collaborative and commercial relationships with our suppliers and key partners to support the local economy and deliver wider economic and social opportunities for local people. We will continue to drive competition and innovation across the City and amongst a range of suppliers, including small and medium sized enterprises (SMEs), maximising every opportunity to cut waste, deliver savings and promote growth.

This Procurement Strategy sets out the central role of the procurement function in supporting NCC in achieving its strategic priorities, and to do so within a constrained financial envelope. It will enable us to realise NCC's vision to be an Authority of excellence that drives improvements, controls costs, and delivers high quality & value for money goods and services for its citizens. The Strategy will enable us to develop procurement processes in line with new and emerging national and European procurement regulations.

NCC believes that this Procurement Strategy, and more importantly its implementation, will deliver substantial benefits to Nottingham citizens over a number of years.

Our Vision

The Procurement function will use Nottingham City Council's spending power to drive Nottingham's aspirations. This will be achieved through:

- Being citizen focused;
- Maximising savings;
- Delivering economic, social and environmental benefits.

Definition of Procurement

For the purpose of this Strategy we will use the definition of procurement most commonly used in Local Government, which is:

'Procurement is the process of acquiring goods, services and works. The process spans the whole cycle from identification of needs, through to the end of a service contract or the end of the useful life of an asset. It involves options appraisal and the critical 'make or buy' decision which may result in the provision of services in-house in appropriate circumstances'.
(National Procurement Strategy for Local Government - October 2003).

2. STRATEGIC PRIORITIES

The Nottingham Plan to 2020 is the route map for organisations in the City and for citizens, communities and businesses, setting out a clear vision. This is closely aligned with the Council Plan, which sets out NCC's purpose, priorities and values. NCC is committed to improving customer care and to focus more effectively to meet the needs of our citizens. NCC's Citizen First Policy aims to ensure that by 2015 services are flexible, cost-effective and meet our citizens' needs.

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 communities. The Plan 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. This will deliver outstanding support to businesses, including the emerging digital content, life sciences and clean technology sectors which will provide prosperity and sustainable employment.

This Procurement Strategy is therefore a key driver in the delivery of a number of NCC's key strategic priorities, as outlined in the table below.

Strategic Theme	Priority	Key Procurement Objectives
ECONOMIC: <i>Supporting the local economy</i>	(1) Grow the local economy	<ul style="list-style-type: none"> • Establish a supplier base which has knowledge of local issues and priorities. • Increase economic benefits for the City of Nottingham. • Ensure providers are responsive and flexible to meet needs. • Increase spend with local providers.
	(2) Drive increased local job opportunities for local people	<ul style="list-style-type: none"> • Create more job opportunities leading to increased number of citizens in employment. • Promote employment and training opportunities through Nottingham City Council's Employer Hub.

SOCIAL: <i>Putting citizens at the heart of what we do</i>	(3) Deliver effective value for money services to our citizens	<ul style="list-style-type: none"> • Provide safe, quality and cost effective services that best meet need. • Deliver budget efficiencies and maximise savings.
	(4) Lead as an Early Intervention City	<ul style="list-style-type: none"> • Balance innovation and evidence based approaches that offer solutions at an early stage. • Reduce demand on specialist services and reduce costs.
ENVIRONMENTAL: <i>Being sustainable and responsible</i>	(5) Lead as a Green City	<ul style="list-style-type: none"> • Reduce the City's carbon footprint. • Encourage energy self-sufficiency.

3. PROCUREMENT CORE PRINCIPLES

All procurement activity undertaken by NCC will be underpinned by a set of six core principles:

- Economic, social and environmental well being;
- Maximising savings;
- Citizen focus;
- Governance, fairness and transparency;
- Partnership and collaboration;
- Innovation and improvement.

3.1 Economic, Social and Environmental Well Being

The Public Services Social Value Act (2012) brings a statutory requirement for a public authority to consider consultation prior to undertaking procurement, and to consider how it will improve the economic, social and environmental well-being of the public authority area through its procurement and contracting activity.

This will be the approach taken by NCC in its procurement and contracting activity.

This will be achieved in the following ways:

Consultation

- Consultation is an integral part of the commissioning framework adopted by NCC and therefore will form part of all commissioning activity.

Supporting the Local Economy

- NCC will seek to Influence and stimulate the development of markets and competition to increase opportunities for choice, quality and value for money.
- NCC will deliver opportunities to help local businesses.
- NCC will ensure economic growth and development in the city results brings jobs and prosperity to local citizens.
- NCC will create a revenue stream for or employment support activity, and in particular the Nottingham Jobs Fund, through a 1% levy charged on all non-care contracts, enabling providers to support job creation in the City.

- NCC will work proactively with local suppliers/providers, including the third sector and black and minority ethnic (BME) organisations to better enable them to tender for public sector work.
- NCC will use open tenders rather than Pre-qualification Questionnaires wherever possible and ensure that where they are used suppliers only need to complete these once.
- NCC will ensure there is a level playing field for all suppliers and that voluntary sector and small and medium sized enterprises are not disadvantaged by our processes.
- NCC will increase spend locally to ensure local job creation.
- NCC will measure the impact of the Strategy on the local economy including using the Local Multiplier 3 (LM3) tool for measuring economic impact or equivalent measures, with the aim of maximising the local pound.
- NCC will develop local markets and increase local community capacity.
- NCC will ensure procurement option plans take into consideration local supplier capacity and overall value for money.
- NCC will manage contracts down the supply chain to ensure all levels of suppliers are supported
- NCC will require ethical standards for the workforce.

Supporting Social Benefits

- NCC will deliver social benefits through specific requirements in specifications and contracts through compliance with the Public Services (Social Value) Act duties.
- NCC will work with suppliers to maximise targeted recruitment and training opportunities through our contracts and routing these through NCC's Employer Hub.
- NCC will support Third Sector organisations to enable them to tender for business.
- NCC will ensure services procured are accessible and appropriate to meet the diverse needs of all sections of the community.
- NCC will maintain spend within the Authority where possible.

Protecting the Environment

- NCC will identify opportunities for carbon-saving measures in contracts wherever possible.
- NCC will incorporate environmental requirements in specifications and contracts wherever appropriate.
- NCC will support organisations to become self-sufficient in green energy through renewable energy and energy efficiency, and technological diversification of energy sources, to deliver significant energy security and economic benefits for the City.
- NCC will ensure that energy efficiency requirements are included in specifications and contracts wherever possible.

3.2 Maximising Savings

Procurement will drive efficiencies and value for money in order to maximise outcomes in the context of reducing budgets. We will secure the best value for money for the citizens of Nottingham, procuring the best possible services on the most economically advantageous terms. We will deliver further significant cashable savings and non-cashable benefits through continued improvements in sourcing and market development.

This will be achieved in the following ways:

- NCC will chase innovative and commercial solutions to meet the needs of Nottingham citizens.

- NCC will develop long-term category plans and effectively manage supplier relationships.
- NCC will maximise the number of business transactions with suppliers that are conducted through electronic means.
- NCC will manage costs so that suppliers achieve a fair profit at best value to NCC, Nottingham citizens and our partners.
- NCC will consider collaborative ways of procuring goods and services with other organisations where it is in the interests of NCC and the City's residents.

3.3 Citizen Focus

Procurement activity will place citizens at the heart of what we do, and will support NCC in achieving the aims of the Citizen First Policy and the Nottingham Promise¹ to ensure that services are flexible, cost-effective and meet our citizens' needs.

This will be achieved in the following ways:

- NCC will ensure effective engagement of service users and providers throughout the process.
- NCC will implement 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.
- NCC will prioritise quality and efficiency, increased community capacity, and a thriving Third Sector.
- NCC will require a greater early intervention focus in service design and delivery.

3.4 Governance, Fairness and Transparency

Procurement will be fair, open and transparent. Procurement will comply with all relevant legislation, including European and United Kingdom Procurement Regulations and will be in accordance with Nottingham City Council's Financial Regulations and Contract Procedure Rules.

This will be achieved in the following ways:

- NCC will follow robust governance procedures to ensure accountability and compliance.
- NCC will work in an inclusive way, valuing diversity and actively promoting equality, diversity and equity.
- NCC will implement consistent, open, transparent, proportionate and accessible processes and systems to enable the full participation of all potential suppliers.
- NCC will ensure a level playing field for all suppliers and that third sector and small and medium sized enterprises are not disadvantaged by NCC's processes.
- NCC will incorporate procurement best practice and ethical codes such as those developed by the Chartered Institute of Purchasing and Supply (CIPS).
- NCC will publish its Forward Procurement Plan: www.opendatanottingham.org.uk.
- NCC will advertise all requirements on Source Nottinghamshire: www.sourcenottinghamshire.co.uk

¹ The Nottingham Promise is a commitment agreed by a range of public sector organisations in Nottingham to deliver good quality customer services and high customer care standards, regardless of which organisation citizens have contact with.

3.5 Ethical Standards

Procurement has an additional role to play in minimising any risk of social exploitation within the supply chain by ensuring our ethical standards are met. Our ethical procurement objective is to ensure that people in the supply chain are treated with respect and have rights with regard to employment, including the rights to freely choose employment, freedom of association and ensure equal opportunities for all.

NCC will require that all organisations that it works with:

- Afford employees the freedom of association with the right to join an independent trade union or other workers' associations.
- Comply with national laws or industry standards on employee's working hours.
- Provide wages and benefits at rates that meet at least national legal standards in real terms (minimum wage), with a clear aim of moving towards paying the living wage, where affordable.
- Not use zero hour contracts which prevent the worker from carrying out work for other organisations while guaranteeing no minimum hours of work; and instead utilising contracts that allow for suitable flexibility to both employer and worker.
- Provide all employees with written and comprehensible information about their employment terms and conditions.
- Promote equality and diversity within their workforce.

Grounds for exclusion:

NCC reserves the right to exclude a service provider where deemed ineligible to tender for, or be awarded a public contract under regulation 23 of the Public Contracts Regulations 2006.² in line with the mandatory and discretionary grounds for exclusion. By way of guidance, grounds for excluding a service provider may include the following circumstances:

- Is in a state of bankruptcy, insolvency, compulsory winding up, administration, receivership, composition with creditors or subject to relevant proceedings.
- Has been convicted of a criminal offence related to business or professional conduct.
- Has committed an act of grave misconduct in the course of business.
- Has not fulfilled obligations relating to payment of taxes.

3.6 Partnerships and Collaboration

We will proactively develop strategic, collaborative and commercial relationships with a range of partners including public sector, private, voluntary and community sector agencies. NCC recognises the ability of SMEs and Third Sector organisations to provide valuable and effective services which represent best value for money. We will support SMEs, local providers and the Third Sector organisations.

We will, in particular, work with partner organisations to ensure that our procurement policies and strategies are aligned; and that we jointly procure and share resource where possible.

² The Public Contracts Regulations 2006

Definition of Local Provider

Any organisation that operates principally³ within Nottingham City boundaries and its immediate neighbouring boroughs; and/or whose ownership resides principally in Nottingham City boundaries; and/or whose employees are principally in Nottingham City.

This will be achieved in the following ways:

- NCC will undertake procurement in a way that supports access to opportunities for SMEs and more effectively ensures local spend.
- NCC will review the size of contracts, and where appropriate may divide them into smaller portions to support small businesses.
- NCC will manage contracts down the supply chain to ensure all levels of local suppliers are supported and commitments of primary suppliers to local sub-contractors are upheld.
- NCC will offer procurement workshops to help suppliers access opportunities, understand the tender process, opportunities to develop consortia and discuss future opportunities.
- NCC will ensure payment terms are fair to suppliers enabling payments to be made within reasonable timeframes.
- NCC will prioritise purchasing with local suppliers for contract values under £10,000.
- NCC will invite at least one local supplier (where available) to quote when requirement is low value and above £10,000 but lower than £50,000.
- NCC will identify benefits to the community that can be delivered through the specific requirements of each contract and including these in the tender documents. Realisation of these benefits will be monitored throughout the contract delivery.
- NCC will create a new Procurement Support function to proactively encourage local procurement in conjunction with local business groups .
- NCC will ensure it engages early with partner agencies to influence joint approaches and reduce costs.
- NCC will work in partnership with suppliers, sharing risks and encouraging innovation in service delivery.
- NCC will work with local business support organisations to build the capacity of local enterprises and create jobs locally.
- NCC will work on joint procurements in appropriate categories with our regional partners.

3.7 Innovation and Improvement

There will be continuous improvement in the way we procure in order to drive greater efficiencies and improvements with scarce resources. We will strive to continuously improve our processes, systems and functions to support the development of new models of delivery and to secure better quality goods and services.

This will be achieved in the following ways:

- NCC will deliver a professional procurement function based on best practice.

³ Principally equates to 50% or more

- NCC will continually develop our processes to ensure they are streamlined, proportionate, consistent and flexible.
- NCC will ensure its procurement processes encourage innovation and competition in the market.
- NCC will seek feedback from suppliers and other stakeholders to ensure we provide a 4* service.
- NCC will do business electronically by implementing a new e-tendering system.
- NCC will develop its procurement workforce skills and expertise to deliver an excellent service.

4. OUR PROCUREMENT APPROACH

Category Management

NCC has implemented a category management approach to procurement. This works in a cross-cutting way to maximise savings to the Council, increase spend with local suppliers and deliver targeted employment and training opportunities. Category management is a way of NCC managing its buying activity by grouping together related products and services and mapping them on to a supplier market. Under category management, decisions about what products and services are bought, which suppliers are used and what contracts the Council enters into, are made on a category-by-category basis. This holistic approach optimises quality and aligns business requirements with the external supply market to lever maximum value. Additionally the category management approach enables more effective relationships to be maintained with the supplier market.

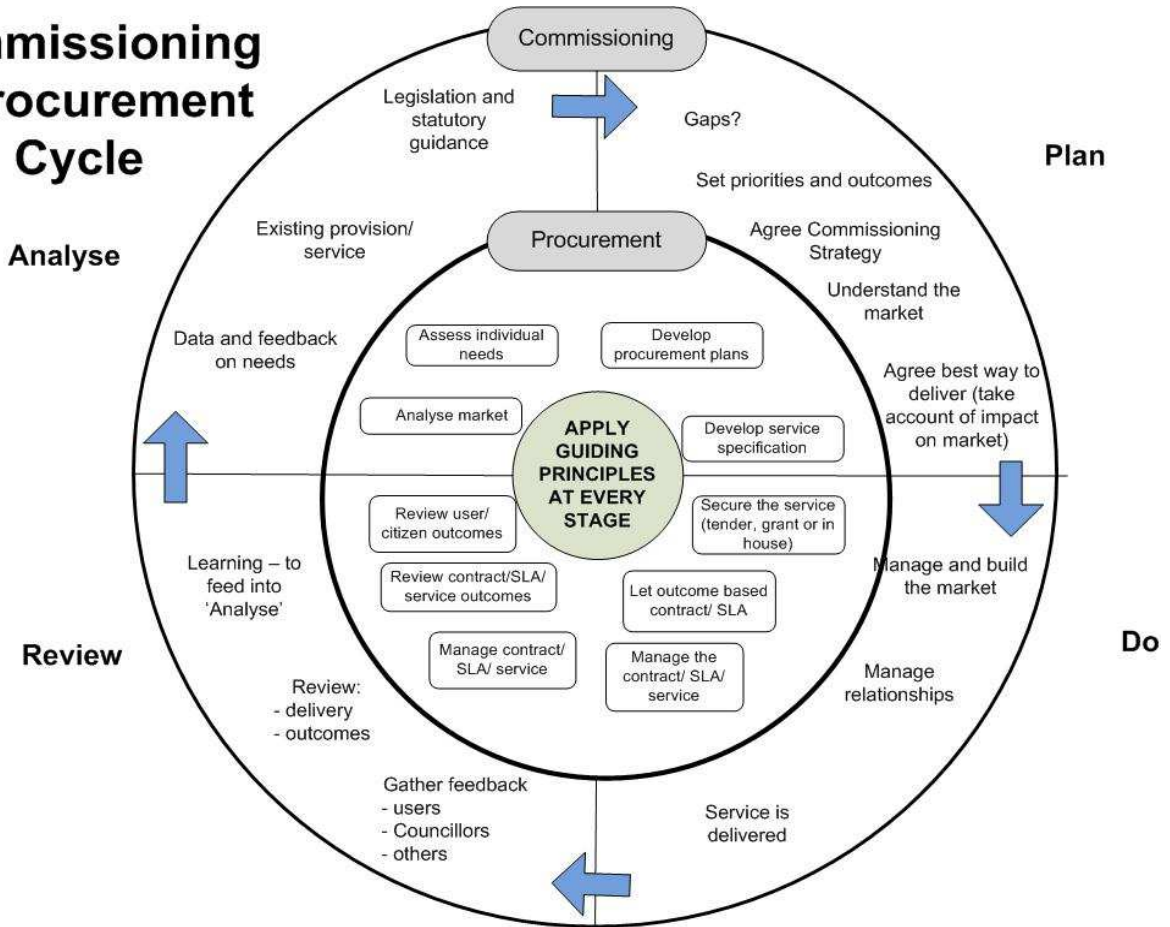
A Commissioning-led Approach

The category management approach is embedded within a broader commissioning cycle, where whole systems of support are reviewed ensuring that emerging needs, best practice, market analysis and available resources are taken into full account when developing procurement strategies. The benefits of using a commissioning cycle include:

- services procured are based on a thorough understanding of need;
- services are delivered more efficiently, at significantly lower cost;
- better outcomes for citizens, in particular those who are most vulnerable;
- the way services are delivered is transformed, underpinning long-term sustainability.

Diagram 1: NCC's Commissioning Cycle

Commissioning & Procurement Cycle



Useful links:

- Source Nottinghamshire (tendering opportunities): www.sourcenottinghamshire.co.uk
- Nottingham City Council Procurement Forward Plan: www.opendatanottingham.org.uk
- Market support: www.nottinghamcity.gov.uk/article/23876/Market-Development
- Commissioning Process: www.nottinghamcity.gov.uk/article/23840/Commissioning-of-Adult-Children-and-Family-Services
- Procurement and contracting of services for vulnerable adults and children: www.nottinghamcity.gov.uk/article/23842/Procurement-Contracting-and-Quality-of-Services

5. DELIVERING THE PROCUREMENT STRATEGY

Key Actions

Strategic Theme	Action	2014/15	2015/16	2016/17
ECONOMIC: <i>Supporting the local economy</i>	Increase % of spend with local providers to 60% by Jan 2017 <ul style="list-style-type: none"> Baseline – 31% Identify priority market areas for increased local spend 	40%	50%	60%
	Increase number of local jobs created each year through contracts, including: <ul style="list-style-type: none"> Baseline - 1 FTE apprentice per £1million of spend Deliver 5% increase of local jobs year on year 	Numerical Targets to follow		
	Establish a 1% levy charge on all non-care contracts	Numerical Targets to follow		
SOCIAL: <i>Putting citizens at the heart of what we do</i>	Increase % spend on early intervention and preventative approaches by 1% each year across support services for adults and children <ul style="list-style-type: none"> Baseline for adults – 10% Baseline for children – underway% 	Numerical Targets to follow		
ENVIRONMENT: <i>Being sustainable and responsible</i>	Increase % of contracts where carbon saving measures can be demonstrated <ul style="list-style-type: none"> Create baseline % in 2014-15 Deliver 5% increase year on year on appropriate contracts 	Numerical Targets to follow		

GOVERNANCE

- Refresh NCC's governance and decision-making routes:
 - Increase feedback and influence of citizens and councillors;
 - Move to one procurement function by April 2014 using a category management approach;
 - Establish a member-led Procurement Board to give oversight to larger procurement contracts.

PERFORMANCE MANAGEMENT

- Establish one performance management framework which can demonstrate:
 - All contract information in one place;
 - Progress against Procurement Strategy targets;
 - Measuring the impact of the Strategy on the local economy including using the Local Multiplier 3 (LM3) tool for measuring economic impact or equivalent measures, with the aim of maximising the local pound.
- Implement the corporate e-tendering system by April 2014.

MARKET SUPPORT AND DEVELOPMENT

- Expand current market development support to:
 - Establish Market Position Statements for all categories;
 - Support SMEs to engage with NCC's procurement opportunities through a new procurement support and market development function;
 - Identify, champion and respond to priority market issues;
 - Identify best practice

Name and brief description of proposal / policy / service being assessed

The creation of Nottingham’s Growth Plan has signalled a strong set of messages around the importance of local investment and securing more jobs for local people. In response to this, a new Nottingham City Council Procurement Strategy has been established to:

- provide clear messages to all organisations who wish to work with / deliver business on behalf of Nottingham City Council;
- set out how Nottingham City Council’s spending power, through procurement, will be used to drive new targets for the top priorities: - increase investment with local organisations; create jobs; support early intervention and value for money services for vulnerable citizens; support the green agenda;

Information used to analyse the effects on equality

The Procurement Strategy has used the Public Services (Social Value Act) 2012 to analyse effects on equality. The Public Services (Social Value) Act 2012 (the Act) applies to all service contracts to which the Regulations apply. The Act places the Council under a duty at the pre-procurement stage to consider how what is being procured might improve the economic, social and environmental well-being of the Nottingham City area.

	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 not possible)
People from different ethnic groups	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>Nottingham City Council Procurement Strategy will be 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.</p> <p>The Strategy will positively impact some or all of the age groups depending on the nature of the social value requirements built into each procurement. The use of social clauses such as payment of the living wage could be considered to have a beneficial impact on the economic and social well being of the area, and will be considered on a case by case basis.</p> <p>Officers that have responsibility for procurement are</p>	<p>The impact of the steps taken by contractors will be measured during the life of the contract.</p> <p>NCC and procurement officers will work in an inclusive way, valuing diversity and actively promoting equality, diversity and equity.</p> <p>NCC is committed to promoting a strong local economy and a key driver in the evaluation of procurement decisions is the likely impact on the local economy.</p>
Men, women (including maternity/pregnancy impact), transgender people	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Disabled people or carers	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
People from different faith groups	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Lesbian, gay or bisexual people	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Older or younger people	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Other (e.g. marriage/civil partnership, looked after children, cohesion/good relations, vulnerable children/adults)	<input checked="" type="checkbox"/>	<input type="checkbox"/>		

			required to undertake a procurement specific EIA of the service in question for most major procurements that will be undertaken. The inclusion of social value requirements will not disadvantage any group.	No groups will be excluded from tendering with the Authority.
--	--	--	--	---

Outcome(s) of equality impact assessment:
 No major change needed Adjust the policy Adverse impact but continue Stop and remove the policy/proposal

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

- Section 5 of the Procurement Strategy – Delivering the Strategy will be regularly monitored through internal governance channels.

Approved by (manager signature):	Date sent to equality team for publishing:
----------------------------------	--