

COMMISSIONING AND PROCUREMENT SUB-COMMITTEE – 13th JULY
2016

Subject:	PROCUREMENT STRATEGY IMPLEMENTATION UPDATE		
Corporate Director(s)/ Director(s):	Katy Ball, Director of Commissioning and Procurement		
Portfolio Holder(s):	Cllr Alex Norris – Portfolio Holder for Adults and Health		
Report author and contact details:			
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 type="checkbox"/> No
Total value of the decision:			
Wards affected: All	Date of consultation with Portfolio Holder(s): 21 st June 2016		
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"/>
Summary of issues (including benefits to citizens/service users):			
<p>The Nottingham City Council Procurement Strategy 2014-17 was approved in 2014 and since then has driven strong achievements through being citizen focused, maximising savings and delivering economic, social and environmental benefits. In 2015/16, procurement activity has delivered:</p> <ul style="list-style-type: none"> • a total of £243.8m of procurement activity • a total of 142 contracts awarded • savings equivalent to 8.5% of recurring spend • £184m injected into the local economy – 75% of total contract value awarded locally • 132 new entry level jobs and apprenticeships created for local people <p>Overall in the first two years of the Strategy, procurement has delivered:</p> <ul style="list-style-type: none"> • a total of 262 contracts awarded • savings of £7.66 m per annum (excluding one off spend) • a total of £243.4m injected into the local economy • 342 new entry level jobs and apprenticeships created for local people <p>This report presents the key achievements of the Procurement Strategy in 2016/17 which are detailed at Appendix 1.</p>			
Exempt information:			
State 'None' or complete the following.			
None			

Recommendation(s):

- 1 To note the social value impact on the implementation of the Nottingham City Council Procurement Strategy 2014-17 in its first two years.
- 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 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;
 - balancing the use of spending power impact to support growth (including Small and Medium Sized Enterprises (SMEs)) and secure more jobs and apprenticeships for unemployed people, within EU procurement regulations.
 - ensuring that return on investment delivers social and environmental benefits for the City, in accordance with the Public Services (Social Value) Act 2012
 - developing strategic, collaborative and commercial relationships with suppliers and key partners.
- 1.2 The Procurement Strategy is a key driver in the delivery of the Council's key strategic priorities, in particular:
 - Support the local economy (linking with the Nottingham Growth Plan)
 - Drive increased job opportunities for unemployed people
 - Deliver effective value for money for our citizens
 - Lead as an Early Intervention City
 - Lead as a Green City

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 The Nottingham City Council Procurement Strategy 2014-17 developed in 2014 reflects the political aspirations to deliver economic, social and environmental benefits to the City and translates aspirations in the Public Services (Social Value) Act. It 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.
- 2.2 The implementation of the Procurement Strategy was a major step change for the Council; allowing strong strategic relationships to continue to be built with suppliers and maximising the impact of the Council's spending power to support sustainable growth, levelling the playing field for SMEs and securing more jobs. 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. Through the Strategy, the aims of the Social Value (Public Services) Act have been taken forward whilst ensuring that competition, transparency and equal treatment are maintained.

- 2.3 The Procurement Strategy has facilitated 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.
- 2.4 The Council has been officially recognised for good practice in procurement; being a finalist in three categories of the 2016 National Government Opportunities (GO) Awards for innovation in public sector procurement:
- Procurement Innovation or Initiative of the Year – in relation to the joint residential care accreditation process with Nottingham City CCG
 - Procurement Team of the Year – in relation to procurement services for the Opportunity Nottingham partnership
 - Procurement Leadership of the Year –in relation to the Procurement Strategy 2014-2017
- 2.5 Procurement continues to drive income generation initiatives; further income was generated during 2015/16 through procurements undertaken on behalf of the Opportunity Nottingham Partnership. This project has raised the profile of the Council's Procurement Team as a commercial entity and generated income of over £11,000 in 2015/16. The project is on-going and expected to raise a similar income in 2016/17.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 None

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

- 4.1 The financial implications of procurement activity included in this report is either already included in the Medium Term Financial Plan or will be captured as part of future budget processes.
- 4.2 Each procurement process incorporates financial modelling and recommendations ensuring value for money for the organisation and alignment to financial strategies.

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

Legal Observations:

- 5.1 The recommendations in this report raise no significant legal issues. Legal Services will continue to provide support to the City Council's Procurement team by advising on relevant legislation, legal and commercial risks, and drafting and approving contract documents

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

- 6.1 n/a

7 SOCIAL VALUE CONSIDERATIONS

- 7.1 A clear message of the Strategy is that public procurement must be about more than purchasing goods and services; local authority procurement must be used strategically to deliver social, economic and environmental gains, in line with the Public Services (Social Value) Act.
- 7.2 During the second year of the Strategy implementation a total of £184m was injected into the local economy through procurement activity; 75% of the total value of contracts awarded was to local Nottingham City based suppliers. The Strategy has also led to the creation of 132 new entry level jobs and apprenticeship opportunities for Nottingham citizens.
- 7.3 The Council has also developed a new Business Charter which signals a new way of working with businesses in the City that maximises Nottingham's potential and enables joint working to improve the economic, social and environmental wellbeing of Nottingham. The Business Charter policy was adopted in March 2016. In conjunction with Economic Development, the Procurement Team has developed a mechanism to implement the Business Charter in contracts procured, through the inclusion of contract specific requirements and targets to maximise the delivery of economic, social and environmental benefits. The Public Contracts Regulations 2015 allow for contract award criteria to include social value considerations, provided these requirements are relevant to the subject matter of the contract and do not compromise competition, transparency or equal treatment. To minimise the risk of legal challenge and to maximise the economic, social and environmental benefits delivered from each contract, the contract requirements and targets related to the Business Charter will be developed in each case as relevant and proportionate to the contract being procured.

8 REGARD TO THE NHS CONSTITUTION

- 8.1 This is 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



An EIA is not required because:

The 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)

Yes



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

Public Services (Social Value) Act 2012

'Nottingham City Council Procurement Strategy' - Report of the Director of Quality and Commissioning to Executive Board February 2014

12 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