

COMMISSIONING AND PROCUREMENT SUB-COMMITTEE

13th JUNE 2017

Subject:	PROCUREMENT STRATEGY 2014-17 IMPLEMENTATION UPDATE		
Corporate Director(s)/ Director(s):	Katy Ball, Director of Commissioning and Procurement		
Portfolio Holder(s):	Councillor Graham Chapman, Portfolio Holder for Resources and Neighbourhood Regeneration		
Report author and contact details:	Jo Pettifor – Category Manager (Strategy and People) Tel: 0115 8765026 Email: jo.pettifor@nottinghamcity.gov.uk		
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): Councillor Graham Chapman - 24th May 2017		
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>Since its launch in 2014, the Nottingham City Council Procurement Strategy 2014-17 has driven strong achievements through being citizen focused, maximising savings and delivering economic, social and environmental benefits. This report presents the key achievements of the Strategy in 2016/17, which are detailed at Appendix 1. The overall outcomes delivered through procurement during its first three years of the Strategy are presented at Appendix 2.</p> <p>In the third year of the Strategy (2016/17), procurement activity has delivered:</p> <ul style="list-style-type: none"> • a total of 116 contracts awarded; total value £80.3m • £50m injected into the local economy – 62% of total contract value awarded to local suppliers (£48m awarded to local SMEs) • 41.5 new entry level jobs and apprenticeships created • Savings of £2.7m per annum (approximately 9.5% of value prior to procurement) • <p>Overall in the first three years of the Strategy, procurement has delivered:</p> <ul style="list-style-type: none"> • a total of 567 contracts awarded; total value £417.5m • £288m injected into the local economy – 69% of total contract value to local suppliers • 364 new entry level jobs and apprenticeships created for local people • savings of £10.4m per annum (approximately 8.9% of value prior to procurement) • 15 contracts awarded subject to 1% levy – offering potential income of £179.2k per year 			

Exempt information:

None

Recommendation(s):

- 1 To note the achievements delivered under the Nottingham City Council Procurement Strategy 2014-17 in its final year (2016/17).
- 2 To note the overall outcomes delivered through procurement during the three years of the Nottingham City Council Procurement Strategy 2014-17.
- 3 To note that a final report on the outcomes delivered under the Procurement Strategy 2014-17 will be presented to the Commissioning and Procurement Sub-Committee in 2018.

1 REASONS FOR RECOMMENDATIONS

1.1 Nottingham City Council has implemented the robust model and principles set out in its Procurement Strategy to enable the delivery of its strategic priorities within the financial envelope. 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. New spend analysis dashboards have been developed by the Procurement Team and these will be rolled out across all Departments.
- 2.4 Procurement continues to drive income generation initiatives. Procurement activity undertaken on behalf of other organisations has generated further income in 2016/17 and has raised the profile of the Council's Procurement Team as a commercial entity. Three procurements were completed for the Opportunity Nottingham Partnership in 2016/17 (generating income of £7861) and this work is ongoing.
- 2.5 Procurement has helped to provide sustainable funding for the Nottingham Jobs Employment Hub Service, through a 1% levy rebate mechanism applied to all eligible new contracts procured. Since its introduction, 15 contracts have been awarded subject to the levy, offering a potential income of £179.2k per year (potential £651.21k over the life of these contracts). These figures are indicative at the contract award stage and actual income received will be dependent on expenditure under these contracts, however the income from this initiative is expected to increase as it is applied to more contracts.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 None

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

- 4.1 The financial implications summarising the 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 where appropriate, recommendations ensuring value for money for the organisation is delivered and alignment to the council's strategic and financial priorities. Darren Revill, Senior Commercial Business Partner. 23.05.17.

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

- 5.1 The recommendations in this report are notes of action taken and do not raise 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. Andrew James, Team Leader (Contracts and Commercial). 09.05.17

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

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 third year of the Strategy implementation a total of £50m was injected into the local economy through procurement activity; 62% of the total value of contracts awarded was to local Nottingham City based suppliers. The Strategy has also enabled the creation of 41.5 new entry level jobs and apprenticeship opportunities for local citizens.
- 7.3 In March 2016, the Council adopted its new Business Charter which signalled a new way of working with businesses to maximise Nottingham's potential and improve the economic, social and environmental wellbeing of Nottingham. In conjunction with Economic Development, the Procurement Team 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 ensure legal compliance and maximise the economic, social and environmental benefits delivered, the contract requirements and targets related to the Business Charter are developed in each case as relevant and proportionate each contract.

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)

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