

CITY COUNCIL - 5 MARCH 2018

REPORT OF THE DEPUTY LEADER/ PORTFOLIO HOLDER FOR RESOURCES AND NEIGHBOURHOOD REGENERATION

NOTTINGHAM CITY COUNCIL PROCUREMENT STRATEGY 2018-2023

1 SUMMARY

- 1.1 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 citizens at the heart; securing economic, social and environmental benefits and commercial efficiency.
- 1.2 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.

2 RECOMMENDATIONS

- 2.1 To approve the Nottingham City Council Procurement Strategy 2018-2023 attached at Appendix 1.
- 2.2 To note that the outcomes of procurement activity undertaken under the Procurement Strategy will be reported to Commissioning and Procurement Sub Committee on an annual basis.

3 REASONS FOR RECOMMENDATIONS

- 3.1 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
- 3.2 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.
- 3.3 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 scarce 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.

3.4 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.

3.5 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.

3.6 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.

4 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

4.1 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.

5 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

5.1 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.

5.2 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.

- 5.3 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.
- 5.4 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.

6 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY)

- 6.1 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.
- 6.2 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

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

- 7.1 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.
- 7.2 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.

- 7.3 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.
- 7.4 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

- 7.5 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.
- 7.6 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.
- 7.7 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)

8 EQUALITY IMPACT ASSESSMENT (EIA)

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

No

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An EIA is not required because:

(Please explain why an EIA is not necessary)

Yes

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

9 LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

- 9.1 None

10 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- 10.1 Nottingham City Council Procurement Strategy 2014-17
- 10.2 Public Services (Social Value) Act 2012
- 10.3 The Public Contracts Directives 2014 (the Public Contracts Directive 2014, the Concessions Contracts Directive 2014, and the Utilities Directive 2014)
- 10.4 The Public Contracts Regulations 2015
- 10.5 The Concessions Contracts Regulations 2016
- 10.6 The Utilities Contracts Regulations 2016

**COUNCILLOR GRAHAM CHAPMAN
PORTFOLIO HOLDER FOR RESOURCES AND NEIGHBOURHOOD REGENERATION**