Nottingham City Council

Commissioning and Procurement Executive Committee

Minutes of the meeting held at Loxley House, Station Street, Nottingham, NG2 3NG on 11 February 2025 from 9.30 am - 10.02 am

Membership

Present	**Absent**
Councillor Linda Woodings (Chair)	
Councillor Jay Hayes (Vice Chair)	
Councillor Cheryl Barnard	
Councillor Corall Jenkins	
Councillor Ethan Radford	

Colleagues, partners and others in attendance:

Karla Banfield	-	Head of Commissioning
Trevor Bone	-	Head of Building Services and Facilities Management
Paul Burrows	-	IT Change, Projects and Strategy Manager
Dawn Cafferty	-	Head of Procurement
Elisa Flintoff	-	Contracts and Quality Improvement Manager
Carla Gater	-	Contracts, Quality and Performance Service Manager
Darren Kidson	-	Interim Head of IT
Claire Labdon-West	-	Commissioning Manager
Mark Leavesley	-	Governance Officer
Jackie Wyse	-	Head of Personalisation, Quality and Contracts

Call-in
Unless stated otherwise, all decisions are subject to call-in. The last date for call-in is 19/02/2025. Decisions cannot be implemented until the working day after this date.

66 Apologies for absence

None.

67 Declarations of interests

None.

68 Minutes

The Committee agreed the minutes of the meeting held on 14 January 2025 as a correct record and they were signed by the Chair.

69 Membership

The Chair announced that Councillor Pavlos Kotsonis had resigned as an Executive Member and, therefore, was no longer eligible to be a member of this Committee.

70 Corporate Landlord procurement requirements 2025-26 - key decision

Trevor Bone, Head of Building Services and Facilities Management, presented the report and stated the following:

a) the report sets out Corporate Landlord Services, Building Services and Facilities Management teams’ procurement requirements for the financial year 2025-26;

b) the Council has a statutory duty to be compliant with all applicable asset legislation in relation to its asset portfolio, and this duty is met by carrying out statutory testing and inspecting, planned, reactive and minor works on its asset portfolio;

c) whilst works are performed in-house wherever possible, there are occasions where specialist contractors or additional resource is required, and the report sets out how those requirements are to be procured to provide a seamless ability to meet the Council’s statutory duty;

d) there are several contracts which the Building Services and Facilities Management department use that are coming to the end of their term in March 2025 onwards;

e) the contracts set out in appendix 1 require re-procurement to enable Corporate Landlord Services to keep the Council’s asset portfolio compliant with regulatory, legislative and insurance and, through the proposed procurement routes, the Council can continue to improve efficiency and service of supplier delivery across multiple operationally high-risk work streams and improve value for money for Directorates across the Council;

f) our annual procurement programme has proven to be the best approach to securing a competent specialist supply chain with the lowest costs possible;

g) Corporate Landlord Services need to award several framework agreements and contracts up to the value of £1,260,000 (as detailed in appendix 1) in conjunction with the council’s procurement team.

Resolved to

(1) approve the proposed expenditure of at least £1m of the £3.1m planned maintenance budget for 2025/26, to be spent on services delivered through in-house provision;

(2) delegate authority to the Director of Economic Development and Property to:

(a) procure and award the frameworks and contracts as set out in appendix 1 to the value of £1,260,000;

(b) award call-off contracts under the frameworks within established budgets, in compliance with the terms of the frameworks, without having to seek further approvals up to the financial limit for officer decisions in force at the time;

(3) note that prior to awards of contracts other than provided for in recommendation 2(b) above, approval appropriate to the delegated authority limits set out in the Constitution will be sought.

Reasons for recommendations

a) There are several contracts which the Building Services and Facilities Management department use that are coming to the end of their term in March 2025 onwards. The contracts set out in Appendix 1 require re-procurement to enable Corporate Landlord Services to keep the Council's asset portfolio compliant with regulatory, legislative and insurance. Through the proposed procurement routes the Council can continue to improve efficiency and service of supplier delivery across multiple operationally high-risk work streams and improve value for money for Directorates across the Council. Our annual procurement programme has proven to be the best approach to securing a competent specialist supply chain with the lowest costs possible.

b) This report details how orders are placed with Contractors through the Council's robust system. To ensure a smooth and timely process for placing orders it is recommended that the Director of Economic Development and Property has delegated authority to approve contracts and call-offs made under frameworks for their duration in line with the delegated financial limits set out in the Constitution. No award will be made without evidence that the budget has been approved for the ordered requirement.

c) It has been identified that at least £1m of the 2025/26 planned maintenance budget can be delivered through use of in-house services, therefore avoiding suppliers significant OH&P.

Other options considered

a) Do nothing and allow contracts to end, which will remove statutory, regulatory, and legislative compliancy across the Council's portfolio of assets and increase the risk of prosecution and reputational damage to Nottingham City Council. This option was considered unacceptable and rejected.

b) Insource all the activity covered by the contract areas under consideration for renewal. Due to the complexity and high risks involved with this task, including a lack of competency-based skills and training, equipment, and specialised resource, it was considered unacceptable and rejected.

c) Allow Nottingham City Council's directorates to purchase their own asset compliancy services. This is a very high-risk approach to asset safety and compliance across the portfolio and the Council would find it very hard to track actual compliance through our current systems. In 2024 under the Corporate Landlord Services programme all Statutory testing across the Council is now the responsibility of Corporate Landlord Service BS&FM team. Such an approach would lead to additional expense and the general safety of the asset compromised as well as going against the principles of the Corporate Landlord model introduced in 2023. This option was considered unacceptable and rejected.

71 Purchase of software licenses and services for Microsoft products - key decision

Paul Burrows, IT Change, Projects and Strategy Manager, and Darren Kidson, Interim Head of IT, presented the report and stated the following:

a) Nottingham City Council uses Microsoft products for both end-user and server computing, consistent with the Council's ICT Strategy;

b) every 3 years licences are renewed, and the report seeks authorisation for renewal using an approved framework;

c) in addition to licences, the Council also uses associated services, such as Microsoft approved technical support and consultancy services related to licensed products, to enable it to get the maximum value from its licences;

d) the Microsoft purchasing model is based on actual licence consumption and is subject to annual review, during which licence volumes may be increased or reduced, and the volume of licences to be purchased will be based upon consumption at the point at which procurement is made;

e) Microsoft software licences are purchased as enterprise-wide agreements on a 3 yearly basis, with the current 3-year agreement ending on 30 June 2025, and licensing volumes are reviewed annually to confirm that they are correct and may be 'trued-up' or 'trued-down' accordingly. These annual reviews allow the Council to add or reduce the number of licences in use:

f) the proposed spend in the report relates to renewal of the following elements that we purchase from Microsoft for a 3-year period:

   i. the Microsoft Enterprise Agreement and Server Cloud Enrolment licences for the use of Microsoft services that provide desktop and server software for the delivery of Council Services. All users of computer services in the Council require their individual accounts to be licenced for use of products like Teams, email, word processing, spreadsheets and other office automation products, these products are covered by the Enterprise Agreement;

   ii. the number of licences in use depends on the size of the Council and varies but is typically around 6,000. We will be expanding on the licensing we currently use to satisfy requirements in two additional areas, security and digital telephony. This provides access to security software within the Microsoft suite, and a digital telephony solution to satisfy service provision as analogue telephony services are ended;

   iii. the Council also uses Microsoft operating systems and relational database management systems to support services, and these products are covered by the Server Cloud Enrolment. The current cost of the Enterprise Agreement is approximately 80% of the total spend with Microsoft;

iv. the Unified Support Agreement, which provides Microsoft support in the event of problems in the operation of Microsoft services that cannot be resolved by the Council's IT Service, and this has been used recently to assist with a major incident that was affecting colleagues' ability to connect remotely to services;

v. additional variable charges for services, e.g. the additional variable charges arising from the use of 'cloud based' storage and processing during the life of the agreement. These principally relate use of MS-Azure, Microsoft's cloud service, which is used for both data storage and to host servers to provide services. These services are paid for on a 'pay as you go' basis and forecasting use, particularly several years in advance, is challenging;

vi. this purchase is a renewal of the current agreement that provides these services and is required to continue to use Microsoft products which are essential for delivery of all Council services.

Resolved to

(1) approve the allocation of up to a maximum of £8,400,000 funding from the IT Investment Fund for a 3-year period 2025/26 to 2028/29 for the purchase of Microsoft software licences and associated services;

(2) delegate authority to the Head of IT to enter into contracts, using approved procurement frameworks, to purchase the Microsoft software licences and associated services.

<u>Reasons for recommendations</u>

a) In order to continue to use Microsoft products for end-user and server computing beyond 30 June 2025, Nottingham City Council will need to renew its software licensing agreement with Microsoft.

b) Microsoft products used as online services are subject to continuous development and improvement. Due to the increasing richness of these products, the Council sometimes needs to be able to call upon additional support to get the best from purchased products. This is the reason for recommending the inclusion of services within this decision, as well as licenses.

<u>Other options considered</u>

a) Do nothing - This is not considered feasible as the Council depends heavily upon Microsoft's software to deliver services to citizens and maintain shared service delivery with other organisations. The Council could not function without Microsoft software and would be acting illegally if this were not licensed.

b) Move away from Microsoft software to other providers' software - This is not considered feasible. The Council has trialled non-Microsoft software in the past and has found that challenges in compatibility between it and Microsoft products, which are far more widely used, have added cost and frustration to users' activities. There would be significant costs associated with a change from Microsoft software.

72 Extension for Homes to Inspire block contract for children in residential care - key decision

Councillor Barnard, Executive Member for Children, Young People and Education, introduced the report.

Elisa Flintoff, Contracts and Quality Improvement Manager, presented the report and stated the following;

a) Nottingham City Council have a block contract for 23 units of accommodation with Homes 2 Inspire for the delivery of residential care to children in care. This contract is due to end on 31 March 2025;

b) as all the available extensions within the contract have been exercised, approval is sought for a further extension for one year and of its associated budget. The extension will allow a robust review of the market and any related procurement processes as needed, with a view to having a new contract in place by March / April 2026;

c) the Homes 2 Inspire ‘block residential care contract’ supports Nottingham City Council in meeting statutory duties around sufficiency, informed by the ‘Children’s Act 1989’, and supports children to maintain their social and educational networks in their own City;

d) Homes 2 Inspire have been providing residential provision for children and young people that have been brought into the care of the City Council for almost ten years;

e) while this contract has been for standard provision, Homes 2 Inspire have nevertheless been able to give homes to some of the more complex children, who have displayed behaviours relating to self-harm or at significant risk of exploitation over this period and have given those in their homes a safe nurturing environment in which they can fulfil their aspirations and potential.

Resolved to approve a 12-month extension of the current contract with Homes 2 Inspire, from 1 April 2025 until 31 March 2026, at a cost of £5.523m, for the provision of Residential Care Services for children and young people.

<u>Reasons for recommendation</u>

a) No other provider currently has capacity to provide Nottingham City with 23 units of accommodation. Soft market testing (provider engagement) is required to fully understand the market alongside our longer-term needs.

b) The Commissioning Team is considering different options for a replacement service that would offer an alternative to a standard block contract. This will require more consultation with the market to inform how providers can work with us to help with strategic aims.

c) Direction of how we build sufficiency is changing around internal and external fostering and residential markets. Commissioning and Partnerships will need the requested 12 months to plan what is required from the external market for our Children in Care.

d) A 12-month extension will enable the Commissioning Team to undertake a full review of the market to ensure any future contract meets the needs of children going forward (a tender is expected to go out around October 2025).

Other options considered

a) Do not extend the contract and let the contract come to a natural end – This is not recommended as the contract will come to an end on 31 March 2025 and the service is required to continue to support our Children in Care.

b) Undertake an immediate competitive tender process and not extend – This is not recommended as a full commissioning review will be required to understand the market and there will be no additional provision in place whilst the commissioning work is undertaken.

73 Fee Rates for Children's Services 2025/26 - key decision

Councillor Barnard, Executive Member for Children, Young People and Education, introduced the report.

Carla Gater, Contracts, Quality and Performance Service Manager, presented the report and stated the following;

a) the report outlines proposed fee rates for children's placement services for the 2025/26 period;

b) in accordance with its contractual obligations, Nottingham City Council is required to review fee rates annually for services it is statutorily mandated to provide;

c) communication with service providers will be conducted regarding these proposals, and all feedback will be thoroughly considered prior to the implementation of the new rates in April 2025. This approach aims to support a diverse and sustainable social care market, balancing financial responsibility with the imperative to maintain and enhance service quality for our children and young people;

d) prior to 2024/25, uplifts have generally been awarded to all sectors within the care market. However, in 2024/25 consideration was given to applying the uplifts only to those sectors where there was a heightened risk or where sufficiency needs to remain consistent to meet demand of those entering into care. A similar approach has been taken for 2025/26, however, some other services that wrap around children were reviewed;

e) in looking at the other services held by the Contracts Team for children's services, no uplifts apply to these contracts for the following reasons:

   i. advocacy – currently being re-developed and tendered this year;

ii. Safer Families has no uplift for the duration of the contract;

iii. secure placements set their own price, and Local Authorities have to use provider contracts;

iv. translation services are corporate and has no uplift clause for the duration of the contract;

v. ‘unregulated’ do not have uplift clauses, and placements are negotiated at the time of placement to achieve the best value for the Council;

vi. supported lodgings had a new contract in July 2024, with new prices submitted;

f) the Council commissions children’s care placements (including residential care homes, supported accommodation and foster care) from external agencies through several contracted mechanisms. This includes collaborative framework agreements such as the D2N2 Children in Care (D2N2 CiC) Framework, the East Midlands Regional Framework, block contracting for residential and supported accommodation, and spot purchasing arrangements covering all accommodation sectors;

g) decisions for price increases are based on a range of factors, such as the current market position, cost of living indices and Office of National Statistics data.

h) specifically, consideration has been given to the National Living Wage, impact of changes to National Insurance and other pressures, such as the cost of living and pensions. This proposal also considers the Medium Term Financial Plan position and other financial pressures;

i) under the D2N2 CiC Framework, weekly prices can increase annually, at the discretion of D2N2, by 1.5% or CPI, whichever is the lower. Should CPI rise above 3%, the Contracting Councils will review the annual increase. The current CPI is 2.6% as of December 2024. The D2N2 CiC framework is joint with Derby City, Derbyshire County, and Nottinghamshire County Council’s;

j) in the Autumn Statement issued in November 2024, it was confirmed that the National Living Wage would increase by 6.7% to £12.20. Energy prices are also set to rise following an increase in the energy price cap.

Resolved to

(1) approve the:

(a) fee uplift proposal at option one of the exempt appendix to enable fee uplifts to be applied to current services;

(b) total spend of up to £860,000, as outlined in the Medium Term Financial Plan 2025/26, including approval to spend against high-cost placements provision through the Councils scheme of delegation for Children's Care Packages;

(2) delegate authority to the Director of Commissioning and Partnerships, in consultation with the Director for Children's Education Services, to agree fee rates in accordance with the proposals detailed in section 3 of the report and in the exempt appendix, noting that the agreed rates will be implemented from 1 April 2025;

(3) note that the proposals are subject to final approval of the 2025/26 budget at Full Council in March 2025.

Reasons for recommendations

a) Nottingham City Council considers the uplift of fees for children's care placements on an annual basis and, in doing so, will take account of several factors within the context of the broader financial position of the Council. The Council has a statutory duty to ensure sufficient accommodation for its looked-after children and young people, which meets their needs in its authority area (section 22G of the Children Act 1989, 'the sufficiency duty'), balanced against budget commitments and pressures for the Council.

b) Where the Council are a part of any regional frameworks, there must be engagement with the other local authorities' party to these framework agreements, where the outcome of these discussions requires an agreed regional decision.

c) These proposals and the associated financial modelling are based on available information about service utilisation and demand (as of December 2024).

d) The recommendations presented take account of the implications of inflationary pressures on the children's placements market and aim to represent a fair allocation of funding to support the market across all accommodation service areas. The proposals support a sustainable, efficient, and effective market within the available resources.

e) These proposals and the associated financial modelling are based on current full year financial forecasts in 2025/26, and the recommendations presented aim to represent a fair allocation of funding across the children in care sector.

Other options considered

a) The budget setting in this report is based on overall contingency planning due to the factoring of risks for providers, and then a negotiation starting point to offer providers which in turn will provide some cost avoidance to the Authority.

b) The SDSA process for collation of EMRF and SPOT Providers has only just commenced with no outcome of what providers are requesting as a significant increase at this point therefore the contingency value will support any anomalies that might occur from the SDSA exercise.

c) The application of uplifts to care package pricing introduces a potential risk, particularly due to inconsistent system usage, which may result in care packages not being set up correctly. In some instances, care packages may not be properly recorded as provisioned, leading to discrepancies which can cause significant forecasting inaccuracies. As a result, the financial and resource allocation processes could be compromised, making it challenging to plan effectively for future needs.

d) From the options proposed in exempt appendix one, option one is recommended. This option will support the Council to meet its statutory obligations in relation to Market Shaping and the delivery of a balanced budget.

74 Exclusion of the public

The Committee agreed to exclude the public from the meeting during consideration of the remaining item in accordance with Section 100A(4) of the Local Government Act 1972 on the basis that, having regard to all the circumstances, the public interest in maintaining the exemption outweighed the public interest in disclosing the information, as defined in Paragraphs 3 and 5 of Part 1 of Schedule 12A to the Act.

75 Exempt appendix - Fee rates for Children's Services 2025-26

The Committee noted the exempt appendix to minute 73 above.