



## **Nottingham City Council** **Commissioning and Procurement Executive Committee**

**Date:** Tuesday, 14 February 2023

**Time:** 10.00 am

**Place:** Ground Floor Committee Room - Loxley House, Station Street, Nottingham,  
NG2 3NG

**Councillors are requested to attend the above meeting to transact the following business**

**Director for Legal and Governance**

**Governance Officer:** Mark Leavesley

**Direct Dial:** 0115 876 4302

- 1 Apologies for absence**
- 2 Declarations of interests**
- 3 Minutes** 3 - 8  
Last meeting held on 10 January 2023 (for confirmation)
- 4 Building Services and Facilities Management procurement requirements 2023-24 - key decision** 9 - 30  
Report of Director for Economic Development and Property
- 5 Exit electricity and gas supply contract - key decision** 31 - 36  
Report of Corporate Director for Communities, Environment, and Resident Services
- 6 NCC Enviroenergy Servicing and Maintenance Contracts - key decision** 37 - 46  
Report of Corporate Director for Communities, Environment and Resident Services
- 7 Exclusion of the public**  
To consider excluding the public from the meeting during consideration of the remaining items 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 outweighs the public interest in disclosing the information

<b>8</b>	<b>Exempt appendix - Exit electricity and gas supply contract</b>	<b>47 - 48</b>
<b>9</b>	<b>Exempt appendix - NCC Enviroenergy Servicing and Maintenance Contracts</b>	<b>49 - 54</b>

If you need any advice on declaring an interest in any item on the agenda, please contact the Governance Officer shown above, if possible before the day of the meeting

Citizens attending meetings are asked to arrive at least 15 minutes before the start of the meeting

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**Nottingham City Council**

**Commissioning and Procurement Executive Committee**

**Minutes of the meeting held at Loxley House, Station Street, NG2 3NG, on 10 January 2023 from 10.02 am - 11.18 am**

**Membership**

**Present**

Councillor Adele Williams (Chair)  
Councillor Cheryl Barnard (Vice Chair)  
Councillor Sally Longford  
Councillor Linda Woodings

**Absent**

Councillor Toby Neal

**Colleagues, partners and others in attendance:**

Katy Ball	- Director for Commissioning and Partnerships
James Blount	- Communications and Marketing Officer
Louise Dobson	- Lead Procurement Officer - Products
Mark Leavesley	- Governance Officer
Lucy Littlefair	- Head of East Midlands Shared Services (EMSS)
Steve Oakley	- Head of Procurement

**Call-in**

Unless stated otherwise, all decisions are subject to call-in. The last date for call-in is 20/01/2023. Decisions cannot be implemented until the working day after this date.

**45 Apologies for absence**

Councillor Neal – unwell

**46 Declarations of interests**

None.

**47 Minutes**

The Committee agreed the minutes of the meeting held on 13 December 2022 as a correct record and they were signed by the Chair.

**48 HR and Finance System (Oracle Cloud): software support services - key decision**

Lucy Littlefair, Head of East Midlands Shared Services (EMSS), presented the report and stated the following:

- (i) the Fit for the Future Programme has delivered a new Finance, Payroll and HR System Implementation;
- (ii) in order to provide adequate technical support for the new Finance and HR System (Oracle Fusion), a decision was taken to secure 3<sup>rd</sup> party application

support in place of the existing support provided by the Application Management team within Leicestershire County Council;

- (iii) a procurement exercise was undertaken for an initial 3-year contract, with a 5x 1-year extension option (so a potential 8-year contract) and Evolutionary Systems Limited was identified as the preferred bidder, at a cost to Nottingham City Council of £3,849,600;
- (iv) the cost of the procurement will be part of the annual 'Business as Usual' budget for EMSS.

**Resolved, subject to completion of a signed DPIA, to**

- (1) approve the award of an initial 3-year contract, with an option to extend for a further 5x 12-month periods (3+1+1+1+1+1, up to a total 8-years) to Evolutionary Systems Limited to provide support and development services for the new Finance and HR System, in place of the current arrangements, at a total cost to Nottingham City Council of £3,849,600;**
- (2) delegate authority to the Nottingham City Council:**
  - (a) Director of Legal and Governance to enter into the contract;**
  - (b) Corporate Director of Finance and Resources to award the contract and manage the contract processes.**

#### Reasons for recommendations

The support arrangements for Oracle Fusion cannot be met internally via the Application Management Team within Leicestershire County Council, therefore a 3<sup>rd</sup> party supplier is required to deliver the required services.

#### Other options considered

For Oracle Cloud support, the following options were considered by the Fit for the Future Board:

Option 1 – Continue in-house support provided by LCC AM Team (dismissed);

Option 2 – Outsource all Fusion System Support to a 3<sup>rd</sup> party provider (dismissed);

Option 3 – Mix of internal and external 3<sup>rd</sup> party support (recommended).

Having determined that the best option for the partners was to source application management activities to a 3<sup>rd</sup> party, a full competitive tender process was undertaken.

## **49 Fee levels for Children's Care Placements 2023/24 - key decision**

Councillor Barnard, Portfolio Holder for Children, Young People and Schools, introduced the report.

Katy Ball, Director for Commissioning and Partnerships, presented the report, which detailed proposals for placement fee levels in 2023/24 across externally

commissioned children's care placements, including children's residential care homes and foster care placements.

Ms Ball stated the following:

- (a) the Council has a statutory duty to ensure there is 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) Nottingham City Council is part of several pan-Local Authority framework agreements in addition to contracting children's placements in its own right;
- (c) whilst placement fee levels are reviewed on an annual basis, due to the current unprecedented economic climate, the annual inflationary increase was expected to exceed that ordinarily applied and was subject to council discretion.

**Resolved to**

- (1) approve the fee levels for Children's Care Placements as detailed in the exempt appendix;**
- (2) delegate authority to the Director for Children's Integrated Services to agree fee levels in accordance with the exempt appendix, subject to the outcome of further engagement and in line with the Council budget, and, subject to engagement and resolution 4 below, implement the fee levels from April 2023;**
- (3) approve the total spend of up to £2,985,872, including approval to spend against high-cost placement provision through the Council's scheme of delegation for Children's Care Packages;**
- (4) note that:**
  - (i) agreement was subject to final approval of the 2023/24 budget at the Full Council meeting being held on 06 March 2023;**
  - (ii) if, after completion of further engagement with relevant parties, the financial impact of any revised proposals exceeds the budget available, further approval from the appropriate Committee would be sought.**

Reasons for recommendations

- (a) Nottingham City Council considers the fee levels for children's care placements on an annual basis, and in doing so will take account of a number of factors, within the context of the wider financial position of the Council.
- (b) The Council has a statutory duty to ensure there is 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.

- (c) Where the Council is party to pan-local authority frameworks, there must be engagement with local authorities party to these framework agreements. Where the outcome of these discussions require consideration of significant change to the financial consequence of these proposals (with due regard given to the available budget) a further report will be presented through the appropriate governance process.
- (d) These proposals and the associated financial modelling are based on information currently available about service utilisation and demand.
- (e) 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 and to support the market across all service areas. The proposals seek to support a sustainable, efficient, and effective market within the available resources.

#### Other options considered

- (a) Do nothing. Due to under-capacity in the children's placements market and economic pressures, taking no action risks providers not offering placements for Nottingham's children. This would result in a failure to meet the sufficiency duty and a higher proportion of off-framework placements being made at a higher cost and at a distance from Nottingham.
- (b) Offer different fee rate proposals. This option is not recommended as the proposals have taken into account knowledge of the market and feedback from providers, and the overall budget pressures for Children's Social Care. D2N2 employs a joint post and has undertaken a range of market engagement work to understand pressures and risks to sufficiency which has informed the proposed rate. The final proposals have taken account of the potential impact on service delivery and risk of market failure. Offering different fee rate proposals would place further pressure on the Children's Social Care budget and this is not a feasible option.

### **50 Pricing of Adult Social Care Commissioned Services 2023-24 - key decision**

Councillor Woodings, Portfolio Holder for Adult Social Care and Health, introduced the report.

Katy Ball, Director for Commissioning and Partnerships, presented the report, and stated the following:

- (a) Nottingham City Council was obliged to consider the fee rates it pays for its commissioned social care services, and in doing so to take account of a number of factors, within the context of the wider financial position of the Council;
- (b) Section 5 of the Care Act 2014 obliges Local Authorities to promote the efficient and effective operation of the market for adult social care as a whole, and they must have regard to the need for sufficient services to be available in the area and the importance of sustainability in this market, balanced against budget commitments and pressures for the Council;

- (c) it was proposed to consult with adult social care providers on the proposals during January – February 2023 and the Director of Commissioning and Partnerships, in consultation with the Director for Adult Health and Social Care, will take account of consultation responses and issue variations to existing contracts, reflective of the proposals, should no significant issues arise;
- (d) should the outcome of consultations require consideration of significant change to the shape and financial consequence of the proposals (with due regard given to the available budget), a further report will be presented through the appropriate governance process.

**Resolved to**

- (1) approve the fee rates for Adult Social Care Services in 2023/24, as outlined in the exempt appendices (subject to the correction as stated in the meeting), which will be consulted upon with service providers;**
- (2) delegate authority to the Director of Commissioning and Partnerships, in consultation with the Director for Adult Health and Social Care, to agree fee rates in accordance with the exempt appendix, subject to the outcome of consultation with providers and in line with the Council budget, to be implemented from April 2023 subject to consultation and resolution 4 below;**
- (3) approve the total spend of £10.133m, including approval to spend against high cost placement provision through the Council's scheme of delegation for Adults Care Packages;**
- (4) note that, if upon completion of consultation the financial impact of any revised proposals exceeds the budget available, further approval from this Committee would be sought.**

Reasons for recommendations

- (a) Nottingham City Council is obliged to consider the fee rates it pays for its commissioned social care services, and in doing so to take account of a number of factors, within the context of the wider financial position of the Council. Section 5 of the Care Act 2014 obliges Local Authorities to promote the efficient and effective operation of the market for adult social care as a whole. They must have regard to the need for sufficient services to be available in the area and the importance of sustainability in this market. This is balanced against budget commitments and pressures for the Council.
- (b) In accordance with the Council's legal obligation, it is proposed to consult with adult social care providers on these proposals during January - February. The Director of Commissioning and Partnerships in consultation with the Director for Adult Health and Social Care will take account of consultation responses and issue variations to existing contracts reflective of the proposals in this report should no significant issue arise. Should the outcome of these consultations require consideration of significant change to the shape and financial consequence of these proposals (with due regard given to the available budget) a further report will be presented through the appropriate governance process.

- (c) These proposals and the associated financial modelling are based on information currently available about service utilisation and demand.
- (d) The recommendations presented take account of the implications of inflationary pressures on the adult social care market and aim to represent a fair allocation of funding and to support the market across all service areas. It is considered that a balanced, reasoned and informed approach has been taken and that the proposals seek to support a sustainable, efficient and effective market within the available resources.

Other options considered

- (a) Do nothing – the Council is contractually bound to review contract fee rates on an annual basis. Doing nothing would present a risk of legal challenge and for this reason, this option was rejected.
- (b) Offer different fee rate proposals. This option is not recommended as the proposals have resulted from significant work and modelling between finance and contracting, taking into account knowledge of the market and feedback from providers, and the overall budget pressures for Adult Social Care. The final proposals take account of the potential impact on service delivery and risk of market failure. Offering different fee rates would place further pressure on the Adult Social Care budget and this is not a feasible option.
- (c) To undertake analysis of individual provider costs and offer fee rates based on factors such as wage rates paid, pension contributions, profit and void levels etc. This option would not be feasible at this time as it would be administratively burdensome due to variations in rates of pay and other costs across the sector.

**51 Exclusion of the public**

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

**52 Fee levels for Children's Care Placements 2023/24 - exempt appendix**

**Resolved to note the exempt appendix to minute 49 above.**

**53 Pricing of Adult Social Care Commissioned Services 2023-24 - exempt appendices**

**Resolved to note the exempt appendices to minute 50 above.**

<b>Subject:</b>	Building Services and Facilities Management Procurement Requirements 2023-2024		
<b>Director:</b>	Nicki Jenkins – Economic Development and Property		
<b>Portfolio Holder:</b>	Councillor Adele Williams – Finance		
<b>Report author and contact details:</b>	Trevor Bone Head of Building Services & Facilities Management - trevor.bone@nottinghamcity.gov.uk		
<b>Other colleagues who have provided input:</b>	Anthony Heath – Legal Ross Brown – Finance Susan Tytherleigh – Finance Sue Oliver – Procurement Rebecca Hurt – Energy Carbon assessment Rosey Donovan – Equality Impact assessment		
<b>Key Decision</b>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<b>Subject to call-in</b>
			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Reasons:</b>		<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital	
<input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £750,000 or more taking account of the overall impact of the decision			
Significant impact on communities living or working in two or more wards in the City		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>Type of expenditure:</b> <input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital If Capital, provide the date considered by Capital Board Date:			
<b>Total value of the decision:</b> £5.497m			
<b>Wards affected:</b> City Wide			
<b>Date of consultation with Portfolio Holder:</b> January 2023			
<b>Relevant Council Plan Key Outcome:</b> Clean and Connected Communities <input type="checkbox"/> Keeping Nottingham Working <input checked="" type="checkbox"/> Carbon Neutral by 2028 <input checked="" type="checkbox"/> Safer Nottingham <input checked="" type="checkbox"/> Child-Friendly Nottingham <input type="checkbox"/> Healthy and Inclusive <input checked="" type="checkbox"/> Keeping Nottingham Moving <input checked="" type="checkbox"/> Improve the City Centre <input checked="" type="checkbox"/> Better Housing <input type="checkbox"/> Financial Stability <input type="checkbox"/> Serving People Well <input checked="" type="checkbox"/>			
<b>Summary of issues (including benefits to citizens/service users):</b>  This report sets out Building Services (BS) and Facilities Management (FM) procurement requirements for planned, reactive maintenance and minor works for financial year 2023/24.  The Council must comply with a number of statutory obligations set out in a wide range of primary and secondary legislation (“the applicable legislation”) in relation to its asset portfolio. These obligations are met by carrying out planned, reactive and minor works on its asset portfolio. Whilst works are performed in-house wherever possible, there are occasions where specialist contractors or additional resource is required. This report sets out how those requirements are to be procured to provide a seamless ability to meet the Council’s obligations under the applicable legislation.			

BS&FM needs to award several framework agreements and contracts to the value of £5.497m as set in appendix 1 in conjunction with the council's procurement team. T&C's are already in place for awards under framework arrangements. For other contracts, Legal Services will support where it can or facilitate the use of external solicitors if the circumstances require and funding is identified.

**Exempt information:** None

**Recommendations:**

- 1** To grant authority to procure contracts in line with the annual procurement plan, as set out in appendix 1, to the value of £5.497m.
- 2** To delegate authority to Director of Economic Development and Property to award the contracts procured under recommendation 1 and to approve all call off arrangements under those contracts over a period of four years 2023/2027 to a maximum value of £5.497m, as set out in appendix 1.
- 3** To approve the proposed expenditure of at least £1m as referenced in 2.4 & 2.5, of the £3.1m planned maintenance budget for 2023/24 to be spent on services delivered through in-house provision.

**1. Reasons for recommendations**

- 1.1. The contracts set out in the appendix require re-procurement to comply with the public contract regs 2015 to enable BS&FM to keep the Council's asset portfolio compliant with regulatory obligations, the applicable legislation and insurance obligations. Through the proposed procurement routes the Council can continue to improve efficiency and service of supplier delivery across multiple 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 speciality supply chain with the lowest costs possible.
- 1.2. This report details how orders are placed with Contractors through the Council's robust systems. 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 any contracts and call-offs made under frameworks for their duration. No award will be made without evidence that the budget has been approved for the ordered requirement or a contract is in place that either complies with the requirements of the Framework or has been reviewed by Legal Services.
- 1.3. It has been identified that at least £1m of the 2023/24 planned maintenance budget can be delivered through use of in-house services.

**2. Background (including outcomes of consultation)**

- 2.1. BS&FM provide a range of asset and facilities management services specifically planned maintenance, reactive, minor works, facilities management which is defined as "the tools and services that support the functionality, safety, and sustainability of buildings, grounds, infrastructure, real estate and cleaning etc" all with the intention of maintaining the safety and integrity of the Council's operational property portfolio.

- 2.2. The Council is subject to the applicable legislation which includes obligations to maintain and service all equipment within its property portfolio in accordance with current legislation in order for buildings to be safe and compliant with legislative requirements and to ensure the management of risk is undertaken by appropriately trained and qualified colleagues. This mitigates the risks of successful claims, that our citizens and visitors to the city are safe when visiting/using the council's assets and ensure the frontline services can be delivered from the facilities.
- 2.3. In addition to having and managing its own determined work programme and budget, the service also provides a complete building services and facilities management function to support departments across the Council. Approval for these works will be sought by the budget holders in line with financial regulations. Prior to providing any services to a department BS&FM require evidence that there is an approved budget in place.
- 2.4. In providing a range of services, and delivery against its own requirements it is necessary to use a mix of in-house provision and the use of external specialist contractors. The use of specialist external contractors is mainly for the delivery of specialised works and services, or on occasion to meet any resource requirements.
- 2.5. The budget allocated for planned maintenance for 2023/24 is c£3m of which it is intended that at least £1m will be spent internally. The remaining amount will be spent through external contracts which are either already in place through previous procurement exercises or the newly procured contracts as set out in this report.
- 2.6. BS&FM have successfully been engaging with the Council's Corporate Procurement Team to run tenders to appoint a range of contractors and demonstrating Best Value for the Council.
- 2.7. BS&FM have already undertaken the restructuring of its supply chain, which has previously achieved a £450k pa reduction in costs across the Directorates. We also insourced multiple work streams e.g. legionella flushing, fire alarm weekly bell testing, asbestos auditing etc. to further gain cost and service delivery efficiencies. All new contracts include a contractual clause to enable further insourcing activity, the addition and deletion of the asset register and social and economic responsibilities.
- 2.8. The Planned Maintenance programme ensures health and safety issues within the Councils operational portfolio are overseen in a strategic manner. The projects are subject to there being an approved budget in place which is usually the annual budget allocated to BS&FM. All projects undergo and pass the scrutiny and governance of the Operational Asset Group (OAG). The planned maintenance programme enables all the checks, inspections, and insurance testing to be completed throughout the operational portfolio and ensure assets are safe to use. It also aims to ensure 24/7 service delivery throughout the year as far as is reasonably practicable.
- 2.9. BS&FM ensure supplier value for money by undertaking competitive tendering and quotation exercises as well as external benchmarking. In terms of supplier performance BS&FM have established performance metrics built into its IT system covering the following;
- 1 All reactive maintenance orders to be completed by target date;
  - 2 All PPM activities to be completed by target date;

- 3 Number of PPM activities to have a status of overdue;
- 4 All orders to be completed and applied for within 90 days of completion date;
- 5 All invoices to be uploaded within 72 hours of monthly certificate being created

2.10. All contracts and orders placed under a framework arrangement are recorded on the Council's Concerto system. This ensures the 'Golden thread' of live data and evidence of works undertaken are captured and all certification associated with compliance is stored centrally. It also means that the Director of Economic Development and Property has confidence that any order placed not only has evidence that there is a budget in place but that the order is fully recorded and can be used for any audit purposes. New contracts will continue to require the supplier to utilise our asset management system.

### **3. Other options considered in making recommendations**

- 3.1. Do nothing and allow contracts to end, which will remove compliance with the applicable legislation and regulatory requirements 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.
- 3.2. 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.
- 3.3. 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. Such an approach would lead to additional expense and the general safety of the asset compromised. This approach is also against the principles of the Corporate landlord model to be introduced in 2023. This option was considered unacceptable and rejected.

### **4. Consideration of Risk**

- 4.1. N/A

### **5. Best Value Considerations**

- 5.1. BS&FM already work within the of best value framework. Over the past 2 years we have redesigned Building Services and Mechanical & Electrical teams saving the Council over £2m to deliver more workstreams inhouse with significantly less resource achieved by using less resource via system development and innovative process.
- 5.2. This and previous years' reports demonstrates BS&FM continued commitment to procure specialist suppliers ourselves.
- 5.3. BS&FM will begin a Facilities Management (FM) redesign in the new year and will be reviewing our service standards and workstreams as we transition into Corporate Landlord. This will ensure we have a lean and fit for purpose FM offer across the Council.

### **6. Finance colleague comments (including implications and value for money/VAT)**

- 6.1 It is necessary to undertake the re-procurement stated in this report to adhere with City Council procurement rules and financial regulations and therefore the recommendations are agreed to.
- 6.2 Value set out in Appendix and identified in the recommendations is the value of the contracts not the budgeted figures and any contracts procured need to be within future budgets available.
- 6.3 In line with recommendation 2, all agreed contracts will be awarded by the Director of Economic Development and Property and will be monitored in line with the budgets and contract values

Susan Tytherleigh, Strategic Finance Business Partner - 13 January 2023

## **7. Legal colleague comments**

- 7.1. This report sets out a number of recommendations around the contracting arrangements to be put in place for the Building Services and Facilities Management department. In considering each of the recommendations in turn – there are no legal concerns arising from Recommendation 1. The proposal here is to conduct a range of procurement exercises which will result in contracts or the ability to award contracts through frameworks. Subject to a compliant procurement process being undertaken, which will include the provision of contract terms, this recommendation is supported.
- 7.2. Recommendation 2 is simply to provide a smooth mechanism to place orders under the procured contracts, without seeking further approvals. The delegation is not intended to give any authority to approve budgets for any projects. Client departments will need to provide evidence of approved budgets on an order by order basis, or where orders are placed directly by the Building Services and Facilities Management department to discharge their obligations the budget will have been approved as part of the Council's annual budget setting process. In addition to knowing that no order will be placed without a budget being available any order will have a clear audit trail on the Council's Concerto system providing assurance for the Director of Economic Development and Property. Accordingly, this recommendation raises no significant legal concerns.
- 7.3. Finally, committee is asked to approve a proportion of the Building Services planned maintenance budget to secure provision from in-house teams. If possible, even in the use of in-house teams, it is helpful to create a clear record that sets out how the proposed arrangements demonstrates Best Value for the Council.

Anthony Heath, Interim Team Leader, Contracts & Commercial - 3 January 2023

## **8. Other relevant comments**

**Procurement** - There are no procurement concerns arising from the report. The procurement team will work with the client to ensure compliance with the Councils Contract Procedure Rules and Public Contract Regulations 2015 and to ensure that value for money is achieved.

**9. Crime and Disorder Implications (If Applicable)**

9.1. N/A

**10. Social value considerations (If Applicable)**

All contracts have suppliers social, economic, and environmental promises to be fulfilled over the duration of the contract.

**11. Regard to the NHS Constitution (If Applicable)**

11.1. N/A

**12. Equality Impact Assessment (EIA)**

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

**13. Data Protection Impact Assessment (DPIA)**

13.1. A DPIA is not required because no personal data is involved with the procurement exercise.

**14. Carbon Impact Assessment (CIA)**

14.1. Attached as appendix 3, and due regard will be given to any implications identified in it.

**15. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)**

15.1. None.

**16. Published documents referred to in this report**

16.1. None.

Table 1

Procurement Ref	Procurement Category	Sub-category	Project Title	Whole-life Value	Initial Contract Duration	Contract Extension Terms	Comments
5357	Places		Scaffolding Framework	£400,000	2 Years	1 + 1 year	Renewal
3620	Places		Internal and External Specialist Glazing	£800,000	2 Years	1+1 year	New
4420	Places		Dangerous Structures - Out of Hours Consultancy	£120,000	2 years	1 + 1 year	Renewal
4415	Places		Fixed and Portable Fire Safety Equipment R & M	£200,000	2 years	1 + 1 year	Renewal
4414	Places		Air Handling Plant and Air Conditioning Geothermal Heat Pumps Maintenance	£1,000,000	2 Years	1+1 Years	Renewal
4417	Places		Access doors	£450,000	2 Years	1+1 Years	Renewal
4416	Places		Sprinkler and Gas Suppression R & M	£150,000	2 Years	1+1 Years	Renewal
4419	Places		Legionella Control Services	£280,000	2 Years	1+1 Years	Renewal
4422	Places		Lift and Disabled Access Equipment Maintenance & LOLLER	£1,502,000	2 years	1+1 Years	Renewal
4423	Places		UPS and Generator R & M	£150,000	2 years	1+1 Years	Renewal
5359	Places		R & M fall arrests and lightning protection.	£220,000	2 years	1+1 Years	Renewal
	Product	Corp	Personal Hygiene Services	£225,000	4 years		Renewal
			<b>TOTAL</b>	<b>£5,497,000</b>			

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## Equality Impact Assessment Form

### screen tip-section A

#### 1. Document Control

##### 1. Control Details

Title:	Building Services and Facilities Management Procurement Requirements 2023-2024
Author (assigned to Pentana):	Trevor Bone –Head of Building Services & Facilities Management
Director:	Nicki Jenkins
Department:	Building Services & Facilities Management
Service Area:	Property
Contact details:	Email: <a href="mailto:trevor.bone@nottinghamcity.gov.uk">trevor.bone@nottinghamcity.gov.uk</a>
Strategic Budget EIA: Y/N	Y
Exempt from publication Y/N	N

##### 2. Document Amendment Record

Version	Author	Date	Approved
1.0	Trevor Bone	21/12/2023	

##### 3. Contributors/Reviewers

Name	Position	Date
	Equality and Employability Consultant	

#### 4. Glossary of Terms

Term	Description
NCC	Nottingham City Council
EIA	Equality Impact Assessment
VCO	Voluntary Community Organisation

### [screentip-sectionB](#)

## 2. Assessment

### 1. Brief description of proposal / policy / service being assessed

Page 1 of 8	<p>This report sets out the requirements for Nottingham City Council, Building Services team to procure multiple replacement contracts, which end at various months during the financial year 23/24. Working with the central procurement team a programme of procurement has been formulated which included a thorough analysis of the total number of current contracts, which has been reduced by packaging similar works together.</p>
	<p>Without these contracts, Nottingham City Council will not be able to fulfil its many statutory, insurance, regulatory and legislative compliance obligations for the Councils portfolio of assets, which serve a diverse mixture of citizens in Nottingham and include the flagship corporate and civic asset portfolio.</p>
	<p>Nottingham City Council has a legal duty to offer a safe and properly maintained portfolio of assets to its citizens, which are also accessible and appropriate to all sectors of the community.</p>
	<p>This report recommends that Nottingham City Council give authority for Building Services to procure multiple replacement contracts with a total value of £XXXXXXm and to allow Building services to award and enter into the contracts.</p>

### [screentip-sectionC](#)

### 2. Information used to analyse the effects on equality:

No consultation exercise has taken place due to the nature of the type of maintenance service contracts we have to replace. However, without the procurement-taking place it's envisaged that all citizens of Nottingham will be impacted upon and the Council's asset portfolio will not be compliant with statutory, legislative and insurance requirements and therefore assets could potentially become a risk to all citizens and colleagues using them.

### 3. Impacts and Actions:

<a href="#">screentip-sectionD</a>	Could particularly benefit X	May adversely impact X
People from different ethnic groups.	<input type="checkbox"/>	<input type="checkbox"/>
Men	<input type="checkbox"/>	<input type="checkbox"/>
Women	<input type="checkbox"/>	<input type="checkbox"/>
Parents	<input type="checkbox"/>	<input type="checkbox"/>
Disabled people or carers.	<input type="checkbox"/>	<input type="checkbox"/>
Pregnancy/ Maternity	<input type="checkbox"/>	<input type="checkbox"/>
People of different faiths/ beliefs and those with none.	<input type="checkbox"/>	<input type="checkbox"/>
Lesbian, gay or bisexual people.	<input type="checkbox"/>	<input type="checkbox"/>
Older	<input type="checkbox"/>	<input type="checkbox"/>
Younger	<input type="checkbox"/>	<input type="checkbox"/>
Other (e.g. marriage/ civil partnership, looked after children, cohesion/ good relations, vulnerable children/ adults).	<input type="checkbox"/>	<input type="checkbox"/>
<b><i>Please underline the group(s) /issue more adversely affected or which benefits.</i></b>		

<p style="text-align: right;"><a href="#"><u>screentip-sectionE</u></a></p> <p><b>How different groups could be affected</b> (Summary of impacts)</p>	<p style="text-align: right;"><a href="#"><u>screentip-sectionF</u></a></p> <p><b>Details of actions to reduce negative or increase positive impact</b> (or why action isn't possible)</p>
<p>Building Service procurement requirements will adhere to the Nottingham City Council Procurement Strategy and will support the Council in meeting the requirements of the Equality Act 2010, including ensuring non-discrimination and compliance with the public sector equality duty in the delivery of contracts procured.</p> <p>The Strategy is a key driver in promoting and meeting the requirements of the Public Services (Social Value) Act 2012, through the key objectives and themes of securing social, economic, and environmental benefits for the City and its citizens. To maximise the economic, social, and environmental benefits delivered, appropriate specific measures will be taken where relevant to any contract procured, for example including requirements for employment and training opportunities and promoting the principles of the NCC Business Charter.</p> <p>Where a procured contract has specific equality implications (for example a change of service provision) an EIA will be undertaken as part of the commissioning decision making process. The Strategy sets out several core principles for all procurement that will support equalities including:</p>	<p>The outcomes of our procurement activity will be monitored and reported on, progress against the key economic, social, and environmental objectives of the Procurement Strategy.</p> <p>We will work with Procurement colleagues to ensure the principles of NCC procurement strategy are upheld and that our procurement is conducted in a fair and inclusive manner as detailed within the NCC procurement strategy.</p> <p>Our strategy will support and promote the Council's equality objectives: 'Make sure that our workforce will reflect the citizens we serve; Create economic growth for the benefit of all communities; Provide inclusive and accessible services for our citizens; Lead the City in tackling discrimination and promoting equality. Using the same methodology as that already described with 'Core Principles' we will evidence these objectives as they will be contained within our tender documents and suppliers will be asked to explain how they will support the objectives in their tender returns.</p> <p>Procurement processes will be fair, open, transparent, proportionate, and accessible as per the requirements of NCC Procurement strategy to ensure a level playing field for all suppliers and no barriers to participation, particularly for small businesses and VCOs.</p>

<p>- 'ethical standards' including the wellbeing and protection of work forces, that people are treated with respect and their rights protected.</p> <p>- 'governance, fairness and transparency' in the procurement and governance process</p> <p>- Citizens at the heart': ensuring all services procured are accessible and appropriate to meet the diverse needs of the community</p> <p>For each of the above principles, we will ensure that they are contained within our tender documents and request suppliers who wish to bid for the work explain how will support the core principles. The tender document / questions are weighted so when we evaluate supplier responses against the core principles a score will be applied dependent on the quality of their response.</p>	
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#### 4. Outcome(s) of equality impact assessment:

<input checked="" type="checkbox"/>	No major change needed	<input type="checkbox"/>	Adjust the policy/proposal
<input type="checkbox"/>	Adverse impact but continue	<input type="checkbox"/>	Stop and remove the policy/proposal

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

--

#### 6. Approved by (manager signature) and Date sent to equality team for publishing:

<p><b>Approving Manager: Trevor Bone</b>          The assessment must be approved by the manager responsible for the service/proposal. Include a contact tel &amp; email to allow citizen/stakeholder feedback on proposals. <a href="mailto:trevor.bone@nottinghamcity.gov.uk">trevor.bone@nottinghamcity.gov.uk</a></p>	<p><b>Date sent for scrutiny: 21/12/2022</b>          Send document or Link to:  <a href="mailto:equalityanddiversityteam@nottinghamcity.gov.uk">equalityanddiversityteam@nottinghamcity.gov.uk</a></p>
<p><b>SRO Approval:</b> </p>	<p><b>Date of final approval:</b></p>

**Before you send your EIA to the Equality and Community Relations Team for scrutiny, have you:**

1. Read the guidance and good practice EIA's  
<http://intranet.nottinghamcity.gov.uk/media/1924/simple-guide-to-eia.doc>
2. Clearly summarised your proposal/ policy/ service to be assessed.
3. Hyperlinked to the appropriate documents.
4. Written in clear user-friendly language, free from all jargon (spelling out acronyms).
5. Included appropriate data.
6. Consulted the relevant groups or citizens or stated clearly, when this is going to happen.
7. Clearly cross-referenced your impacts with SMART actions.

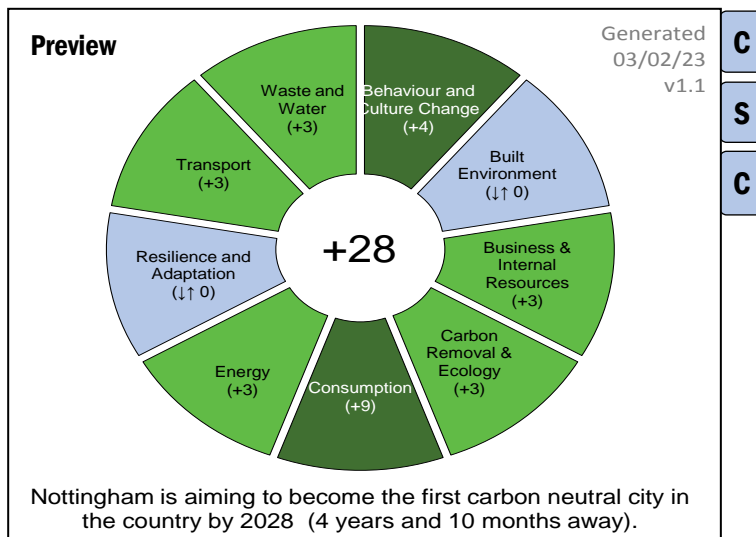
# Carbon Impact Assessment Dashboard To

Report Name	Building Services and Facilities Management Procurement Requirements 2023-2024
Report date	21/12/22
Report author	Trevor Bone
Project Notes	This report sets out Building Services and Facilities Management procurement requirements for planned, reactive maintenance and minor works for financial year 2023/24.
Export filename	Building Services and Facilities Management Procurement Requirements 2023-2024 CIAD 21.12.2022

Category	Impact
Behaviour and Culture Change	Communication & engagement
Behaviour and Culture Change	Wider influence
Behaviour and Culture Change	Working with communities
Behaviour and Culture Change	Working with partners
Built Environment	Building construction
Built Environment	Building use
Built Environment	Switching away from fossil fuels
Business & internal resources	Developing green businesses
Business & internal resources	Marketable skills & training
Business & internal resources	Sustainability in business
Business & internal resources	Material / infrastructure requirement
Carbon Removal & Ecology	Carbon storage
Carbon Removal & Ecology	Biodiversity & Ecology
Carbon Removal & Ecology	Bee friendly city

Carbon Removal & Ecology	Carbon offsets
Consumption	Food & Drink
Consumption	Products
Consumption	Services
Consumption	Local and low-carbon production
Energy	Local renewable generation capacity
Energy	Reducing energy demand
Energy	Improved energy storage
Resilience and Adaptation	Green / blue infrastructure
Resilience and Adaptation	Natural flood management
Resilience and Adaptation	Drought vulnerability
Resilience and Adaptation	Flooding vulnerability
Resilience and Adaptation	Heatwave vulnerability
Transport	Staff travel requirement
Transport	Decarbonising vehicles
Transport	Improving infrastructure
Transport	Supporting people to use active travel
Transport	Reduced need to travel
Waste and Water	Single-use plastic
Waste and Water	End of life disposal / recycling
Waste and Water	Waste volume
Waste and Water	Water use
Other	Other 1
Other	Other 2
Other	Other 3
Other	Other 4

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#### Notes / justification for score / existing work

(see guidance sheet or attached notes for more information)

The only procurement that will be applicable to this assesment is the Electrical Materials Supplier. BS already partner with Energy on the Salix fund and EPC workstreams and high energy consuming products will be replced with the more energy effcient products therefore reducing enegy and

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The only procurement that will be applicable to this assesment is the Electrical Materials Supplier. BS already partner with Energy on the Salix fund and EPC workstreams and high energy consuming products will be replced with the more energy effcient products therefore reducing enegy and

BS will be working on certain asset demoltion programms as required by Property and therefore this will have a negative impact on carbon scoring.

BS work across all the opertaional portfolio and will ensure the Minor Works Framework and Electrical Materials Supplier specification take into account using materials that are sustainable and This activity will not increase or decrease in static fossil fuel technologies

This exercise will not develop green business

BS will ensure that this activity provides training or social/environmental & economic to citizens and colleagues alike as it will be written into their contracts. For example, this might include waste reduction, low carbon construction matreials.

N/A

BS activity will not result in us using more of our existing infrastructure, supplies and council resources. BS are already delivering Salix and EPC works and the procurement exercise for Electrical supplies supports these activities. The direct impact on the climate change will be that beneficiaries of the Salix and EPC works will be using less energy and have more robust lighting

This project will not include any type of carbon storage

This activity has no effect on the natural world's ability to cope with climate change and is not creating, destroying, or modifying habitats.

This activity will not hinder having a Bee Friendly city.

The procurement of Electrical supplies will help offset residual citywide emissions from hard to reduce sources via Salix and EPC work.

N/A

BS calculate that overall consumption of products and energy will decrease via Salix and EPC work. The product purchased for the Electrical supply framework will be absolutely necessary and our supplier will have an environmental policy.

As above

Energy usage will decrease as a result of using more energy efficient products with better controls

N/A

BS activity will have a positive change in reducing energy demand as we will be installing more efficient systems, or improving management to allow reduced heating or lighting energy demand.

N/A

N/A

N/A

N/A

N/A

N/A

Our fleet is predominately EV today and by year end should be entirely EV

N/A

N/A

N/A

N/A

No single use plastic reduction achievable

Our activity via the procurement electrical supplies and its subsequent work will to increase the proportion of waste which is recycled. The amount of mixing of otherwise recyclable material is not known until the project is known. Any works that BS undertake using the materials of the supplier will make recycling easier and more efficient and will be written into contracts.

N/A

N/A

Score (-5 to +5)
+1
+1
+1
+1
-1
+1
-
-
-
-
+3
-
-
-

### Cheat Sheet

1. We are looking at the effects of **this** decision (not our past performance, or that represent future decisions)
2. We are looking at the **whole impact** of the decision (regardless of geographic location or organisational boundary)
3. We are only looking at the **climate impact** - other impacts, and social, economic wellbeing measures are recorded elsewhere.
4. We need to stay **accessible**. Click on the "copy alt-text" button above and then the result into the alt text box for your infographic in word. Click here for a guide
5. Your report must include some explanation as well as the infographic. **If the will have consequences past 2028 you must say so in your report.**
6. While there are no other specific rules for writing the summary, some of the you may want to discuss include:

+3	• What are the biggest costs and benefits of this activity in terms of the climate?
-	
+3	• Are there things that we will have to include in future iterations of this action plan that you have a recommendation?
+3	
+3	• Are there measures already included in your plan to minimise the costs and maximise benefits with respect to climate change?
-	
+3	• Are there other costs and benefits which are outside the scope of the CIAD? For example, does the project have high value in terms of economic or social benefits which outweighs the climate cost? Is this a valuable climate action which has been done elsewhere?
-	
-	
-	• What are your ambitions for this activity – what is technically feasible and what do you think we should be aiming for?
-	
-	• If we were to carry out the activity in the best possible way for the climate, how would that look like?
+3	
-	• What method(s) if any are available to monitor our climate performance or the activity? This might include internal data (electricity bills, mileage claims etc) or an external verification process. Is this feasible? If not, why not?
-	
-	• What are the constraints which stop you doing more? Time, money, expertise, political support, partner buy in, something else?
+3	
-	
-	

If you get stuck, please contact [climatechange@nottinghamcity.gov.uk](mailto:climatechange@nottinghamcity.gov.uk)

actions

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<b>Subject:</b>	Options for utilities procurement from 23/24 onwards		
<b>Corporate Director:</b> <b>Director:</b>	Frank Jordan - Communities, Environment, and Resident Services Wayne Bexton - Environment & Sustainability		
<b>Portfolio Holder:</b>	Councillor Sally Longford – Energy, Environment & Waste Services		
<b>Report author and contact details:</b>	Andy Whitley, Utilities Manager <a href="mailto:andy.whitley@nottinghamcity.gov.uk">andy.whitley@nottinghamcity.gov.uk</a>		
<b>Other colleagues who have provided input:</b>	Alison Bennett – Financial Anthony Heath – Legal Paul Ritchie – Procurement		
<b>Key Decision</b>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<b>Subject to call-in</b>
			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Reasons:</b>	<input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £750,000 or more taking account of the overall impact of the decision		<input checked="" 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 checked="" type="checkbox"/> No
<b>Type of expenditure:</b>	<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital		
<b>Total value of the decision:</b> Up to £13m			
<b>Wards affected:</b> All			
<b>Date of consultation with Portfolio Holder:</b> 25 January 2023			
<b>Relevant Council Plan Key Outcome:</b>			
Clean and Connected Communities		<input type="checkbox"/>	
Keeping Nottingham Working		<input type="checkbox"/>	
Carbon Neutral by 2028		<input checked="" type="checkbox"/>	
Safer Nottingham		<input type="checkbox"/>	
Child-Friendly Nottingham		<input type="checkbox"/>	
Healthy and Inclusive		<input type="checkbox"/>	
Keeping Nottingham Moving		<input type="checkbox"/>	
Improve the City Centre		<input type="checkbox"/>	
Better Housing		<input type="checkbox"/>	
Financial Stability		<input type="checkbox"/>	
Serving People Well		<input type="checkbox"/>	
<b>Summary of issues (including benefits to citizens/service users):</b>			
<p>Our current supplier for electricity and gas announced in August 2022 they intend to withdraw from the supply market to large scale commercial users, of which Nottingham City Council are categorized.</p> <p>Our current contract with the supplier will finish on the 31 March 2024, and they would honour this contract. However, during discussions with the supplier, the opportunity for a one-year early cancellation of the contract on the 31 March 2023 has been offered. This provides the Council the opportunity to undertake a soft market test by inviting pricing from ESPO via their energy supply frameworks for electricity and gas.</p> <p>The current contract that Enviroenergy has for export of electricity to grid is due to finish on the 31 March 2023, and a new contract is required to be in place by then, so that the Council continues to receive income for the electricity that it generates and sells to an off taker. The report additionally seeks approval to procure a new export contract.</p>			

**Exempt information:**

An appendix to the report is exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

It is not in the public interest to disclose the information because it may offer a competitive advantage to other companies tendering for future Council contracts.

**Recommendations:**

1. To delegate authority to the Director of Environment and Sustainability, in consultation with the Head of Procurement, to identify the best procurement option available to secure electricity and gas supplies for the Council.
2. To delegate authority to the Director of Environment and Sustainability to approve the outcome of any procurement process and award contracts based on the most economically advantageous offer available at the time of renewal.
3. To delegate authority to the Director of Environment and Sustainability in consultation with the Head of Procurement to identify the best procurement option available in securing the sale of electricity generated by the Council for export to grid.
4. To delegate authority to the Director of Environment and Sustainability to approve the outcome of any procurement process and award contracts, including but not limited to any secondary value delivered by low carbon generation, based on the most economically advantageous offer available at the time of renewal.
5. To approve spend and income related to the above contracts.

**1. Reasons for recommendations**

- 1.1 The opportunity to refresh the current electricity and gas supply contract is available due to the incumbent supplier, decision to withdraw from the large-scale commercial user's energy supply market.
- 1.2 The energy wholesale market has changed at pace during this current contract which commenced in April 2020, with unprecedented volatility in the wholesale commodity costs for electricity and gas. The current contract allows for fixed price, fixed term unit rates for 100% grid supplied electricity and gas, with no option to procure green gas.
- 1.3 Entering into new utility supply contracts will also provide opportunity to reduce 3<sup>rd</sup> party liabilities currently held by the Council in respect of partner organisations which obtain their Utilities through our current contracts.
- 1.4 After directly supplying their own requirements and the requirements of their private wire customers, Enviroenergy currently export any surplus electricity generated to the grid and receive an income for this volume, along with income for the sale of the associated ROCs (Renewable Obligation Certificates) and REGOs (Renewable Energy Guarantee of Origin).

**2. Background (including outcomes of consultation)**

2.1 As per reasons for the recommendations above

### **3. Other options considered in making recommendations**

3.1 For the Council to combine its export and import requirements into a single contract to take advantage of the generated export from Enviroenergy. This option would mean developing a bespoke flexible export and import contract, requiring a risk management approach to buying and selling power volumes and additional resource to manage and be responsible for a hedging strategy. Whilst this option may provide the most economically advantageous outcome for the Council, it is not currently resourced to deliver this arrangement within the timescales required for renewal. However, by entering into short term supply and sale arrangements, the option can be further explored, and the right procurement strategy can be developed.

### **4. Consideration of Risk**

4.1 Buying and selling energy exposes the Council to considerable risk, due to current wholesale price market volatility and refusal of the market to offer long term pricing certainty at reasonable mark-ups. The ability to maximise flexibility in our Procurement approach will therefore contribute to managing risk and potential cost exposure.

4.2 Prices provided by potential suppliers in any tender exercise are only ever indicative and can only be locked in when preferred suppliers or buyers are identified and volumes are agreed. To ensure the best value for the Council, delegated authority is required for officers to determine the right time to lock in on price and volume as prices will fluctuate based on prevailing trading activity, alongside demand and supply availability. Single issues such weather conditions, international affairs, gas storage volumes, and the financial performance of individual energy supply companies can have huge impacts on wholesale trading confidence.

4.3 Setting up compliant route to trading energy is therefore the solution which affords the greatest flexibility to deliver best value for the Council.

### **5. Best Value Considerations**

5.1 By having multiple procurement options, we are demonstrating best value by:

- Do it yourself. We need a fully licensed energy supplier to legally supply the NCC estate with power and gas;
- Buy it yourself. / buy it with others. This is the current method of procurement of our power and gas requirements, by doing a market test against framework prices we can demonstrate which option will provide us with best value;
- Do it for Others. We currently provide the facility for schools, and community centres to join in with our procurement;
- Reduce / Stop. Not applicable in this instance, power and heat are required for NCC assets, to provide a service to all residents.

## **6. Finance colleague comments**

- 6.1 Pressure funding for anticipated increased utility costs is being included in the MTFP, as part of the budget setting process, based on the government guidance for its energy support measures. The early exit of the gas and electricity supply contracts with Centrica, is not expected to result in any additional cost to the Council in 2023/24 so will not impact on the level of additional funding already requested.
- 6.2 The early exit from the contract, coupled with the benefits of utilising the ESPO energy supply framework, could provide an opportunity to reduce costs. However, any potential cost reduction cannot be quantified until the terms of any new contract are agreed.

Alison Bennett, Senior Commercial Business Partner - 13 January 2023

## **7. Legal colleague comments**

- 7.1 This report seeks a decision to terminate, one year early, the contract for the supply of gas and electricity that the Council has with Centrica PLC and for the Council to enter into a new arrangement for the supply of gas and electricity using the ESPO framework.
- 7.2 Notwithstanding the agreement of Centrica PLC, the early termination of the contract must still be undertaken in accordance with the existing contractual terms and conditions. Legal Services have not had sight of these to offer a view but have advised that it may be necessary to vary the termination provisions or create a process for early termination using the contract variation process in order to allow for the contract to be terminated early, depending on the existing terms and conditions.
- 7.3 Securing an alternative supply of gas and electricity using the ESPO framework should provide a route to market that is compliant with the Public Contract Regulations 2015 as long as any requirements of ESPO are complied with. The Council must also continue to comply with its constitution in awarding contracts.
- 7.4 Legal Services understands that 3rd parties who did not have their own direct debits were given notice that the Council required them to pay for their gas and electricity directly at the end of this financial year rather than as part of the arrangement the Council had for the supply of gas and electricity to the Council. Legal Services are not aware of whether that notice, or the process adopted, is in accordance with any agreements in place between the Council and the 3rd parties; the provision of at least 3 months' notice is likely to meet requirements but without confirmation by a review, a risk remains. Whilst the need to remove the potential liability is understood, the process adopted should comply with any arrangements set out in the agreements between the Council and the 3rd parties.

Anthony Heath, Senior Solicitor, Contracts & Commercial - 24 January 2023.

## **8. Other relevant comments**

- 8.1 The proposal involves using a framework to enter into a contract. The framework has specific call-off terms for awarding contracts. Provided the framework process is followed, the award of contract would be compliant with procurement law and therefore there would be no significant Procurement concerns.

**9. Crime and Disorder Implications (If Applicable)**

9.1 N/A

**10. Social value considerations (If Applicable)**

10.1 N/A

**11. Regard to the NHS Constitution (If Applicable)**

11.1 N/A

**12. Equality Impact Assessment (EIA)**

12.1 An EIA is not required because there is no impact on equalities.

**13. Data Protection Impact Assessment (DPIA)**

13.1 A DPIA is not required because there are no data protection impacts.

**14. Carbon Impact Assessment (CIA)**

14.1 A CIA is not required as we are procuring green electricity as part of this procurement exercise.

**15. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)**

15.1 Utilities Contract: 2020 to 2024 – Commissioning and Procurement Sub-Committee, 14 January 2020

**16. Published documents referred to in this report**

16.1 None.

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<b>Subject:</b>	NCC Enviroenergy Servicing and Maintenance Contracts		
<b>Corporate Director:</b> <b>Director:</b>	Frank Jordan – Communities, Environment and Resident Services Wayne Bexton – Environment and Sustainability		
<b>Portfolio Holders:</b>	Councillor Sally Longford – Energy, Environment and Waste Services Councillor David Mellen - Leader of the Council		
<b>Report author and contact details:</b>	Antony Greener, Head of District Heating and Waste Strategy <a href="mailto:Antony.greener@nottinghamcity.gov.uk">Antony.greener@nottinghamcity.gov.uk</a>		
<b>Other colleagues who have provided input:</b>	David Nicoll - Customer Service & Transformation Manager Cassie Twentyman - Senior Transformation Officer Alison Bennett - Senior Commercial Business Partner Tom Straw - Senior Accountant (Capital Programmes) Anthony Heath - Senior Solicitor, Contracts and Commercial		
<b>Key Decision</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>Subject to call-in</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Reasons:</b> <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £750,000 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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Type of expenditure:</b> <input checked="" type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital If Capital, provide the date considered by Capital Board - 17/01/2022			
<b>Total value of the decision:</b> £10,022,989			
<b>Wards affected:</b> All Wards			
<b>Date of consultation with Portfolio Holder:</b> January 2023			
<b>Relevant Council Plan Key Outcome:</b>			
Clean and Connected Communities	<input checked="" type="checkbox"/>		
Keeping Nottingham Working	<input checked="" type="checkbox"/>		
Carbon Neutral by 2028	<input checked="" type="checkbox"/>		
Safer Nottingham	<input checked="" type="checkbox"/>		
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Keeping Nottingham Moving	<input type="checkbox"/>		
Improve the City Centre	<input type="checkbox"/>		
Better Housing	<input checked="" type="checkbox"/>		
Financial Stability	<input checked="" type="checkbox"/>		
Serving People Well	<input checked="" type="checkbox"/>		
<b>Summary of issues (including benefits to citizens/service users):</b>			
<p>Nottingham City Council owns and operates the largest district heating network in the UK. As the plant ages (it is now 50 years old), continued maintenance has minimised the risk of service downtime. The plant must provide heating, hot water and power to its customers on a 24/7 basis for as many days of the year as possible.</p> <p>The complexity of works required is considerable and is reflected in the level of external specialist support required. However, the arrangements in place help contribute to securing business continuity, continuous improvement and best value. The decision by the Executive Board to hive up Enviroenergy Ltd into the Council, recognised the additional investment required to ensure the continued success of the District Heating Network. As part of the Asset Transfer Agreement between the company and the Council, company contracts including service and maintenance contracts, were</p>			

novated to the Council and the terms and conditions of these contracts continue to be relevant. To ensure goods, services and works continue to provide best value, approval is now sought to enter into new arrangements for the contracts and services required and detailed in the report and the exempt appendix, summarised below:

1. Provision of Welding, Repair and Maintenance Services
2. Water Treatment
3. Turbine Maintenance
4. Network Maintenance and Repair
5. Control System
6. Carbon Credits

The recommendations, if approved, will maximise the ability of the service to continue to provide heating and power supply services within the Council's Contract Procedure Rules, whilst also maintaining Council contractual obligations to the Eastcroft Incinerator and minimising the risk of service disruption.

**Exempt information:**

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It is not in the public interest to disclose the information because it may offer a competitive advantage to other companies tendering for future Council contracts.

**Recommendations:**

1. Approve the tender and award of new contracts for heat station and district heating maintenance, as detailed in table 1 of the report.
2. Approve extensions to the contracts for heat station and district heating maintenance, as listed in table 2 of the exempt appendix.
3. Approve the procurement of Carbon Credits through the use of a broker, to ensure that the Council complies with its statutory obligations in respect of the UK Emissions Trading Scheme.
4. Approve spend against the contracts listed in table 1 of the report and in the contracts and transactions listed in table 2 of the exempt appendix for the full duration of all contracts and transactions, including any extension(s).
5. Delegate authority to the Director of Environment and Sustainability to award contract extensions and to tender and award new contracts for services, purchase goods and/or works as detailed in the above recommendations.

**1. Reasons for recommendations**

**1.1 Recommendation 1: Award of new contracts**

Table 1 below sets out the requirement to tender for and award new contracts for the provision of the following services to support district heating, with a rationale for each contract required detailed below the table:

**Table 1: Contracts for Tender and Award:**

<b>Contract</b>	<b>Term</b>	<b>Estimated Value</b>	<b>Estimated Value including Extension</b>
Provision of Welding, Repair and Maintenance Services	5 Years plus extension options for 2+2 years	£2,000,000	£3,600,000
Water Treatment	5 Years plus extension options for 2+2 years	£450,000	£810,000
Turbine Maintenance	Up to 7 years	£2,000,000	N/A
Network Maintenance and Emergency Repair	5 Years plus extension options for 2+2 years	£3,000,000	£5,400,000
Scada Control Engineering System	Up to 6 years	£1,300,000	N/A

### **Provision of Welding, Repair and Maintenance Services**

The contract for essential servicing and maintenance of the boilers and associated mechanical infrastructure including condensers and steam management systems is due for renewal. Boiler servicing and maintenance takes place continually as required and projects are identified, costed and agreed before Purchase Orders are raised on a job by job, call-off basis. If essential works, are not completed, the system may not be able to operate safely and there is a significant risk of losing the steam management systems meaning customers could be without a supply of heating and hot water for prolonged periods.

There is a requirement to secure the continued supply of this service and a new contract needs to be tendered and awarded for 5-years with options to extend by 2+2 years to ensure a suitable contractor is available to respond to emergency situations and schedule planned works as required throughout the contract term.

### **Water Treatment**

The water treatment plant at the Combined Heat and Power (CHP) Station treats raw water from the on-site borehole/mains supply to produce boiler grade feedwater for the Eastcroft Energy from Waste (EfW) plant and district heating makeup water to replenish water losses. The closed water cycle feeds the generating turbine at the London Road Heat Station as well as the District Heating Network and Eastcroft EfW. The Environmental Permit under which the Council operates requires improvements to be delivered, best achieved through modernising the current water treatment process.

The technical solution chosen will remove chemical water dosing arrangements and replace this with reverse osmosis technology to remove the requirement to store bulk

hazardous chemicals on site. A new contract is to be specified, tendered and awarded for 5-years with options to extend the contract term by 2+2 years if required to ensure that the improved water treatment requirements are delivered.

### **Turbine Maintenance**

The Council owns and operates a turbine from its London Road Combined Heat and Power (CHP) Plant and requires expert external assistance in the effective management and maintenance of this asset. The current contract has expired and requires a new arrangement to be secured until 2030 which is the expiry date of the Council's steam supply Agreement with the operators of the Eastcroft EfW plant.

### **Network Maintenance and Emergency Repair**

The Council must retain the ability to respond to leaks or other repairs required on the District Heating network so that disruption to heating services is minimised. Essential maintenance and emergency repairs of the district heating network is completed with the assistance of external contractors where required and the contract is due to expire shortly. The Council therefore needs to procure and award a new contract for 5-years with options to extend the new contract term by 2+2 years if required.

### **Control Engineering System (Scada)**

Supervisory control and data acquisition (Scada) is a control system architecture comprising computers, networked data communications and graphical user interfaces for high-level supervision of machines and processes. It also covers sensors and other devices, such as programmable logic controllers, which interface with process plant or machinery.

The support required is currently provided by an annually renewed Service Support Agreement. However, the service has identified a requirement to work with Corporate Procurement to investigate options for securing best value in maintaining a Scada system for the longer term, and tender for and award any necessary new contracts as required.

## **1.2 Recommendation 2: Extension to Contracts**

Contained within the exempt appendix to the report.

## **1.3 Recommendation 3: Procurement of Carbon Credits**

The Greenhouse Gas Emissions Trading Scheme Order 2020 places statutory obligations on the Council to offset its fossil fuel consumption utilised in the delivery of district heating through the purchase of Carbon Credits under the regulated UK Emissions Trading Scheme. The methodology for procuring the required Carbon Credits is contained within the exempt appendix to the report.

## **1.4 Recommendation 4: Contract Value**

The estimated contract values are detailed in table 1 of the report. The values of the contract extensions or transactions are detailed in table 2 of the exempt appendix. Approval is sought to raise the requisite purchase orders up to the values listed within the appropriate contractual or transactional arrangements.

## **1.5 Recommendation 4: Delegation of Authority**

To expedite the award of contract extensions and contract tenders and awards, approval is sought to delegate authority to enter into the arrangements to the Director of Environment and Sustainability.

## **2. Background (including outcomes of consultation)**

- 2.1 Nottingham City Council owns and operates the largest district heating network in the UK offering affordable and environmentally friendly heat and electricity. The network serves circa 5,000 domestic properties and circa 120 commercial properties. The London Road Combined Heat and Power Station and the network it supplies was built in the 1970's and has had various works completed since installation making it a unique industrial process, far from the original plant constructed. Continued maintenance has minimised the risk of service failure, but over time, the assets of the plant are no longer standard equipment and would require lengthy periods of familiarisation and mobilisation to deliver confidence to the service that works and maintenance procured can be delivered to the required standard. Minimising the risk of service disruption is a key consideration in the award of any new maintenance contract.
- 2.2 The decision by the Executive Board to hive up Enviroenergy Ltd into the Council, recognised a requirement to invest additional resources in District Heating infrastructure to ensure the continued success of the District Heating Scheme in Nottingham. Appropriate investment commitments were approved within the Council's MTFP, and as part of the transfer of the company into the Council, it was agreed that existing maintenance or supply contracts would be novated from Enviroenergy Ltd to the Council and the terms and conditions of these contracts would continue to be relevant.
- 2.3 Alongside the ongoing servicing and maintenance requirements for the plant and network, there is an annual shutdown performed each year where essential maintenance is completed to enable the continual delivery of heat and power to the scheme's domestic and commercial customers.
- 2.4 Failure to perform ongoing servicing and maintenance to the plant and network will increase the risk of a catastrophic failure of the system, which could lead to the plant and network being shut down, with potentially long lead times for services to be reinstated, particularly where no incumbent contracts and suppliers are in place. Failure to complete the ongoing servicing and maintenance required also poses a major health and safety risk to all employees and customers due to the high-pressure steam supply, hot water and high voltage electricity supply. If regular maintenance and health and safety inspections are not completed on these assets, there is a danger to life due to the nature of the activities which take place at the plant and on the network.
- 2.5 The report seeks approval to commence tenders and award contracts for maintenance contracts, and where required to extend existing contracts with incumbent providers as detailed in the exempt appendix.

## **3. Other options considered in making recommendations**

- 3.1 Do nothing – If the Council does not award contracts or extensions to contracts:

<b>Welding Repair and Maintenance</b>	<ul style="list-style-type: none"> <li>- Risk of Failure and shutdown of service</li> <li>- Risk of statutory non-Compliance of Health and Safety requirements</li> <li>- Non-compliance with Environmental Permit</li> </ul>
<b>Water Treatment</b>	<ul style="list-style-type: none"> <li>- Risk of statutory non-Compliance of Health and Safety requirements</li> <li>- Non-compliance with Environmental Permit</li> <li>- Risk of damage to district heating or EfW assets or force shutdown of service to avoid this</li> <li>- Risk of contract breach with Eastcroft Incinerator</li> </ul>
<b>Turbine Maintenance</b>	<ul style="list-style-type: none"> <li>- Risk of Failure and shutdown of service</li> <li>- Risk of statutory non-Compliance of Health and Safety requirements</li> </ul>
<b>District Heating Network Maintenance</b>	<ul style="list-style-type: none"> <li>- Risk of Failure and shutdown of service</li> <li>- Risk of statutory non-Compliance of Health and Safety requirements</li> </ul>
<b>Control Engineering System</b>	<ul style="list-style-type: none"> <li>- Shutdown of service with no operating system</li> <li>- Risk of statutory non-Compliance of Health and Safety requirements</li> </ul>
<b>Carbon Credits</b>	<ul style="list-style-type: none"> <li>- Non-Compliance with statutory obligation under the UK Emissions Trading Scheme</li> </ul>

#### **4. Consideration of Risk**

- 4.1 The procurements identified within the report and exempt appendix are essential to the successful operation of the heat station and district heating network. Without secure supply chains the service is exposed to the considerable risk of not being in a position to rectify issues which cause disruption to service in the timeliest way available. Additional risk analysis, specific to each contract is detailed within the exempt appendix.

#### **5. Finance colleague comments (including implications and value for money/VAT)**

- 5.1 The total estimated value of the new contracts (excluding any contract extensions) detailed in this report is £8.750m. It is assumed, based on the work undertaken in

relation to the existing contracts, that some of the work will be eligible to recharge to capital. The assumed split is shown in the table below

<b>Total Value of New Contracts</b>	<b>Estimated Revenue Expenditure</b>	<b>Estimated Capital Expenditure</b>
<b>£m</b>	<b>£m</b>	<b>£m</b>
8.750	5.750	3.000

- 5.2 The Capital Programme include 2 schemes in relation to the maintenance of the Heat Stations and the maintenance of the infrastructure (i.e. pipes). The 2023/24 Capital Programme has a cumulative budget of **£6.6m** for these schemes which is funded by Capital Receipts, this is more than sufficient for the above estimated expenditure. Spend beyond March 2024 is contained within the Deferred Planned section of the Capital Programme and further capital budget will be re-introduced once funding has been identified.
- 5.3 The estimated revenue expenditure of £3.000m will be incurred over the life of the contracts (between 5 and 7 years' dependent upon the specific contract). An estimated annual revenue contract value for each applicable contract is shown in the table below

<b>Contract Details</b>	<b>Total Estimated Revenue Cost</b>	<b>Estimated Annual Revenue Cost</b>
	<b>£m</b>	<b>£m</b>
Welding Repair and Maintenance	1.250	0.250
Water Treatment	0.200	0.040
Turbine Maintenance	1.500	0.214
District Heating Network Maintenance	0.050	0.10
<b>TOTAL</b>	<b>3.000</b>	<b>0.514</b>

There is an existing approved revenue budget to cover Enviroenergy's service and maintenance costs of £0.999m, which should be sufficient to cover the annual estimated revenue costs for the new contracts covered in this report.

Alison Bennett, Senior Commercial Business Partner and Tom Straw, Senior Accountant (Capital Programmes) - 3 February 2023

## **6. Legal colleague comments**

- 6.1 This report seeks the extension of identified contracts or authority to undertake a tender process for necessary services to support the provision of energy to domestic and commercial customers from the district heating system and authority to incur the associated costs.
- 6.2 The contracts were novated from Enviroenergy Limited to Nottingham City Council as part of the business transfer that took place in 2021. As the contracts were novated, the only change to the contracts on novation was to replace Enviroenergy Limited with Nottingham City Council as a party to the contract; all other terms remained the same, including duration.
- 6.3 For those services where authority is sought to undertake a tender process, as long as that tender process complies with the Public Contract Regulations 2015

and our own constitution, this route to market present no significant legal concerns.

- 6.4 For the services where a contract extension is sought in accordance with provisions of the Council's Contract Procedure Rules, as long as those rules have been applied appropriately, and where relevant in accordance with the Public Contract Regulations 2015, this should present a manageable risk for the Council.
- 6.5 Legal Services will continue to support both the procurement and contract extension process.

Anthony Heath, Senior Solicitor, Contracts and Commercial - 1 February 2023

## **7. Other relevant comments**

### **7.1 Procurement Comments**

- 7.2 The proposal to tender the contracts listed in table one is accepted. Procurement will work with the team to and advise on processes to identify best routes to procure the goods, service and works as well as supporting them to undertake any tenders during 2023/24 in line with Public Contract Regulations 2015. All extensions listed in the exempt appendix are considered to be permitted within Contract Procedure Rules or where relevant Public Contract Regulations 2015.

Steve Oakley, Head of Procurement - 1 February 2023

## **8. Crime and Disorder Implications (If Applicable)**

- 8.1 Not Applicable.

## **9. Social value considerations (If Applicable)**

- 9.1 Procuring best value and best quality for residents and commercial customers of the district heating scheme will ensure that we are able to deliver low-cost heat and power to residents and commercial customers across the City. This will aid in tackling fuel poverty across the City. Securing the essential supply chains identified in the report will ensure we can guarantee the longevity of the heat and power supply to local residents and businesses and also ensure we continue to offer local jobs for local people at the plant and across the network. Maintaining the plant and network to ensure its continued operation is also contributing to the Council's ambition to be Carbon Neutral by 2028.

## **10. Regard to the NHS Constitution (If Applicable)**

- 10.1 Not Applicable.

## **11. Equality Impact Assessment (EIA)**

- 11.1 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.

## **12. Data Protection Impact Assessment (DPIA)**

12.1 A Data Protection Impact Assessment will be completed on the approved commissioning model, and due regard will be given to any implications identified within it.

**13. Carbon Impact Assessment (CIA)**

13.1 A Carbon Impact Assessment will be completed on the approved commissioning model, and due regard will be given to any implications identified within it.

**14. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)**

14.1 None.

**15. Published documents referred to in this report**

15.1 [The Greenhouse Gas Emissions Trading Scheme Order 2020](#)

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