

## Commissioning and Procurement Sub-Committee – 15<sup>th</sup> September 2020

<b>Subject:</b>	Procurement of Personal Protective Equipment		
<b>Corporate Director(s)/ Director(s):</b>	Steve Oakley – Acting Director of Commissioning & Procurement		
<b>Portfolio Holder(s):</b>	Councillor Adele Williams - Portfolio Holder for Adult Care and Local Transport Councillor Sally Longford – Portfolio Holder for Energy, Environment & Democratic Services		
<b>Report author and contact details:</b>	Jo Pettifor, Category Manager – Strategy and People Email: jo.pettifor@nottinghamcitycouncil.co.uk Telephone: 01158765026		
<b>Other colleagues who have provided input:</b>	Paul Ritchie, Category Manager - Products		
<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 £1,000,000 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>Total value of the decision:</b> £20m (estimated maximum Nottingham City Council spend)			
<b>Wards affected:</b> all	<b>Date of consultation with Portfolio Holder(s):</b> Cllr Longford and Cllr Williams – 24 <sup>th</sup> August 2020 Cllr Webster – 26 <sup>th</sup> August 2020		
<b>Relevant Council Plan Key Theme:</b>			
Nottingham People			<input checked="" type="checkbox"/>
Living in Nottingham			<input checked="" type="checkbox"/>
Growing Nottingham			<input type="checkbox"/>
Respect for Nottingham			<input type="checkbox"/>
Serving Nottingham Better			<input type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>			
This report outlines the proposal to procure a framework of suppliers of a range of Personal Protective Equipment (PPE) to the Council in line with UK and EU standards. The framework is intended to provide a stable and cost effective supply to meet the Council's requirements both for routine supplies and for specialist products as and when needs arise. It is proposed that it will be available for use by other local and regional partners for their PPE purchasing needs.			
<b>Exempt information:</b>			
None			
<b>Recommendation(s):</b>			
<b>1</b> To undertake a procurement process to establish a framework for the supply of Personal Protective Equipment, for use by Nottingham City Council (NCC) and a number of named partner organisations.			
<b>2</b> To delegate authority to the Director of Commissioning and Procurement to approve the outcome of the procurement process and for the award of call off contracts under the framework			
<b>3</b> To approve a maximum NCC spend under the framework of £2m per annum for up to 10 years (maximum £20m in total).			

## **1 Reasons for recommendations**

- 1.1 Since the start of the Covid 19 outbreak in March 2020, the Council's need for a range of PPE supplies has increased dramatically. At the same time, the market for these products has become more competitive and it has become apparent that a supply source is needed which reflects this changing context.
- 1.2 It is expected that the Council will have ongoing needs for both routinely used and specialist PPE products beyond the current Covid 19 outbreak, although the nature and scale of the potential need in future years is difficult to project. The proposed framework will provide a compliant mechanism for the ongoing purchase of PPE supplies through an open procurement process in accordance with Council's Financial Regulations and Contract Procedure Rules and EU and UK Procurement regulations.
- 1.3 The proposed framework is intended to provide a stable and cost effective supply of PPE for the Council – enabling specific products to be sourced in the quantities required as and when needs arise. The process will enable the appointment of a number of suitably qualified and skilled suppliers able to supply and deliver PPE in line with EU and UK quality standards.
- 1.4 The framework will be broken down into categories of product types, with approved suppliers listed under each. There is potential for elements such as item specific suppliers and suppliers for both routine and emergency needs. When purchasing needs arise, a mini competition can be undertaken between suppliers listed for each product to secure the best value on each occasion.
- 1.5 It is intended to make the framework available for use by other East Midlands Authorities and potentially to a wider audience. This pooling of purchasing power will increase the economies of scale and should maximise the interest from the market, securing the most competitive offers.
- 1.6 This proposal presents opportunity to generate income through a rebate charged on all expenditure under the framework. This may be as a levy charged at a set percentage rate on all purchases and would be used to cover the Council's costs in managing the framework and associated contracts.
- 1.7 Establishment of a framework offers potential efficiencies through:
  - competition between suppliers for each call off to secure best price for each requirement at the time of purchase
  - Economies of scale through the joint purchasing arrangements with a number of partners – pooled purchasing power
  - A streamlined products list, removing administrative burden and risks of duplication of purchasing and contracting for each separately.
- 1.8 The proposed duration of the framework for up to a maximum of 10 years aims to ensure long term security of these supplies. A Dynamic Purchasing System is being considered which will allow for the inclusion of new suppliers over the duration of the framework.

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

- 2.1 Since March 2020, the Covid 19 outbreak has changed the way PPE is purchased both locally and nationally. The Council has been working with local partners in the Local Resilience Forum during this time to secure supplies of essential PPE to be

available for staff within Council service provision and external care settings. Due to shortages of PPE and high demand at the height of the emergency, it has been necessary to make urgent purchasing decisions to secure local supplies on an emergency basis and ensure stocks do not run out.

- 2.2 The Council continues to be engaged with the Local Resilience Forum in the joint response to Covid 19 locally, and it has been agreed to procure a framework of PPE suppliers for use by local and regional partners. It is proposed that the Council will lead on the procurement of a framework under which named authorities will be able to purchase according to their needs.
- 2.3 The Council recently undertook a procurement process for the supply of Workwear, tools and PPE, however a contract was not awarded for PPE through this process as the Covid 19 outbreak has highlighted a need for certain products that were not included. The Council's requirements are currently being reviewed with a view to establishing a framework with the partner authorities.

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

- 3.1 Do nothing. This was rejected as this does not address the need for an efficient and compliant arrangement for the ongoing purchase of PPE and will not secure the benefits of ensuring supplies are maintained to meet all future needs and to secure best value for money.

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

- 4.1 This reports seeks approval to establish a PPE framework and spend up to a ceiling amount of £2.000m per annum over a 10 year period (total value of report £20.000m)
- 4.2 Approval is sought for the amount identified above however it is not a commitment to spend at this ceiling level at this stage. Expenditure should only be incurred as and when required and kept to a minimal level to meet the service needs.
- 4.3 Budget for pre-covid 19 PPE requirements exists across multiple services in NCC and is contained within the MTFP however covid 19 has significantly increased this requirement to a level above and beyond existing budget provision in 2020/21. It is difficult to quantify what the requirement will be in future years (and over the life of this proposed framework) however a provision for increased PPE expenditure has been factored in to the current on-going Medium Term Financial Strategy (MTFS) exercise. This is subject to approval.
- 4.4 Any spend on this framework should be closely monitored by Procurement and the purchasing service to ensure spend is contained with existing budget provision and that additional financial pressures do not occur. If there is risk of escalating PPE costs above budget provision then mitigation should be sought immediately and the pressure highlighted through the relevant process at the time.
- 4.5 Establishing this PPE framework also presents an opportunity to generate income through a rebate charged on all expenditure under the framework. This income would be used to cover the Council's costs in managing the framework and associated contracts with any residual income contributing to either existing or new MTFP budgeted income targets. The amount of this rebate is unquantifiable at present.

- 4.6 Value for money will be supported by competition between suppliers to secure best price, economies of scale through joint purchasing power, a streamlined product list and via the proposal of a Dynamic Purchasing System (DPS).
- 4.7 VAT will be treated in accordance with the relevant HMRC guidance.

Philip Gretton, Strategic Finance Business Partner, 02/09/2020

## **5 Legal and Procurement colleague comments (including risk management issues, and including legal, Crime and Disorder Act and procurement implications)**

- 5.1 Procurement Colleagues will assist with the tendering exercise to ensure that a fully compliant, value for money agreement is entered into.  
Paul Ritchie, Category Manager – Products. Tel 64194, 27/08/2020.
- 5.2 There are no significant legal issues arising in respect of this decision. The proposal for a longer term contractual arrangement to secure the provision of PPE will offer certainty and resilience for essential supply. In order to establish value for money and encourage competition, long term contracts are not generally encouraged in procurement legislation, however where there is a justified requirement a longer term arrangement should not be problematic. In order to ensure value for money when procuring supplies at such a volatile time consideration will need to be given to the expected market over the longer term and how to retain certainty of supply. The proposal of a Dynamic Purchasing System (DPS) would certainly be a favourable option.
- 5.3 The report also considers the ability to allow other contracting authorities to access and benefit from the procured contract. This is an approach which has been adopted on a number of procurement exercises and does encourage value for money through economies of scale. In managing a contract which may be accessed by others there will need to be consideration as to what process will be put in place and how the cost of contract management will be recovered.

Naomi Vass, Senior Solicitor – Commercial, Employment and Education 28/8/20

## **6 Social value considerations**

- 6.1 In accordance with the Procurement Strategy objectives of promoting social value, full consideration will be given to maximising the economic, social and environmental benefits during the procurement process; where appropriate, relevant requirements will be included in the service specifications. In setting up the proposed framework there is potential to break down categories of supplies into lots, which may incentivise small and local businesses to apply. Small and local manufacturers may be well placed to offer competitive rates for the supply of small quantities of products.

## **7 Regard to the NHS Constitution**

- 7.1 Not applicable

## **8 Equality Impact Assessment (EIA)**

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

No



An EIA is not required because no equality issues arise from this decision. This is a process to procure supplies needed by the Council and partners, and does not involve changes to services or policies.

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

9.1 None

**10 Published documents referred to in this report**

10.1 None