

Commissioning and Procurement Sub-Committee – 14 September 2021

Subject:	Procurement Strategy 2018-23 Year End Report		
Director:	Katy Ball, Director of Commissioning and Procurement		
Portfolio Holder:	Cllr Sam Webster, Portfolio Holder for Finance and Resources		
Report author and contact details:	Jo Pettifor: Category Manager - Strategy and People Tel: 0115 8765026 Email: jo.pettifor@nottinghamcity.gov.uk		
Key Decision	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	Subject to call-in
			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Reasons:	<input type="checkbox"/> Expenditure	<input type="checkbox"/> Income	<input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision
			<input type="checkbox"/> Revenue <input type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards			<input type="checkbox"/> Yes <input type="checkbox"/> No
Total value of the decision: Nil			
Wards affected: All		Date of consultation with Portfolio Holder: 26 August 2021	
Relevant Council Plan Key Theme:			
Nottingham People			<input type="checkbox"/>
Living in Nottingham			<input type="checkbox"/>
Growing Nottingham			<input type="checkbox"/>
Respect for Nottingham			<input type="checkbox"/>
Serving Nottingham Better			<input type="checkbox"/>
Summary of issues (including benefits to citizens/service users):			
<p>The Nottingham City Council Procurement Strategy 2018-2023 (the Strategy) drives the use of the Council's spending power to drive our key strategic objectives of:</p> <ul style="list-style-type: none"> • Citizens at the heart; • Securing economic, social and environmental benefits; • Commercial efficiency. <p>This report presents the outcomes and achievements delivered under the Strategy in its third year 2020-21, (detailed in appendix 1) and over the three years of the Strategy 2018-21 (detailed in appendix 2). During 2020-21 procurement activity delivered:</p> <ul style="list-style-type: none"> • 188 contracts awarded - representing a total value of £221.7m; • £100.7m injected into the local economy – 45.5% of total contract value awarded to City suppliers (of which £80.6m awarded to local SMEs). Over the three years of the Strategy 2018-2021, a total of £632m has been invested in the local economy – an average of 61.6% of total contract value to City suppliers; • 56.1% of the total contract value awarded (£124.4m) retained within Nottinghamshire; 74.8% awarded within the East Midlands area overall (£165.8m); • 174 environmental measures and benefits secured through contracts awarded; • 23 new entry level jobs and apprenticeships created; • Cashable savings of £0.42m per annum – representing 8.53% of the total contract value awarded (recurring contracts only); • Income generation of £193k from procurement and contracting activities (external income); • 10 contracts awarded subject to the 1% levy rebate. Actual levy income is dependent on expenditure incurred during the lifetime of contracts and based on expenditure on relevant contracts during 2020-21, the income generated for employment/skills activity was £160,000. 			

Exempt information: None
Recommendations:
1 To note the outcomes delivered under the Nottingham City Council Procurement Strategy 2018-23 in its third year (2020-21), as detailed in appendix 1.
2 To note the outcomes delivered during the three years of the Procurement Strategy 2018-21, as detailed at appendix 2.
3 To note that an update of the Nottingham City Council Procurement Plan 2020–25 is reported to Committee annually at the start of each financial year.

1 Reasons for recommendations

- 1.1 The Procurement Strategy 2018-23 provides a robust framework for the procurement of all goods, works and services to drive the delivery of the Council’s strategic priorities within a challenging financial context. It sets out how procurement will use the Council’s spending power to pursue our key objectives of citizens at the heart; securing economic, social and environmental benefits; and commercial efficiency.

Delivery of the Council’s strategic priorities depends on the strategic and efficient use of our purchasing power, and the Strategy promotes a commercial approach to support the Council in addressing significant financial challenges now and in the longer term.

- 1.2 The Strategy drives the delivery of social value for the City by addressing economic, social and environmental considerations at all stages of the procurement cycle, through the framework of the Public Services (Social Value) Act 2012. It sets out the key actions to be taken to maximise the economic, social and environmental benefits to be secured through all our purchasing activity.

- 1.3 Implementation of the Strategy during 2020-21 has continued the focus on the core principles of:

- Commercial efficiency – a commercial approach and securing best value for money;
- Citizens at the heart – providing services that are right for all citizens and customers;
- Partnerships and collaboration – maximising opportunities for joint working;
- Governance, fairness and transparency – to ensure a level playing field and legal compliance;
- Ethical standards – promoting the well-being and protection of work forces throughout the supply chain;
- Innovation and improvement – developing our processes and working innovatively to secure improved outcomes.

2 Background (including outcomes of consultation)

- 2.1 The development of the Procurement Strategy provided an opportunity to take stock of the strategic context for procurement with reference to national and local policies and strategic drivers. A primary purpose of the Strategy is to inform the supplier market of the Council’s key strategic objectives and the proposed procurement approach to deliver them. This aims to enable all potential suppliers (particularly local

businesses, SMEs, SEs and the voluntary and community sector) to access contract opportunities.

- 2.2 The Strategy has continued to support a modern, effective and efficient procurement service delivering best value and quality services for citizens, supporting innovation and stimulating growth in the City. It enables the aims of the Social Value (Public Services) Act 2012 to be followed whilst ensuring that competition, transparency and equal treatment are maintained.
- 2.3 A Procurement Information Management System is used to monitor and report on the outcomes of procurement activity undertaken, in particular progress against the key economic, social and environmental objectives of the Strategy.
- 2.4 The delivery of procurement activity was impacted significantly during the year 2020/21 by the COVID-19 pandemic, with some areas particularly affected. In April 2020, a review was undertaken of planned procurement activity to determine whether planned tenders should proceed in the light of the pandemic. It was decided to pause some non-essential procurement activity to enable resources to be focussed on the Council's key priorities such as supporting social care delivery.

Additionally, it was identified that due to the disruption to supplier markets, providers may have difficulty participating in formal tenders, and there was likely to be a negative impact on pricing or the viability of any tenders received. For those projects that were paused, the Procurement Team continued to work with client Departments to consider the longer term sourcing options and agree plans to secure continued delivery through a compliant arrangement as soon as possible. Procurement activity resumed as appropriate during the latter part of 2020/21, based on consideration of the circumstances and risks in each case.

- 2.5 During 2020-21, 45.5% of total contract value awarded to City suppliers, representing £100.7m investment in the local economy. The figures for this year were impacted by a small number of high value awards (such as the purchase of specific vehicles) for which there is no local market. The rolling average of local spend under the Procurement Strategy for the 3 years from April 2018 remains on target at 61.6%, representing a total value of £632m. In 2020-21, 56.1% of the total contract value awarded (£124.4m) was retained within Nottinghamshire, and 74.8% was awarded within the East Midlands area overall (£165.8m)
- 2.6 Procurement has continued to provide sustainable funding for the Nottingham Jobs Employment Service through the 1% levy rebate mechanism applied to eligible contracts. During 2020-21, 10 contracts were awarded subject to the levy, from which actual levy income will be dependent on expenditure over the lifetime of the contracts. Based on expenditure on contracts subject to the levy in this year, £160,000 was generated to fund employment and skills activity. Levy income has supported the Nottingham Jobs 'Nottingham Works for You' initiative, which offers dedicated employment support for 16 to 24-year-old citizens facing barriers to work.
- 2.7 Procurement continues to drive commercial and income generation initiatives; the projected total income generated for the Council through sold procurement and contracting activity during 2020-21 is £193,150.

3 Other options considered in making recommendations

- 3.1 None - progress against the Strategy is reported on a yearly basis.

4 Finance colleague comments

- 4.1 The financial implications of procurement activity included in this report have been aligned to the Medium Term Financial Plan as part of the decision making process for each project.
- 4.2 Each procurement process incorporated financial modelling and recommendations at the appropriate time ensuring value for money for the organisation and alignment to financial strategies. This will be replicated over the future years of the Procurement Strategy.

Philip Gretton - Strategic Finance Business Partner, 11/06/2021

5 Legal and Procurement colleague comments

- 5.1 The recommendations in this report are notes of action taken and do not raise significant legal issues.

Naomi Vass – Senior Solicitor, 11 June 2021

6 Social value considerations

- 6.1 The Nottingham City Council Procurement Strategy 2018-2023 drives the delivery of social value for the City by outlining how we will address economic, social and environmental considerations at all stages of the procurement cycle, through the framework of the Public Services (Social Value) Act 2012. It sets out how procurement will deliver the Council's key priorities of supporting the local economy, delivering social and community benefits, and environmental sustainability. The strategic objectives for procurement are set out under the key economic, social and environmental themes, with actions to maximise social value benefits through all our purchasing activity.
- 6.2 During the third year of the Strategy (2020-21), a total of £100.7m has been injected into the local economy through procurement - representing 45.5% of the total value of contracts awarded to City based suppliers. Of this, £80.6m was awarded to local SMEs. The rolling average of local spend under the Strategy for the 3 years from April 2018 is on target at 61.6%, and a total value of £632m.
- 6.3 The Strategy continues to support the implementation of the Council's Business Charter through the inclusion within eligible contracts of relevant contract specific requirements and targets based on the principles of the Charter.
- 6.4 The Strategy has supported the creation of new entry-level jobs and apprenticeship opportunities for citizens. In 2020-21, 23 full time employment opportunities have been secured through contracts awarded. Suppliers have been engaged with the Nottingham Jobs Service and other local employment and training initiatives through the inclusion of the Business Charter in contracts on a mandatory or voluntary basis; this has maximised opportunities for disadvantaged local residents. During 2020-21, the Nottingham Jobs social care recruitment campaign has continued to be successful, with 80 employees taken on by internal NCC care provision and 92 by external care providers.

6.5 In accordance with the Strategy aim of minimising the negative environmental impact of our procurement, environmental requirements have been included in contracts as appropriate to secure environmental benefits. In 2020-21 a total of 174 specific environmental measures and benefits have been secured, relating to: air quality and climate change (79 measures); resource efficiency, waste reduction and recycling (87 measures); biodiversity, nature conservation and greening (8 measures). Examples of contracts with environmental measures are:

- Loxley House Replacement Chiller Unit:

Sustainability goals are tracked and monitored, including reduction of greenhouse gases, water consumption and waste. The successful supplier offered a more energy efficient solution, including:

- energy savings reducing funding pay back from 8 years to 2.75 years. Saving 787,896 kWh/year – a 43% reduction
- Operating on high efficiency refrigerant
- Exceeding new energy efficiency legislation

- Building Services repairs and maintenance suite of contracts:

Environmental questions were included in all tenders, with appointed contractors mitigating the environmental impact of regular travel to undertake works with low carbon fleets & effective route planning.

- Dinosaur Exhibition Fabrication tender

- Suppliers in the supply chain for materials utilise wood registered through FSC (Forestry Stewardship Council). Waste timber is recycled
- All sub-contractors are vetted to have environmental policies in place
- Where possible, reusable materials other than plastic used for wrapping goods and transportation and where plastic is used, this will be preserved for future use

6.6 During 2020/21 a mechanism was implemented to establish a baseline figure of the number of commissioned providers paying the Real Living Wage (RLW). Procurement documents were amended to ask bidders whether they pay the Real Living Wage, and for each contract awarded, this information was recorded. Of those contracts awarded during 2020/21 where the Real Living Wage status of suppliers is known, a total of 66 out of 82 (80.5%) were awarded to suppliers declaring themselves to be RLW providers.

6.7 A Procurement Information Management System is maintained to record the outcomes of procurement activity undertaken, in particular progress against the key economic, social and environmental objectives of the Procurement Strategy.

7 Regard to the NHS Constitution

7.1 This is considered where appropriate for relevant service areas.

8 Equality Impact Assessment (EIA)

8.1 An EIA is not required because the report does not contain proposals for new or changing policies, services or functions.

9 List of background papers relied upon in writing this report

9.1 None.

10 Published documents referred to in this report

10.1 Nottingham City Council Procurement Strategy 2018-23.

10.2 The Public Services (Social Value) Act 2012.

10.3 The UK Public Contracts Regulations 2015, the Concessions Contracts Regulations 2016 and Utilities Contracts Regulations 2016.