

## Commissioning and Procurement Executive Committee – 14 June 2022

<b>Subject:</b>	Procurement Strategy 2018-23 Year End Report		
<b>Director:</b>	Katy Ball, Director of Commissioning and Procurement		
<b>Portfolio Holder:</b>	Cllr Adele Williams – Finance		
<b>Report author and contact details:</b>	Jo Pettifor, Category Manager, Strategy & People 0115 8765026 <a href="mailto:Jo.pettifor@nottinghamcity.gov.uk">Jo.pettifor@nottinghamcity.gov.uk</a>		
<b>Other colleagues who have provided input:</b>			
<b>Key Decision</b>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<b>Subject to call-in</b>
			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Reasons:</b>	<input 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 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 type="checkbox"/> No
<b>Type of expenditure:</b>	<input type="checkbox"/> Revenue <input type="checkbox"/> Capital		
<b>Total value of the decision:</b> Nil			
<b>Wards affected:</b> All			
<b>Date of consultation with Portfolio Holder:</b>			
<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"/>
Child-Friendly Nottingham			<input checked="" 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 checked="" type="checkbox"/>
Serving People Well			<input checked="" type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>			
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:			
<ul style="list-style-type: none"> <li>• Citizens at the heart;</li> <li>• Securing economic, social and environmental benefits;</li> <li>• Commercial efficiency.</li> </ul>			
This report presents the outcomes and achievements delivered under the Strategy in its fourth year 2021-22, (detailed in appendix 1) and over the four years of the Strategy 2018-21 (detailed in appendix 2). During 2021-22, procurement activity delivered:			
<ul style="list-style-type: none"> <li>• 367 contracts awarded - representing a total value of £128.8m;</li> <li>• £68.29m invested in the local economy – 53% of total contract value awarded to City suppliers, of which £27.8m was awarded to local SMEs. Over the four years of the Strategy 2018-2022, a total of £1.16bn has been invested in the local economy – an average of 60.51% of total contract value awarded to City suppliers;</li> <li>• 54.55% of the total contract value awarded (£70.29m) retained within Nottinghamshire; 74.52% within the East Midlands area overall (£96.02m);</li> </ul>			

- 105 environmental measures and benefits secured through contracts awarded;
- 35 new entry level jobs and apprenticeships created;
- Cashable savings of £0.515m per annum on recurring contracts – representing 10.74% of total contract value (recurring contracts only);
- Anticipated income generation of £1.375m from concession contracts awarded and approximately £0.205m external income raised from procurement and contracting activities;
- 70 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 2022-23, the income generated for employment and skills activity was £90,000.

**Exempt information:** None.

**Recommendations:**

- 1** To note the outcomes delivered under the Nottingham City Council Procurement Strategy 2018-23 in its fourth year (2021-22), as detailed in appendix 1.
- 2** To note the outcomes delivered during the four years of the Procurement Strategy 2018-22, as detailed at appendix 2.
- 3** To note that the Nottingham City Council Procurement Plan is to be refreshed during 2022-23 as part of the procurement transformation programme, and the updated Plan will be reported to a future meeting of this Committee once complete.

**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 efficient, strategic 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 2021-22 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 great 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 outbreak, with some areas particularly affected. In April 2020, it was decided to pause some non-essential procurement activity to enable resources to be focussed on the Council's key priorities, and to avoid a negative impact on tenders due to the disruption caused by the pandemic to supplier markets. The Procurement Team continued to work with client Departments to consider and plan the longer term sourcing options. Procurement activity resumed during the latter part of 2020/21, and procurement activity to complete delayed projects has continued at pace during 2021-22.
- 2.5 During 2021-22, 53% of total contract value awarded to City suppliers, representing £68.29m investment in the local economy. The figures for this year were impacted by a small number of high value awards such as for highway maintenance frameworks, in which not all contracted suppliers were locally based. The spend on framework contracts is projected at the time of award and is not actual spend, therefore the actual spend on local suppliers on the frameworks may vary during the life of the contract. The rolling average of local spend under the Procurement Strategy for the 4 years from April 2018 remains on target at 60.51%, representing a total value of £1.16bn. In 2021-22, 54.55% of the total contract value awarded (£70.29m) was retained within Nottinghamshire, and 74.52% was awarded within the East Midlands area overall (£96.02m).
- 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 2021-22, 70 contracts were awarded subject to the levy, from which actual income will be dependent on expenditure over the lifetime of the contracts. Based on expenditure on contracts subject to the levy in this year, £90,000 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 16-24 year old citizens facing barriers to work.

- 2.7 Procurement continues to drive commercial and income generation initiatives; the total external income generated for the Council through sold procurement and contracting activity during 2021 is £0.205m. Additionally, a total of £1.375m is anticipated to be generated from concession contracts awarded during the year, over the lifetime of these contracts.
- 2.8 Implementation of the new Oracle Fusion finance module in April 2021 impacted upon procurement activity during this year, with the new 'Contract Purchase Agreements' functionality managed within the Procurement Team. Contract Purchase Agreements provide greater oversight and control of spend, enable the team to identify non-compliant purchasing and for compliance actions and procurement to be undertaken. During 2021-22, the insight this has provided resulted in a significant increase in procurement activity; new tenders are progressing or recorded on the procurement forward plan.
- 2.9 The introduction of the Council's new Constitution during 2021-22 has also impacted on procurement, with support and advice being provided for colleagues on the procedural requirements of the Contract Procedure Rules at Article 18.

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

- 3.1 None.

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

- 4.1 This report presents for information the outcomes of procurement activity during 2022-23 and therefore there are no risks arising. In relation to individual procurement projects, risks are considered on a project specific basis at the appropriate time, as part of options appraisals and decisions taken.

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

- 5.1 Recommendations 1 & 2 do not raise any financial issues as they deal with retrospective procurement outcomes.
- 5.2 Recommendation 3 regarding the refreshed 22/23 financial implications of procurement activity will need to align to the Medium Term Financial Plan as part of the decision-making process for each project.
- 5.3 Each procurement decision-making process should incorporate financial modelling and recommendations at the appropriate time ensuring value for money for the organisation and alignment to financial strategies. This should continue to be replicated over the future years of the Procurement Strategy.

Tania Clayton Pérez – Senior Commercial Business Partner, 3 May 22

### 6. **Legal colleague comments**

- 6.1 The recommendations in this report are notes of action taken and do not raise significant legal issues. The Council is under a statutory duty to ensure that it secures Best Value in the procuring of goods, services and works together with compliance with procurement legislation. The Procurement Strategy provides a clear framework under which the procurement of goods, services

and works can operate to ensure compliance with such legislative requirements.

Naomi Vass – Team Leader, Contracts and Commercial 10 May 2022

## 7. **Other relevant comments**

7.1 None.

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

8.1 None.

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

9.1 The Nottingham City Council Procurement Strategy 2018-2023 drives 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 strategic objectives of supporting the local economy, delivering social and community benefits, and environmental sustainability. Under the three key themes of 'economic', 'social' and 'environmental' objectives are a number of actions to maximise social value benefits through all our purchasing activity.

9.2 During the fourth year of the Strategy (2021-22), a total of £68.3m has been injected into the local economy through procurement - representing 53% of the total value of contracts awarded to City based suppliers. Of this, £27.8m was awarded to local SMEs. The rolling average of local spend under the Strategy for the 4 years from April 2018 is on target at 60.51%, with a total value of £1.16bn.

9.3 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.

9.4 The Strategy has supported the creation of new entry-level jobs and apprenticeship opportunities for citizens. In 2021-22, 35 full time employment opportunities have been secured through contracts awarded, comprising 18 apprenticeships and 17 jobs. 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 2021-22, the Nottingham Jobs social care recruitment campaign has continued to be successful, with 88 employees taken on by internal NCC care provision to fill 48.5 full time equivalent permanent, fixed and casual roles.

9.5 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 2021-22 a total of 105 specific environmental measures and benefits have been secured, relating to: air quality and climate change (39 measures); resource efficiency, waste reduction and recycling (57 measures); biodiversity, nature conservation and greening (9 measures). Environmental requirements are included in contracts as relevant to the contract in question, therefore the potential for benefits will vary dependent on the nature of the contracts procured in a period. Examples of contract awards with environmental measures are:

### 9.5.1 Loxley House printers

Following the award of this contract to a new supplier, the existing old printers will be collected by the manufacturer and where possible will be refurbished. The incoming provider detailed a number of measures for an environmentally sustainable outcome; including the following machine specific measures:

- During the Proof of Concept phase discussing with the Council any optional settings (such as power-off timers and security settings) for consideration, for example balancing the green savings made by an aggressive power off timer and the effect on staff productivity in the brief wait for device ready;
- Company policy to deliver all devices with energy saving processes maximised, and duplex and mono print as the default. They offer the ability to lock this down, adjust remotely and template a standard setting to all devices.

### 9.5.2 Design and Print tender

The selected supplier uses a new pvc-free banner material, which is 100% clean, lightweight and boasts superior environmental credentials. It has the tensile strength and physical appearance of traditional PVC banner and with approved certification. They will be able to propose a replacement product for railing banner sites, which will help prevent some PVC banners ending up in landfill.

### 9.5.3 Adult Social Care providers (Residential Care and Homecare)

Accredited providers of residential and nursing care and homecare services outlined measures taken in their service delivery including:

- Waste reduction and recycling;
- reducing single use plastic;
- Sourcing produce and supplies locally to reduce travel and carbon emissions;
- Cycle and car share schemes;
- Water saving measures;
- More 'green' energy measures e.g. more efficient heating systems;
- Solar panels.

9.6 During 202-22, the Procurement Team has worked with the Carbon Neutral Policy team with the aims to incorporate 'Carbon Neutral 2028' (CN28) into a new Procurement Strategy from 2024, and to develop procedures to support the Carbon Neutral Plan. Potential measures include: wherever possible, assessing future tenders from a carbon impact / environmental perspective; suppliers reporting on their emissions (as relevant to specific projects); considering the cost of carbon emissions and whole life costs in value for money assessments; where applicable requesting no single use plastics, or alternatives such as collection and reuse; and guidance for purchasers on incorporating CN2028 into specifications.

9.7 In support of the Strategic Council Plan 2021-23 outcome of 'Serving People Well', a mechanism has been established in the procurement process to record the number of commissioned providers paying the Real Living Wage (RLW). Tender documents ask whether bidders pay the Real Living Wage, and this information is recorded for all contracts awarded. Of those contracts awarded during 2021-22 where the Real Living Wage status of suppliers is known, a total of 126 out of 242 (52%) were awarded to suppliers declaring themselves to be RLW providers.

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

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

10.5 This is considered where appropriate for relevant service areas.

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

11.5 An EIA is not required because this report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions about implementation of policies developed outside the Council.

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

12.5 A DPIA is not required because this report does not contain any proposals relating to personal data, or that make any changes to processes that impact on personal data.

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

13.5 A CIA is not required because this report does not contain any proposals to develop or change any policy, project, service, function, or strategy that could have any carbon impact.

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

13.6 None.

## 14 **Published documents referred to in this report**

14.1 Nottingham City Council Procurement Strategy 2018-23;

14.2 The Public Services (Social Value) Act 2012;

14.3 Nottingham City Council Strategic Council Plan 2021-23: Safe, Clean Ambitious and Proud.