

Commissioning and Procurement Executive Committee – 11 July 2023

Subject:	Procurement Strategy 2018-23 Year End Report		
Corporate Director:	Ross Brown – Finance and Resources		
Portfolio Holders:	Councillor Audra Wynter - Finance and Human Resources		
Report author and contact details:	Jo Pettifor – Category Manager Jo.pettifor@nottinghamcity.gov.uk Tel 0115 876 5026		
Other colleagues who have provided input:	Tania Clayton Pérez, Senior Commercial Business Partner Anthony Heath, Senior Solicitor, Contracts and Commercial		
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 £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
Type of expenditure:	<input type="checkbox"/> Revenue <input type="checkbox"/> Capital		
Total value of the decision: Nil			
Wards affected: All			
Date of consultation with Portfolio Holder:			
Relevant Council Plan Key Outcome:			
Green, 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"/>
Living Well in our Communities			<input checked="" type="checkbox"/>
Keeping Nottingham Moving			<input checked="" type="checkbox"/>
Improve the City Centre			<input type="checkbox"/>
Better Housing			<input checked="" type="checkbox"/>
Serving People Well			<input checked="" 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: Citizens at the heart; Securing economic, social and environmental benefits and Commercial efficiency.</p> <p>This report presents the outcomes and achievements delivered under the Strategy in its fifth year 2022-23, (as detailed in Appendix 1) and over the five years of the Strategy 2018-23 (as detailed in Appendix 2). During 2022-23, procurement activity delivered:</p> <ul style="list-style-type: none"> • 307 contracts awarded - representing a total value of £266.4m • £104.4m invested in the local economy – 39.19% of total contract value awarded to City suppliers, of which £33.9m was awarded to local SMEs. Over the five years of the Strategy 2018-2023, a total of £804m has been invested in the local economy – an average of 56.52% of total contract value awarded to City suppliers • 42.72% of the total contract value awarded (total £113.8m) retained within Nottinghamshire; 57.32% within the East Midlands area overall (£152.7m) • 73 environmental measures and benefits secured through contracts awarded • 63 new entry level jobs and apprenticeships created (47 jobs and 16 apprenticeships) • Cashable savings of £0.41m per annum on recurring contracts – representing 1.62% of total 			

<p>contract value (recurring contracts only)</p> <ul style="list-style-type: none"> • Projected income generation of £2.729m from concession contracts awarded and £0.190m external income raised from sold procurement services • 74 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, £80k was income generated for employment and skills activity.
Exempt information: None
Recommendations:
1 To note the outcomes delivered under the Nottingham City Council Procurement Strategy 2018-23 in its fifth year (2023), as detailed in Appendix 1.
2 To note the outcomes delivered during the five years of the Procurement Strategy 2018-23, as detailed at Appendix 2.
3 To note that the Nottingham City Council Procurement Plan has been refreshed during 2022-23 as part of the procurement transformation programme. The new format of Procurement Pipeline report is reported routinely under the new operating model for procurement in the Commercial, Procurement and Contract Management Division.

1. Reasons for recommendations

- 1.1 The Procurement Strategy 2018-23 provides a framework for the procurement of all goods, works and services to support 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. Delivering the Council's strategic priorities requires 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 key actions to be taken to maximise the economic, social and environmental benefits secured through all our purchasing activity.
- 1.3 Delivery under the Strategy in 2022-23 continued under the core principles of:
 - Commercial efficiency;
 - Citizens at the heart;
 - Partnerships and collaboration;
 - Governance, fairness and transparency;
 - Ethical standards;
 - Innovation and improvement.

2. Background (including outcomes of consultation)

- 2.1 The Procurement Strategy 2018-23 was developed with reference to the strategic context for procurement, including both national and local policies and drivers. A primary purpose 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 seeks 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 social value to be maximised 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 new 'Contract Purchase Agreement' (CPA) functionality introduced with the Oracle Fusion finance module in April 2021 has impacted upon procurement and compliance activity in the subsequent period. CPAs provide greater oversight and control of spend, enabling the team to identify non-compliant purchasing and procurement and compliance actions to be taken. During 2022-23, this has driven a significant increase in procurement activity; many new tenders have progressed or are scheduled on the procurement forward plan.
- 2.5 During 2022-23 a programme of procurement transformation has progressed as part of the council wide change and transformation programme required by the Improvement and Assurance Board (IAB). In line with IAB instructions, the following have been implemented:
 - Commercial Oversight Board (COB) meetings being held monthly;
 - Recruitment to a new structure for the Commercial, Procurement and Contract Management (C, P&CM) service;
 - C, P&CM management handbook published setting out tasks, roles and responsibilities relating to procurement;
 - Procurement Fundamentals and Contract Management Fundamentals eLearning for colleagues launched;
 - Progress towards a new model of procurement, including colleague self-service for low value requirements, and new information tools and templates.
- 2.6 During 2022-23, 39.19% of total contract value was awarded to City suppliers, representing £104.4m investment in the local economy. The percentage of local spend depends upon which contracts have been procured in the relevant period and will therefore vary between years. Additionally, reported spend for framework contracts is not actual spend incurred but projected at the time of award, so actual spend with local suppliers can vary during the life of the framework. The figures for 22-23 were impacted by a number of high value awards which were not solely to City suppliers.

One such award was a £30m framework for temporary agency staffing, under which only £3m spend is anticipated to be local. A further 6 of the highest value contracts awarded (amounting to total spend of £38.18m) were to non-local suppliers. These contracts included; insurance and consultancy services, electrical equipment, a food supplies framework and vehicle supplies. In some cases, the supplier market is specialist and not local; in others the only route to meet the specific requirements was through call off from a particular framework on which local suppliers were not available. However it is known that some providers registered with a national head office have local operating bases for delivery, and in the case of the food supply framework, 50% of spend is expected to be within the Nottinghamshire area. The

rolling average of local spend under the Strategy for the 5 years from April 2018 is 56.52%, representing a total value of £804m.

- 2.7 In 2022-23, 42.72% of the total contract value awarded (£113.8m) was retained within Nottinghamshire, and 57.32% was awarded within the East Midlands area overall (£152.7m).
- 2.8 Procurement has continued to provide sustainable funding for the Nottingham Jobs Employment Service through the 1% levy rebate mechanism applied to eligible contracts. During 2022-23, 80 contracts were awarded subject to the levy, from which actual income will depend on expenditure over the lifetime of the contracts. Based on expenditure on contracts subject to the levy in this year, £80,000 was generated to fund employment and skills activity.
- 2.9 Procurement continues to drive commercial and income generation initiatives; a total of £2.729m is anticipated to be generated from concession contracts awarded during the year, over the lifetime of these contracts. Additionally, a total of £0.190m external income was generated through sold procurement activity during 2022-23.

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

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

4. **Consideration of Risk**

- 4.1 This report presents the outcomes of procurement activity during 2022-23 for information 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. **Best Value Considerations**

- 5.1 A primary purpose of the procurement process is to ensure best value is secured in terms of the optimum combination of quality and cost for each requirement. Therefore, procurement plays a fundamental role in supporting the Council to meet its Best Value duties and ensure value for money is secured. The Strategy sets out the aim to secure best value by procuring the best possible services on the best terms, driving efficiencies to deliver cashable and non-cashable benefits. The new Operating Model for procurement is a key part of the Council's transformation programme, driving commercial decision making and supporting the Council to deliver its best value duty.
- 5.2 The decision making process for each procurement project includes financial modelling and options appraisal to ensure best value for money for the organisation and alignment to financial strategies. The procurement team provides advice and guidance to purchasing departments on the options to secure best value in each case, for example through using corporate contracts or suitable frameworks, and opportunities for collaboration.

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

- 6.1 Recommendations 1 & 2 do not raise any ongoing financial issues as they capture retrospective procurement outcomes.

- 6.2 Recommendation 3 to note the refreshed 2022/23 Procurement Plan and the new procurement operating model designated Commercial, Procurement and Contract Management Division from 2023/24+.
- 6.3 Delivery of the Procurement Strategy in 2023/24+ should incorporate financial modelling, options appraisal and recommendations at the appropriate time ensuring Best Value for the Council, including capturing cashable procurement savings linking into the Council Transformation programme.

Tania Clayton Pérez, Senior Commercial Business Partner - June 2023

7. **Legal colleague comments**

- 7.1 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.

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

8. **Other relevant comments**

- 8.1 None.

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

- 9.1 None.

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

- 10.1 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 under its key economic, social and environmental themes of how procurement will deliver the objectives of supporting the local economy, delivering social and community benefits, and environmental sustainability through all purchasing activity.
- 10.2 In the fifth year of the Strategy (2022-23), a total of £101.4m has been injected into the local economy through procurement - representing 39.19% of the total value of contracts awarded to City based suppliers. Of this, £33.9m was awarded to local SMEs. The rolling average of local spend under the Strategy for the 5 years from April 2018 is 56.52%, with a total value of £804m.
- 10.3 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.
- 10.4 The Strategy has supported the creation of new entry-level jobs and apprenticeship opportunities for local citizens. In 2022-23, 47 full time equivalent jobs and 16 full time equivalent apprenticeships 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.

10.5 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 2022-23 a total of 73 specific environmental measures and benefits have been secured, relating to: air quality and climate change (37 measures); resource efficiency, waste reduction and recycling (31 measures); biodiversity, nature conservation and greening (5 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 contracts awarded with environmental measures are:

Framework of homelessness services:

- Reducing long-term costs of accommodation services by using sustainable materials and green technology;
- New-build and converted properties purpose-designed with service user involvement;
- Supporting and engaging with local communities;
- Supporting over 150 volunteers, with access to all training programmes

Pharmacy Supplies:

- Carbon neutral delivery via courier;
- Reusing packaging by recycling boxes to deliver goods.

Substance use treatment services:

- Care Plans include environmental issues eg heating efficiency, waste disposal/recycling;
- Staff working in the community given tram and bus passes to encourage sustainable transport;
- Sustainability in the workplace measures: Sustainability Strategy with targets; 'Agile Working'; electric car charging points; reducing office spaces and travel; encouraging use of public transport and cycling;
- Support for staff and service users on energy efficiency (e.g. recycling, re-using, minimising food waste, and energy saving);
- Access to the 'Nature in Mind' scheme for staff and service users.

Substance use treatment service for young people:

- An organisational Carbon Reduction Plan with targets of 50% emissions reduction by 2030 and Net Zero by 2040;
- Promoting carbon reduction to staff and service users via posters; policies and procedures and staff E learning;
- Eliminating unnecessary paperwork; paperless case management;
- Smart metering/installing LED lighting; energy efficient appliances;
- Eliminating unnecessary waste, adhering to the 'reduce, reuse, recycle' hierarchy, e.g. recycled paper as standard; plastic products replaced;
- Minimum value order purchasing to reduce deliveries;
- Managed buildings powered by green energy;
- Supporting local biodiversity through creating new green spaces.

- 10.6 During 2022-23, the Procurement Team has continued to work with the Carbon Neutral Policy team with the aim to embed 'Carbon Neutral 2028' (CN28) into a refreshed Procurement Strategy from 2024 and develop procedures to support this.
- 10.7 In support of the Council Plan outcome of 'Serving People Well', a mechanism is built into 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 contracts awarded. Of those contracts awarded during 2022-23 where the RLW status of suppliers is recorded, a total of 125 out of 230 (54.35 %) were awarded to suppliers declaring themselves to be RLW providers.
- 10.8 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.

11 Regard to the NHS Constitution (If Applicable)

- 11.1 This is considered where appropriate for relevant service areas.

12 Equality Impact Assessment (EIA)

- 12.1 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.

13 Data Protection Impact Assessment (DPIA)

- 13.1 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.

14 Carbon Impact Assessment (CIA)

- 14.1 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.

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 Nottingham City Council Procurement Strategy 2018-23
16.2 The Public Services (Social Value) Act 2012
16.3 Nottingham City Council Strategic Council Plan 2021-23