

COMMISSIONING AND PROCUREMENT SUB-COMMITTEE – 12/06/18

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| Subject: | PROCUREMENT STRATEGY 2014-17 OUTCOMES REPORT | | |
| Corporate Director(s)/ Director(s): | Candida Brudenell, Corporate Director Strategy and Resources Steve Oakley, Head of Contracting and Procurement | | |
| Portfolio Holder(s): | Councillor Graham Chapman - Portfolio Holder for Finance, Resources and Commercial Services | | |
| 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 in the City | | | <input type="checkbox"/> Yes |
| | | | <input type="checkbox"/> No |
| Total value of the decision: £0 | | | |
| Wards affected: | Date of consultation with Portfolio Holder(s): Councillor Graham Chapman: 21.05.18 | | |
| Relevant Council Plan Key Theme: | | | |
| Strategic Regeneration and Development | | | <input checked="" type="checkbox"/> |
| Schools | | | <input checked="" type="checkbox"/> |
| Planning and Housing | | | <input type="checkbox"/> |
| Community Services | | | <input checked="" type="checkbox"/> |
| Energy, Sustainability and Customer | | | <input checked="" type="checkbox"/> |
| Jobs, Growth and Transport | | | <input checked="" type="checkbox"/> |
| Adults, Health and Community Sector | | | <input checked="" type="checkbox"/> |
| Children, Early Intervention and Early Years | | | <input checked="" type="checkbox"/> |
| Leisure and Culture | | | <input checked="" type="checkbox"/> |
| Resources and Neighbourhood Regeneration | | | <input checked="" type="checkbox"/> |
| Summary of issues (including benefits to citizens/service users): | | | |
| <p>The Nottingham City Council Procurement Strategy 2014-17 (the Strategy) has delivered strong achievements through being citizen focused, maximising savings and delivering economic, social and environmental benefits. This report presents the outcomes delivered under the Strategy in its final year 2017/18 (detailed at Appendix 1) and the overall achievements and outcomes delivered under the Strategy for the four years 2014 to 2018 (Appendix 2).</p> <p>In the final year of the Strategy (2017/18), procurement activity has delivered:</p> <ul style="list-style-type: none"> • 313 contracts awarded; total value £482.1m • £299.7m injected into the local economy – 61% of total contract value awarded to City suppliers (of which £53.6 awarded to local SMEs) • 835 new entry level jobs and 134 apprenticeships created • Cashable savings of £4.3m per annum (<i>recurring contracts only</i>) <p>Overall through the Strategy from 2014-2017, procurement has delivered:</p> <ul style="list-style-type: none"> • A total of 880 contracts awarded; total value £906.2m • £593.7m invested in the local economy – 65% of total contract value to City suppliers • 73% of total contract value retained within the East Midlands area • 1219 new entry level jobs and 157 apprenticeships created • Cashable savings of £14.6m per annum (<i>recurring contracts only</i>) • 47 contracts awarded subject to 1% levy; representing potential income of £921k • Income generation from sold procurement services of £88,642 (<i>over full life of contracts</i>) | | | |

Exempt information:

None

Recommendation(s):

- 1 To note the achievements delivered under the Nottingham City Council Procurement Strategy 2014-17 in its final year (2017/18) as detailed in Appendix 1
- 2 To note the overall outcomes delivered through procurement during the four years of the Nottingham City Council Procurement Strategy 2014-17, as detailed in Appendix 2

1 REASONS FOR RECOMMENDATIONS

1.1 The Nottingham City Council Procurement Strategy 2014-17 provided a robust model and principles for the delivery of the Council's strategic priorities within the available financial envelope. Effective implementation of the Strategy has enabled a focus on:

- maximising procurement capability and improving procurement processes in terms of efficiency and effectiveness in delivering priority outcomes;
- balancing the use of spending power impact to support growth
- and secure more jobs and apprenticeships for unemployed people, in compliance with EU and UK procurement regulations.
- ensuring the delivery of social and environmental benefits for the City, in accordance with the Public Services (Social Value) Act 2012
- developing strategic, collaborative and commercial relationships with suppliers and key partners.

1.2 The Strategy has been a key driver in the delivery of the Council's key strategic priorities, in particular:

- Support the local economy (linking with the Nottingham Growth Plan)
- Drive increased job opportunities for unemployed people
- Deliver effective value for money for our citizens
- Lead as an Early Intervention City
- Lead as a Green City

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

2.1 The Nottingham City Council Procurement Strategy 2014-17 was developed to take forward the aspirations of delivering economic, social and environmental benefits to the City in accordance with the Public Services (Social Value) Act 2012. Its implementation was a major step change for the Council; allowing strong strategic relationships to be built with suppliers and maximising the impact of the Council's spending power to support sustainable growth, levelling the playing field for SMEs and securing more jobs.

2.3 The Strategy facilitated the development of a modern, effective and efficient procurement service that delivers best value, supports innovation, stimulates growth and most importantly delivers quality services for citizens. Through the Strategy, the aims of the Social Value (Public Services) Act 2012 have been taken forward whilst ensuring that competition, transparency and equal treatment are maintained.

2.3 Under the Strategy, procurement has driven commercial and income generation initiatives. Procurement activity undertaken on behalf of other organisations has raised the profile of the Council's Procurement Team as a commercial entity and has generated an anticipated total income of £88,642 (including receipts to date and income projected over the lifetime of contracts).

2.5 Procurement has helped to provide sustainable funding for the Nottingham Jobs Employment Service, through a 1% levy rebate mechanism applied to all eligible new contracts procured. Since its introduction, 47 contracts have been awarded subject to the levy, offering a potential total income of £921,000 over the life of these contracts. It should be noted that this figure is indicative at the contract award stage and the actual income received will be dependent on expenditure under these contracts. Receipts of levy income so far since 2015/16 amount to £162,182.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

3.1 None

4 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

4.1 The financial implications of procurement activity included in this report are either already included in the Medium Term Financial Plan or will be captured as part of future budget processes.

Each procurement process incorporates financial modelling and recommendations ensuring value for money for the organisation and alignment to financial strategies.

Hayley Mason, Strategic Finance Business Partner. 25/05/17.

5 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

5.1 The recommendations in this report are notes of action taken and do not raise significant legal issues. The new Concession Contracts Regulations 2016 came into force during the term of the Strategy and there has also been the opportunity to make increased use of procurement procedures which permit negotiation. Legal Services will continue to provide support to the City Council's Procurement team by advising on relevant legislation, legal and commercial risks, and drafting and approving contract documents.

Andrew James, Team Leader (Contracts and Commercial) 15/05/18.

6 STRATEGIC ASSETS & PROPERTY COLLEAGUE COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE (STRATEGIC REGENERATION COMMITTEE REPORTS ONLY)

6.1 n/a

7 SOCIAL VALUE CONSIDERATIONS

- 7.1 The Procurement Strategy 2014-17 was based on the driving principle that public procurement is about more than purchasing goods and services and should be used strategically to promote social, economic and environmental objectives, in accordance with the Public Services (Social Value) Act 2012. Under the Strategy, procurement has succeeded in delivering strong achievements in relation to social, economic and environmental benefits for the City and its citizens.
- 7.2 Under the Strategy, a mechanism was developed to implement the NCC Business Charter in contracts procured through the inclusion of contract specific requirements and targets to maximise economic, social and environmental benefits. The Public Contracts Regulations 2015 allow contract award procedures to include social value considerations, provided the requirements are relevant to the subject matter of the contract and do not compromise competition, transparency or equal treatment. To ensure legal compliance and maximise the benefits delivered, the Business Charter requirements and targets are developed in each case as relevant and proportionate to each contract.
- 7.3 During the final year of the Strategy (2017-18), a total of £299.7m was injected into the local economy through procurement - representing 61% of the total value of contracts awarded to City based suppliers. Of this, £53.6 was awarded to local SMEs. During the four-year lifetime of the Strategy, a total of £593.7m was invested in the local economy – representing 64% of total contract value awarded to City suppliers. Furthermore, over 73% of the total contract value awarded was retained within the East Midlands area.
- 7.3 The Strategy has boosted the creation of new entry-level jobs and apprenticeship opportunities for citizens, particularly disadvantaged local residents referred through the Nottingham Jobs employment service. In 2017-18, 969 jobs and apprenticeships were secured through contracts awarded, bringing the total number created during the four years of the Strategy to 1376. The links made between contracted suppliers and Nottingham Jobs offers additional value as many of these suppliers subsequently use the service to recruit to other vacancies (unrelated to the contract awarded) on a voluntary basis. It is estimated that since 2015/16, this initiative has had the wider effect creating an estimated 1000 opportunities for local unemployed citizens. A further benefit is that the contractors engaged with Nottingham Jobs recommend the service to other organisations in their supply chain and this leads to further opportunities being made available.

8 REGARD TO THE NHS CONSTITUTION

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

9 EQUALITY IMPACT ASSESSMENT (EIA)

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

No



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)

**10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT
(NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT
INFORMATION)**

10.1 None

11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

11.1 Nottingham City Council Procurement Strategy 2014-17
Public Services (Social Value) Act 2012