

**COMMISSIONING AND PROCUREMENT SUB-COMMITTEE – 11/06/2019**

<b>Subject:</b>	PROCUREMENT STRATEGY 2018-23 YEAR END REPORT		
<b>Corporate Director(s)/ Director(s):</b>	Candida Brudenell, Corporate Director Strategy and Resources Katy Ball, Director of Commissioning and Procurement		
<b>Portfolio Holder(s):</b>	Councillor Sam Webster, Portfolio Holder for Finance, Growth and the City Centre		
<b>Report author and contact details:</b>	Jo Pettifor – Category Manager - Strategy and People Tel: 0115 8765026 Email: jo.pettifor@nottinghamcity.gov.uk		
<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 £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
<b>Total value of the decision: nil</b>			
<b>Wards affected:</b> All	<b>Date of consultation with Portfolio Holder(s):</b> Cllr Sam Webster, Portfolio Holder for Finance, Growth and the City Centre - 28 <sup>th</sup> May 2019		
<b>Relevant Council Plan Key Theme:</b>			
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"/>
<b>Summary of issues (including benefits to citizens/service users):</b>			
<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"> <li>• Citizens at the heart</li> <li>• Securing economic, social and environmental benefits</li> <li>• Commercial efficiency.</li> </ul> <p>This report presents the outcomes and achievements delivered under the Strategy in its first year 2018-19, which are detailed in Appendix 1. During 2018-19, procurement activity has delivered:</p> <ul style="list-style-type: none"> <li>• 384 contracts awarded - representing a total value of £228.4m</li> <li>• £133.8m injected into the local economy – 58.56% of total contract value awarded to City suppliers (of which £37.9m awarded to local SMEs).</li> <li>• A total of 67.5% of contract value (£154m) retained within Nottinghamshire; 72.2% within the East Midlands area (£165m)</li> <li>• 113 new entry level jobs and 24 apprenticeships created</li> <li>• Cashable savings of £2.6m per annum – representing 2.4% of total contract value awarded (recurring contracts only)</li> <li>• Income generation (for the Council or its subsidiaries) of £3.3m from sold procurement activity and concession contracts (over the full life of contracts)</li> <li>• 130 contracts awarded subject to the 1% levy. Levy income is dependent on expenditure under contracts during their lifetime and based on expenditure on relevant contracts in 2018/19, the anticipated income for employment and skills activity is £105,401</li> </ul>			

- 114 environmental measures and requirements included in contracts awarded

**Exempt information:**  
**None**

**Recommendation(s):**

- 1 To note the outcomes delivered under the Nottingham City Council Procurement Strategy 2018-23 in its first year (2018/19) - as detailed in Appendix 1

## **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
- Commercial efficiency

1.2 The delivery of the Council's strategic priorities depends on the efficient and strategic use of our spending power, therefore the Procurement Strategy promotes a commercial approach to support the Council to address the significant financial challenges it faces now and in the longer term.

1.3 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.

1.4 Implementation of the Strategy during 2018-19 has enabled a focus on:

- 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 Nottingham City Council Procurement Strategy 2018-23 provided an opportunity to take stock of the strategic context for procurement with reference to national and local policies and strategic drivers. These included the Public Services (Social Value) Act 2012, the legal framework of the EU and UK Procurement Regulations and key Council plans such as the City Council Plan 2015-20, the Nottingham Plan to 2020, the Nottingham Growth Plan and the Nottingham City Council Business Charter.

- 2.2 The Strategy was developed in conjunction with internal and external policy and strategy leads and other key stakeholders, particularly in relation to the key themes of economic growth, employment and skills and environmental sustainability. Consultation was undertaken with stakeholders including the Voluntary and Community Sector and the local business community and the feedback obtained helped to inform the Strategy.
- 2.3 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 our contract opportunities.
- 2.3 The Strategy has continued to embed a modern, effective and efficient procurement service delivering best value and quality services for citizens, supporting innovation and stimulating growth within the City. Through the Strategy, the aims of the Social Value (Public Services) Act 2012 are taken forward whilst ensuring that competition, transparency and equal treatment are maintained.
- 2.4 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.
- 2.5 During 2018-19, 58.56% of total contract value awarded was to local suppliers, representing investment of £133.8m. The minor shortfall compared to previous years is primarily due to the award of a number of high value supplies contracts (such as equipment) during this year; however a number of these were awarded to Nottinghamshire-based companies therefore are likely to benefit the local supply chain and economy. The average local spend over the four year period 2015/16 to 2018/19 remains above target at 63.77%, equating to £667.7m of investment in the local economy.
- 2.5 Procurement has continued to provide sustainable funding for the Nottingham Jobs Employment Service, through the 1% levy rebate mechanism applied to eligible contracts. During 2018-19, 130 contracts have been awarded subject to the levy, although actual levy income will be dependent on expenditure over the lifetime of these contracts. Based on confirmed expenditure on contracts subject to the levy in 2018/19, income for this year to fund employment and skills activity is anticipated to be £105,401 (subject to receipt of repayments).
- 2.6 Procurement also continues to drive commercial and income generation initiatives; the projected total income generated for the Council or its subsidiaries through sold procurement activity and concession contracts awarded during 2018-19 is £3.3m (income over the full life of contracts).

### **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 have been aligned to the Medium Term Financial Plan as part of the decision making process for each project.

Each procurement process incorporated financial modelling and recommendations at the appropriate time ensuring value for money for the organisation and alignment to financial strategies.

Phil Gretton, Strategic Finance Business Partner. 13/05/2019.

## **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. In the event the United Kingdom leaves the European Union during 2019/20 the City Council will need to ensure it complies with new requirements for advertising tenders. As at the date of this report there are no proposals for significant changes to the Public Contracts Regulations 2015 and Concession Contracts Regulations 2016. 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) 02/05/19.

## **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 2018-23 is a key driver in meeting the requirements of the Public Services (Social Value) Act 2012 by using the framework of the Act throughout the procurement process to consider how the social, economic and environmental well-being of the area can be improved. 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. Our social aims are also supported by the Strategy core principles which include 'Citizens at the heart' and ethical standards.
- 7.3 During the first year of the Strategy (2018-19), a total of £133.7m has been injected into the local economy through procurement - representing 58.56% of the total value of contracts awarded to City based suppliers. Of this, £37.9m was awarded to local SMEs. In total, 67.5% of contract value (£154m) was retained within Nottinghamshire and 72.2% within the East Midlands area (£165m).
- 7.4 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. During 2018-19, 100 contracts were awarded subject to the Business Charter.

- 7.5 In 2018-19, the Strategy has continued to boost the creation of new entry-level jobs and apprenticeship opportunities for citizens; a total of 137 jobs and apprenticeship opportunities were secured through contracts awarded. Suppliers have been engaged with the Nottingham Jobs Service and other local employment and training initiatives through mandatory inclusion of the Business Charter in contracts and on a voluntary basis; this has maximised opportunities for disadvantaged local residents. An example of the positive impact of this work in 2018-19 is the engagement of Nottingham Jobs with contracted lead homecare providers. Nottingham Jobs have supported these providers to commit to ethical employment practices and to move under-employed citizens into more secure contracted hours. They have also provided a pipeline of future candidates, targeted events, workforce development and supported diversification of the workforce.
- 7.6 The links made with Nottingham Jobs in the procurement of drug and alcohol support services have further benefited citizens accessing these services as support workers on the contracted service are able to encourage service users to access the personalised employment support service offered. Workers can also register to receive Nottingham Jobs notifications to share with service users.
- 7.7 In accordance with the Strategy aim of minimising the negative environmental impact of our procurement, environmental measures and requirements have been included in contracts where appropriate to secure environmental benefits. In 18-19, 114 specific environmental measures have been included in contracts awarded relating to: air quality and climate change; resource efficiency, waste reduction and recycling; and biodiversity, nature conservation and greening.

## **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 2018-23  
Public Services (Social Value) Act 2012
- 11.2 The EU Public Contracts Directives 2014
- 11.3 The UK Public Contracts Regulations 2015, the Concessions Contracts Regulations 2016 and Utilities Contracts Regulations 2016

11.4 Nottingham City Council Plan 2015-20

11.5 The Nottingham Plan to 2020

11.6 The Nottingham Growth Plan

11.7 The Nottingham City Council Business Charter