

REPORT OF THE CABINET MEMBER FOR FINANCE

SUSTAINABLE PROCUREMENT POLICY

Purpose of the Report

1. To secure approval of the Council's Sustainable Procurement Policy (attached as an Appendix). This is a Key Decision because it will have significant effects on two or more electoral divisions.

Background

2. The Public Services (Social Value) Act 2012 took effect on 31 January 2013 and requires any public body buying or commissioning public goods/services to consider how their local area may be improved by including economic, social or environmental benefits as part of the procurement process.
3. In June 2021, a Procurement Policy Note from the Cabinet Office was issued placing a requirement on contracting authorities to have regard to the national strategic priorities in exercising their functions relating to procurement. One of the national strategy priorities is social value including:
 - a. Creating new businesses, new jobs and new skills
 - b. Tackling climate change and reducing waste
 - c. Improving supplier diversity, innovation and resilience
4. The Council's commitment to social, economic, and environmental well-being is also reflected in 'The Nottinghamshire Plan 2021-2031: Healthy, Prosperous, Green'. The Council has set an ambitious target to become carbon neutral by 2030, recognising that our communities are facing a climate emergency. To help us achieve our aims, we are determined to gain additional community benefit from the Council's £600million spend each year on buying goods and services.

Information

5. The Sustainable Procurement Policy builds on the work already undertaken in the very first Procurement Strategy that was implemented in 2015, which focused on strategic procurement

development, integration between Procurement and Commissioning and implementation of category management.

6. The Council's current Procurement Strategy 2019-2023 highlights a key strategic driver to its delivery is to enhance sustainability – environmental, economic and social for the added value brought to residents of Nottinghamshire.
7. The Sustainable Procurement Policy has been developed through widespread consultation across the Council, including representatives from all service directorates. Consultation has been undertaken with stakeholders including the voluntary and community sector and the local Chamber of Commerce. Feedback received through the consultation was considered in finalising the proposed policy.

Development of a Sustainable Procurement Policy

8. Nottinghamshire County Council is committed to improving the quality of life for every community, support businesses to be successful and make sure the county is a place where people want to live, work and visit. To maximise the local impact of the Council's activity and spending in achieving our mission, this policy is a key enabler in securing additional benefits – social, economic, and environmental, together known as social value – that support this vision.
9. To date, the Council has made a lot of progress towards adding social value to include delivering local spend and spend with Small Medium size Enterprises (SMEs) through our contracts. The table below shows delivery against the targets thus far.

Indicator	Percentage (of total live contracts)	Target
Contracts awarded to local supplier	57%	50%
Contracts awarded to SMEs	59%	50%

10. The Council is also doing considerable work with our partners to support young people into apprenticeships to reduce the number of young people not in education, employment or training (NEET).
11. The Council's Sustainable Procurement Policy builds on this strong foundation and sets out the proposals to achieve value for money from our commissioning and procurement activity, whilst delivering environmental, social and economic benefits.
12. Sustainable procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that delivers value for money on a whole life basis. This means generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to and promoting the health of the environment.
13. The objectives of implementing this policy are to:
 - Introduce a social value management tool that supports the delivery of our strategic priorities for the people and environment of Nottinghamshire

- Provide a consistent approach to measuring and reporting social value throughout the provision cycle, including continuous improvement
 - Define and implement a robust, transparent, and efficient digital solution for assessing and awarding the social value segment of tenders, and managing relevant supplier performance during the contract lifecycle
 - Reduce the uncertainty surrounding social value measurement for organisations, allowing them to make informed decisions based on robust assessments and hence to embed social value into their corporate strategies.
14. It is recognised that sustainable procurement requires the Council to work in partnership with suppliers and the supply chain to consider the whole lifecycle, environmental, social and economic impact of the procured goods and services.

Delivering and Implementation of Sustainable Procurement

15. A National Value Taskforce was set up in 2016 as a subgroup of the LGA's National Advisory Group for procurement. In collaboration with over 40 separate public and private sector stakeholders the taskforce established the National TOMs (Themes, Outcomes & Measures) Framework. It was established to encourage public sector organisations to use procurement to achieve wider benefits in the community.
16. In recent years, the TOMs have become the most used framework in the UK, thus promoting consistency and comparability amongst providers and buyers of public services across the UK.
17. The National TOMs provide a flexible, measures-based calculation framework designed to articulate social value outcomes in terms that can be objectively assessed. It was conceived and developed to be evidence-led and applicable over the 'whole life' of the contract.

Benefits of using the National TOMs Measurement Framework

18. The aim of the National TOMs Framework is to provide a minimum reporting standard for measuring Social Value. It provides an easy-to-use solution that may be applied to any project or contract and has a number of benefits, including:
- Providing a consistent approach to measuring and reporting on Social Value
 - Allowing for continuous improvement
 - Providing a robust, transparent, and evidence-based solution for assessing and awarding tenders
 - Allowing organisations to compare their own performance through the use of sector and industry benchmarks, and to understand 'what good looks like'
 - Reducing uncertainty surrounding Social Value measurement for businesses, allowing organisations to make informed decisions based on robust quantitative assessments, further allowing them to embed Social Value into their corporate strategies
19. To support the implementation of the TOMs Framework into procurement, the Council has entered into a contract with Social Value Portal (SVP) for one year and pilot up to 20 projects to demonstrate the delivery of social value in Nottinghamshire.
20. SVP are a recognised organisation who work with many Councils and public sector organisations to help deliver social value using the TOMs Framework. Engaging SVP will

include using their on-line platform, which integrates with the Council's current procurement system 'ProContract' which will be used to build sustainable procurement requirements into the tendering process. This solution will allow the Council to measure the contribution that the Council and our supply chain makes to the residents of Nottinghamshire. In addition, during the 12 month pilot, the procurement team will be trained in best practice and measuring social value through the commissioning and procurement process.

21. The intention is to progress the delivery of social value through our contracts. To support this, following the pilot with SVP, the Council will support the delivery of social value and implement the approach into everyday procurement and commissioning activity.
22. A supporting toolkit will be developed to embed our approach. The overarching intent of this toolkit will be to set out our methodology for doing more than sourcing the Council's supplies at a price that is competitive and good value for money. This document will support officers, commissioners, and bidders/suppliers in Nottinghamshire in embedding social value into commissioning and procurement activity.

Other Options Considered

23. The alternative option to implementing the Sustainable Procurement Policy was to do nothing. This is not a suitable option given the Council's ambition to deliver social value benefit through procurement spend and its ambition to deliver against the Carbon neutral target.

Reason/s for Recommendation/s

24. To ensure the principles of the Public Services (Social Value) Act 2012 are further embedded into the Council's commissioning and procurement activity.

Statutory and Policy Implications

25. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

26. There are no direct financial implications arising from the approval of this policy. To implement the Council's Sustainable Procurement Policy and deliver social value will require some financial investment. The Cabinet Member for Finance approved a decision to enter into a contract with Social Value Portal to support the implementation of the pilot year. The costs of the implementation are estimated to be £42,900 and are being met through existing budgets.

Human Resources Implications

27. There are no direct human resources implications arising from this report.

Implications for Sustainability and the Environment

At Full Council in May 2021 a motion declaring a climate emergency was agreed. The impact of environmental changes on society is reflected within the concept of social value and this policy offers a tangible way of measuring the impact of this work to mitigate climate change.

RECOMMENDATIONS

That Cabinet:

- 1) Approves the new Sustainable Procurement Policy and its implementation as set out in the report.

Councillor Richard Jackson

For any enquiries about this report please contact:

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Constitutional Comments (GMG 22/08/22)

1. As the Sustainable Procurement Policy sits outside the Council's Policy Framework, it falls within the remit of the Cabinet for decision under Section 5, Part 2, CA.2 of the Constitution (see page 73).

Financial Comments (SES 06/092022)

2. The financial implications are set out in paragraph 26 of the report.
3. There are no direct financial implications arising from the approval of this policy. To implement the Council's Sustainable Procurement Policy and deliver social value will require some financial investment. The Cabinet Member for Finance approved a decision to enter into a contract with Social Value Portal to support the implementation of the pilot year. The costs of the implementation are estimated to be £42,900 and are being met through existing budgets.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- Procurement Strategy 2019 – 2023
- Draft Sustainable Procurement Policy, Portfolio Holder Member Briefing for Cabinet Member for Finance, 18th July 2022

Electoral Division(s) and Member(s) Affected

- All