

Finance and Major Contracts Management Committee

Monday, 14 October 2019 at 14:00

County Hall, West Bridgford, Nottingham, NG2 7QP

AGENDA

- | | | |
|---|--|---------|
| 1 | Minutes of the last meeting held on 16 Sept 2019 | 3 - 4 |
| 2 | Apologies for Absence | |
| 3 | Declarations of Interests by Members and Officers:- (see note below)
(a) Disclosable Pecuniary Interests
(b) Private Interests (pecuniary and non-pecuniary) | |
| 4 | Financial Monitoring Report Period 5 2019-20 | 5 - 20 |
| 5 | Latest Estimated Cost Report for the New Orchard School and Newark Day Centre | 21 - 30 |
| 6 | NCC Procurement Strategy 2019-23 | 31 - 58 |
| 7 | Update on Agency Staff Tender | 59 - 62 |
| 8 | Update on Wide Area Network Tender | 63 - 66 |
| 9 | Work Programme | 67 - 72 |

Notes

- (1) Councillors are advised to contact their Research Officer for details of any Group Meetings which are planned for this meeting.
- (2) Members of the public wishing to inspect "Background Papers" referred to in the reports on the agenda or Schedule 12A of the Local Government Act should contact:-

Customer Services Centre 0300 500 80 80

- (3) Persons making a declaration of interest should have regard to the Code of Conduct and the Council's Procedure Rules. Those declaring must indicate the nature of their interest and the reasons for the declaration.

Councillors or Officers requiring clarification on whether to make a declaration of interest are invited to contact Peter Barker (Tel. 0115 977 4416) or a colleague in Democratic Services prior to the meeting.

- (4) Councillors are reminded that Committee and Sub-Committee papers, with the exception of those which contain Exempt or Confidential Information, may be recycled.
- (5) This agenda and its associated reports are available to view online via an online calendar - <http://www.nottinghamshire.gov.uk/dms/Meetings.aspx>

Meeting FINANCE AND MAJOR CONTRACTS MANAGEMENT COMMITTEE

Date 16 September 2019 (commencing at 2.00pm)

Membership

Persons absent are marked with an 'A'

COUNCILLORS

Richard Jackson (Chair)
Roger Jackson (Vice Chair)
John Ogle (Vice Chair)

Richard Butler	Rachel Madden
John Clarke	Diana Meale
Keith Girling	Mike Pringle
Eric Kerry	Alan Rhodes

OFFICERS IN ATTENDANCE

Rebecca Atchinson	Senior Public Health and Commissioning Manager
Pete Barker	Democratic Services Officer
Michael Fowler	Category Manager, Public Health
Colin Pettigrew	Corporate Director, Children, Families and Cultural Services
Nigel Stevenson	Service Director, Finance, Infrastructure & Improvement

1. MINUTES OF THE LAST MEETING

The minutes of the last meeting held on 15 July 2019, having been circulated to all Members, were taken as read and were confirmed, and were signed by the Chair.

2. APOLOGIES FOR ABSENCE

Councillor Butler replaced Councillor Quigley and Councillor Madden replaced Councillor Hollis, both for this meeting only.

3. DECLARATIONS OF INTEREST

There were no declarations of interest.

4. FINANCIAL MONITORING REPORT: PERIOD 4 2019/20

RESOLVED: 2019/046

That the contingency requests, as detailed in the report, be approved.

5. CIPFA ANNUAL PUBLIC FINANCE CONFERENCE 2019

RESOLVED: 2019/047

- 1) That Finance and Major Contracts Management Committee members continue to attend appropriate conferences to enable members to be kept up to date with the main national topics relating to local government finance.
- 2) That no further actions are required as a direct result of the contents of the report.

6. THE COMPETITIVE DIALOGUE PROCUREMENT APPROACH FOR PUBLIC HEALTH SERVICES

RESOLVED: 2019/048

That progress reports be brought to the following meetings of Committee:

- 1) 23 March 2019
- 2) September 2020

7. WORK PROGRAMME

RESOLVED: 2019/049

That the Work Programme be updated in line with Committee's recommendations.

The meeting closed at 2.58pm

CHAIR

14 October 2019

Agenda Item: 4

**REPORT OF THE SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE
AND IMPROVEMENT**

FINANCIAL MONITORING REPORT: PERIOD 5 2019/20

Purpose of the Report

1. To provide a summary of the Committee revenue budgets for 2019/20.
2. To provide a summary of capital programme expenditure to date and year-end forecasts.
3. To request approval for additional contingency applications.
4. To inform Members of the Council's Balance Sheet transactions.

**Information
Background**

5. The Council approved the 2019/20 budget at its meeting on 28 February 2019. As with previous financial years, progress updates will be closely monitored and reported to management and Committee each month.

Summary Revenue Position

6. The table below summarises the revenue budgets for each Committee for the current financial year. A £2.3m net overspend is currently predicted. As a consequence of the in-year overspend and the significant financial challenges facing the Council over the medium term, the key message to effectively manage budgets and, wherever possible, deliver in-year savings is being reinforced.

Table 1 – Summary Revenue Position

Forecast Variance as at Period 4 £'000	Committee	Annual Budget £'000	Actual to Period 5 £'000	Year-End Forecast £'000	Latest Forecast Variance £'000
8,302	Children & Young People's	127,772	41,007	136,102	8,330
(5,328)	Adult Social Care & Public Health	211,641	79,715	210,182	(1,459)
2,013	Communities & Place	122,493	46,468	124,422	1,929
111	Policy	33,936	16,870	34,145	209
(79)	Finance & Major Contracts Management	2,856	1,321	2,760	(96)
133	Governance & Ethics	7,305	2,919	7,448	143
(107)	Personnel	15,018	7,333	14,978	(40)
5,045	Net Committee (under)/overspend	521,021	195,633	530,037	9,016
(2,782)	Central items	(15,869)	(1,172)	(23,768)	(7,899)
-	- Schools Expenditure	74	-	74	-
489	Contribution to/(from) Traders	241	2,534	816	575
2,752	Forecast prior to use of reserves	505,467	196,995	507,159	1,692
-	- Transfer to / (from) Corporate Reserves	654	-	654	-
467	- Transfer to / (from) Departmental Reserves	(16,594)	(254)	(16,002)	592
-	- Transfer to / (from) General Fund	(2,099)	-	(2,099)	-
3,219	Net County Council Budget Requirement	487,428	196,741	489,712	2,284

Committee and Central Items

The main variations that have been identified are explained in the following section.

Children & Young People's (£8.3m overspend, 6.5% of annual budget)

- The Youth, Families and Social Work Division is reporting a forecast £0.9m overspend. The major contributing factor is a £1.1m overspend on social work staffing. The overspend has arisen due to a combination of staffing changes including permanent recruitment to vacancies, additional capacity staff to respond to continuing increased workload and maintain manageable caseloads; and agency workers. All agency posts continue to require the explicit approval of the Service Director Youth, Families & Social Work and are subject to scrutiny by the quarterly Agency Challenge Panel.
- Education, Learning & Skills Division is reporting a net nil position although the achievement of the sold service income target is still a concern.
- The Commissioning and Resources Division is forecasting an overspend of £7.4m of which £1.8m is attributable to growth in number of Independent Fostering Agency (IFA) placements, £3.4m residential and £2.2m on semi-independent placements. External placements decreased by a net of 4 in August. This is only a temporary dip and is smaller than what was observed in 2017/18 and 2018/19 which both reduced by 9 in August. To compound this, new additions in the first week of September are also slightly higher than usual (fortunately mostly

IFAs) and have been factored into the forecast accordingly. This is unlikely to affect the long-term trend but this slightly accelerated growth and a variation in August's placement composition/mix accounts for the increased forecast overspend. Historically, demand is more volatile over the summer months, so short term forecasts are more prone to fluctuate during this period.

10. As reported at the last Finance and Major Contracts Management Committee on 16 September 2019, in addition to existing high-level budget control actions a more detailed Action and Recovery Plan has been prepared and will continue to be monitored over the coming months.
11. In addition to the cost pressures being experienced in the Children and Families Local Authority budget there is also significant pressure on the Authority's High Needs Block which is funded from Department for Education grant. Although this does not impact on local authority budgets, the increase in numbers of pupils requiring Special Educational Needs and Disabilities (SEND) support, alternative provision and a range of SEND services has an impact on transport costs and this is referred to in paragraph 16.

Adult Social Care & Public Health (forecast £1.5m underspend, 0.7% of annual budget)

12. The major variances on care packages are as follows:

- Older Adults across the County are forecasting an underspend of £2.0m with underspends on direct payments, employee costs and over achievement of Joint Healthcare funding more than offsetting overspends on Long term Care and Homecare.
- Younger Adults across the County are forecast to overspend by £1.4m, due to increases in Direct Payments and Residential & Nursing Care costs, although these are partly offset by underspends on Staffing and additional Joint Healthcare funding.
- Other budgets are forecasting an overspend of £0.1m, mainly due to a forecast overspend on reablement.

13. The Strategic Commissioning, Accessing and Safeguarding Division is reporting an underspend of £4.5m made up of a net increase of £0.6m in Service User Contribution's, due mainly to increases in Residential & Nursing income, £3.2m in Service User Contribution's due mainly to increases in Personal Budget income and £0.9m additional savings being released from the closure of the Care and Support Centres due to fewer long-term residents. There is a forecast overspend of £0.2m in agency costs within the mosaic team due to delays in the systems review.

14. Public Health is currently forecasting an underspend of £0.6m, mainly due to slippage in Children's Services. Any net underspend will be added to reserves at year end and therefore reduce the net use of reserves.

15. The 2019/20 pressure bids were submitted on certain assumptions at the time. A budget pressure for Older Adults hasn't materialised as we have seen a net reduction in long term packages for Older Adults instead of an expected increase in line with the population growth as a result of the early resolution and promoting people's independence work. Despite the overall reduction in long term packages for Older Adults, there has been an increase in the number of Long Term Residential and Nursing packages for Older Adults due to increasing

complexity of need and this has resulted in more Client Contribution income. It is therefore proposed that the net effect of £4.1m is incorporated into the Council's contingency budget.

Communities & Place (forecast £1.9m overspend, 1.6% of annual budget)

16. Transport is forecasting an overspend of £1.6m. The major contributing variances are:

- There are additional SEND Home to School (HtS) costs of £0.9m caused by an increase in pupil numbers in line with expectations. The costs are SEND Pre-16 HtS transport £0.6m; SEND Post 16 Transport £0.1m; and EOTAS (education other than at school) of £0.2m. The SEND and HtS forecasts are based on current known pressures. A more accurate year-end forecast will be available once the new academic year intake of pupils and re-tendering of contracts is confirmed.
- There is a forecast overspend on Concessionary Fares of £0.3m due to increased costs for CT4N where a new operator has taken over commercial routes previously provided under a fixed rate deal by Trent Barton.
- There is an overspend on Mainstream Home to School transport of £0.3m. This is due to the increase in pupil numbers and capacity limits at the closest designated school, necessitating transport to alternative educational establishments either by bus or taxi.
- There is a forecast overspend on Local Bus Services of £0.1m caused by ongoing pressure on provision of services, especially when commercial operators withdraw from a particular route and inflationary increases.

17. The Coroner's budget is forecasting an overspend of £0.5m based on advice from Nottingham City Council (who manage the service) and is due to an anticipated increase in the annual cost of mortuary services.

18. Other budgets are forecasting an underspend of £0.2m, mainly due to staffing savings that have arisen due to the restructure of the Community Safety and the Community and Voluntary Sector Teams

Trading Services

19. County Supplies are forecasting a deficit of £0.2m, this is attributed to trading activity prior to transfer to Hertfordshire County Council, including costs for legacy staffing, legal and IT costs. There is no reserve to fund this overspend.

20. Catering, Cleaning & Landscapes are forecasting a deficit prior to use of Reserves of £0.7m. This is to be funded partly from Traded Services Reserves of (£0.4m), the result being a forecast overspend of £0.3m. There is no reserve to fund this overspend.

21. Clayfields is currently forecasting a shortfall against its income target of £0.5m. This is due to a decision by the Children and Families senior leadership team to limit the number of beds available for occupancy because of staffing issues. These issues are currently being addressed and the income forecast assumes that all beds will be fully occupied by November 2019. The shortfall will be met from Clayfields trading reserve.

Central Items (forecast £7.9m underspend)

22. Central Items primarily consists of interest on cash balances and borrowing, together with various grants, contingency and capital charges.
23. At the time of setting the 2019/20 budget, several funding allocations had not been announced, specifically with regard to the impact of business rates revaluations and, therefore, assumptions about certain grants were made based on the best information available at the time. Throughout the year confirmations are received and current forecasts suggest a net additional grant of £3.1m will be received in 2019/20.
24. Interest payments fluctuate depending on expectations of future rates and anticipated slippage on the capital programme. Current Treasury Management forecasts suggest a net overspend on interest of £0.5m. There is a net £0.2m underspend across the other central items.
25. Table 1 assumes that the contingency adjustment proposed in paragraph 15 is approved. Added to the increase in contingency approved at the Finance and Major Contracts Management Committee in September 2019, where it was approved that the contingency budget would be increased by £1.0m to reflect a reduction to a budget pressure in the Adult Social Care and Public Health Committee. It is forecast that this additional contingency budget will not be spent thereby resulting in a £5.1m underspend.
26. The Council's budget includes a main contingency budget of £4.6m to cover redundancy costs, slippage of savings and unforeseen events. Contingency requests approved previously total £0.9m. Table 1 assumes that the remaining contingency budget will be used for future requests.

Contingency Budget

27. A number of corporate services (Finance, HR, ICT) make accounting charges to the traders to reflect the support they provide (e.g. BMS system). In recent years the charges to the Traders have reduced significantly. In order to realign the income budgets of the corporate services to reflect the current charges to traders a permanent allocation from contingency of £200,000 from 2019/20 is requested.
28. As part of the 2018/19 budget a savings option was approved for the Catering and Cleaning and Landscaping traders to make a £270,000 contribution to the Council's revenue budget. The saving was for a management restructure within the division and this has been achieved. However, significant cost pressures arising from increasing salaries and food costs, and challenging markets limiting the ability to increase prices whilst retaining customers. As such there is little scope to achieve an in-year surplus or fund the contribution from reserves which are almost exhausted. A request from contingency to address the increased budget pressure of £70,000 in 2019/20 and further bids of £75,000 in each of 2020/21 and 2021/22 to be allowed in the MTFS to reduce the contribution.

Progress with savings and risks to the forecast

29. Council on 28 February 2019 approved savings proposals of £15.2m for delivery in 2019/20, with further savings identified for the period 2020-23. Officers will continue to monitor the deliverability of individual schemes and targets as part of the budget monitoring process and reflect achievability in the forecast outturn. The progress of the Council's current savings

programme is reported to the Improvement and Change Sub-Committee on a regular basis. The latest report to Improvement and Change Sub-Committee on 23 September 2019 highlighted that the following savings projects are at risk – Development of Shared Lives, New Ways of Working for Carers and the Social Impact Bond. If any savings options are written off they will be reported to this Committee at the earliest opportunity.

30. On 4 September 2019, the Chancellor of the Exchequer announced the outcome of the Spending Round 2019. The key announcements that impact on the County Council are as follows:-

- Temporary grants (£1.8bn improved Better Care Fund and £650m Social Care / Winter Pressures) have been baselined into Government funding.
- £1bn additional Social Care funding.
- 4% Council Tax threshold (including 2% Adult Social Care Precept).
- Additional £700m SEND funding.
- Public Health Grant will increase in real terms.
- Core funding will increase by 2.7%
- Business Rates baseline will increase in line with inflation.
- A £241m Stronger Town Fund to support the regeneration of high streets / town centres.

31. More detail of the announcements made in the Spending Round 2019 will be confirmed as part of the Spending Round Technical Consultation which is expected in October or November 2019.

Balance Sheet

General Fund Balance

32. Members approved the 2018/19 closing General Fund Balance of £24.1m at Full Council on 11 July 2019. The 2019/20 budget approves utilisation of £2.1m of balances which will result in a closing balance of £22.0m at the end of the current financial year. This is 4.5% of the budget requirement.

Capital Programme

33. Table 2 summarises changes in the gross Capital Programme for 2019/20 since approval of the original Programme in the Budget Report (Council 28/02/19):

Table 2 – Revised Capital Programme for 2019/20

	2019/20	
	£'000	£'000
Approved per Council (Budget Report 2019/20)		116,375
Variations funded from County Council Allocations : Net slippage from 2018/19 and financing adjustments	22,112	
		22,112
Variations funded from other sources : Net variation from 2018/19 and financing adjustments	(1,568)	
		(1,568)
Revised Gross Capital Programme		136,919

34. Table 3 shows actual capital expenditure to date against the forecast outturn at Period 5.

Table 3 – Capital Expenditure and Forecasts as at Period 5

Committee	Revised Capital Programme £'000	Actual Expenditure to Period 5 £'000	Forecast Outturn £'000	Expected Variance £'000
Children & Young People's	51,568	10,331	51,569	1
Adult Social Care & Public Health	3,467	454	3,607	140
Communities & Place	62,148	9,295	62,168	20
Policy	19,300	2,865	19,514	214
Finance & Major Contracts Mngt	180	7	180	-
Governance & Ethics	256	-	256	-
Contingency	-	-	-	-
Total	136,919	22,952	137,294	375

Financing the Approved Capital Programme

35. Table 4 summarises the financing of the overall approved Capital Programme for 2019/20.

Table 4 – Financing of the Approved Capital Programme for 2019/20

Committee	Capital Allocations £'000	Grants & Contributions £'000	Revenue £'000	Reserves £'000	Gross Programme £'000
Children & Young People's	32,287	18,674	-	607	51,568
Adult Social Care & Public Health	2,271	1,196	-	-	3,467
Communities & Place	17,050	43,553	1,128	417	62,148
Policy	15,187	4,091	-	22	19,300
Finance & Major Contracts Mngt	-	-	-	180	180
Personnel	256	-	-	-	256
Contingency	-	-	-	-	-
Total	67,051	67,514	1,128	1,226	136,919

36. It is anticipated that borrowing in 2019/20 will increase by £22.3m from the forecast in the Budget Report 2019/20 (Council 28/02/2019). This increase is primarily a consequence of:

- £22.1m of net slippage from 2018/19 to 2019/20 and financing adjustments funded by capital allocations.
- Net acceleration into 2019/20 of £0.2m of capital expenditure funded by capital allocation identified as part of the departmental capital monitoring exercise.

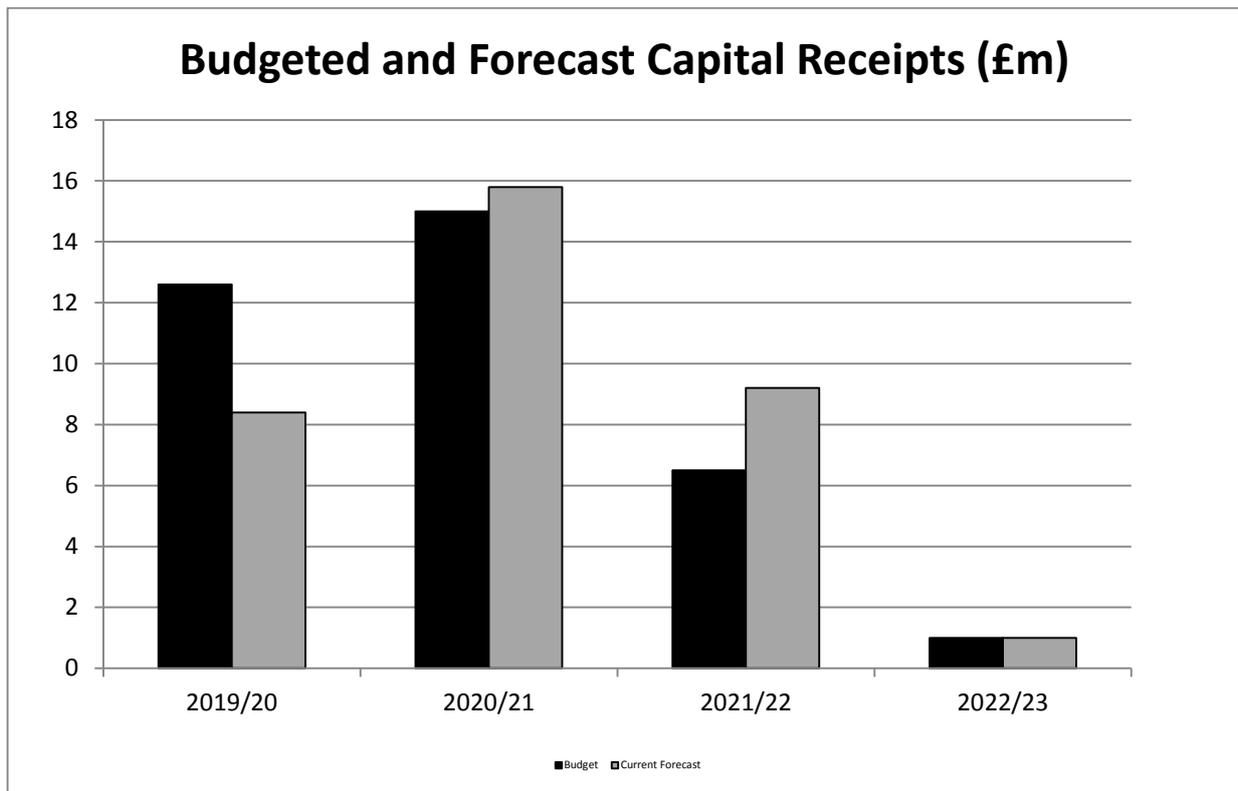
Prudential Indicator Monitoring

37. Performance against the Council's Prudential Indicators is regularly monitored to ensure that external debt remains within both the operational boundary and the authorised limit.

Capital Receipts Monitoring

38. Anticipated capital receipts are regularly reviewed. Forecasts are currently based on estimated sales values of identified properties and prudently assume a slippage factor based upon a review of risk associated with each property.

39. The chart below shows the budgeted and forecast capital receipts for the four years to 2022/23.



40. The dark bars in the chart show the budgeted capital receipts included in the Budget Report 2019/20 (Council 28/02/2019). These capital receipts budgets prudently incorporated slippage, giving a degree of “protection” from the risk of non-delivery.

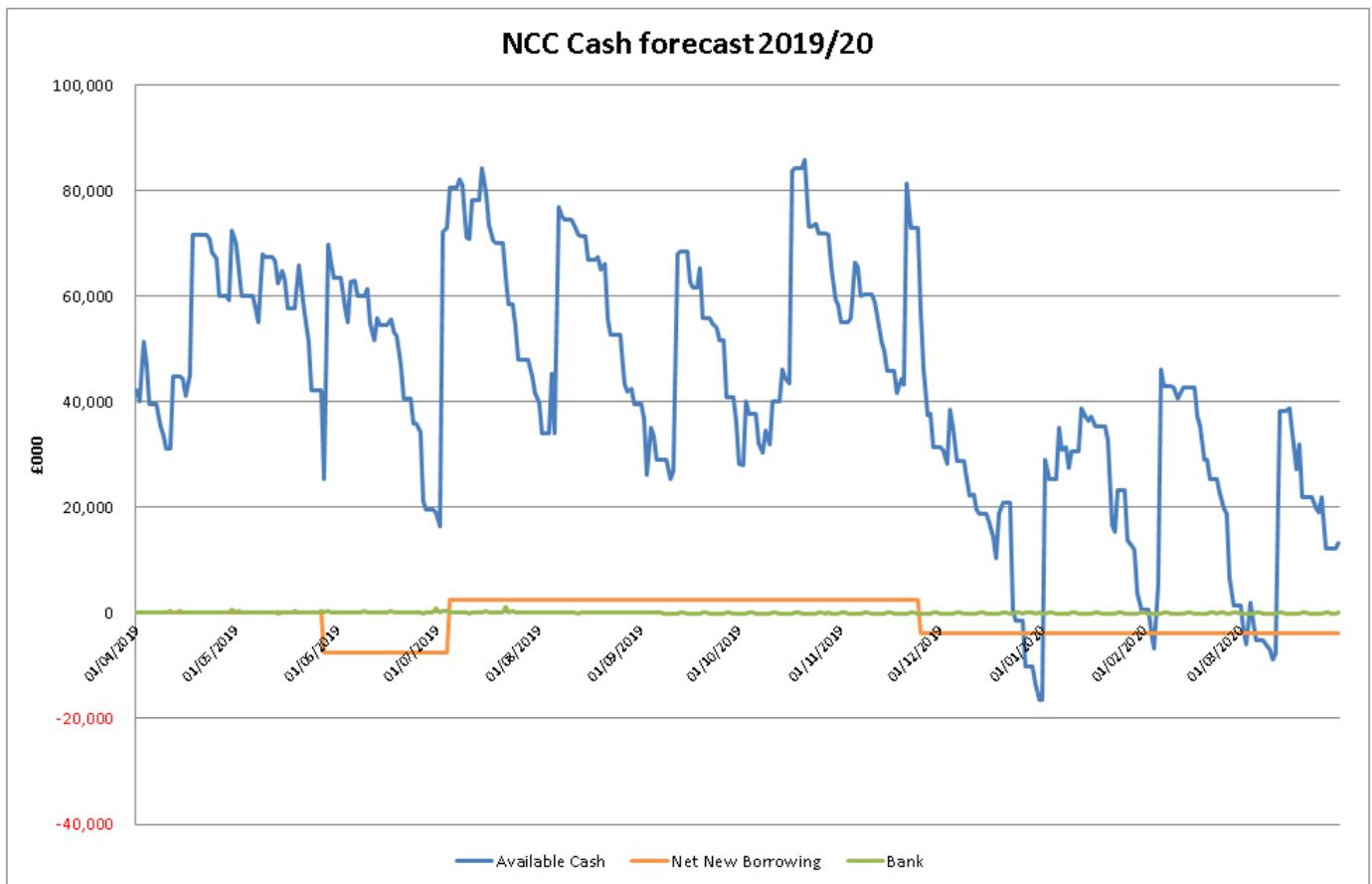
41. The capital receipt forecast for 2019/20 is £8.4m. To date in 2019/20, capital receipts totalling £0.2m have been received.

42. The number and size of large anticipated receipts increase the risk that income from property sales will be below the revised forecasts over the next three years. Although the forecasts incorporate an element of slippage, a delay in receiving just two or three large receipts could result in sales being lower than the forecast.

43. Current Council policy (Budget Report 2019/20) is to use the first £4.9m of capital receipts to fund in-year transformation costs. Any capital receipts in excess of this will be set against the principal of previous years' borrowing. This reduces the amount of Minimum Revenue Provision (MRP) to be set aside each year. It is important to regularly monitor capital receipt forecasts and their effect on the overall revenue impact of the Capital Programme.

Treasury Management

44. Daily cash management aims for a closing nil balance across the Council's pooled bank accounts with any surplus cash invested in accordance with the approved Treasury Management Policy. Cash flow is monitored by the Senior Accountant (Pensions & Treasury Management) with the overall position reviewed quarterly by the Treasury Management Group.
45. The Cash forecast chart below shows the current cash flow position for the financial year 2019/20. Cash inflows are typically higher at the start of the year due to the front loading receipt of Central Government grants, and the payment profile of precepts. Cash outflows, in particular capital expenditure, tend to increase later in the year, and the chart below reflects this.

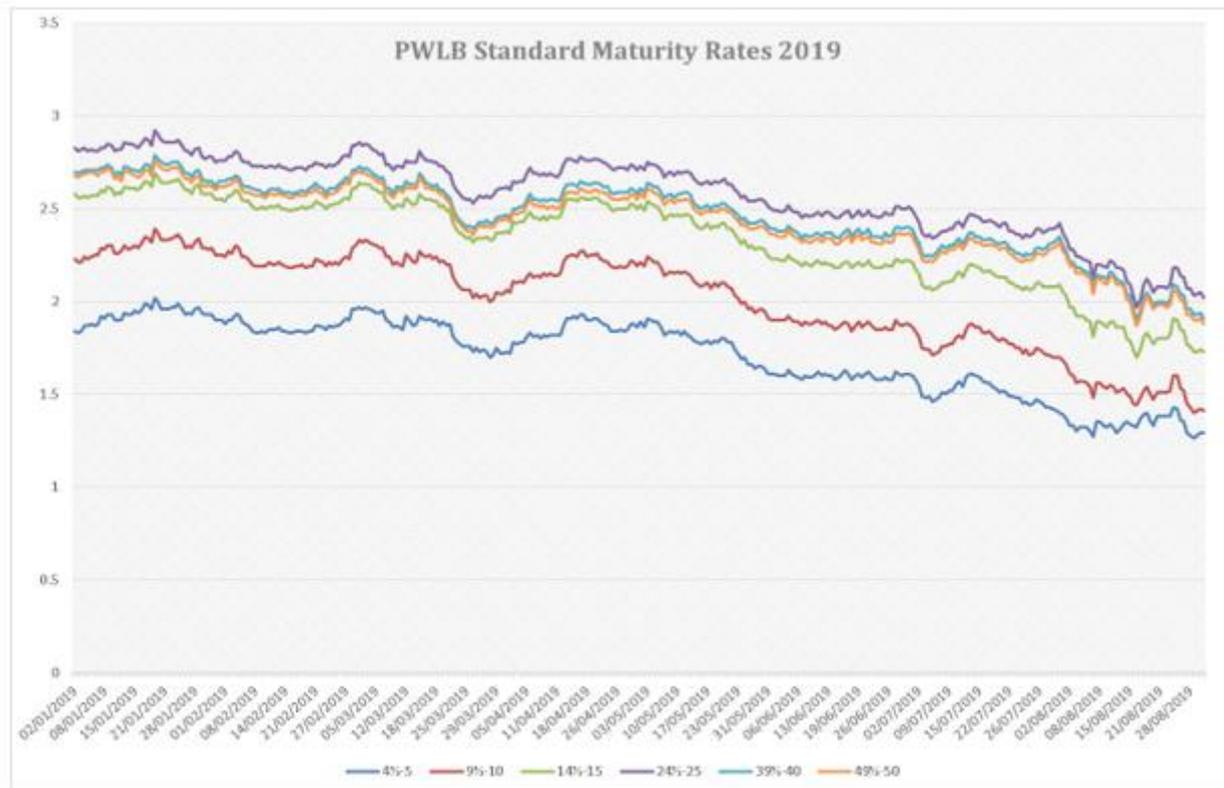


46. The chart above gives the following information:

Available cash	Surplus cash (invested in call accounts or money market funds) or a shortfall of cash indicating a need to borrow.
Net new borrowing	New loans taken during the year net of principal repayments on existing borrowing.
Bank	That element of surplus cash held in the Council's Barclays Bank account.

47. The Treasury Management Strategy for 2019/20 identified a need to borrow approximately £7m over the course of the year to (a) fund the capital programme, (b) replenish internal balances and to (c) replace maturing debt. After the 2018/19 accounts closure this estimate has been revised to £30m (and will be revised periodically throughout the year). £10m of this was borrowed from PWLB in July at 2.05% for 42 years.

48. PWLB interest rates continue to be monitored closely to allow changes - or potential changes - in rates to feed into decisions on new borrowing. The Council remains able to take advantage of the PWLB “certainty rate” which is 0.2% below the standard rates. The chart below shows the movement in standard PWLB maturity rates over the course of 2019 so far.



49. Borrowing decisions will take account of a number of factors including:

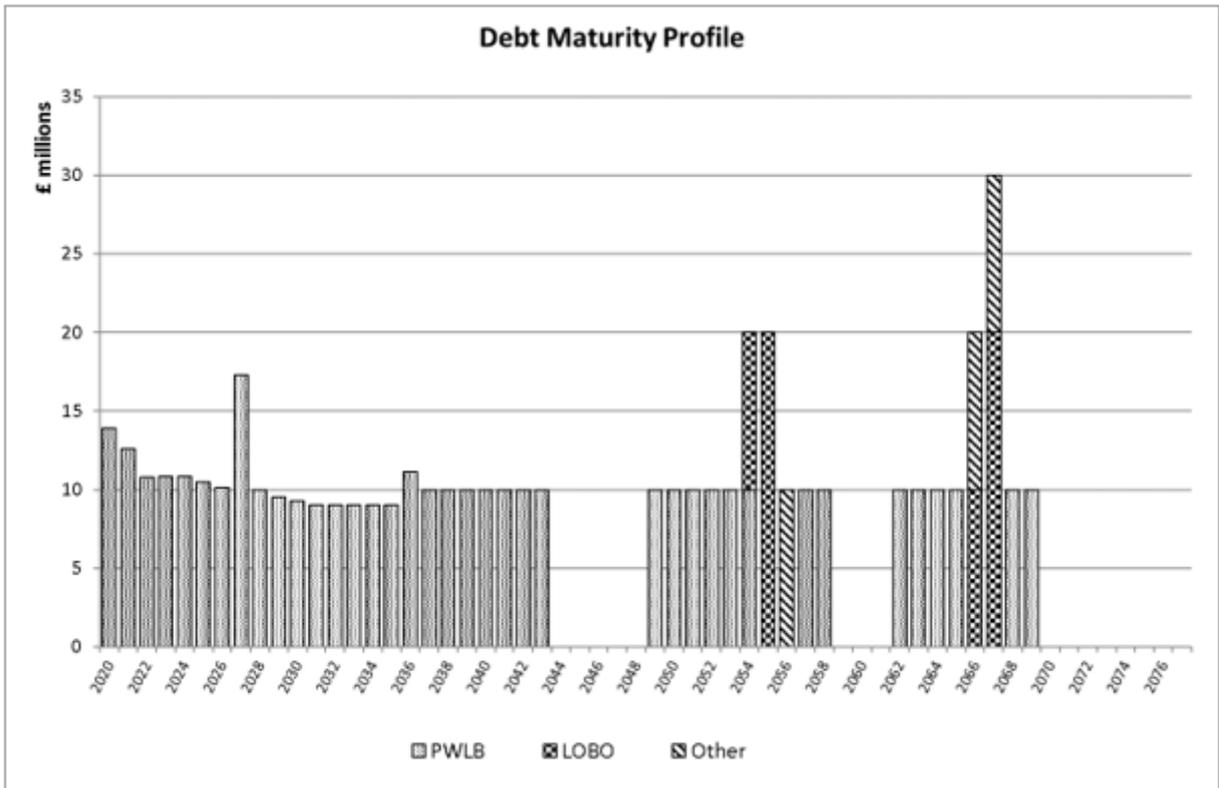
- expected movements in interest rates
- current maturity profile
- the impact on revenue budgets and the medium term financial strategy
- the treasury management prudential indicators.

50. The maturity profile of the Council’s debt portfolio is shown in the chart below. The PWLB loans are reasonably well distributed and have a maximum duration of 50 years. When deciding on the lengths of future loans the Council will factor in any gaps in its maturity profile, with a view to minimising interest rate risk, but will consider this alongside other financial factors.

51. Long-term borrowing was also obtained from the market some years ago in the form of ‘Lender’s Options, Borrower’s Options’ loans (LOBOs). These loans are treated as fixed rate loans (on the basis that, if the lender ever opts to increase the rate, the Council will repay the loan) and were all taken at rates lower than the prevailing PWLB rate at the time. However,

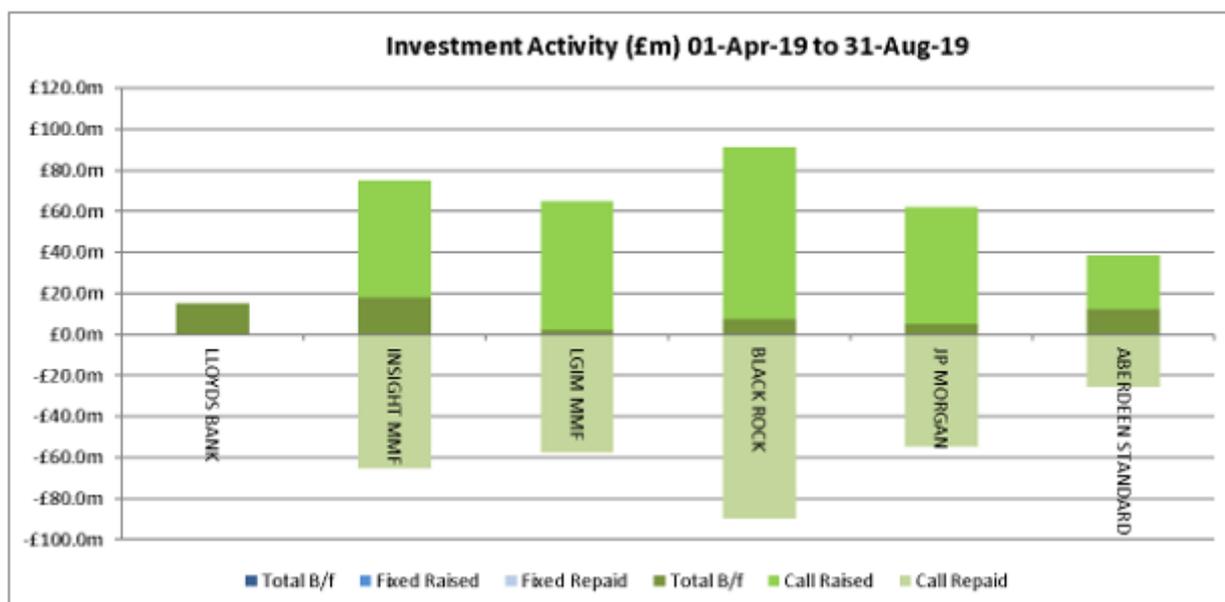
LOBOs could actually mature at various points before then, exposing the Council to some refinancing risk.

52. The 'other' loans shown in the chart consists of LOBO loans from Barclays Bank that were converted to standard fixed-term loans in 2016.



53. The investment activity for 2019/20 is summarised in the chart and table below. Outstanding investment balances totalled approximately £60m at the start of the year and approximately £55m at the month-end.

	Total B/F £ 000's	Raised £ 000's	Repaid £ 000's	Outstanding £ 000's
Lloyds Bank	15,000	-	-	15,000
Insight MMF	18,100	57,000	(65,300)	9,800
LGIM MMF	2,200	62,850	(57,550)	7,500
Black Rock	7,600	83,900	(89,500)	2,000
JP Morgan	4,900	57,350	(54,750)	7,500
Aberdeen Standard	12,500	25,900	(25,700)	12,700
Total	60,300	287,000	(292,800)	54,500



54. As part of the Council's risk management processes all counterparty ratings are regularly monitored and lending restrictions changed accordingly.

Statutory and Policy Implications

55. 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 where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATIONS

- 1) To comment on the revenue budget expenditure to date and year-end forecasts.
- 2) To comment on the capital programme expenditure to date and year-end forecasts.
- 3) To approve the contingency requests.
- 4) To comment on the Council's Balance Sheet transactions.

Nigel Stevenson Service Director – Finance, Infrastructure and Improvement

For any enquiries about this report please contact:
 Keith Palframan - Group Manager, Financial Services
 Tamsin Rabbits - Senior Accountant, Pensions and Treasury Management

Constitutional Comments (KK 01/10/2019)

56. Pursuant to Part 4 section 21 of the Nottinghamshire County Council's Constitution the Finance and Major Contracts Management Committee has the delegated authority for all decisions within the control of the Council including but not limited to responsibility for the financial

management of the Authority. The recommendations contained within this report fall within the delegated authority to this Committee

Financial Comments (GB 20/09/2019)

57. The financial implications are stated within the report.

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.

- None

Electoral Division(s) and Member(s) Affected

- All

14 October 2019

Agenda Item: 5

REPORT OF THE SERVICE DIRECTOR, PLACE AND COMMUNITIES

LATEST ESTIMATED COST REPORT FOR THE NEW ORCHARD SCHOOL AND NEWARK DAY SERVICE.

Purpose of the Report

1. To inform the Committee of the Latest Estimated Cost (LEC) for the works to provide the new Orchard School, Newark Day Service and associated works on the refurbishment of Woods Court and demolition of Orchard School Town Site.
2. To request a variation to the capital programme to reflect the increased cost of the projects.

Information

3. This briefing paper gives an update on the financial and programme position on the replacement of Newark Orchard School and Day Service Project. Attached as Appendix A is a detailed summary of overall budgetary position for the above project, with tracked changes from the previous Latest Estimated Cost position.
4. The financial overview below (excluding the £100K furniture and equipment allocation) shows the overall cost position as at September 2019:

	LEC September 2018	LEC September 2019	Variance
Total Cost	15,443,290	16,367,256	923,966

Original Budget

5. The below figures represent the original LEC value which was approved in September 2018. For clarity the figures include for design fees, surveys, contingency and risk items. It should be noted that these figures were based on feasibility design information only.

Woods Court Refurbishment	£687,424
Orchard Special School	£11,154,333
Newark Day Service	£3,331,903
Demolition of Orchard Town Site	£269,631
Overall Original Budget as LEC September 2018	£15,443,290

Initial Tender Submissions

6. Following a review of the best procurement route Willmott Dixon were selected to deliver the School and GF Tomlinson were chosen to deliver the temporary refurbishment of Woods Court and the construction of the new Newark Day Service premises. Both contractors are on Scape Frameworks. The tender documents were issued in December 2018 with a tender submission date of 1st March 2019. The initial tender submission figures were as follows:

Woods Court Refurbishment	£687,424
Orchard Special School	£12,501,477
Newark Day Service	£4,189,556
Demolition of Orchard Town Site	£269,631 <i>Not Market Tested</i>
Initial Tender Submission from Contractors	£17,648,088

7. The submitted figures set out above represented a potential increase in cost of £2,204,798 against the original approved LEC values. Clearly this was a significant figure and therefore warranted further review. As is normal practice with any tender submission and particularly where the variance is so large, Arc have carried out a forensic review of the contractor's tender submissions which has generated various reductions in costs. Furthermore, both contractors have offered a schedule of potential value engineering to bring the overall budget deficit within reasonable levels.
8. The exception to the above is the Woods Court refurbishment, which has now been delivered on site and completed for less than the original LEC value (see paragraph 9).

Finalised Tender Submissions Following Arc Review and Value Engineering

9. Woods Court Refurbishment

Woods Court Refurbishment Final Position	£601,592
Original Budget as LEC September 2018	£687,424
Total	(£85,832)

The above saving is mainly due to the mitigation and effective on-site management of various risk items included in the original LEC. There were also various items which the day service management did not ultimately require.

10. Orchard Special School

Following the forensic review and value engineering exercise the total reduction achieved from the initial tender submission is as follows.

Orchard Special School Initial Submission	£12,501,477
Orchard Special School Final Position	£11,626,477
Total	£875,000

11. The total reduction is made up of the following items

- **£280,000** – Value engineering of various packages which do not affect building performance
- **£220,000** – Reduction in scope for items such as loose FF&E (which will be procured via a separate budget), maintenance and alternative subcontract quotations
- **£350,000** – Reduction in contractor's allowances for risk and prelims following Arc forensic review
- **£25,000** – Reduction in Arc's design and management fees following internal review

12. The reduced tender submission compares to the Original budget as follows:

Orchard Special School Final Position	£11,626,477
Original Budget as LEC September 2018	£11,154,333

Total **£472,144**

13. The above increase in cost is due to several items and issues which have been scheduled below:

Work resulting from ground investigation surveys not available at the time of the September 2018 LEC preparation:-

- **£102,512** – Vibro Piling – Required due to the bearing capacity of the soils not reaching the required levels.
- **£67,556** – Stone Platform for Piling – Stone platform is required for the piling rig. This figure includes for all excavation, subsequent cart away from site and installation of stone platform

Works required by Environment Agency in association with existing water course, the extent of which was not understood at the time of the September 2018 LEC preparation:-

- **£102,253** - Lowering of the front car park to act as an intended flood area for the site. This figure also includes for the provision of circa 250m³ of storm water attenuation.

Works arising from ESFA requirements and school organisation requirements:-

- **£100,000** – Lifts – Increase in specification to evacuation lifts to enable disabled building users to escape from the first floor in the event of an evacuation. Due to this requirement the size of lifts has also increased from 8 passenger to 21 passengers.
- **£12,500** – Rooflights – Additional rooflights required to provide daylighting following ESFA's advice and recommendations.

Other significant items:-

- **£117,365** – Sprinkler Installation – Although a sprinkler was allowed for at feasibility the specification of the sprinkler was to comply with the British standard. The requirement has since increased to comply with Technical Bulletin 221 which obligates designers and installers to protect all voids with a sprinkler system, which effectively doubles the cost
- **£17,500** – Archaeological requirements – The site has had to have an initial reduce level dig over a significant area to comply with a planning requirement from NCC's archaeological officer
- **£27,459** – Bricks – Change in colour of bricks from grey to red following review by the Council.
- **(£75,001)** – Saving on project contingency and agreement of final VE items

14. Newark Day Service

Following the forensic review and value engineering exercise the total reduction achieved from the initial tender submission is as follows:

Newark Day Service Initial Submission	£4,189,556
Newark Day Service Final Position	£3,869,556
Total	£320,000

15. The total reduction is made up of the following items

- **£200,000** – Value engineering of various packages which do not affect building performance
- **£120,000** – Reduction in contractor's allowances for risk and prelims following Arc forensic review

16. The reduced tender submission compares to the original budget as follows:

Newark Day Service Final Position	£3,869,556
Original Budget as LEC September 2018	£3,331,903
Total	£537,653

17. The above increase in cost is due to several items and issues which have been scheduled below:

Work resulting from ground investigation surveys not available at the time of the September 2018 LC preparation

- **£77,456** – Driven Piling – required due to the bearing capacity of the soils not reaching the required levels.
- **£48,696** – Stone Platform for Piling – A stone platform is required for the piling rig, this figure includes for all excavation, subsequent cart away from site and installation of stone platform
- **£30,000** – Programme duration increased by 4 weeks from original feasibility mainly due to the breaking out works to the existing building slab from former Grove Leisure Centre
- **£25,568** – Void protection works due to elevated gas levels on the former Leisure Centre site
- **£78,812** – Breaking up of existing former car park and reinstatement following survey of formation levels and resultant insufficient quantities of stone in the build-up

Works required by Environment Agency in association with existing water courses, the extent of which was not understood at the time of the September 2018 LEC preparation:-

- **£37,568** - Provision of circa 150m³ of storm water attenuation

Other significant items:-

- **£85,969** – Sprinkler Installation – Although a sprinkler was allowed for at feasibility the specification of the sprinkler was to comply with the British standard. The requirement has since increased to comply with Technical Bulletin 221 which obligates designers and installers to protect all voids with a sprinkler system, which effectively doubles the cost
- **£70,538** – Reintroduction of steel frame due to lightweight option being unviable
- **£65,456** – Increased scope of external services and the requirement to install within the main entrance footpath which will require reinstatement works
- **£17,500** – Bricks – Change in colour of bricks from grey to red following review by the Council.

18. Demolition of Orchard Special School – Town Site

Work to determine the final cost of demolition has yet to take place. **£269,631** will be retained as a budgetary provision for this work.

19. Financial Summary

In summary, the financial position is as follows:

Overall Original Budget as LEC September 2018	£15,443,290
Initial Tender Submission from Contractors	£17,648,088
Final Budget Position as LEC September 2019	£16,367,256
Budget Variance as LEC September 2019	£ 923,966

20. Benchmarking

The Final Position Cost for the replacement Newark Orchard School can be compared against National benchmarking data as follows:

Newark Orchard School	£2,891 per m2 Gross Floor Area
National (ESFA) Benchmarking data	average £3,105 per m2 Gross Floor Area

21. Programme Summary

Woods Court

Woods Court was completed on 9th March 2019 as programmed.

Orchard School

Contract Commencement Date	-	13 th May 2019
Contract Duration	-	61 Weeks
Sectional Completion of School	-	18 th May 2019
Whole Contract Completion	-	10 th July 2020
Programme Week Nr	-	18

Newark Day Service

Contract Commencement Date	-	8 th July 2019
Contract Duration	-	48 Weeks
Contract Completion	-	8 th June 2020
Programme Week Nr	-	10

Financial Summary

22. Attached as Appendix A is a detailed summary of overall budgetary position for the above project, with tracked changes from the Latest Estimated Costs at feasibility stage as at May 2019.

Other Options Considered

23. None

Reason for Recommendation

24. Replacement of the Orchard school is a key aspiration of the County Council, and the best option for delivering that aspiration includes the associated replacement of the Newark Day Centre. The resultant new premises will deliver outstanding service provision for vulnerable children and adults for many years to come.

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.

Crime and Disorder Implications

26. There are no direct crime and disorder implications within the report.

Financial Implications

27. Overall cost of the project is increasing by £924K requiring a variation to the Capital Programme. It is proposed that this will be met from the Basic Need Grant.

Implications for Sustainability and the Environment

28. This project has strong environmental credentials, through delivery of a wide range of sustainable works within each element of this scheme.

RECOMMENDATIONS

It is recommended that:

- 1) Members consider whether there are any actions required in relation to the detail contained within this report.
- 2) Members approve a variation to the Capital Programme to reflect the increased cost of the projects.

For any enquiries about this report please contact:

Mick Allen, Group Manager Place Commissioning, Tel: 0115 977 4684

Constitutional Comments (CEH – 16/09/2019)

29. The recommendations fall within the remit of Finance and Major Contracts Management Committee under the Constitution.

Financial Comments [GB - 19/09/2019]

30. The approved Children and Young People's Committee capital programme includes a budget of £15.543m for the Orchard Special School project. This report sets out that the revised estimated cost for the overall project totals £16.467m, an increase of £0.924. It is proposed that this increase is funded from the School Places capital programme which is already approved in the capital programme and has a 2019/20 budget of £14.537m.

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.

- Replacement of the Orchard Special School and Newark Day Centre – Report to Policy Committee 28-03-2018 – Published
- Replacement of the Orchard Special School and Newark Day Centre update report – Report to Report to Finance and Major Contracts Management Committee 16-07-2018 – Published
- Replacement of the Orchard Special School and Newark Day Centre – Report to Policy Committee Update Report 12-09-2018 – Published
- Latest Estimated Costs – Replacement of the Orchard Special School and Newark Day Centre – report to Finance and Major Contracts Management Committee 17-09-2018 - Published

Electoral Division(s) and Member(s) Affected

- All



Orchard Special School Development

Project Name	Refurbishment of Woodscourt			Orchard Special School			Newark Day Service			Demolition of Existing Orchard School - London Road Site			Demolition of Existing Orchard School - Town Site			Overall Budgetary Position		
P2 Project Number	P.Y.OS.00001-WC			P.Y.OS.00001-ORCH			P.Y.OS.00001-GLC			N/A			P.Y.SE.00001-OS			N/A		
Contractor	GF Tomlinson Ltd			Wilmott Dixon Limited			GF Tomlinson Ltd			Wilmot Dixon Limited			TBC			N/A		
Procurement Route	SCAPE Regional Framework			SCAPE National Framework			SCAPE Regional Framework			SCAPE National Framework			TBC			N/A		
Costs	LEC September 2018	LEC September 2019	Variance	LEC September 2018	LEC September 2019	Variance	LEC September 2018	LEC September 2019	Variance	LEC September 2018	LEC September 2019	Variance	LEC September 2018	LEC September 2019	Variance	LEC September 2018	LEC September 2019	Variance
Arc Surveys, Preconstruction and Other Direct Costs	15,340	10,888	-4,452	93,060	175,400	82,340	7,500	15,000	7,500	0	0	0	3,750	3,750	0	119,650	205,038	85,388
Construction Sub-Total	478,254	496,442	18,188	9,785,088	10,150,000	364,912	2,898,556	3,283,598	385,042	0	0	0	226,587	226,587	0	13,388,485	14,156,627	768,142
Target Reduction Following ARC Review / Commercial Offer	0	0	0	0	0	0		-59,000	-59,000			0			0	0	-59,000	-59,000
ARC Contingency (excluded from Contractors Sum)	61,580	0	-61,580	170,000	300,000	130,000	100,000	287,500	187,500	0	0	0	0	0	0	331,580	587,500	255,920
SCAPE Fees	5,000	0	-5,000	50,040	0	-50,040	30,000	34,111	4,111	0	0	0	0	0	0	85,040	34,111	-50,929
Planning and Building Regulation Fees	5,600	1,612	-3,988	15,090	34,000	18,910	8,190	8,190	0	0	0	0	1,780	1,780	0	30,660	45,582	14,922
Loose Furniture and IT Equipment	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded
Decant of Existing Schools into New Premises	15,000	0	-15,000	20,000	25,000	5,000	0	12,500	12,500	0	0	0	0	0	0	35,000	37,500	2,500
Project Contingency	14,000	0	-14,000	50,290	0	-50,290	0	0	0	0	0	0	0	0	0	64,290	0	-64,290
Professional Fees	92,650	92,650	0	970,765	942,077	-28,688	287,657	287,657	0	0	0	0	37,514	37,514	0	1,388,585	1,359,898	-28,688
TOTAL	687,424	601,592	-85,832	11,154,333	11,626,477	472,144	3,331,903	3,869,556	537,653	0	0	0	269,631	269,631	0	15,443,290	16,367,256	923,966

14 October 2019

Agenda Item: 6

**REPORT OF SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE AND
IMPROVEMENT**

**NOTTINGHAMSHIRE COUNTY COUNCIL PROCUREMENT STRATEGY 2019-
2023**

Purpose of the Report

1. The purpose of this report is to seek any feedback and improvements of the proposed Procurement Strategy 2019-2023.

Information

2. The Procurement Strategy 2019-23 sets out the framework for the procurement of all goods, works and services and outlines how procurement will use the Council's spending power to pursue our key objectives.
3. The Procurement Strategy 2019-23 builds on the work already undertaken in the first strategy that was implemented in 2015, which focused on strategic procurement development, integration between Procurement and Commissioning and implementation of category management.
4. The earlier strategy has driven strong achievements in procurement with successful delivery of procurement practice across Council departments. In Public Health, the competitive dialogue process has been used with great success to demonstrate collaborative working with commissioners to engage in a competitive dialogue with potential bidders. The process enabled the department to develop a comprehensive service specification with a successful contract award. Both commissioner and providers have been complimentary on the procurement process undertaken. With the introduction of Dynamic Purchasing Systems (DPS) this has had the effect of reducing the number of Adult Social Care spot contracts that were in place. The biggest advantage to a DPS is that the application process is always open and therefore increasing capacity and competition by adding additional suppliers. This has significantly reduced off-contract spend and been recognised as best practice in a recent Local Government Association (LGA) report.
5. In Children's department, the Council has been successful in engaging procurement activity across the Derbyshire, Derby City, Nottinghamshire and Nottingham City (D2N2) Partnership

for the development of a framework for Children's Residential Placement. Our procurement team has led the successful procurement on behalf of all four authorities, with over 50 providers applying to join the framework with a total spend of £500m over the life of the contract.

6. Across Place and Chief Executive's Departments, the procurement team have been very successful in opening our frameworks to generate income for the Council. Recent examples include the managed print framework solution which is being used by partners and stakeholders.
7. The review and refresh of the Strategy has provided an opportunity to take stock of the current strategic landscape. The 2019-2023 Strategy has been developed with reference to current and emerging policies and strategic drivers.
8. The new strategy will drive the delivery of social value for Nottinghamshire by outlining how we will address economic, social and environmental considerations. The key strategic drivers are:
 - Place Nottinghamshire residents at the centre of all commissioning and procurement decisions
 - Drive best value for public money
 - Commercially focused procurement and sourcing aligned with strategic, business and operational plans, and operating a competitive approach in line with internal and external regulations
 - Compliance with procurement legislation and the key principles of equal treatment, transparency and proportionality
 - Innovation in performance management to ensure we are getting the most from all our commissioning and contracting arrangements
 - Enhance Sustainability – environmental, economic and social for the ongoing well-being of the people of Nottinghamshire
9. The strategy will support compliance with the legal and procedural requirements of EU and UK Procurement Regulations and the Council's Financial Regulations, through ensuring a fair, open and transparent procurement process to ensure a level playing field for all suppliers.
10. The strategy has been developed through widespread consultation across the Council, including representatives from all service directorates, legal services and the equalities team. 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 strategy.
11. Progress across all our key strategic drivers and outcomes of procurement activity will be monitored and reported through the Finance and Major Contracts Management Committee on an annual basis.

Other Options Considered

12. Do nothing, this option was rejected as the current Procurement Strategy 2015-18 had expired and a refreshed strategy is needed to set out the strategic direction and approach for all procurement and commissioning activity.

Reason/s for Recommendation/s

13. To ensure the effective delivery of procurement services; to develop strategic Procurement solutions that deliver quality outcomes, value for money goods and services for the people of Nottinghamshire, as well as delivering broader economic, social and environmental outcomes.

Statutory and Policy Implications

14. 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.

RECOMMENDATION/S

- 1) To seek any feedback and improvements from members.
- 2) To endorse the revised Nottinghamshire County Council Procurement Strategy 2019-2023 (attached as an Appendix) and recommend the draft strategy to Policy Committee for approval.

Nigel Stevenson

Service Director – Finance, Infrastructure and Improvement

For any enquiries about this report please contact:

Kaj Ghattaora

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Constitutional Comments (EP 20/09/19)

15. The recommendation falls within the remit of the of the Finance and Major Contracts Management Committee by virtue of its terms of reference

Financial Comments (KP – 20/09/2019)

16. This report concerns the overall Procurement Strategy and as such there are no direct financial implications. Information on procurement performance is provided to Finance & Major Contracts Management Committee on a quarterly basis.

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.

- None

Electoral Division(s) and Member(s) Affected

- All

NOTTINGHAMSHIRE COUNTY COUNCIL

PROCUREMENT STRATEGY 2019 – 2023

1.0 FOREWORD - By Cllr Richard Jackson, Chairman Finance and Major Contracts Management Committee.

Spending approximately £620 million each year in goods and services, the importance of effective procurement, underpinned by commissioning has never been greater for local councils. The long-term challenge for local government finances remains considerable. Councils continue to face a significant gap and there remains uncertainty over a long-term funding solution to social care which makes up one-third of Council's spend. At a time when resources are drastically reducing there are increases in the cost of delivering services due to rising demand and inflationary pressures. Making the best use of our resources, finding greater efficiencies and improving productivity is vital to deliver better outcomes for local people and continue to protect services.

This means as a council we need to use our spending power wisely and strategically to ensure that we support the economic, social and environmental wellbeing of our residents and communities. We need our procurement service to maximise the value of our procurement spend, support the council in becoming a more commercially focussed organisation and harness and drive innovation in our commissioning decisions and through our supply chains. This strategy acknowledges the key role that procurement will continue to play in enabling the Council to meet these challenges and outlines our vision and priorities for the next four years.

Against this backdrop, the Council needs to think differently as to how it provides services to its local communities. The Council must provide the best possible outcomes for its residents, improve the place we live and deliver value for money. Procurement has a critical role in helping to deliver these services in a manner that secures the appropriate balance between cost effectiveness, quality and sustainability. Procurement service will ensure that the Council continues to work in partnership and collaboration with commissioners and our key partners to realise joint benefits, supporting the local economy and providing opportunities for businesses to engage with the Council.

The Council has clear ambitions, as set out in the Council Plan 'Your Nottinghamshire Your Future' 2017-2021, for Nottinghamshire to be the best place it can be for us all. It strives to be an efficient and high performing council delivering value for money. We are an ambitious local authority committed to delivering better outcomes for people in Nottinghamshire and better value for money for the taxpayer. In embracing these challenges, we will ensure we have robust frameworks for commissioning, procurement, performance and contract management to support transform and enhance public services .

2. INTRODUCTION

The Council must provide the best possible services for local people, improve the place in which we live and deliver good value for money. Our Council Plan “Your Nottinghamshire Your Future” sets out an ambitious vision for the future of Nottinghamshire in which the county is at the forefront of modern Britain. As a Council we provide a diverse range of services, to protect and shape the environment in which we live, and to create the right conditions for a strong local economy.

The Council plan is built on five core values, one of which is to ‘spend money wisely’. Procurement has an important role in the delivery of value for money services and in doing so we need to ensure we align to the Council’s priorities and values. Ensuring we make money go further will be essential in order to protect our many valuable services. Procurement will support the delivery of the Council plan and we will make the best use of the authority’s resources and encourage a more commercial approach across the Council, adopting creative and innovative ways of working that deliver value for your money.

Launching our new Procurement Strategy, is not only about compliance but reflects our learning since the last strategy and the key themes reflect our strategic plan priorities and the financial resources available to the council. The strategy has been developed through diagnostic exercise with managers who procure at all levels of the organisation and complements our strategies for adults, children and place. It outlines how the Council will continue its procurement journey and sets out the future framework and approach to strategic commissioning, procurement and contract management over the next four years.

Our objective is to work to the following six principles which will underpin all procurement activity at Nottinghamshire County Council.

- Place Nottinghamshire residents at the centre of all commissioning and procurement decisions
- Drive best value for public money
- Commercially focused procurement and sourcing aligned with strategic, business and operational plans, and operating a competitive approach in line with internal and external regulations
- Compliance with procurement legislation and the key principles of equal treatment, transparency and proportionality
- Innovation in Performance Management to ensure we are getting the most from all our commissioning and contracting arrangements
- Enhance Sustainability – environmental, economic and social for the ongoing well-being of the people of Nottinghamshire

2.1 Supporting the Council Plan

This procurement strategy cuts across all aspects of the Council’s Strategic Plan and will be integral to the overall success of the Council in achieving its strategic aims. The table below highlights the commitment from Procurement in supporting the delivery of the vision.

Council Plan Vision Statements	Commitment
A great place to bring up your family	To ensure that we put local people at the heart of everything we do through all our commissioning, procurement and contract management activity
A great place to fulfil your ambition	We will work in partnership with our partners and the supply market to drive social value outcomes through our procured services.
A great place to enjoy your later life	The Council continues to see rising demand for many of its services and Procurement will work with commissioning leads to build contracts that models service delivery that is focused on outcomes for those accessing the services. We will ensure that procured services are targeted to meet the needs of the most vulnerable groups, engaging communities in the planning and delivery of services.
A great place to start and grow your business	We will work with suppliers to foster creativity and innovation whilst delivering good quality, value for money services.

The Procurement service is an enabling function that supports the Council to be effective, provide value for money, support local business and achieve social value to meet the needs of Nottinghamshire’s residents and businesses. This strategy sets out the vision and direction for commissioning activity across the council and how we will achieve this over the next four years as well as establishing the principles and framework which will underpin all our commissioning decisions. The aim of this strategy is to ensure procurement activities are undertaken efficiently and economically whilst contributing to the realisation of the economic, social and environmental benefits for the County, and aligning with the strategic aims and objectives of the Council’s plan.

Our Procurement Vision

“To work together with colleagues, partners, local residents and suppliers to develop imaginative Commissioning, Procurement and Contract Management solutions that bring quality, value for money goods and services for the residents of Nottinghamshire and which also aim to deliver broader economic social and environmental outcomes”

2.2 A Commissioning-led Approach

Our aim is to ensure a robust and consistent approach is adopted for all our commissioning activity, whilst ensuring commissioning, procurement and contract management are a core and integrated proposition. It is important that all our customers, citizens, suppliers and staff understand what commissioning and procurement mean.

Commissioning: is the process of ensuring that outcomes identified in the council's needs analysis are delivered through the right service and with the right models of delivery, whether that be through public, private or other sectors, the voluntary service sector, or through social enterprises.

Procurement is the process of acquiring goods, works and services, covering acquisition from both third parties and in-house providers. The process spans the whole life cycle from identification of needs, through to the end of a works or services contract or the end of the useful life of an asset. It involves early stakeholder engagement; assessing the impact on relationships and linkages with services internally and externally; options appraisal and the critical 'make or buy' decision; and determining the appropriate procurement strategy and route to market.

Procurement is embedded within a broader commissioning framework where whole systems of support are reviewed ensuring that emerging needs, best practice, market analysis and available resources are taken into full account when developing procurement strategies. The benefits of using a commissioning framework include:

- Goods and services procured are based on a thorough understanding of need
- Better outcomes for citizens, in particular for those who are most vulnerable
- The way outcomes are delivered are transformed, underpinning long-term sustainability

Commissioning & Procurement the relationship

Commissioning & Procurement are not mutually exclusive. The procurement function is designed to support and deliver the commissioners intentions in a legal and compliant manner. Whilst the procurement function sits centrally within the council, and commissioning sits within departments it is key that we develop and maintain strategic links to commissioners to ensure procurement activities are undertaken efficiently and economically to implement outcome-based contracts. The Council's Category Management approach to procurement brings together the expertise from commissioning and procurement across the Council to identify the most appropriate and effective approach to delivering required outcomes.

Commissioning Framework

The commissioning framework below shows the various stages of commissioning and the typical activities we will undertake to ensure that our services remain fit for purpose and delivering best outcomes throughout.



Corporately, the Council is committed to adopting a structured corporate framework for commissioning. The commissioning framework creates a 'blueprint' for our commissioning approach and outlines the stages and components required for effective commissioning including: an evidence-based needs analysis to understand the local residents' requirements, establishing clear outcomes and priorities that we are seeking to achieve, using these outputs to develop clear commissioning strategies and then putting clear intentions and plans in place.

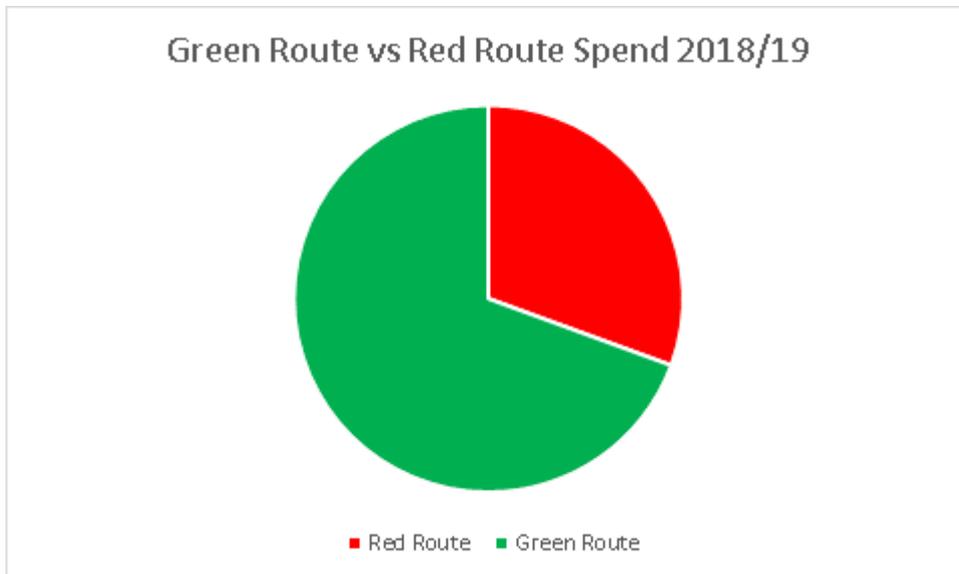
3.0 PROCUREMENT JOURNEY SO FAR

The Nottinghamshire County Council Procurement Strategy 2015 – 2018 established an ambitious programme to transform procurement through the adoption of Category Management to improve procurement performance across the Council. This has resulted in a step change in the way in which procurement is managed across the Council. Our achievements include:

- The successful implementation of category management across all the Council's third-party spend. Nottinghamshire now has category managers aligned to each department ensuring the strategic sourcing conversation taking place with commissioners at the start of any spend decisions.

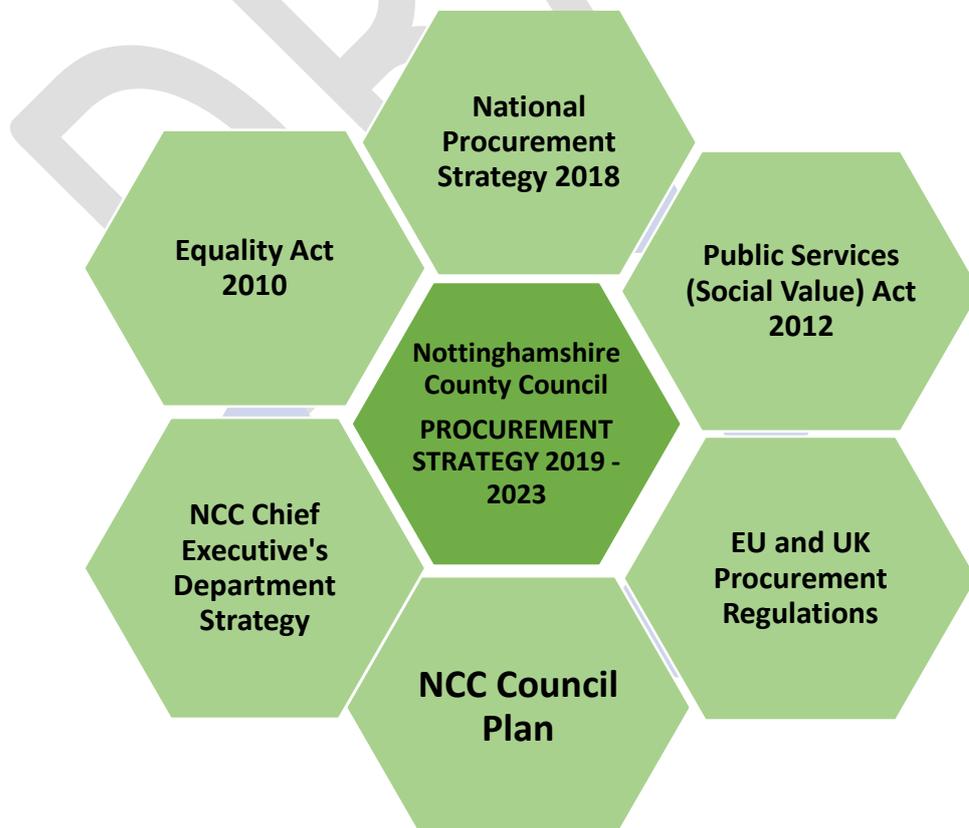
- Introducing electronic tendering by making full use of e-tendering portal Pro-Contract to embed e-procurement across the end to end procurement process. Across the East Midlands, Nottinghamshire is one of the few authorities that is using the e-procurement portal for its end to end procurement processes thereby delivering efficient procurement practice.
- Actively participate in collaborations with other contracting authorities and lead collaborative procurements to drive greater savings. A key example of this being the D2N2 (Derbyshire County, Derby City, Nottinghamshire County and Nottingham City Councils) collaboration for Children in Care Framework. Further Children's Social Care procurements are planned in the pipeline.
- Supporting Small, Medium Enterprises (SMEs) by running workshops and webinars for local suppliers on how to bid for council contracts. Nottinghamshire has a very good relationship with the Chamber of Commerce and together we have successfully hosted and sponsored events for Third Sector and SME organisations to break down barriers to public contracting.
- Opening our frameworks to generate income for Nottinghamshire County Council. The Council has been very successful with this initiative with recent examples including the managed print framework and Wide Area Network (WAN) contracts being used by partners and stakeholders.
- Creating Dynamic Purchasing Solutions (DPS) to ensure compliant purchasing decisions. DPS's have been very successful at the Council providing the flexibility for local suppliers to enter the market and enabling commissioners to have a variety of suppliers in the market place. The Council has successfully implemented DPS's across all our categories of spend. DPS's have been successful in driving forward off-contract spend of personal social care services. The Council's work on this has been recognised as best practice in a recent LGA report.
- Information governance compliance with all NCC's third party suppliers and our contractual arrangements compliant with GDPR regulations. For example, over 95% of our contracts with third party suppliers were amended appropriately to comply with the new GDPR regulations.
- A significant increase in compliance with procurement and finance regulations. Between 2018-19, Procurement team undertook 900 procurements, awarded 1372 contracts, of which over 1100 were to SME and Third Sector suppliers. Purchase orders are managed through Green and Red orders. Green orders are those which are raised with the Procurement Centre's pre-arranged agreements or contracted

suppliers. Red orders are those that do not have approved suppliers or contracts in place. Over the last three years, compliance with procurement regulations has improved with more and more orders being processed through Green route. This is evident in the chart below.



4.0 STRATEGIC CONTEXT AND PURPOSE

There are several national and local policy drivers that influence how the Council’s procurement function is structured. These are outlined in the diagram below.



The Local Government Association launched the new *National Procurement Strategy* in February 2018 which focuses on leadership, commercial behavior and achieving community benefits. This sets out the vision for local government procurement and signifies the strongest statement from local government that procurement is critical to deliver maximum benefits locally for council spending and in delivering on social value. The Public Services (*Social Value*) Act 2012 places a requirement on the Council to consider how what is being procured may improve the economic, environmental and social well-being of Nottinghamshire. The *EU Public Contracts Directive 2014 and UK Public Contracts Regulations 2015* provides the legal framework obliging us to operate in a fair, open and transparent way. It is recognised, following the UK's decision to leave the European Union that the controls and standards surrounding procurement may change during the period the Strategy covers.

In accordance with Equality Act 2010, and Public Sector Equality Duty, we will encourage our suppliers to support our commitment to equality, fairness and transparency; to be responsive to the needs of our communities; to meet the diverse needs of all users to ensure no one group is disadvantaged and to commit to developing a diverse and inclusive workforce. All providers with whom we contract for services are required to have sound equality policies and procedures in place which ban discrimination/bullying, provide diversity training for their staff which is inclusive of all the protected characteristics as defined by the Equality Act 2010 and revise their policies regularly.

5.0 SETTING THE DIRECTION FOR PROCUREMENT

The Procurement Strategy focuses on three key strategic priorities:



Priority 1: Ensure Best Value

What is our ambition?

To ensure value of money and efficiency through its procurement activity. In Nottinghamshire, we will attain value for money in terms of both cost and quality.

Key Actions to achieve our ambition

- Continue to manage and organise all our procurement activities using category management to ensure effective prioritisation and co-ordination of resources across the Council
- Ensure that Finance Regulations reflect developments in procurement legislation and provide a robust framework to support the spending of Council money
- Continue to deliver and identify savings and efficiencies whilst ensuring strategic objectives are delivered cost effectively
- Provide commercial acumen to Service Departments to assist with key projects and to identify improved commissioning and procurement opportunities
- Encourage early engagement of the Procurement team with commissioners in strategic decision-making to maximise savings and service quality outcomes
- Work actively with staff across the Council to drive and encourage innovation where it can reduce the cost and / or improve the effectiveness of Council services.
- Consider best practice through regional and national benchmarking
- Collaboration across public, private and third sector to drive innovation, greater value and high quality of goods and services.

Measuring our success

- % spend with local suppliers
- % Spend with SMEs

The current baseline spend is approximately 55%. Our aim is to make improvements in the data collection and therefore baseline the target at 50%.

Priority 2: Maximise Social Value

What is our ambition?

In delivering this strategy, our ambition is to realise meaningful social value from the contracts we set and obtain added value from Council spend by delivering the best outcomes for local people and deliver place based ambitions.

Key Actions to achieve our ambition

- Create employment and training opportunities through our contracts
- Increase the Nottinghamshire pound, to ensure every pound we spend, we try and retain as much of it in Nottinghamshire as possible
- Encourage a strong and diverse local market made up with voluntary, community organisations and SMEs who want to do business with NCC
- Maximise value from our key suppliers through Supplier Relationship Management (SRM) - the discipline of strategically planning for, and managing, all interactions with third party organisations that supply goods and/or services to NCC to maximise the value of those interactions. In practice, it will entail creating closer, more collaborative relationships with key suppliers to uncover and realise new value and reduce risk.
- Embed local supply chain opportunities into our procurement activities
- A commitment to increase spend in local economy within the financial regulations' framework
- Work with partners such as the East Midlands Chamber of Commerce to support local businesses and SMEs to access public sector opportunities.

Measuring our success

- No. or % of employment / training opportunities secured through contracts awarded, in particular those from disadvantaged groups.
- No. or % of contracts with measures to secure environmental benefits (e.g. recycling, CO2 reduction, waste diverted from landfill)

At present social value indicators are not measured in this way and are more project specific. We will move towards targeted and proportionate measures in all contracts, where applicable.

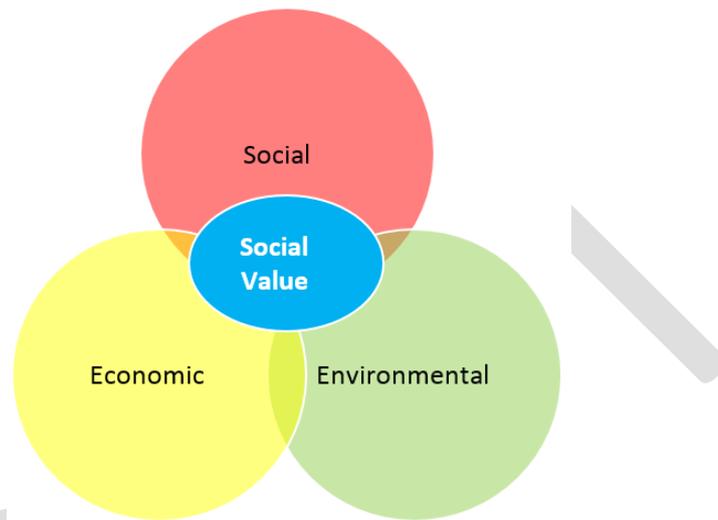
Defining Social Value for Nottinghamshire

The Public Services (Social Value) Act 2012 came into force on 31st January 2013. Local authorities and other public bodies have a legal obligation to consider the social good that could come from the procurement of outcomes, before they embark upon it. The aim of the Act is not to alter the commissioning and procurement processes, but to ensure that, as part of these processes, councils consider the wider impact of the services delivered. The Social Value Act places a requirement on the Council to consider how what is being procured may improve the economic, environmental and social well-being of Nottinghamshire.

The Council has adopted the definition of Social Value as set out by the Sustainable Procurement Taskforce. Social Value is defined as:

A process whereby organisations meet their needs for good, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and economy, whilst minimising damage to the environment.

Social value outcomes fall under these ‘three pillars of sustainability’ are set out in the diagram below.



Economic: this outcome covers how NCC will support and grow the local economy. Local spend will be defined as:

“the value of contracts awarded to organisations that operate principally within the boundaries of the County of Nottinghamshire”

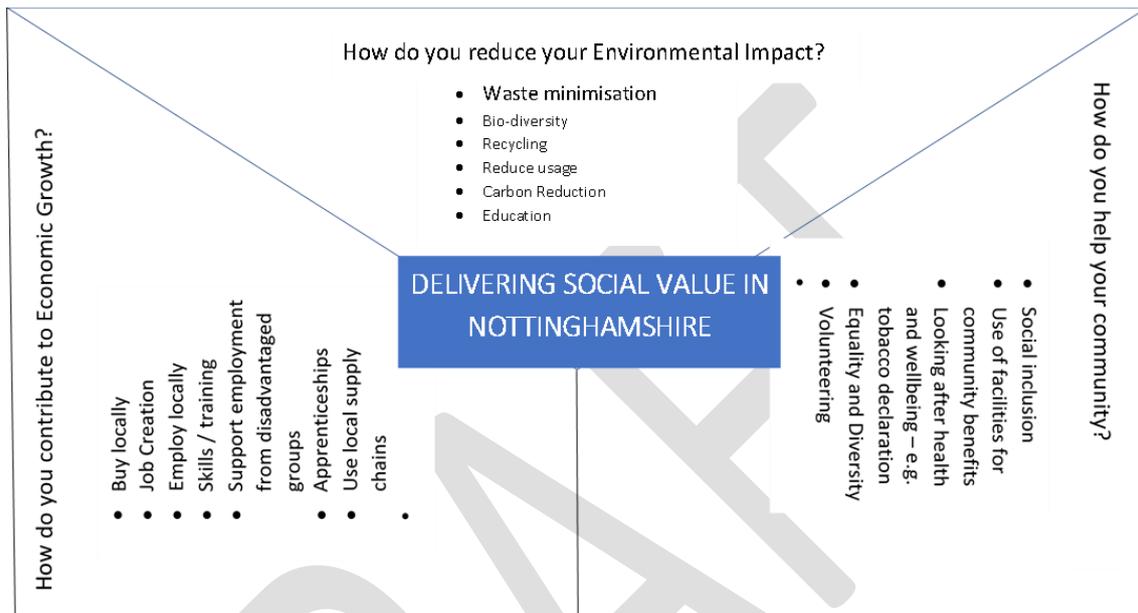
Social: this outcome explores how social and community benefits are delivered for the residents of Nottinghamshire through our procurement

Environmental: this outcome relates to the contribution and extent to which we are reducing the Council and the community’s negative impact on the environment.

At Nottinghamshire County Council we are committed to protecting and enhancing the environment for present and future generations reducing the environmental impact of purchasing goods, works and services. Including environmental considerations in our procurement evaluations is through environmental considerations in our procurement processes and contracts, and by raising staff awareness will help embed this into all procurements that we undertake.

Environmental considerations are consistent with our need to demonstrate best value, by seeking to achieve the optimum combination of 'whole life' costs and benefits to meet the County Council's needs.

Our social value themes will enable us to maximise the opportunities for economic, social and environmental considerations to be addressed at all stages of the commissioning and procurement cycle. This is summarised in the tool below.



Outcomes are not necessarily confined to a single pillar of sustainability, they may be social, economic and/or environmental. Where these distinctions overlap several cross-cutting outcomes may be created.

Priority 3: Enhance Leadership

What is our ambition?

Procurement is an enabler to use best practice approaches to deliver the needs of improved outcomes. Our vision is that we will be creative and work in new ways to become a true enabling partner to Council departments and proactively helping to deliver Department and Council priorities as a whole.

Key Actions to achieve our ambition

We will deliver enhanced leadership through:

- **Market Management** - We recognise that effective management of strategic supplier relationships can deliver a range of benefits. We will undertake pre-market engagement, develop existing supplier relationships and engage with suppliers. Develop category strategies to ensure that demand is fully understood (including future requirements) and

work with commissioners to ensure that market analysis and supplier engagement is undertaken to establish the capabilities of the supply chain.

We will adopt a strengthened commercial approach to better analyse market intelligence and leverage the knowledge and capability of providers to co-design services in such a way that innovation can be met, increasing the availability of mature markets for when we procure. We will also work with commissioners and suppliers to drive strategic procurement decisions in shaping the market and developing detailed category plans

- **Management Information** - Good procurement and commercial decision making relies on having excellent management information. We will improve expenditure analysis of the Council's third party spend and demonstrate impact of procurement and contract management activities through detailed dashboards.
- **Excellence in category management** - Category Manager's close working relationship with commissioning colleagues is critical. They will develop a new flexible operating model based on better engagement with their customers and more effective planning of procurement activity that leads to corporate frameworks within which each department that maps their future procurement activity and develops one to three-year plans against which resources can be allocated and performance measured

We will provide support, guidance and challenge to our commissioners in developing specifications and managing the contracts that we let. Providing the commercial challenge to commissioning intentions, we will help in their design and managing continuous improvement programmes with key suppliers to deliver on-going cost reductions, service enhancements and innovation.

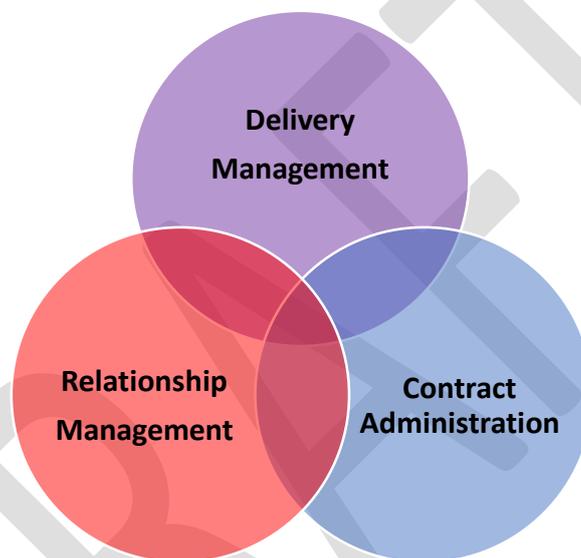
To deliver an integrated Procurement and Commissioning model we will take a Business Partner approach through Category Management to reach a point where all or a very high percentage of the Council's spend within a category is being channelled through approved arrangements, aligned with strategic priorities. The desired outcome is to buy more strategically, be more innovative and enable all purchasers/commissioners to get the most out of the market and suppliers.

To achieve this will require strong working relationships with our commissioning colleagues and a high degree of effectiveness to increase the delivery of sustainable value, an increase in compliance to procurement contracts and processes. Category Managers will develop a new flexible operating model based on better engagement and more effective planning of procurement activity. The involvement of procurement at the

earliest phase of a project will deliver greater commercial and social benefits to Nottinghamshire.

- **Contract Management** - There is a growing recognition of the need to automate and improve contractual processes. The need to satisfy increasing compliance and analytical requirements has also led to an increase in the adoption of more formal and structured contract management procedures and an increase in the availability of software applications designed to address these issues.

Contract management encompasses three key areas – service delivery management, relationship management and contract administration as shown in the diagram below.



- (a) **Service delivery management** - ensures that the service is being delivered as agreed, to the required level of performance and quality
- (b) **Relationship management** – keeps the relationship between the two parties open and constructive, aiming to resolve or ease tensions and identify problems early and to deliver continuous improvement;
- (c) **Contract administration** – handles the formal governance of the contract and changes to the contract documentation.

The development of sound contract management processes and support from the Procurement Centre will enable a consistent corporate approach to contract management is embedded into the Council through;

- using clear and robust evaluation criteria;
- monitoring and reviewing contract management performance within the Council;
- identifying risks which exist in the performance of contracts;

- monitoring expenditure of supplier spend on an annual basis

We will work with our supplier chain to ensure that both parties are delivering against the commitments within contracts and build upon mutual experience and knowledge to embed continuous improvement practices throughout the contracted period. We will work with commissioners to ensure the development of effective Key Performance Indicators for all contracts. We will implement contract management guidance across the Council to ensure that all contracts across the Council are managed to a consistent standard and on a risk basis.

- **Best practice in e-procurement**

e-Procurement is integral to the overall development of procurement processes and involves the use of an electronic system/s to acquire and pay for supplies, services and works. The Council has invested in an e-procurement tool which offers e-Sourcing, e-Auction, Contract Management and Spend Analysis solutions to assist in alleviating the pressures faced by procurement professionals when purchasing and managing supplier relationships

The deployment of the Business Management Systems (BMS) has enabled many operational tasks in the Procure-to-Pay cycle to become self-service. The role of the Procurement Centre is to provide advice and oversight of the effectiveness of this process, as well as authorise certain aspects such as the addition of new vendors and (in conjunction with Finance) advise on the approval of contract waivers from Financial Regulations.

By further utilising e-procurement we aim to: reduce transaction costs; make processes more efficient; improve management information and visibility of third party spend; increase control and consistency of processes and improve spend compliance.

Measuring our success

- Documented supplier performance against KPIs and targets to identify ongoing improvements in contract management
- A comprehensive and up to date contracts register with a list of all contract managers
- Reduction in off contract spend
- % of procurement administered through the e-tendering portal.

6.0 DELIVERING THE VISION

The procurement service offers a wide range of expertise that will support the Place, Chief Executive, Children and Families, Adult Social Care and Public Health departments to deliver their priorities. Taking an integrated approach to working alongside commissioners in supporting the identification of service needs, the procurement team can help shape markets to deliver requirements and maximise the benefits from the Council's buying power, whilst ensuring that we get what we pay for, through effective contract management.

Key enablers:

The Council recognises four key enablers that will be critical to delivery of this strategy – People, Technology, Planning & Performance and Culture.

People:

The Council will continue to develop our talent to ensure that the Procurement Team has the right mix of skills, knowledge and expertise.

Technology:

The Council will exploit digital technology and e-procurement solutions to underpin and simplify our core processes for both staff and suppliers.

Planning and Performance:

The Council will produce accurate and timely data to inform procurement decisions.

Procurement service will produce an annual procurement plan for all procurement activity for the Council

Culture:

The Council will enable innovation and embed change to improve procurement and contract management practice in the Council and deliver economic, social and community benefits.

Effective People and Leadership:

The Council aims to attract, retain and motivate high-quality, skilled procurement and commercial professionals and create ongoing opportunities for development; investing in training and coaching so that our staff become a source of capability and capacity to meet the council's current and future needs

Our Category Managers will need to have good skills in strategic thinking with commercial acumen, procurement and contract management expertise. They will need to be good relationship managers with the ability to influence, have good communication skills, and be credible with stakeholders and suppliers. They will know their supply markets, cost drivers and understand the regulatory environment in which they work.

Measure and monitor our performance:

A clear approach to achieving our goals needs to be embedded through a clear understanding of what actions are required, by when, by who and their outcomes. To monitor our progress, we will work aim to work to the following targets and performance measures:

Strategic Theme	Targets	2020/21	2021/22	2022/23
Best Value	% spend with local suppliers (of total contracts awarded)	50%	55%	60%
	% Spend with SMEs	50%	55%	60%
Social Value	No. or % of contracts with measures to secure environmental benefits (e.g. recycling, CO2 reduction, waste diverted from landfill)	TBC	TBC	TBC
	No. or % of employment / training opportunities secured through contracts awarded, those from disadvantaged groups.	TBC	TBC	TBC
Enhance Leadership	Reduction in off contract spend	1%	2%	2%
	% Procurements gone through e-tendering system (of procurements conducted that year)	95%	95%	95%
	Number of contracts retendered on time	90%	90%	90%

Building on the achievements of the last strategy, and with a strong vision to deliver the key priorities as outlined in this strategy, the Council will also:

- Ensure its procurement delivery plan is monitored and challenged through the Council's Finance and Major Contracts Management Committee.
- Maintain a Council wide procurement plan of all procurement projects to improve how we manage and deliver these projects
- Ensure its procurement policies and procedures are regularly reviewed and kept up to date
- Continue to report on procurement performance and compliance to the Finance and Major Contracts Management Committee through an annual procurement plan and quarterly category updates.

Useful Links

Nottinghamshire County Council Procurement website -

<https://www.nottinghamshire.gov.uk/business-community/doing-business-with-us/doing-business-with-us>

Contract opportunities

- East Midlands Tenders www.eastmidstenders.org
- Contracts Finder www.gov.uk/contracts-finder
- Source Nottinghamshire www.sourcenottinghamshire.co.uk

DRAFT

Appendix 1 - Mapping Procurement Priorities to the Council Plan aims:

Outlined below are actions the procurement centre will take to deliver the specific commitments in the Council Plan.

Council Plan Aims	Nottinghamshire's Procurement Strategy Strategic Priorities	Key activities
Put local people at the heart of everything we do	Deliver Social Value	Understand our people and reflecting this in our procurement plans
Spend money wisely	Ensure Best Value	Drive innovation through our commissioning solutions
Be creative and work in new ways	Enhance Leadership and Ensure Best Value	We will work with suppliers to foster creativity and innovation whilst delivering value for money
Stand up for local people	Deliver Social Value	We will work with suppliers to foster creativity and innovation whilst delivering value for money
Empower people and support their independence	Deliver Social Value Enhance leadership	Training, support and leadership for all

Appendix 2 - PROCUREMENT DELIVERY PLAN

The delivery of this Strategy will be managed through a Delivery Plan with progress reported on an annual basis to the Finance and Major Contracts Management Committee.

Theme	Key Steps	Lead	Timescale
Processes	Develop one procurement plan for all NCC procurement activity for the year	Group Manager and Category Leads	April 2020
	Develop a standardised category plan to report to Committee at quarterly intervals	Group Manager and Category Leads	April 2020
Performance Management – establish a performance framework to demonstrate and monitor implementation and impact of the procurement strategy	Develop a mechanism to identify, measure and monitor social value within procurements	Procurement (with support from performance team)	November 2019
	Develop and implement performance dashboards for all categories.	Procurement (with support from performance team)	April 2020
	Complete spend analysis by category to identify key categories of third party spend and have a clear category management strategy in place	Policy and Strategy Officer	April 2020
Contract Management – to ensure best value and effective from the supply chain	Develop and implement a corporate approach to contract management to include revised contract management guidance	Group Manager	Commence in October 2019

	and a contract management framework to include a toolkit of standardised templates/processes. This will ensure consistency, performance and raise the standard of contract management across the Council.		
	Update our central Contracts Register to enable better forward planning and reporting	Procurement team	January 2020
Supplier Relationships – Make use of local and SME suppliers, where appropriate, to deliver local economic growth	Work with local partners such as Chamber of Commerce to deliver local events to ensure local and SME providers are aware of the tendering opportunities at the Council	Group Manager	Ongoing
	Finalise the updated and improved procurement webpages on the internet so that they are more accessible and easier to navigate for potential suppliers	Policy and Strategy Officer	January 2020
	Engage with suppliers to raise awareness of economic, environmental and social well-	Procurement team	Ongoing

	being requirements which will need to be factored into future contracts as appropriate.		
Leadership	Following a skills analysis exercise, develop a staff training and development plan	Group Manager	December 2019
	Develop an eLearning module to provide all current and new Council staff with an understanding of procurement and contract management	Group Manager (with support from HR/L&D Team)	April 2020 onwards

Appendix 3 - GLOSSARY

Business Management System (BMS)	A centralised computer system that holds information about the Finance, Human Resources
Category Management	A 'Category' is an area of spend determined by known market boundaries separating different products, services or industries. Category management recognises that suppliers within a certain market are likely to have similarities which enable a tailored approach to procurement.
Category Manager	The Officer authorised by the Council's Director of Corporate Resources to manage the procurement of a category or categories of goods, services and/or works. Category Managers work with commissioners on strategic plans for future procurement needs
Contract Management	Is the management of contracts made with customers, vendors, partners, or employees? The personnel involved in Contract Administration required to negotiate, support and manage effective contracts are expensive to train and retain. Contract management includes negotiating the terms and conditions in contracts and ensuring compliance with the terms and conditions, as well as documenting and agreeing on any changes or amendments that may arise during its implementation or execution. It can be summarised as the process of systematically and efficiently managing contract creation, execution, and analysis for maximising financial and operational performance and minimising risk.
Council Policies	Council policies, procedures, guidance and strategies designed to ensure high standards are maintained at all time
Equality Act 2010	Equality Act 2010 legally protects people with protected characteristics (age, gender, disability, race, religion or belief, pregnancy and maternity, sexual orientation, gender reassignment, marriage or civil partnership) from discrimination, harassment and victimisation

European Union Public Procurement Legislation -Public Contracts Regulations 2006	Public procurement law regulates the purchasing by public sector bodies and certain utility sector bodies of contracts for goods, works or services. The law is designed to open the EU's public procurement market to competition, to prevent "buy national" policies and to promote the free movement of goods and services.
Meet the Buyer	Open forums for the local supply market to meet the buyers of the Council and to ask questions about up and coming contracting opportunities
Public Sector Equality Duty	<p>It requires all public bodies to have due regard to the need to:</p> <p>Eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act.</p> <p>Advance equality of opportunity between people who share a protected characteristic and people who do not share it, and Foster good relations between people who share a protected characteristic and people who do not share it.</p>
Public Services (Social Value) Act 2012	An Act to require public authorities to have regard to economic, social and environmental well-being in connection with public services contracts; and for connected purposes. From 31 January 2013, local authorities have had to consider the operative provisions of the Act when considering procurements of certain types of service contracts and framework agreements.
Small to Medium Size Enterprises (SMEs)	Companies employing 250 employees or less.
Sustainable Procurement	Sustainable procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis, in terms of generating benefits not only to the organisation, but also to society and the economy, while minimising damage to the environment
Value for Money (VFM)	Value for money is not about achieving the lowest initial price: it is defined as the optimum combination of whole life costs and quality

REPORT OF GROUP MANAGER - PROCUREMENT

UPDATE ON AGENCY STAFF TENDER

Purpose of the Report

1. The purpose of the report is to provide an update on the agency staff tender so the Finance and Major Contracts Committee can consider whether there are any actions they subsequently require.

Information

2. In 2014 Nottinghamshire County Council moved to a managed service provision for agency staff. This contract was awarded to Reed Specialist Recruitment Ltd. Prior to this, departments had been commissioning agency staff from a variety of companies and in most cases with no fixed rates in place. A managed service provider is a prime contractor with tiered providers underneath them that they manage. This means a single point of contact for commissioning, invoicing etc plus the provision of management information.
3. The current contract with Reed comes to an end 31/08/20 and allows 6 months for a transition from the incumbent supplier to a new supplier if required.
4. The relationship with Reed is managed through colleagues in Human Resources who undertake the contract management role with the company.

Current Status

5. Corporate procurement have done some market engagement already as well as working with framework providers to see what changes have happened in the market over the last 4 years. This has shown there is significant interest from the market in this contract
6. Significant work has been done on gathering all the management information to ensure that bidders can be provided with key data on spend, types of agency workers and volumes.
7. A stakeholder group of key commissioners for the contract has been formed to ensure they have input into the specification of requirements in the tender to ensure any issues with the current contract are addressed.
8. Whilst the current managed service provision has resulted in savings, fixed rates for agency workers and greater visibility of management information there have been some areas where there is room for improvement. This is largely around suitable candidates in certain areas such as catering and cleaning and Adults Social Care. These are areas that will be focussed

on as part of the new procurement. The key to this will be around the service providers with specialist agencies particularly local agencies as well as engagement with commissioners within the Council for forward planning.

9. The tender will also focus on Social Value and how the winning bidder will add value around local employment especially amongst more disadvantaged groups.
10. The tender will be done through an existing framework agreement that is run by the Yorkshire Purchasing Organisation. The framework has a variety of suppliers enabling the Council to look at different models as part of the bid process. Timescales for the tender are
 - 30th September 2019 - Invitation to Tender published
 - 28th October 2019 – Tenders received
 - November/ December 2019 – tenders evaluated and presentations by bidders
 - December 2019 – contract awarded for 1st April 2020 start

Other Options Considered

11. The option of no longer having a managed service was considered and contracting with multiple suppliers but this was not taken any further because of the resource overhead of managing multiple suppliers.

Reason/s for Recommendation/s

12. To provide the Finance and Major Contracts Committee with information in relation to the agency staff tender.

Statutory and Policy Implications

13. 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.

RECOMMENDATION/S

14. That members agree to receive a follow up/update report in the next 3 months and that this be included in the work programme.

Kaj Ghattaora
Group Manager - Procurement

For any enquiries about this report please contact:

Lorraine Dennis
Category Manager, Chief Executives and Place
T: 0115 9772248

E: lorraine.dennis@nottscc.gov.uk

Constitutional Comments (EP 13/09/2019)

15. The Finance and Major Contracts Committee is the appropriate body to consider the content of this report.

Financial Comments (KP 19/09/2019)

16. The current agency staff contract costs circa £12.5m per annum. The costs of agency staff are charged to the relevant temporary staff budgets and are contained within the overall revenue budgets of the service areas concerned.

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.

- None

Electoral Division(s) and Member(s) Affected

- All

REPORT OF GROUP MANAGER - PROCUREMENT

UPDATE ON WIDE AREA NETWORK TENDER

Purpose of the Report

1. To inform the committee on the current position with the procurement of a Wide Area Network (WAN) provider.

Information

2. The Council currently have a contract with VirginMedia Business for our WAN that has been in place since November 2014 and expires November 2020.
3. Working with ICT Services Corporate Procurement have done several market engagement days to discuss where the Council is now, where they will be in the future, and what is available in the market.
4. As part of that market engagement it became clear that whilst new network technology is emerging it is still in its infancy and therefore a decision was made to go out for a network that met our needs now but with the flexibility to move to any new technology during the lifetime of the contract.
5. On the 14th June 2019 an invitation to tender was published inviting suppliers to bid for the provision of a managed service for WAN with a submission deadline of 5th August 2019.
6. Suppliers are bidding to be sole supplier on a framework agreement that meet current requirements and has a catalogue of services for the future.
7. The framework agreement will also be available to other public sector bodies within the East Midlands.
8. At the time of writing this report bids are being evaluated and it is anticipated that a decision will have been made on the preferred bidder by the time of the Committee meeting.

Other Options Considered

9. The option of going through an existing government framework was considered but not used as the framework was about to end and we would not have had the flexibility that has been written into our own framework.

Reason/s for Recommendation/s

10. Report is for information only

Statutory and Policy Implications

11. 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

12. If a new supplier wins the tender there will be capital costs to implement the new network.

RECOMMENDATION/S

13. That members agree to receive a follow up/update report in the next 3 months and that this be included in the work programme.

Kaj Ghattaora
Group Manager - Procurement

For any enquiries about this report please contact:

Lorraine Dennis
Category Manager, Chief Executives and Place
T: 0115 9772248
E: lorraine.dennis@nottsc.gov.uk

Constitutional Comments (KK 13/09/19)

14. The proposal in this report is within the remit of the Finance and Major Contracts Management Committee.

Financial Comments (KP 19/09/2019)

15. As noted in the report there may be additional capital costs if a new supplier wins the tender, however these costs will be included in the financial evaluation of the bids.

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.

- None

Electoral Division(s) and Member(s) Affected

- All

14 October 2019

Agenda Item: 9

REPORT OF THE SERVICE DIRECTOR - CUSTOMERS, GOVERNANCE AND EMPLOYEES

WORK PROGRAMME

Purpose of the Report

1. To consider the Committee's work programme for 2019-20.

Information

2. The County Council requires each committee to maintain a work programme. The work programme will assist the management of the committee's agenda, the scheduling of the committee's business and forward planning. The work programme will be updated and reviewed at each pre-agenda meeting and committee meeting. Any member of the committee is able to suggest items for possible inclusion.
3. The attached work programme has been drafted in consultation with the Chair and Vice-Chairs, and includes items which can be anticipated at the present time. Other items will be added to the programme as they are identified.
4. As part of the transparency introduced by the revised committee arrangements from 2012, committees are expected to review day to day operational decisions made by officers using their delegated powers. It is anticipated that the committee will wish to commission periodic reports on such decisions. The committee is therefore requested to identify activities on which it would like to receive reports for inclusion in the work programme.

Other Options Considered

5. None.

Reason/s for Recommendation/s

6. To assist the committee in preparing its work programme.

Statutory and Policy Implications

7. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required

RECOMMENDATION/S

- 1) That the Committee considers whether any amendments are required to the Work Programme.

Marjorie Toward
Customers, Governance and Employees

For any enquiries about this report please contact: Pete Barker, x74416

Constitutional Comments (HD)

8. The Committee has authority to consider the matters set out in this report by virtue of its terms of reference.

Financial Comments (NS)

9. There are no direct financial implications arising from the contents of this report. Any future reports to Committee on operational activities and officer working groups, will contain relevant financial information and comments.

Background Papers

None.

Electoral Division(s) and Member(s) Affected

All.

FINANCE & MAJOR CONTRACTS MANAGEMENT COMMITTEE – WORK PROGRAMME

<u>Report Title</u>	<u>Brief summary of agenda item</u>	<u>Lead Officer</u>	<u>Report Author</u>
18 November 2019			
Monthly Budget & Capital Monitoring Report 2019/20	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
Risk and Insurance	Update report	Nigel Stevenson	Rob Disney
BCF 6 Monthly Reconciliation		Joanna Cooper	Joanna Cooper
Commercial Strategy Update	Report on progress	Nigel Stevenson	Mark Knight
New School at Sharphill Development, Edwalton – Latest Estimated Cost	LEC Report	Derek Higton	Phil Berrill
16 December 2019			
Monthly Budget & Capital Monitoring Report 2019/20	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
Gedling Access Road (GAR)	Report on progress	Adrian Smith	Mike Barnett
D2N2 Children in Care Framework		Lynn Brammer	Kaj Ghattaora
13 January 2020			
Monthly Budget & Capital Monitoring Report 2019/20	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
DN2 Partnership Children's Services Intervention Programme	6 Monthly Update	Lynn Brammer / Jon Hawketts	Kaj Ghattaora

FINANCE & MAJOR CONTRACTS MANAGEMENT COMMITTEE – WORK PROGRAMME

10 February 2020			
Monthly Budget & Capital Monitoring Report 2019/20	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
23 March 2020			
Monthly Budget & Capital Monitoring Report 2019/20	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
The Competitive Dialogue Procurement Approach for Public Health Services	Progress Report	Michael Fowler	Kaj Ghattaora
20 April 2020			
Monthly Budget & Capital Monitoring Report 2019/20	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
18 May 2020			
Monthly Budget & Capital Monitoring Report 2019/20	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
BCF 6 Monthly Reconciliation		Joanna Cooper	Joanna Cooper

FINANCE & MAJOR CONTRACTS MANAGEMENT COMMITTEE – WORK PROGRAMME

September 2020			
Monthly Budget & Capital Monitoring Report 2019/20	Budget Capital Monitoring, Capital Receipts, Capital Variations	Nigel Stevenson	Glen Bicknell
The Competitive Dialogue Procurement Approach for Public Health Services	Progress Report	Michael Fowler	Kaj Ghattaora
TO BE PLACED			
The provision of new schools and school places	Details of the Authority's approach	Derek Higton	Derek Higton

