

## Nottingham City Council

### Commercial and Procurement Strategy 2025-2029

#### **1. Foreword/Introduction**

How the Council manages its commercial and procurement activity is central to meeting the significant financial challenges we face. The delivery of our strategic priorities depends on the efficient and strategic use of our spending power – enabling reducing budgets to go further. We aim to do this by securing the best value for money; procuring the best possible services on the best terms and driving efficiencies to deliver cashable and non-cashable benefits.

When commissioning and procuring services from external organisations we must meet both our Best Value obligations and consider how services improve the economic, social and environmental wellbeing of Nottingham city.

This strategy sets out the Council's commercial and procurement commitments aimed at supporting the delivery of corporate objectives through professional best practice. It also complements Council strategies and policies such as Carbon Neutral Nottingham 2028 (CN28) and our Equality Diversity and Inclusion Strategy.

#### **2. Purpose & Vision**

This Commercial and Procurement Strategy sets out for citizens, the supplier market and other key stakeholders the strategic aims of the Council to be taken forward through our commercial and procurement activity over the next four years. For the first time, we are bringing together our separate Procurement and Commercial Strategies into a single vision and set of guiding principles covering the full range of our commercial activity.

This integrated Commercial and Procurement Strategy builds on the aims, objectives and achievements of our previous strategies, and sets ambitious targets for future achievement in line with our corporate objectives and national best practice.

The delivery of this Strategy will be managed through a Delivery Plan approved by the Council's Director of Commercial and Procurement, with progress reported on an annual basis using the Council's corporate performance management system.

The strategy will detail our vision by applying four overarching aims to our commercial, procurement and contract management activity:

**Professional Leadership and Compliance** – Setting high standards in the way the Council procures and manages contracts and commercial ventures. Our aim is to maintain the trust of the public, partners and our suppliers by acting in a fair, lawful and professional way and being as transparent and accountable as possible. We will show leadership through our professional commercial hub.

**Best Value and Continuous Improvement** - Aiming to deliver the best overall impact for Nottingham from the public money we spend with suppliers and invest in the Council's own companies. This links to behaving commercially and meeting our Best Value Duty as a Local Authority, considering the overall economy, efficiency and effectiveness of all functions that the Council provides.

**Sustainable and Fair Procurement** – Achieving community benefits by ensuring that the Council’s activities are sustainable and fair. This includes minimising negative environmental impact, especially through reducing carbon emissions, promoting equality and diversity, and setting standards requiring that people involved in our supply chains are treated fairly.

**Supporting Local Communities** – Achieving community benefits with a focus on the positive impact the Council can have on the Nottingham economy through our commercial and procurement activity. This includes supporting local supplier markets, employment and training opportunities, and spending more of the Council’s money locally.

### **3. Overview of Commercial, Procurement and Contract Management Activity**

Nottingham City Council defines Procurement as:

“The process of acquiring the goods, services and works an organisation needs. It spans the whole commercial cycle, comprising:

- Delivery Model Assessment, including ‘make or buy’ decisions, which may result in the provision of services in-house where appropriate
- Identifying needs and deciding what is to be bought and when (procurement planning);
- The process of awarding a contract, including defining the terms on which the goods, services or works are to be provided and selecting the contracting partner that offers the best value
- Managing the contract to ensure effective performance”

The Council spends more than £450 million a year with thousands of suppliers buying a diverse range of goods, works and services to support delivery to citizens, businesses and stakeholders. Our Procurement Strategy 2018-2023 set out a vision to use the Council’s spending power to drive the key strategic priorities through 3 themes: Supporting the local economy, placing citizens at the heart of what we do, being sustainable and responsible.

In addition to goods, works and services that we buy, the Council maintains a number of Commercial Ventures. We define a Commercial Venture as:

“an activity or activities that seek payment for goods or services provided, from another person or entity, whether those ventures are for profit or otherwise, whatever form the ventures may take. For example, limited companies with shares, companies limited by guarantee or other arrangements that are established as part of the City Council without their own distinct legal personality.”

The Council’s Commercial Strategy was launched in 2022, as a requirement of our new Companies Governance Handbook. The stated purpose of this strategy was to ensure that the requirements of the Governance Handbook are fully implemented and that all commercial ventures are demonstrably aligned to the Council’s prevailing, high-level, strategic priorities.

The primary objectives of the Commercial Strategy have been to demonstrate Best Value and continuous improvement and to ensure and to demonstrate, transparently and openly, that the City Council’s commercial activities are aligned to its core strategic aims. This has been achieved through application of a clear set of principles, annual business plans and periodic strategic reviews applied to all the Council’s commercial ventures.

The [National Procurement Strategy for Local Government 2022](#) sets clear standards for local authorities to follow, along the themes of:

- Showing Leadership
- Behaving Commercially
- Achieving Community Benefits

This new Commercial and Procurement Strategy is designed to align closely to these standards. Benchmarking against the National Procurement Strategy was carried out by Nottingham in 2021. Areas of strength were our relationships and engagement with Small and Medium Sized Enterprises (SMEs) and Voluntary and Community Sector Enterprises (VCSEs) and reporting of social value delivered. Areas we are looking to further develop are delivery model assessment, benefits realisation and strategic supplier relationship management.

UK public procurement law provides the regulatory framework for the Council's contracting activity. This sets out procurement procedures we can or must follow in a range of circumstances, for example requiring most higher value contracts to be opened up to competition. It also sets out our obligations to be transparent and award contracts based on value for money. The [Public Services \(Social Value\) Act 2012](#) requires the Council to consider the economic, social and environmental benefits that can be delivered at all stages of the of procurement process.

At the time of drafting this Strategy, public procurement legislation in the UK is undergoing a period of transformation, with the new Procurement Act 2023 due to be implemented soon, and the Health Care Services (Provider Selection Regime) 2023 recently implemented specifically for health services procurement. In the meantime, we adhere to existing legislation and the [National Procurement Policy](#), which requires us to deliver:

- Social Value: creating new businesses, new jobs and new skills; tackling climate change, reducing waste, and improving supplier diversity, innovation and resilience
- Right policies and processes in place to manage the key stages of commercial delivery
- Right organisational capability and capacity with regard to the procurement skills and resources required to deliver value for money.

#### 4. Aims & Objectives

<p><b>Professional Leadership and Compliance</b></p> <ul style="list-style-type: none"> <li>• Manage partner relationships</li> <li>• Show leadership through the Council's Commercial Hub</li> <li>• Maintain the highest standard of professional ethics</li> <li>• Comply with national legislation and best practice</li> </ul> <p>(SHOWING LEADERSHIP)</p>	<p><b>Best Value and Continuous Improvement</b></p> <ul style="list-style-type: none"> <li>• Choose the most appropriate and affordable delivery model</li> <li>• Maintain good contract management</li> <li>• Make evidence based decisions</li> <li>• Manage risk in the Council's commercial ventures</li> </ul> <p>(BEHAVING COMMERCIALY)</p>
<p><b>Sustainable and Fair Procurement</b></p> <ul style="list-style-type: none"> <li>• Reduce environmental impact</li> <li>• Reduce carbon emissions arising from the purchase of goods and services (Scope 3 emissions)</li> <li>• Deliver ethical procurement and fair trade</li> <li>• Tackle modern slavery in the Council's supply chains</li> <li>• Promote equality, diversity and inclusion</li> </ul> <p>(ACHIEVING COMMUNITY BENEFITS)</p>	<p><b>Supporting Local Communities</b></p> <ul style="list-style-type: none"> <li>• Deliver local employment &amp; training through procurement</li> <li>• Enable SMEs, VCSEs and local businesses, to support a strong and diverse local market</li> <li>• Spend within the local economy and support the Nottingham pound</li> </ul> <p>(ACHIEVING COMMUNITY BENEFITS)</p>

#### 5. Professional Leadership and Compliance

<p><b>5.1 Manage partner relationships</b></p> <p>At the Council we believe that taking a 'one team' approach to commercial and procurement activity is the best use of limited resources and can lead to innovative solutions and better results. Our objective is effective joint planning across Council directorates and other organisations, including early stakeholder and user engagement. This will inform a collaborative approach to the design and implementation of solutions for public services.</p> <p><b>Actions:</b></p> <ul style="list-style-type: none"> <li>• Proactively develop strategic, collaborative and commercial relationships with a range of partners including public and private sector and VCSEs.</li> <li>• Ensure early engagement with partner agencies to develop joint plans and approaches and identify opportunities for collaboration and sharing resources</li> <li>• Work on joint procurements in appropriate areas with the Council's local, regional and national partners</li> </ul>
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- Engage early with communities and businesses, in delivering services and securing the best social, economic and environmental outcomes

### **5.2 Show leadership through the Council's Commercial Hub**

Good procurement and commercial advice are essential to achieving the right outcomes from a contract or venture. It is important that the corporate leadership team value and benefit from procurement and commercial input at all stages of decision-making, including early advice on major projects. Within the Council, our Commercial Hub is the source of expertise, advising our senior managers and councillors and setting the standards for the organisation to follow. Developing talent within the hub, in accordance with industry and central government standards, will enable us to address commercial challenges effectively.

#### **Actions:**

- Invest in the skills of the Council's commercial team, supporting staff to achieve relevant professional qualifications such as CIPS (Chartered Institute of Procurement and Supply) accreditation.
- Maintain the Council's own commercial and procurement rules which set the standards for our officers and councillors to follow.
- Take a professional and consistent approach to procurement and contract management, with expertise, best practice and training provided centrally.
- Use the right tools and technology enablers to support the Council's objectives
- Engage the Council's corporate leadership team in all significant commercial and procurement decisions via our Commercial Oversight Board.

### **5.3 Maintain the highest standard of professional ethics**

It is crucial that the Council maintains the trust of the public, suppliers and partners in the way we spend public money. This is done by preserving the highest standards of honesty, integrity, impartiality and objectivity and adhering to the Council's Code of Conduct at all times. Being a fair and professional customer results in more effective, resilient, and innovative service delivery from our suppliers.

#### **Actions:**

- Ensure that all procurement processes are run fairly and provide feedback to help all bidders understand the Council's decisions.
- Maintain clear understanding of accountability and responsibility for financial decisions using our Financial Accountabilities Framework.
- Have robust processes to deal with any conflicts of interest or allegations of favouritism.
- Openly advertise higher value contracts whenever possible, to ensure all suppliers have a fair opportunity.

#### **5.4 Comply with national legislation and best practice**

As a public body the Council has a responsibility to set and maintain high standards in the way we procure and manage our contracts. The Council must ensure that all our procurement activity is conducted in a fair, open and transparent way, in compliance with the legal and procedural requirements of UK Procurement legislation. In addition, working to best practice guidelines published by central government and the professional body ensure that the Council is maximising the value that we deliver through contracts and commercial ventures.

##### **Actions:**

- Comply with all relevant UK legislation, including public procurement law.
- Prepare and implement a plan for responding to changes to UK public procurement legislation
- Keep under constant review, refreshing as needed the Council's standard templates to reflect changes and best practice

## **6. Best Value and Continuous Improvement**

#### **6.1 Choose the most appropriate and affordable delivery model**

Creating commercial opportunities refers to how an organisation promotes revenue generation and value creation through the way it plans its procurement, reviews its business options (make or buy), engages with the market and promotes the development of new ideas and solutions for service delivery. The Council's objective is to systematically review our delivery models, identifying the best value option to achieve our outcomes and manage strategic risk. The delivery model assessment will consider the full range of alternative service delivery vehicles including procurement, in-house delivery and commercial ventures.

##### **Actions:**

- Develop a clear process and guidance for carrying out delivery model assessments as part of Best Value Reviews.
- Embed the practice of carrying out a delivery model assessment at the appropriate point in the commercial and procurement cycle.
- Assess the affordability of commercial and procurement proposals in the context of the Council's Medium-Term Financial Plan.
- Produce a business case, following the [HM Treasury Guide to Developing the Project Business Case](#), for all proposals to set up a commercial venture, including an external company or traded service.

## **6.2 Maintain good contract management**

Contract and relationship management is the process by which all contracts and variations are managed effectively to control costs, secure the quality and timeliness of agreed outcomes and performance levels and minimise the occurrence of risks. Good contract management requires well-developed policies, procedures and systems which can be used to drive forward-planning, cost control and contractor performance.

### **Actions:**

- Establish a contract management framework, to ensure consistent and proportionate management of contracts.
- Continue to provide a programme of appropriate training and support for contract managers.
- Identify our strategically significant suppliers in order to manage relationships and risks at corporate level.

## **6.3 Make evidence-based decisions**

To be effective, decisions about contracts, procurement exercises or commercial ventures should be based on robust evidence. This may require information to be collected for the purpose of informing decisions if it is not readily available. In establishing the best value option, the Council will not prejudge solutions but will be guided by what the evidence tells us.

### **Actions:**

- Use data to identify lessons learned and seek to continuously improve the way we procure and manage contracts.
- Make contract managers responsible for tracking and reporting on contractual performance, as well as for addressing any under-performance.
- Put in place systems, processes and reporting mechanisms to give decision makers clear oversight of money spent, contract management activity and contractual performance.

## **6.4 Manage risk in our commercial ventures**

Risk in our commercial activities can have a devastating impact on the Council and our citizens, the quality of the services we provide, and our financial viability. It is important that we are proactive and proportionate in risk management, matching the approach taken to the potential risk, likelihood and impact. The Council's objective is to encourage innovation in our commercial ventures by providing a safer environment in which risk may be taken.

### **Actions:**

- Maintain the register of our commercial companies and oversee development of annual business plans.
- Carry out an external review of our Shareholder Unit for commercial companies in 2025.

- Review and revise the Companies Governance Handbook and continue to observe the application of its requirements
- Develop a new action plan for managing risks and impacts of our commercial ventures both individually and as a portfolio.

## 7. Sustainable and Fair Procurement

### 7.1 Reduce environmental impact

Environmental sustainability is at the core of the Council's procurement of all goods, services and works. Our objective is to minimise negative environmental impacts throughout the supply chain, maximise innovation and to source green and sustainable solutions. Our suppliers and contracts have an essential role to play in helping Nottingham and the Council reach its target of becoming carbon neutral by 2028 (CN28).

#### Actions:

- Set appropriate carbon emissions reduction requirements in tenders, based on carbon intensity of the activity. To include asking suppliers to submit:
  - Carbon emissions data
  - A carbon reduction plan
- Consider carbon footprint and target setting workshops for smaller suppliers alongside a phased introduction of tender requirements over time
- Identify areas of climate risk in our supply chains and ask contractors to tell us how they will manage possible risks arising due to extreme weather and climate change.
- Minimise any negative environmental impacts of procuring goods, services and works, through considering:
  - Impacts to air quality and climate change
  - Resource efficiency, waste reduction and recycling
  - Product lifespan and opting, where possible, for refurbished over new items
  - Maintaining or enhancing ecology and biodiversity
- Develop and implement a detailed sustainable procurement and social value policy to guide our procurement and purchasing activity

### 7.2 Deliver ethical procurement and fair trade

Procurement has an important role to play in sourcing in a manner that ensures ethical standards are met, minimises the risk of social exploitation and rewards good employment practices. The Council's ethical procurement objectives are to ensure the well-being and protection of workforces throughout the supply chain, that people are treated with respect and their rights are protected.

#### Actions:

- Encourage suppliers to pay the Real Living Wage for all staff working on Council contracts
- Engage early with Trade Unions regarding changes to delivery models (including outsourcing of services) which impact staff
- Require suppliers to establish a whistleblowing process that allows contracted staff to report concerns about how their employer deals with workforce matters in their workplace



- Promote the use of Fairtrade (or equivalent) products within our catering, food and other relevant contracts

### **7.3 Tackle modern slavery in our supply chains**

The Modern Slavery Act 2015 highlights the need to tackle unfair treatment of contracted staff across the whole spectrum of an organisation's supply chain. The Council aims to minimise the risk of modern slavery and human trafficking in the supply chain by reviewing the market to identify areas of vulnerability and taking mitigating actions. This will include excluding suppliers with convictions for modern slavery, using robust contract clauses and monitoring supplier performance.

#### **Actions:**

- Require relevant organisations to demonstrate that they meet the fundamental requirements of the Modern Slavery Act (2015) as part of the tender process
- Publish annually our modern slavery statement, to include detail of how we will identify and manage modern slavery risks in our supply chains.
- Analyse our supply profile to identify and address key areas of modern slavery risk.

### **7.4 Promote equality, diversity & inclusion**

The Council has a duty to secure quality goods, works and services that best meet the diverse needs of our citizens and the local community in its widest sense. Our objective is to ensure services are accessible, promote social inclusion and equality, and fight discrimination. This ethos of valuing diversity should be reflected at service user, supply chain and workforce level.

#### **Actions:**

- Put in place mechanisms to embed equality standards throughout the commercial and procurement cycle including contract monitoring
- Through contract management, monitor the diversity of citizens using our contracted services, and staff employed on contracts to ensure that these are reflective of our community
- Actively seek to include black, Asian and minority ethnic owned enterprises in our supply chains, through identification and networking
- Seek assurances from our suppliers that their products or services are accessible to people with disabilities and encourage our suppliers to take part in the disability confident scheme

## **8. Supporting Local Communities**

### **8.1 Deliver local employment & training through procurement**

Commercial and procurement activity has a significant role to play in supporting the Council's strategic aim of Keeping Nottingham Working. Our objective is to use our purchasing power to deliver employment and training opportunities for citizens, getting more local people into good jobs.

#### **Actions:**

- Seek commitment to employment and training opportunities for citizens through contracts.
- Deliver at least 1 apprenticeship per £1m spent on contracts.
- Provide a revenue stream for our employment support activity through a 1% Levy charged on eligible contracts

### **8.2 Enable SMEs, VCSEs and local businesses, to support a strong and diverse local market**

A diverse and productive local market provides improved competition for contracts, better services and outcomes for our citizens. The Council recognises the innovation and value offered by SMEs and VCSEs and their specific importance to the local market and wider economy. We aim to remove barriers to these organisations, enabling a wide range of suppliers to do business with the Council.

#### **Actions:**

- Review and refresh our "Selling to the Council" guide on the Council's website.
- Publish our 5-year procurement pipeline.
- Break down large contracts into smaller Lots where commercially viable, to be more accessible to smaller suppliers.

### **8.3 Spend within the local economy and support the Nottingham pound**

By using the Council's purchasing power to obtain maximum value from our spend with external organisations, we support delivery of benefits for the local area, economy and for the health and wellbeing of our citizens. Using local suppliers where possible helps these organisations to grow, develop, create more local employment and re-invest in the local economy. Within the boundaries of regulatory requirement, the Council aims to be innovative in considering what local economic benefits can be delivered through our commercial and contracting activities.

**Actions:**

- Promote a “Think Nottingham” approach to low value procurement, targeting local suppliers where possible
- Adopt a suitable measure for calculating the value of local spend (such as LM3), and demonstrating the value we add
- Aim to increase spend with Nottingham based suppliers to 65%
- Refresh and re-launch our Business Charter, setting out how suppliers can support the Council in delivering our social value objectives.

**10. Governance and Responsibility for the Commercial and Procurement Strategy**

<b>Activity</b>	<b>Responsibility</b>
Ownership of the Strategy	Executive Members
Overall Responsibility for delivery of the Strategy	Corporate Director of Finance and Resources
Leading implementation of the Strategy, including provision of training, guidance, data and tools	Officers within the Commercial Hub
Delivery of the Strategy in respect of commercial, procurement and contract management activity	All Council officers with responsibility for service leadership, commissioning and contract management

Our internal rules governing commercial and procurement activity are set out in the Council’s Constitution, specifically Article 18 Contract Procedure Rules and Article 19 Council Companies and Companies Governance Handbook.

**11. Measuring Success**

The Delivery Plan will include detailed activity and specific milestones for all actions within our stated objectives as well as ongoing KPI measurements to include:

Professional Leadership and Compliance	<ul style="list-style-type: none"> <li>- Exemptions to Contract Procedure Rules requested</li> <li>- Joint procurement exercises led or participated in</li> <li>- % CIPS qualified Commercial Hub staff</li> </ul>
Best Value and Continuous Improvement	<ul style="list-style-type: none"> <li>- Commercial strategies scrutinised by Commercial Oversight Board</li> <li>- Companies Governance Handbook scrutinised by Companies Governance Executive Committee</li> <li>- Council contract managers completing core training</li> <li>- Annual business plans for the Council’s controlled companies</li> </ul>

Sustainable and Fair Procurement	<ul style="list-style-type: none"> <li>- Carbon emission reduction plans in contracts</li> <li>- Contracts paying the Real Living Wage</li> <li>- Contracts awarded to black, asian and minority ethnic owned enterprises</li> </ul>
Supporting Local Communities	<ul style="list-style-type: none"> <li>- Employment and Training opportunities created</li> <li>- Contracts awarded to SMEs and VCSEs</li> <li>- % local spend</li> </ul>

The Delivery Plan will clearly set out accountability and responsibility for objectives and actions, aligned to the Council's Financial Accountabilities Framework, and using the RACI (Responsible, Accountable, Contributes, Informed) model.

## 12. Contacts and Useful Links

Email: [procurement@nottinghamcity.gov.uk](mailto:procurement@nottinghamcity.gov.uk)

Selling to the Council Guide for Suppliers: <https://www.nottinghamcity.gov.uk/information-for-business/business-information-and-support/procurement>

### References/Related documents (links to be added):

- Statutory Best Value Guidance
- Social Value Act 2012
- Public Contracts Regulations 2015
- Procurement Act 2023/Transforming Public Procurement
- The Health Care Services (Provider Selection Regime) Regulations 2023
- National Procurement Strategy for Local Government
- National Procurement Policy
- HM Treasury Guide to Developing the Project Business Case
- Nottingham City Council Constitution