

**Cabinet**

**18 September 2024**



## **Corporate Procurement End of Year Performance & Social Value Report**

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### **Report of Corporate Management Team**

**Paul Darby, Corporate Director of Resources**

**Councillor Susan McDonnell, Cabinet Portfolio Holder for Customer Services, Digital and Procurement**

#### **Electoral division(s) affected:**

Countywide

#### **Purpose**

- 1 The purpose of the report is to provide an update to Cabinet on the performance of the Procurement function and wider council spend profile including the Social Value outturn position.
- 2 This report identifies the targeted performance results, impacts and challenges through the council's procurement activity for the financial period 2023-2024.

#### **Executive Summary**

- 3 The council's procurement activity is delivered through a central procurement function which is responsible for ensuring purchases of goods, works and services follow the Public Contract Regulations 2015 (PCR15) and are in line with the Council's Contract Procedure Rules (CPRs).
- 4 Procurement activity is delivered in accordance with the council's Corporate Procurement Strategy which supports the Council Plan, Vision and Objectives and key policies and strategies such as the Inclusive Economic Strategy and the Climate Emergency Response Plan, as well as ensuring National Priorities are addressed, as identified through the National Procurement Policy Statement.
- 5 Annually, the procurement team track ten key indicators which help identify the impact that the council's spend activity has on County

Durham and the wider region. This is reflected in the recently produced Service Plan for Procurement, Sales and Business Services.

- 6 It is to be noted that procurement targets have not been set in relation to the indicators. This ensures the Council adheres to the key principles of the PCR15 of fair, open and transparent procurement activity. The procurement team strives to implement processes and consider procurement activities which benefit Durham and our local communities.
- 7 This report outlines that procurement activity remains consistent in delivering over 1500 procurement exercises over the financial year, with a total procurement value of £828m, an increase of £127m on the previous year.
- 8 Figures in relation to the allocation of local percentage spend remained consistent with last year. However, the monetary value has increased considerably.
- 9 As part of the spend and performance analytics, and the notable increase in the Council's spend profile, this has allowed us to further develop our social value work, with a combined outturn (via Social and Local Economic Value [£SLEV]) across our two social value models of £26,778,610 with commitments through in-year procured contracts of £81,468,639.
- 10 Our strong social value performance over the last three years has led to the creation of the County Durham Pound Project which following the end-of-year review (23-24), has identified a partner only SLEV outturn of £340m, an increase of £35m on the previous year.
- 11 The procurement team has delivered a strong output over the year, ensuring the council spend portfolio remains compliant and in line with Regulations, contributes to the wider Council Vision and Outcomes and ensures Service areas deliver their statutory and service specific programme requirements.

## **Recommendations**

- 12 Cabinet is recommended to:
  - (a) Note the continued positive work of the Corporate Procurement Team and the strategic impact the team has on the council;
  - (b) Note the measured results for 23-24 procurement outturn and the positive figures relating to local spend; and

- (c) Note the Social Value impact the Council is delivering, supporting the key principle of 'Community' via the Council Plan.

## Background

- 13 The Procurement Team is a centralised function under the service grouping of Procurement, Sales and Business Services. The purpose of the function is to manage the third-party expenditure of the council to ensure compliance with key regulatory legislation, notably the Procurement Regulations 2015, derived from the EU Procurement Directives 2014.
- 14 The procurement function also ensures that local council governance procedures and processes are in place and followed. This includes the Contract Procedure Rules and adherence to financial and budgetary management processes.
- 15 As part of procurement activity, council policies and strategies are considered and implemented processes reflect the council's plans and priorities. The work of the procurement function is brought together and given direction from the production of a Corporate Procurement Strategy which reflects the Council's Vision and Objectives and identifies actions for the procurement team to implement, to improve and/support wider council priorities.
- 16 The Procurement Strategy outlines five key action areas (Social Value and Climate Change, Collaborative Procurement and Supplier Engagement, Commercial Focus, Contract Management and Digitalisation & E-enablement) which support the 'Our Council' priority and which are designed to impact the delivery of ten indicators used to assess procurement performance over the year:
  - (a) Total Procurement processes completed.
  - (b) Total Spend.
  - (c) Spend by Supplier Sector:
    - a. Private.
    - b. Public.
    - c. Third Sector.
  - (d) Budget Achievement.
  - (e) North East Total Spend.
  - (f) North East SME Total Spend.
  - (g) Co. Durham Total Spend.

- (h) Co. Durham SME Total Spend.
- (i) Co. Durham 3rd Sector Total Spend.
- (j) Co. Durham 3rd Sector SME Total Spend.

## Current position – overview

- 17 The procurement function is in a period of transition due to legislative changes, notably the Procurement Act 2023 which will replace the current PCR15 is due for implementation on 28 October 2024, and this coincides with a new e-tender system replacing Pro-Contract.
- 18 In addition, a number of staff members have left the service which has resulted in a requirement for a small reorganisation of the team, whilst also amending the action areas to strategic priorities. Information regarding this will be outlined in a revised Procurement Strategy in 2025.
- 19 Considering the challenges across the year, the function has still delivered a consistent output of procurement activity and in most cases, the delivery of actions has positively impacted on the performance of the procurement function; this is reflective of increased growth figures across targeted performance indicators.

## Analysis – Overview

- 20 The tables below details the previous financial year performance figures and against the 2023/24 year of the targeted performance figures under the strategy.

<b>Procurement Performance</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Variance (%)</b>
(1) Total Procurement processes completed	1405	1407	0.14%
Bloom	88	119	33.71%
<b>Total</b>	<b>1494</b>	<b>1526</b>	<b>2.14%</b>

<b>Spend Performance</b>		<b>2022/23</b>	<b>2023/24</b>	<b>Variance</b>
(2) Total Spend		£700,619,557	£828,219,617	£127,600,060
(3) Spend by supplier sector				
	Private Sector	£563,433,816	£674,186,621	£110,752,805
	Public Sector	£70,132,716	£78,453,544	£8,320,828
	Third Sector	£67,053,025	£75,579,452	£8,526,427
	Private Sector %age	80.42%	81.40%	0.98%
	Public Sector %age	10.01%	9.47%	-0.54%
	Third Sector %age	9.57%	9.13%	-0.45%
(4) Budget Achievement <sup>1</sup>		100%	100%	N/A

<b>Local Spend Performance</b>		<b>2022/23</b>	<b>2023/24</b>	<b>Variance</b>
Total Spend		£700,619,557	£828,219,617	£127,600,060
Spend by Organisation / Area				
	SME total spend	59.42%	57.65%	-1.77%
	(5) NE total spend	68.87%	72.71%	3.84%
	(6) NE SME spend	49.42%	46.37%	-3.05%
	(7) Co. Durham total spend	44.54%	45.52%	0.98%
	(8) Co. Durham SME spend	34.41%	34.20%	-0.21%
	Third Sector total spend	9.57%	9.13%	-0.45%
	Third sector SME spend	6.16%	5.94%	-0.22%
	(9) Co. Durham third sector spend	5.55%	5.25%	-0.30%
	(10) Co. Durham third sector SME spend	4.67%	4.33%	-0.34%

<sup>1</sup> Budget Achievement outlines the number of procurement exercises that were authorised by an Officer with Delegated Authority confirming the cost of the contract can be met within the service area budget.

## Analysis – Detailed

- 21 This section explores the ten targeted performance areas with a narrative provided to explain the reasons for any increase/decrease in figures.

### Total Procurement processes completed

- 22 The number of procurement processes completed across the council has increased by 0.14%. The detailed breakdown of procurement activity is below.

Procurement Route	22/23 No.	23/24 No.	Variance
Call-Off	135	132	-3
Further-Comp	160	159	-1
Negotiation	224	225	1
Exemptions	345	378	33
Quick Quote	88	65	-23
RFQ	47	33	-14
Tender	97	83	-14
Variation	198	206	8
Bloom	89	119	30
Extension exercises	111	126	15
<b>Total</b>	<b>1494</b>	<b>1526</b>	<b>32</b>

- 23 The majority of exemptions (CPR Section 4) are attributable to social care services (relating directly to requirements under the Care Act). Variations (via E-Cpr applications) have increased, with rises in arts & leisure services and professional fees, which in most cases have been attributed to CPR Section 4.2a or 4.2b.
- 24 Tender Quick Quotes, RFQs and Tenders have all decreased in number. Building materials is the main contributor to decreased quick quotes which has been predominately due to the work of procurement with B&FM colleagues to implement new framework agreements utilised for internal works which decrease the need for full tendering procurement processes.
- 25 Procurement Acceptance Report (PAR) have been valued at £844.26m, the total value is £39.20m lower than last year and close to the total actual spend of £828.22m. There is a high degree of variance across the procurement routes further outlined in Section 54.
- 26 Whilst the numbers of call-offs and further-competition exercises have remained consistent, their total values have risen by £96.17m and £66.81m respectively. The primary drivers for this relate to the A19

Corridor works, CYPS Transport Services, Amazon Digital Marketplace, Net Park phase 3 works and the new building at Belmont School.

- 27 Despite an increase in number, the total value of exemptions has dropped by £59.77m. The Care Act is a major contributor to these figures due to personal choice of service providers and the light touch procurement processes that are utilised to procure social care services.
- 28 Tenders have dropped by £125.71m to £287.92m. This is mainly due to the £100m School Meals contract being awarded last year, along with the £60m leasing facilities framework and £42m Foster Care Service. However, large value contracts were tendered this year, including the £107.50m household waste contract, awarded to HW Martin and the County Durham Adult Wellbeing Services with a contract value of £30m.
- 29 Whilst the volume has increased slightly, the total value of variations has dropped by over £15m. Last year's Defra funded Flood and Coastal Erosion risk Management system (FCERM) valued at £5.40m is a key factor. The 'Wellbeing for Life and Join the Dots Service' variations for 22/23 and 23/24 were both raised during 22/23. Both valued at £2.54m, these three variations amount to £10.49m, accounting for the bulk of the drop. Variations are now smaller in value but the continued rise in number is a concern.

## Total Spend

- 30 Spend across the Council in 2023/24 came to £828.22m, the highest spend for at least 14 years. This an increase by £127m (18.21%) from 2022/23. A category spend breakdown is provided below.

Category	2022/23	2023/24	Variation	Variation %
<b>Arts &amp; Leisure Services</b>	<b>£17,357,817</b>	<b>£11,698,950</b>	<b>-£5,658,867</b>	<b>-32.60%</b>
Building Materials	£9,942,760	£13,008,162	£3,065,403	30.83%
Catering > School Meals Service	£8,612,534	£8,815,162	£202,627	2.35%
Consultancy	£24,077,478	£31,086,695	£7,009,218	29.11%
Education	£27,586,641	£33,267,729	£5,681,087	20.59%
Environmental > Waste Management > Recycling	£21,185,315	£24,317,104	£3,131,789	14.78%
<b>Facilities &gt; Energy Efficiency</b>	<b>£16,073,085</b>	<b>£765,639</b>	<b>-£15,307,446</b>	<b>-95.24%</b>
<b>Financial Services</b>	<b>£21,120,556</b>	<b>£20,257,351</b>	<b>-£863,205</b>	<b>-4.09%</b>
Healthcare	£46,418,244	£53,825,429	£7,407,185	15.96%
HR	£16,448,649	£18,129,188	£1,680,540	10.22%
ICT	£14,514,530	£19,647,357	£5,132,827	35.36%
Public Transport	£45,914,685	£52,156,221	£6,241,536	13.59%
Social Community Care - Adult	£199,399,152	£231,438,920	£32,039,769	16.07%
Social Community Care - Other	£74,766,934	£93,527,094	£18,760,160	25.09%
<b>Vehicle Management</b>	<b>£23,645,955</b>	<b>£20,057,581</b>	<b>-£3,588,375</b>	<b>-15.18%</b>
Works - Construction, R & M	£60,067,489	£110,215,711	£50,148,222	83.49%



Other	£73,487,733	£86,005,324	£12,517,591	17.03%
<b>Total</b>	<b>£700,619,557</b>	<b>£828,219,617</b>	<b>£127,600,060</b>	<b>18.21%</b>

- 31 With just a few exceptions, we have seen spend increases in all areas. The degree of variance does change across the categories, with inflation, cost of living crisis and increase in minimum wage being key factors.
- 32 Notable increase percentages have been noted, with rationale identified in most cases to explain the increase; mainly due to the large capital programme in 23/24 and the Council's lack of internal technical resource to deliver key planning and design stages of the programme; a need for third party external professional resource was required.
- 33 Professional services remain a high spend area driven by the capital programme and as well as external funding, of which our Professional Service Neutral Vendor Solution (Bloom) plays a key role. The Bloom solution continues to be a well-received National framework although the procurement team continue to review wider options to ensure appropriate and value for money options are considered in the sourcing strategy analysis.
- 34 The capital programme significantly impacted other key spend areas such as building materials and further works construction/R&M, evidenced below. It is expected with the announcement of a similar capital programme for 24/25 the spend profiles across the construction and professional service space will remain consistent.
- 35 Adult Care remains the biggest area of spend, making up 27.94% of the total. Increases in minimum wage account for most of the £32.04m rise.
- 36 As advised previously, Works, Construction, R & M spend has increased to £110.02m. This £50.15m rise is due to several capital projects, including the four tabulated below.

Firm	Works	Size	Location	2022/23	2023/24
Esh Construction Ltd	Spennymoor Ox Close Primary	Non-SME	Co. Durham		£7,966,074
Kier Construction Ltd	Belmont Comprehensive	Non-SME	National w/ NE Local Base	£1,552,945	£14,343,286
Kier Construction Ltd	NETPark Infrastructure Phase 3	Non-SME	National w/ NE Local Base	£99,543	£16,135,899
BAM Nuttall Ltd	A19 Corridor Works	Non-SME	National w/ NE Local Base	£76,261	£7,196,502
<b>Total</b>				<b>£1,728,748</b>	<b>£45,641,760</b>

## **Spend by Supplier Sector**

- 37 There has been no significant variance across the sectors, with Private Sector spend rising by just 0.98%. Although Third Sector has dropped by 0.45%, the spend amount is an increase of £8.53m.

## **Budget Achievement**

- 38 All procurement processes were approved by an appropriate Delegated Officer, confirming the service area budget was in place to execute a contractual agreement.

## **SME Spend**

- 39 At 57.65%, this year's SME level was the second highest in the last 12 years. It was slightly lower than last year's 59.42%. Despite a 1.77% fall, there was an actual spend increase of £61.15m. LACs account for around £15m with 85% of spend being with SMEs. The rises in public transport and adult social care are the main contributors.

## **North East Total Spend**

- 40 Our percentage based spend within the North East Region has risen by 3.90% to 72.71%. This is a twelve-year high. The total NE actual spend came to £602.20m, an increase of £119.71m from 2022/23. Rises in public transport and adult social care, along with construction projects are major factors.
- 41 We saw the completion of energy efficiency projects with our local supplier Tolent (down £10.59m) and the relocation of County Archives by Kier Construction (down £7.01m). Despite the £17.60m drop from these two projects, the new construction projects have been influential in the £119.71m rise, with suppliers including Kier construction, Esh Construction and Bam Nuttall delivering the contract from a North-East base/local office.

## **North East SME Total Spend**

- 42 Last year's figure was a twelve year-high and 2023/24 saw a 3.05% drop. However, the total spend was £384.02m, an increase of £37.79m from last year.
- 43 Large contractors operating out of the North East boosted the total NE spend to £49.57m which is 5.99% of our total spend.
- 44 Most LACs are based outside of the area, with all of the £18.39m Better Care Fund relating to NHS North East & North Cumbria. Both are non-influential spend areas and have risen from 2022/23.

## Co. Durham Total Spend

- 45 Local County Durham spend has increased as by 0.98%. The actual spend within County Durham has increased by almost £65m. Esh Construction's work at Ox Close and rises in both areas of Social Care and Public Transport are the main contributors.
- 46 LAC placements have increased by £17.85m, of which £16.69m was outside County Durham. This increase alone makes up over 2% of the total spend figure of £828m.

## Co. Durham SME Total Spend

- 47 County Durham based SME spend percentage has dropped by 0.21%. The various construction projects have been contributing factors, with limited Durham based construction firms able to deliver major schemes. However, a number of their sub-contractors will be local SMEs in line with their Social Value commitments.

## Co. Durham 3rd Sector Total Spend

- 48 The change in Co. Durham 3rd Sector spend is a minor drop of just 0.30%, with a spend increase of £4.62m.

## Co. Durham 3rd Sector SME Total Spend

- 49 Co. Durham 3rd Sector SME spend has remained steady with a slight reduction by 0.34%. This is still a spend increase of £3.16m.

## Benchmarking Information (22/23 published data)

- 50 The following table details Durham County Council's benchmarking figures against other Local Authorities with regards to Local spend in 2022/23. It has proven difficult to determine additional indicators due to lack of comparable information.

Authority	Within Authority	Total NE	Non-NE	Spend profile (est) (£'m)
Durham County Council	45%	69%	31%	£700
Northumberland County Council	27%	60%	40%	£405
Newcastle City Council	31%	64%	36%	£398
Sunderland City Council	33%	67%	33%	£320
South Tyneside Council	30%	63%	37%	£301
North Tyneside Council	21%	61%	39%	£270
Gateshead Council	19%	49%	51%	£255
Stockton on Tees Borough Council	27%	75%	25%	£230

Redcar & Cleveland Borough Council	30%	67%	33%	£185
Darlington Borough Council	29%	59%	41%	£110
Middlesbrough Council	7%	44%	56%	£95
Hartlepool Council	25%	57%	43%	£80

- 51 From the central government statistics, the national average of in-Authority spend is 46%. Our levels of influenceable spend within our own boundary is the highest of the 12 local authorities.
- 52 Our SME total spend in 22/23 was 59%, significantly higher than the national average of 35%. The proportion of spend going to NE SMEs was 49%. Each year, around 75%-80% of total spend goes to either an SME or an NE supplier. Of the remainder, usually the bulk is either limited through non-influential spend, there was no local supplier available, or the firm has a local branch.
- 53 Although the above data shows that Durham County Council are leading in terms of important local spend metrics, it should be noted that each Local Authority's data differs in terms of timescales (financial year/Quarterly/half yearly) and where their procurements are centralised/decentralised. Some Local Authorities do not share information to assist in this benchmarking exercise.
- 54 To understand the activity throughput variance as part of our own benchmarking practice, the breakdown of new procured activity aligned to contract value is detailed in the table below. NB the table below is a breakdown of processed procurements and is reflective of initial contract award value, not total spend within year.

Procurement Route	2022/23		2023/24		Variance	
	No.	Contract Value	No.	Contract Value	No.	Contract Value
Call-Off	135	£56,048,827	132	£152,221,508	-3	£96,172,681
Further-Comp	160	£110,404,700	159	£177,211,615	-1	£66,806,915
Negotiation	224	£16,980,730	225	£18,768,772	1	£1,788,042
Exemptions	345	£233,063,329	378	£173,294,780	33	-£59,768,549
Quick Quote	88	£1,618,760	65	£1,230,727	-23	-£388,033
RFQ	47	£2,299,773	33	£1,097,890	-14	-£1,201,883
Tender	97	£413,629,535	83	£287,923,608	-14	-£125,705,927
Variation	198	£40,178,989	206	£24,684,630	8	-£15,494,359
Bloom	89	£9,238,625	119	£7,825,554	30	-£1,413,071
<b>Total</b>	<b>1383</b>	<b>£883,463,268</b>	<b>1400</b>	<b>£844,259,084</b>	<b>17</b>	<b>-£39,204,184</b>

\* Contract value in total column is taken from the award year

## Social Value Impact

- 55 The Council has a social value assessment toolkit embedded as part of the procurement process operated across two models. The strategic model of County Durham Pound TOMs (Themes, Outcomes and Measures) and our TOMS *Lite* Model.
- 56 In consideration and early adoption of the Social Value Act 2012 and the subsequent PPN06/20 and PPN11/20, the Council has a robust social value toolkit which already exceeds the requirements under the new Procurement Act 2023 requirements.
- 57 With social value considered as ‘business as usual’ within the team, previous iterations of the social value report have now been embedded as part of the standard content of the end of year report. This section outlines the key outcomes delivered through our procurement activity which has generated and delivered social value, measured through the SLEV nationally recognised assessment proxies.
- 58 Social Value delivery was realised across 12 procurement projects in 2023/24 using the full County Durham TOMs framework (the ‘Strategic Model’), monitored through the Social Value Portal platform.
- 59 The Projects are listed below:

Projects	
A19 Corridor Works	Family Health Services
Belmont School Campus	Framework for provision of the Control of Legionella Bacteria in Water Systems
Contract for Civil Parking Enforcement & Management Services	Framework for the Supply, Installation and Maintenance of MFDs to Schools
Contract for Municipal Waste Haulage Service	NetPark Phase 3 Construction Works
Durham History Centre / The Story	Provision of Catering Services in Primary Schools
Durham Mental Health and Wellbeing Alliance	SeaScapes Partnership - Interpretation

- 60 Across the group of projects, the committed and delivered Social Local Economic Value (the financial weighting applied to the Measure) are identified as well as the specific delivered unit of the Measure as outlined in the table below.

61 For example, Measure NT10 “No. of weeks of apprenticeships on the contract” there has been 785.33 of apprenticeship weeks delivered through these contracts during 2023/24.

Measure reference	Measure	Unit	Sum of Committed Social Value	Sum of Delivered Social Value	Sum of Delivered Number	Percentage increase/decrease on 2022-23 £SLEV delivered
NT1	No. of local direct employees (FTE) hired or retained on contract	no. people FTE	£30,374,675.75	£14,720,377.93	538.09	+236.36%
NT19	Total amount (£) spent through the contract with LOCAL MSMEs	£	£20,306,362.68	£8,360,165.36	16,479,653.36	+795.61%
NT18a	Total amount (£) spent through the contract in specified sub-localities	£	£2,001,832.76	£927,263.13	3,648,782.82	+107.34%
NT18	Total amount (£) spent in local supply chain through the contract	£	£3,943,402.56	£1,681,452.52	1,681,452.52	+424.72%
NT11	No. of hours dedicated to support young people into work (16-24)	no. hrs (total session duration) *no. attendees	£591,831.60	£264,555.72	2,106	+330.63%
NT10	No. of weeks of apprenticeships on the contract - Level 2, 3 or 4+	no. weeks	£1,727,401.83	£167,272.12	785.33	-65.36%
NT21	Equality, diversity and inclusion training for staff & supply chain	no. hrs (total session duration) *no. attendees	£308,509.35	£88,781.61	923.75	+2099.20%
NT7	No. of hours supporting unemployed people into work (24+)	no. hrs (total session duration) *no. attendees	£116,575.36	£77,884.40	620	-51.41%
NT9	No. of weeks of training opportunities on the contract - Level 2, 3 or 4+	no. weeks	£125,089.80	£73,423.06	284.09	-0.37%

NT3	No. of employees (FTE) hired on contract who are long term unemployed (1+ yr)	no. people FTE	£227,580.00	£66,377.50	3.5	+61.29%
NT12	Weeks of meaningful work placements/pre-employment courses (1-6 wks, unpaid)	no. weeks	£323,738.58	£56,106.78	354.59	-50.35%
NT72	Hard-to-recycle waste diverted from landfill/incineration	tonnes	£847.35	£44,998.05	477.94	No data for 2022-23
NT15	No. hours of expert business advice to VCSEs and MSMEs	no. staff expert hours	£34,407.38	£37,963.45	395	+82.87%
NT28	Donations or in-kind contributions to local community projects (£ & materials)	£ value	£10,000.00	£30,874.00	30,874	+110.43%
NT6	No. of disabled employees (FTE) hired on the contract	no. people FTE	£439,814.00	£34,952.62	2.28	-60.74%
NT1c	No. of local people (FTE) on contract employed through your supply chain	no. people FTE	£0.00	£30,449.44	1.12	No data for 2022-23
NT8	No. of staff hours spent on local school and college visits (inc. prep. Time)	no. staff hours	£159,076.83	£29,924.61	1,860	-37.60%
NT4	No. of employees (FTE) hired on the contract who are NEETs	no. people FTE	£95,452.00	£27,272.00	2	-88.57%
NT1b	No. residents (FTE) employed from listed sub-localities (direct/supply chain)	no. people FTE	£1,416,442.70	£19,030.92	0.72	-22.22%
NT29	No. of hours volunteering time provided to support local community projects	no. staff volunteering hours	£9,449.16	£9,229.01	574.3	+30.30%

NT13	No. of weeks of meaningful paid work placements (6+ weeks, paid)	no. weeks	£6,645.66	£8,449.48	53.4	+2570.00%
RE10	No. site visits for school children or local residents	no. visits	£9,320.60	£6,556.56	102	No data for 2022-23
NT20	No. employees provided access to multidimensional wellbeing programmes	no. employees provided access	£27,687.83	£3,697.93	29.75	-97.92%
NT32	No. car miles saved on contract (e.g. resulting from green transport programme)	miles saved	£20,287.50	£2,662.75	88,758.4	-37.08%
NT17	Number of voluntary hours to support VCSEs (excl. expert advice)	no. staff volunteering hours	£28,283.20	£2,338.19	145.5	-54.14%
NT11	No. of hrs supporting unemployed people into work	no. hrs (total session duration) *no. attendees	£591,831.60	£2,322.76	22	-96.22%
NT55	No. employees provided workplace screening & support for anxiety & depression	no. employees provided access	£3,783.08	£1,351.10	10	No data for 2022-23
NT16	Equipment or resources donated to VCSEs (£ equivalent value)	£	£4,500.00	£850.00	850	+21.43%
NT27	Initiatives to support older, disabled and vulnerable with community networks	£ invested including staff time	£2,008.00	£720.00	720	-6.25%
NT21	Equality, diversity and inclusion training for staff & supply chain	no. hrs (total session duration) *no. attendees	£308,509.35	£707.00	7	-82.49%
NT33	No. car miles driven using low or no emission staff vehicles	miles driven	£600.00	£600.00	30,000	No data for 2022-23
<b>TOTALS</b>			<b>£63,215,946.51</b>	<b>£26,778,610.00</b>		



62 Through the use of the TOMs Lite framework, an additional 40 procurement projects include Social Value targets. The below table shows the aggregated commitments:

Measure	Total Committed £SLEV	Total Committed numbers
NT1 Local Employees (no. FTE)	£9,312,555.10	336.85
NT1a Local Employees - TUPE Transfers (no. FTE)	£760,265.00	27.5
NT8 School visit committed hours (no. hours)	£42,309.26	2,499.07
NT10 Apprenticeships (no. weeks)	£420,464.12	1,669.9
NT11 Support into work assistance (no. hours)	£680,317.40	6,443.62
NT13 Work placements (no. weeks)	£56,988.50	293
NT18 Local supply chain (£)	£6,768,363.08	122,615,27.31
NT28 Donations (£)	£97,580.00	97,580
NT29 Volunteering (no. hours)	£113,850.86	6,724.8
<b>TOTAL</b>	<b>£18,252,693.32</b>	

63 Work continues in establishing a robust measurement toolkit for our Lite version, with an interim process in place to monitor these commitments on a 'light touch' basis. Work is in progress to integrate this process through the team's wider work on digitisation and contract management to increase efficiency and scale up the usage further, as well as increasing the projects monitored through the SVP system.

### **The County Durham Pound Project**

64 The spin-out Project of our social value work continues to gain national attention. In our first official year (22/23) the delivery of £305m of our own Partner led social value via our County Durham Pound TOMs model as well as the County-wide collaborative approach principle

resulted in the Project winning two national awards and a highly commended award.

- 65 In 23/24 the partners have been recording their organisational Social Value deliverables which is currently being independently validated but the indicative figure is approximately £340m (£SLEV). Key areas of increased and realised social value include, apprenticeships, volunteering days, appointment of employees from disadvantaged backgrounds and community-based activities<sup>2</sup>.
- 66 Due to the interest in the Project, the County Durham Pound Supporters Charter was officially launched in April 2024, inviting 35 strategically positioned organisations to join the Project. A Supporters Event was held on 25 April 2024 with Cllr McDonnell launching the Charter on behalf of the Partners.
- 67 Although a number of events, webinars and communication activities are planned, the key outcome of the Charter and expectation of the Supporters will be their submission of a County Durham Social Value delivery report due at the end of the year.

## Conclusion

- 68 The procurement function continues to deliver strong results, not only in terms of numbers of procurement activities but also the work to influence local and wider regional spend. Comparatively, the council operates above national government targets and is a top performer across the North East Councils.
- 69 Work must continue to maintain and, where possible, improve these figures, notably against the backdrop of the new Procurement Act 2023 (PA23), the roll out of key training packages such as the Contract Management and new E-enabled systems. Importantly, the processes implemented to track, review and measure our performance will allow us to adapt to the new PA23 transparency requirements with ease.
- 70 Work will continue through our social value activities and the County Durham Pound Project to further engage local suppliers to increase their ability to compete for contract opportunities either directly or indirectly. Our work Nationally continues to be recognised and ensures Durham is seen as the leader in the social value movement.

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<sup>2</sup> It should be noted the increase in figure is also due to new Partner data being submitted which was not available in 22/23.

- 71 Whilst our previous year's performance is strong, this allows us to set our strategic direction for the year ahead and gain insight on trends over the previous iterations that allow us to realign and appropriately resource our categories to match the service area demand. We must continue to challenge improvement in all areas.
- 72 The forthcoming financial year brings a number of challenges with new legislative changes, the need to produce new Strategies and Policies and new Officers joining the function. Under new strategic direction Senior Leadership is empowering our officers to generate change which will further enhance the procurement team's impact on the council which will be reflected in our subsequent end of year performance reports and Service Plan.

### **Background papers**

- Corporate Procurement Strategy 2020-2025 - <https://www.durham.gov.uk/article/2815/Procurement-policy-and-strategy>

### **Other useful documents**

- The County Durham Pound website: [www.countydurhampound.co.uk](http://www.countydurhampound.co.uk)

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## **Appendix 1: Implications**

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### **Legal Implications**

All procurement activity delivered across the council complies with the Public Contract Regulations 2015 and in line with the Contract Procedure Rules of Durham County Council. All Contract awards require a Procurement Acceptance Report (PAR) and a Delegation Decision (DD) Form, with records held in Legal Services of the decision.

Current compliance with the Social Value Act 2012 and future compliance with the Procurement Bill 2023 considered in the approach to social value.

### **Finance**

All procurement activity must have an assigned budget, which is recorded and authorised by either a Strategic Finance Manager or Officer of appropriate Delegated Responsibility (for procurement processes under 50k only).

### **Consultation**

N/A

### **Equality and Diversity / Public Sector Equality Duty**

All procurement procedures include a mandatory validation of Equality and Diversity requirements.

### **Human Rights**

All procurement procedures include a mandatory validation of Modern Slavery requirements.

### **Crime and Disorder**

None.

### **Staffing**

The centralised procurement function is responsible and ensures the Council complies with Procurement Regulation. It should be noted that some devolved procurement is allowed under the management of the procurement function.

Additional resource has now been committed to support the delivery of the Council's social value work.

**Accommodation**

N/A

**Risk**

The procurement function has implemented robust procurement procedures, regularly reviewed and audited via the Corporate Audit Plan to ensure compliance.

**Procurement**

Delivered in line with the Corporate Procurement Strategy and current Public Contract Regulations 2015 legislation.