

COLLABORATIVE PROCUREMENT PERFORMANCE REPORT

2021/22



FOREWORD: COUNCILLOR ED MALCOLM

Looking back over the last 12 months, the impact of the global issues of 2021/22 is clear, affecting our daily lives and the communities we serve.

The worldwide energy crisis, Russia's ongoing invasion of Ukraine, and the pandemic recovery, represent significant challenges for all of us. There is uncertainty and instability, however, as this report demonstrates, the strength of collaboration in the region has helped us to navigate a challenging year:

- Public sector spending through NEPO's collaborative procurement solutions has grown by 6% to £663m
- For every £1 spent by Member Authorities, NEPO has delivered a £7.90 return on investment
- 1,197 suppliers have benefitted from the free training offered by NEPO Business Club
- £27m of social value has been committed by procurement solutions awarded in the year

With annual inflation at its highest level since 1992, and predictions that an extra 1.3 million¹ people in the UK will fall into poverty next year, it is vital that we continue to work together to ensure that public sector procurement adds value and drives positive change.

Across the region, collaborative procurement will continue to help deliver economic growth and address the environmental challenges that we face. Over the past year, our focus on social value has ensured that jobs have been created, apprenticeships have started and supply chain spending has increased in the North East.

As a region, with the changes proposed in the Procurement Bill, we will be able to go even further to deliver shared regional ambitions. Backed up by levelling-up and net zero funding, such as the Shared Prosperity Fund and Public Sector Decarbonisation Fund, we will help more suppliers to win opportunities, we will develop more innovative solutions and provide more support to our communities.

The three-year strategy, NEPO 2025, sets out how leadership, procurement excellence, social value and technology will help us achieve our collective ambitions. In addition, the current governance review will ensure that we are able to steer and influence strategic procurement on behalf of the region.

On behalf of the Collaborative Procurement Sub-Committee, I would like to thank colleagues from NEPO and the twelve North East local authorities for their hard work and commitment over the year.

Councillor Ed Malcolm
Chair of the Collaborative Procurement Sub-Committee

¹ <https://commonslibrary.parliament.uk/research-briefings/cbp-9428/>

“There is uncertainty and instability, however, as this report demonstrates, the strength of collaboration in the region has helped us navigate a challenging year.”



GIVING BACK TO THE REGION

Delivering for our members



Every **£1 spent = £7.90** delivered to Member Authorities

£663m **6%**

spent via NEPO by Member Authorities and Associate Members

Developing the Work Programme

71 procurement solutions on the Collaborative Procurement Work Programme (CPWP)

19 regional solutions renewed or added to the CPWP

Supporting suppliers

23,891 **5%**

North East suppliers registered on the NEPO Portal

1,197 attendees at **45** NEPO Business Club events



Social value commitments



£26.9m social value commitments

685 local people in FT employment

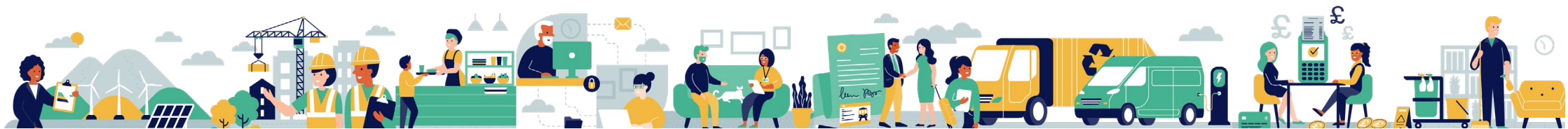
654 apprenticeship weeks



59% Total spend

£1.7bn

Member Authority spend was with NE suppliers



A YEAR AT NEPO

2021/22 was a milestone year for collaborative procurement in the North East, as we committed to an ambitious strategy that will see us build upon our strong foundations, to aim higher, and deliver progressive procurement outcomes for the region.



1 NEW STRATEGY

NEPO 2025, is our ambitious three-year strategy designed to help the North East to deliver economic growth, tackle environmental challenges, and deliver sustainable procurement whilst ensuring value for money is achieved. Through this strategy, we will provide the leadership needed to ensure that procurement can make a big difference, and help the region deliver in the short, medium, and long term.

2 NEW BRAND

Our revitalised brand showcases the wide range of activity that NEPO undertakes, conveys our outcomes-focused approach, and injects some fun and vibrancy into the (sometimes misunderstood) world of public sector procurement.

3 NEW HQ

The NEPO team relocated to new premises in the up-and-coming Gateshead Quays development. The workspace provides a modern and collaborative space for hybrid working, with great links for working with stakeholders regionally and nationally.

WATCH: NEPO's vision for 2025



Procuring For You

Our approach

'Procuring For You' is not just a strapline but an ethos that informs everything we do. At every step of our procurement journey, we collaborate with a wide range of stakeholders to ensure that their needs are understood and met. So whether you are a public sector colleague, a supplier interested in doing business with us, or an end-user using the goods and services we procure, you can rest assured that we are procuring for you.

NEPO is unlike any other public buying organisation. Our collaborative approach sets us apart, meaning we truly reflect public sector needs, because we **are** the public sector. NEPO takes the time to understand stakeholders' views in order to ensure regional buy-in from an early stage. Procurement solutions are developed in partnership with local authority representatives. From drafting a specification to awarding a supplier, our stakeholders engage in the process.

NEPO is also unique in how we give back to the communities we serve. We are trusted by our stakeholders to implement a joined-up approach to ensure our suppliers are driving value. All public sector procurement organisations reference social value, but NEPO goes further by providing free training to nurture our supply base, dedicated economic growth roles, governance bodies with supplier representatives and economic development leads.

WATCH: Introducing NEPO



DEVELOPING OUR CULTURE

Returning to the office after two years of working from home presented a number of challenges and opportunities. Post pandemic, people have re-evaluated what matters to them. How could we help our team adapt? How could we take the opportunity to learn from our remote-working experience to create a better workplace? How could our new culture drive the best outcomes for our stakeholders?

We approached this in a number of ways:

We provided hybrid-working training to all team members to help them adapt to the new working arrangements. The training covered managing the work-life balance, and provided an informal forum for the team to talk about their experiences and concerns.

The design of our new office has been shaped by our ambition to make our workplace a vibrant, collaborative space that encourages participation from all. Collaborative spaces, meeting booths and break areas help our team members to reconnect and get the most out of their office-based time.

We refreshed our team values, to help shape our organisational culture. Previous experience taught us that values can often feel too generic and hard to recall, so we used an acronym as a hook. Our CANNY values (pictured right) set out the behaviours that we want to embody at NEPO. These values are prominently displayed in the office for colleagues and visitors to see, and we have embedded them in our appraisal and development processes.

Apprenticeships

NEPO and colleagues across the twelve North East local authorities have acknowledged the challenges in attracting and retaining talent within the procurement profession.

This has led to the development of NEPO's apprenticeship programme.

Set to launch in 2022, the scheme will see the appointment of three Business Admin Apprentices within NEPO, with the potential to create further apprenticeship opportunities across the organisation.

In addition, a regional pool of Procurement Apprenticeships will be created, taking participants through a procurement-specific Apprenticeship Level 4, alongside the CIPS Level 4 Diploma in Procurement & Supply. Participants will be able to work across NEPO and its Member Authorities to build a broad awareness of public sector procurement, and hopefully become the procurement professionals of the future.



OUR VALUES

Champion each other
Accountable for our actions
New ideas are shared
Networking to learn and grow
Yes we can!

NORTH EAST SUPPLIERS

Over the past year, the Government has proposed significant reforms to the procurement system. This has included Procurement Policy Notes giving direction on national priorities, environmental considerations, and late payment. Alongside this, the Government announced a Procurement Bill as part of the 2021 Queen's Speech to embed the changes consulted on in the Transforming Public Procurement Green Paper. There have also been wider legislative updates including the Environment Act and the Levelling Up White Paper that will impact public procurement across the North East.

NEPO has initiated Supplier Engagement Roundtables to ensure that these reforms deliver what is needed in the region. Our first roundtable focused on the future of public procurement and how this can work for suppliers in the region. This was attended by representatives from a wide range of sectors, including the private sector and VCSE community, and from all parts of the region.

Overall, the feedback from suppliers on the proposed procurement changes was positive. The proposals should help more regional suppliers to win more business with the public sector. To ensure that this happens, suppliers want to be given the confidence to pitch for opportunities. This includes improving market engagement, explaining tender documentation, and promoting the support available from NEPO Business Club. Getting this right will help to create more jobs, more supply chain opportunities, and more apprenticeships. NEPO has raised the concerns of suppliers nationally through the Local Government Association and Cabinet Office to ensure that the changes work for the region.

NEPO will be hosting future roundtable sessions with suppliers on a range of topics including how supplier diversity can be improved and how sustainable impact can be achieved across the region.



NEPO's solutions

238 = **28%**
North East suppliers of total suppliers

The NEPO Portal

24k

North East suppliers registered

3k

North East suppliers awarded projects in 2021/22

78%

suppliers winning work via the NEPO Portal were from the North East

NEPO Business Club

45 = **1,197**
sessions held participants

MEETING MEMBERS' CHALLENGES: RESOURCING

Recruitment challenges across local government mean that NEPO's members are increasingly turning to NEPO's procurement solutions to support service delivery.

During 2021/22, NEPO's Member Authorities significantly increased their spending through NEPO's service-focussed solutions:



“ It is a candidate’s market, leaving local government at a disadvantage. However, there are practical steps that the public sector can take to help buck this trend.”

Nikki Parry, Head of Operational Delivery at GRI

Market insight: GRI

Geometric Results Int. (GRI) is the sole supplier to NEPO508 Agency Staff. GRI's neutral vendor service centralises the acquisition and management of temporary agency workers. All twelve North East local authorities use NEPO508. Nikki Parry, Head of Operational Delivery, summarises the recruitment challenges facing local government:

“An estimated 1.1 million workers ‘disappeared’ from our economy during the pandemic, through retirement, repatriation or resignation. The upshot is that nearly all sectors are now affected by a labour shortage.

“It is a candidate's market. Naturally, job-seekers will opt for the higher salary, the least-painful recruitment process and the most attractive benefits package, leaving local government at a disadvantage. There are practical steps that the public sector can take to help buck this trend.

- Shortening the recruitment process and providing relevant information upfront helps candidates to make informed decisions.
- Undertaking salary benchmarking and qualification alignment ensures recruitment processes are competitive and proportionate.
- Promoting employee benefits such as flexible working and professional development opportunities helps position local government as an attractive career choice.

“With these shared learnings, we are seeing an improvement in candidate attraction and retention in the social care market, with the promotion of additional benefits to attract qualified social workers, such as hybrid/flexible working arrangements, health, wellbeing and development incentives, accommodation allowance, mileage from home benefit, and retention bonuses.

“GRI will continue to work with NEPO and its Member Authorities to meet recruitment challenges and identify tactics to ease shortages.”

MEETING MEMBERS' CHALLENGES: INFRASTRUCTURE FUNDING

Over the next five years there will be £600bn spent to deliver infrastructure improvements across the UK. In addition funds for investment in the North East are emerging, including the £4.8bn levelling up funds, the £150m community renewal funds, £5.2bn flood defence funds and £7.1bn home building fund.

Infrastructure investment is crucial to delivering net zero ambitions including retrofitting building stock and supporting growth of new methods like carbon capture and storage. This will help stimulate economic recovery and create the conditions for long-term growth.

There are significant opportunities for NEPO to support Member Authorities and the wider public sector in delivering these funding streams. NEPO's Construction Strategy will ensure that the North East truly benefits from this funding by helping local suppliers win business and deliver the local economic recovery needed.

Member Authority spend through NEPO's construction solutions grew by 13% to £103.6m in 2021/22. From civil engineering consultancy right through to building works, projects have covered a range of activity, including:

- Morpeth County Hall refurbishment
- South Shields Crematorium improvements
- Sunderland's Parsons vehicle depot redevelopment
- Newcastle's Grade II listed Pattern Shop development
- Gateshead's Baltic Link Road, part of the ambitious Gateshead Quays redevelopment project
- And further afield, Sovereign Housing Association, based in Basingstoke, accessed NEPO Building Materials to drive operational efficiencies.



SUPPORTING NET ZERO AMBITIONS

Climate action continued to be a headline issue in 2021, with COP26 taking place in Glasgow, and the launch of the UK government's net zero strategy.

NEPO's social value approach ensures that decarbonisation opportunities are considered within every procurement solution; Energy and fleet are clear areas where our collaborative approach can help to make a difference:

NEPO301 Electricity supports the government's net zero ambitions by providing access to low-carbon energy. NEPO has built demand-side services into the contract, helping users achieve their energy efficiency and carbon reduction targets.

Our strong partnership with EDF Energy has resulted in:

- NEPO's members using electricity that is 100% zero carbon
- Estimated annual savings of approximately 77k tonnes of CO₂ emissions
- 100% of the electricity supplied is renewable, as verified by The Carbon Trust and backed by REGO (Renewable Energy Guarantees Origin) certificates

NEPO's fleet solutions include options for low or no-emission vehicles, and work is underway to procure a regional framework for electric vehicle charging infrastructure.

NEPO224 HGV & Specialist Vehicles Acquisition includes provision for engine conversions, to support the shift to electrical or hydrogen technology. Several members have already used this solution, with Sunderland taking delivery of the region's first electric bin lorry (pictured). There has also been interest from the wider public sector, with Gloucester City Council and London Borough of Islington taking delivery of refuse collection vehicles.

In 2022 NEPO will launch an Environmental Social and Governance (ESG) strategy and model, to ensure that regional collaborative procurement adopts a holistic approach to achieving the North East's environmental and societal objectives.



Peter Metcalfe, Fleet Management & Compliance Officer (left), and Ian Bell, Fleet Manager, with Sunderland City Council's new Electric Refuse Collection Vehicle.



DELIVERING SOCIAL VALUE

NEPO continues to consider social value within every collaborative procurement project, ensuring that every pound of public sector spending delivers economic, social and environmental benefits.

Procurement solutions launched in 2021/22 featured social value commitments estimated at £26.9m. This represents a combination of local employment, training opportunities, educational initiatives, carbon reduction, and more (see summary provided on page 6).

Award-winning Social Value: NEPO301 Electricity

We were delighted to receive the award for Best Public Sector Project at the 2022 National Social Value Awards.

The award recognised the achievements of NEPO301 Electricity. Delivered by sole supplier EDF Energy, this nationally-available solution is accessed by 23 public sector organisations across the UK.

The award entry described how NEPO worked with its members to establish meaningful social value measures, that were incorporated into the specification and requirements.

NEPO also engaged with the energy market during pre-procurement to ensure that bidders were aware of the desired objectives.

Suppliers were also encouraged to attend free training provided by the NEPO Business Club, with sessions focussed on the principles of the National TOMS and how to develop social value within a business.



Kadie Boon, Procurement Coordinator and Marie Perriam, Procurement Specialist

Thanks to NEPO's groundwork, the procurement achieved an equivalent £70k commitment of social value delivery.

Under NEPO's contract management, and in partnership with working groups comprising member representatives, we have already seen:

- The development of curriculum-based education content for schools, with NEPO and EDF working with a regional Trust responsible for fifty schools to 'teach the teacher' and support the implementation of lesson plans.
- Awareness-raising sessions focussed on carbon net zero, delivered to NEPO members and wider stakeholders including voluntary organisations, SMEs and local business partnerships.
- Site surveys and technical work in support of the forthcoming installation of two new solar pv arrays in two large schools in Durham. Once installed in Summer 2022, the schools will save money, generate zero carbon power, as well as supporting students' awareness of decarbonisation.
- Support offered via VONNE (Voluntary Organisations Network North East), in terms of volunteering resource to support organisations taking their first steps towards sustainability action plans, providing green mentors to support energy audits, and helping to explore local carbon offsetting schemes, whereby local businesses fund energy efficiency work in local community buildings.

WORKING WITH OUR SUPPLIERS

The Collaborative Procurement Work Programme includes 841 suppliers from diverse sectors, including 584 SMEs.

NEPO works in partnership with these suppliers to ensure that, together, we meet the needs of our public sector members and the communities we serve.

A partnership approach: Wave

Wave Utilities are a leading business water supplier, based in Durham. Since April 2021, they have acted as sole supplier to NEPO's water retail services solution, providing NEPO's members with account management and a range of value-adding services.

A strong relationship has been built between NEPO and Wave, which assists with our shared aim to help customers achieve their water efficiency objectives.

This partnership approach has proven successful, all twelve North East member authorities use the solution, with an additional 24 public sector organisations in early discussions to get onboard.

Outcomes include:

- Wave worked with Cleveland Fire Brigade to review all 15 of their fire stations to assist in separating water supplies so that water used for fire training/fighting purposes (which is exempt from charge under The Water Act) can be measured. To date Cleveland Fire Brigade has realised an annualised commercial benefit of £5k.
- Wave worked with Redcar & Cleveland Council to investigate high water consumption at a public toilet. A prompt site inspection led to a leak repair. Not only that, but following the work, Wave flagged that the council were eligible to claim a Non-return to Sewer Allowance within six months of the leak being repaired. Wave supported the claim process and secured an allowance worth over £3k.

Wave's commitment to delivering social value is exemplary, there's no box-ticking mentality here, instead social value initiatives are embraced as part of the day job.

In October 2021, NEPO and its Member Authorities joined Wave at the Tees Barrage in Stockton to support the Canal & Rivers Trust in activity such as litter picking and path maintenance. This was a huge community success with many new working relationships also being formed. Following the success of the social value event, Wave and NEPO have continued to strengthen their relationship and have collaborated on HR policies, approaches to supporting employees through Covid and sharing ideas on wellbeing in the workplace.

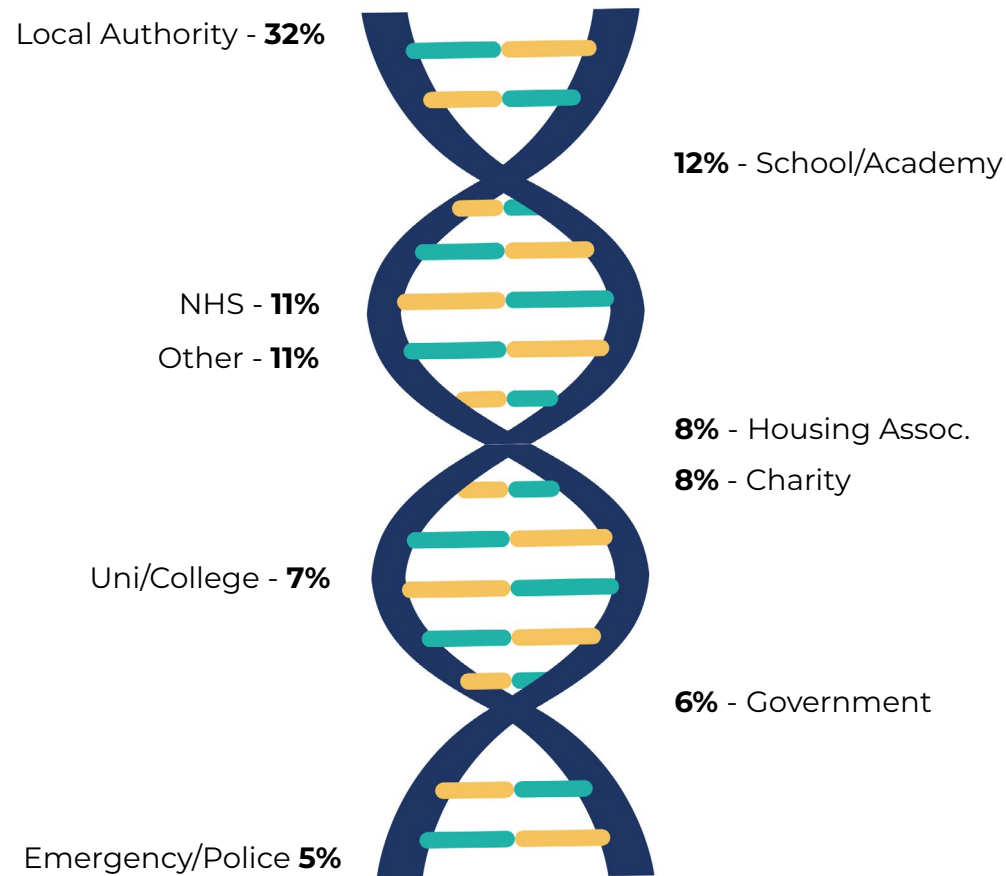


WORKING WITH THE WIDER PUBLIC SECTOR

During 2021/22 NEPO welcomed a further 60 public sector organisations to its associate membership scheme, which now totals 773 members. As shown in the graphic below, our members represent the full spectrum of the public sector.

NEPRO, our specialist professional services solution remains the most widely used framework with 260 organisations accessing the comprehensive range of specialist support. Given that 35% of the NEPRO marketplace is from the North East, this is an excellent example of how North East supplier talent is being exported to the wider UK public sector.

Our membership DNA



Working with anchor institutions: Nexus

NEPO counts several anchor institutions amongst its associate membership, including Nexus, the Tyne and Wear Passenger Transport Executive. Our relationship with Nexus ensures that the benefits of collaborative procurement are extended beyond local government, to the wider North East public sector landscape.

For many years Nexus has used the NEPO Portal to advertise and manage its tender opportunities, including for their £362m project to replace their Tyne & Wear Metro trains.

Nexus has also been an active partner in the development of our upcoming electric vehicle charging infrastructure framework. They joined the solution steering group and committed their car park estate across the Metro network to the first phase of the tender project. This represents around 1,800 car park spaces, creating the potential for up to 270 charge points to be delivered.

They also access NEPO's energy solutions and benefited from the expert advice available from NEPO's team during the turbulent global energy market.



OPEN: A NEW E-PROCUREMENT PLATFORM

Open is the one-stop-shop e-procurement solution that will replace all procurement systems and tools used by NEPO and the twelve North East Member Authorities.

Open will be designed and managed entirely on user needs and effective procurement data management, taking advantage of advanced and emerging technologies such as Artificial Intelligence and Robotic Process Automation.

Having started this journey over four years ago, 2021/22 has seen significant progress as we work towards our 2022 launch date:

- Identified and progressed design adjustments with Accenture
- Migrated data from legacy systems, and supported our members with this task
- Worked with the National Innovation Centre for Data (NICD) to ensure that we extract the full value of data in the procurement lifecycle
- Shared our story with peers, including the Department for Work & Pensions, Greater Manchester Combined Authorities and YPO, so that best practice can be adopted elsewhere.
- Focussed on change enablement, to help our stakeholders prepare for new ways of working

Open will launch in September 2022, with NEPO and Sunderland being the first contracting authorities to use the platform for their e-procurement activity. It is anticipated that the remaining eleven Member Authorities will then implement Open from November 2022.



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