

Resources and Governance Scrutiny Committee

Minutes of the meeting held on 22 June 2017

Present:

Councillor Ollerhead - in the Chair

Councillors Ahmed Ali, Andrews, Barrett, Connolly, Davies, Hitchen, Karney, Lanchbury, Moore, Russell, Siddiqi, Strong, A Simcock and Watson

Councillor B Priest, Deputy Leader

Councillor Flanagan, Executive Member for Finance and Human Resources

Apologies:

Councillor Pritchard

RGSC/17/22 Urgent Business

The Chair introduced an item of urgent business by informing the Committee there would be an additional oral report from the Strategic Director (Development) on Belle Vue Aces, which would contain exempt information, and as such requested that the Committee agreed to exclude the public during consideration of this additional item.

Decision

To accept the urgent item of business and agree to exclude the public during consideration of the urgent item which involved consideration of exempt information relating to the financial or business affairs of particular persons and public interest in maintaining the exemption outweighs the public interest in disclosing the information.

RGSC/17/23 Minutes

The Committee considered the minutes of the meeting held on the 2 March 2017.

The Committee considered the minutes of the Human Resources Sub Group held on 23 March 2017.

Decision

1. To approve as a correct record the minutes of the meeting held on 2 March 2017.
2. To note the minutes of the District Centre Sub Group meeting held on 23 March 2017.

RGSC/17/24 Ethical Procurement Policy and the implementation of recommendations of the Ethical Procurement Task and Finish Group

The Committee received a report from the City Treasurer, presented by the Head of Corporate Procurement, which provided the Committee with an annual review of the Council's Ethical Procurement Policy and an update on the recommendations made by the Ethical Procurement Task and Finish Group.

The report explained that the awareness of the Council's policy continued to be raised in a number of key areas using a variety of methods. It was planned for the policy to be submitted to the Greater Manchester Combined Authority (GMCA) during 2017 for formal adoption across the Combined Authorities (CA). It was also reported that new opportunities to promote the Policy had arisen through the formation of the Local Care Organisation in April 2017.

The Committee was advised that since its completion, the Government had made some changes which affected the Policy. This included the introduction of the Modern Slavery Act 2015 and a reform to IR35 legislation. It was therefore proposed that the Policy be amended to include specific sections on the Act and Tax Evasion to reflect these Government changes.

In terms of next steps, it was reported that there would be a further policy established to govern the Social Value Fund as well as an evaluation of the Ethical Procurement Policy's use in the tender processes and the extent to which its principles were being considered. Further work would be undertaken to address procurement spend outside of Greater Manchester and there would be promotion of a consistent approach to Social Value evaluation across Greater Manchester as well as an evaluation of main contractors and prompt payments to sub-contractors.

The Executive Member for Finance and Human Resources advised that the policy had derived from Member's demanding better outcomes from contracts the Council entered into. He advised that the Assistant Executive Member, was undertaking a piece of work to measure the success of the changes that were being made, arising from the implementation of the Policy, and would welcome the establishment of a Sub Group to continue to monitor the recommendations of the Task and Finish Group.

A Member commented that should a Sub Group be established, it should also look at a communication strand on promoting the Policy and use this as an opportunity to influence other organisations.

A Member raised concerns around the proportion of procurement contracts possibly awarded to businesses that were not based in Manchester or Greater Manchester. The Member asked a further question as to why there was a significant decrease in the proportion of measured spend in Manchester's most deprived areas.

The Head of Corporate Procurement acknowledged that improved communication or identification of alternative channels of promoting the policy would be welcomed. In terms of the data around branches and bases of operation, it was reported that there

were a number of companies that had Head Offices outside of Manchester but their operations and contracts were actually based within Manchester. The next Centre for Local Economic Strategies (CLES) survey would drill down into this in more detail. It was explained that the reasons for the change in proportion of measured spend in deprived areas was as a result of changes in areas of deprivation. A piece of work was being undertaken to survey contractors to identify where businesses were operating in areas of deprivation, what were they doing to improve employment opportunities and engage with communities as part of their contracts.

A Member asked how much Officer time and money was being dedicated to the roll out of the Policy. The Member asked another question on what progress had been made with the CA in implementing this Policy. The Member asked a further question on whether the Council was going to undertake checks on a yearly basis over the life of a contract to ensure the contractor was adhering to the requirements within the Policy and had the Council's Legal Department formed a view on the enforceability of the policy on contractors.

Officers advised in terms of Officer time on the roll out of the policy, this had included liaising with contractors within wards and the production of one page plans that could be given to suppliers which would identify issues within the wards they were based. This project was being led by two Graduate Trainees with the Head of Work and Skills overseeing the work. It was acknowledged that more resource would be needed to produce and collate more detailed reports. In terms of the roll out of the policy, the whole procurement team was involved, there was no specific budget allocated for training, with all training to date delivered in house by Officers.

The Head of Corporate Procurement advised that in terms of the CA, the Social Value Policy had already been adopted and there had been agreement that the Ethical Procurement Policy would also be submitted for adoption. In terms of monitoring the Social Value element of the Policy, there were pockets of good practice that the Council could look to mirror. Officers were also working with all Directorates to establish a contracts management module to monitor Social Value within contracts.

A Member asked how the leakage figure of procurement spend outside of Greater Manchester was being addressed. Officers advised that this figure tended to arise from the award of utility contracts and larger contracts where the contractor did not have a base in Manchester or Greater Manchester.

The Executive Member commented that where companies tendered for work on behalf of the Council, they needed to have adopted, or be willing to adopt, the same philosophy and principles as the Council, especially in terms of Social Value.

A Member proposed that the Committee established a Sub Group, to monitor large contracts that the Council had, or were about to enter into (eg the Town Hall project) and to also use the Sub Group to keep a brief on the Local Care Organisation contract. The Member also proposed that the Committee should support the inclusion of the additional paragraphs in the policy with reference to the Modern Slavery Act 2015 and the reform to IR35 legislation.

A Member also suggested that monitoring of the Governance of the Social Value Fund should be made part of the Sub Group's terms of reference.

Decision

1. To agree to establish an Ethical Procurement Sub Group;
2. To agree that as part of its terms of reference, the Sub Group would:-
 - monitor the Governance of the Social Value Fund;
 - monitor large contracts that the Council has entered or is about to enter into to ensure Social Value is contained within these;
 - review how the Council's Health Partners incorporate Social Value within their contracts; and
 - review communication and promotion of the Policy;
3. To agree that the membership of the Sub Group is formed from Members of the Resources and Governance Scrutiny Committee, Members of the Council's Audit Committee and the Chairs of the other five Scrutiny Committees;
4. To agree that Councillor Dar, the Assistant Executive Member, be invited to work alongside the Sub Group; and
5. To thank the Officers involved in developing and implementing the policy.

RGSC/17/25 Social Value when using Frameworks established by other Public Bodies

The Committee received a report from the City Treasurer, which set out how the Council ensured that Social Value was reflected when using frameworks established by other public bodies to procure goods and services.

It was reported that Social Value was embedded within the Council's procurement policies and procedures and accounted for a minimum of 20% of a contract award decision criteria, however, this was not reflected when using frameworks let by other public bodies. It was noted that external frameworks accounted to approximately 20% of the Council's total procurement spend.

The Committee was advised of the external frameworks used by the Council and the work that was taking place to incorporate a percentage of Social Value within the criteria of these external frameworks.

A Member commented that the report emphasised the need for Manchester as a leading authority in this area, to influence others to follow suite. The Member asked whether the Council had had any impact on the review of the Crown Commercial Service (CCS) Frameworks.

Officers advised that CCS Frameworks were used by the Council, and the Council had met with them to evaluate their contracts in order to build in Social Value. CCS had appointed an officer to review all of their frameworks to identify where Social Value could be added and taken advice from the Council on how to implement this

Decisions

To note the report.

RGSC/17/26 Delivering the Our Manchester Strategy

Councillor Flanagan, Executive Member for Finance and Human Resources, presented his report to the Committee and welcomed any comments or recommendations. The report provided an overview of work undertaken and progress towards the delivery of the Council's priorities, as set out in the Our Manchester strategy, for those areas within the portfolio of the Executive Member.

A Member asked the Executive Member to outline the major problems in delivering local employment in relation to the Town Hall project.

The Executive Member advised that there would not be an issue in employing local people or businesses to work on the project due to its scale, however, there were some specialised areas of work that required specific skills (eg stone masonry and glazing). As such it was proposed to reduce the number of large contractors working on site to allow smaller contractors to come together and work on this contract. It was reported that it was essential that the Council could demonstrate its commitment to Social Value and show that at the end of the project, residents of Manchester had gained employment or the necessary skills in order to gain employment.

A Member commented that there was no detail or statistics on the levels of staff absence or targets within the report. The Member also commented that there was also no reference to the HR Strategy for implementing the Our Manchester Strategy and how staff were meant to demonstrate the "behaviours" expected of them.

A Member asked whether the involvement of corporate procurement prior to the commencement of any procedure over £30,000 resulted in a delay in the letting of tenders. The Member asked another question on the budget challenge meetings and how these were used to report to the wider Council. The Member asked a further question on what the alignment of the Council workforce with the Our Manchester Strategy actually involved?

The Executive Member advised that the statistics in relation to the staff absences from work due to sickness had been reported to the HR Sub Group. For the first time in over two years it was at its lowest level and one of the lowest levels when compared to a comparatively sized local authority. The key areas that still needed addressing were the causes of long term absences and the under-reporting of these. The Executive Member advised that the HR Strategy would demonstrate that the Council had listened to its staff in developing the Our Manchester Strategy. In terms of corporate procurement, there was a new structure to be rolled out and reported to scrutiny which would shorten any delays, with an emphasis on value for money. As for budget challenge meetings, this was reported back to the Executive. It was reported that the Council had held a number of Listening into Action sessions to brief staff on the changes the Council was facing and to listen to staff concerns. A commitment had been given to ensure that all staff that did not have access to email/training/offers (approx. 1500), would be connected by appropriate communication systems within the next few months.

A Member commented that it was pleasing to see the Employee Assistance Programme was put in place within 24 hours of the Arena attack.

Decision

1. To note the report;
2. To request a further update in six months' time

RGSC/17/27 Our Town Hall – Social Value and Communications

The Committee considered a report of the Deputy Chief Executive, and received a presentation from Officers, which set out how the upgrading and restoration project for Manchester Town Hall intended to maximise Social Value benefits at all stages of the project and at all contracting levels. The report identified the steps that were being taken to ensure that the work required created employment opportunities for local people and local contractors. The report also provided a summary of the progress to date with regards communications and engagement and outlined a framework for future activity.

The report explained that the 15 high level aims of the Our Manchester Strategy had been converted into a series of “We Wills” which set out clear targets for the project to deliver against.

The Committee was advised that the Our Town Hall project had already started to deliver Social Value benefits in the early stages of the scheme and some indicative estimates in terms of the Social Value impact had been developed. In headline terms, the work programme was expected to average just over 500 workers (in various disciplines) per annum for six years (although not all of these would be on-site). The work programme would also sustain a major apprenticeship programme and Social Value benefits in relation to employability, work experience and engagement with schools and colleges could considerably increase the benefits of the construction programme. Using Social Profit Calculations, the Social Value Targets estimated at least 365 jobs would be created during the design and build phase of the project.

In terms of communications and engagement, it was reported that as it was a seven year programme of work, the communications and engagement strategy would need to develop over time and be flexible and responsive to the inevitable changing landscape during this time. The original strategy was developed for the initial project announcement and focused on explaining the nature, scope, necessity and cost of the extensive works required to safeguard building and bring it up to modern access and safety standards. The next phase of communications would focus on the period up to early 2018 when staff had finished moving temporarily out of the Town Hall building and physical works would be ready to commence. An engagement strategy and plan, intrinsically aligned to the communications strategy was also being developed. Once again, it was recognised that engagement activities for the project would be varied and would need to develop overtime.

A Member asked how the proposed level of 24,000 hours of training compared to other projects that had been undertaken. The Member also enquired as to whether it was possible to track the progress that had been made against the 15 "We Will's" over the life span of the project. The Member asked another question on who would audit the information supplied by interested contractors relating to the criteria and KPI's which demonstrated a bidder's commitment to delivering Social Value on the project. The Member asked a further question on the Social Profit associated to the project and whether this anticipated figure included potential additional Council Tax or Business Rate revenue from potential businesses and/or workers moving into the city as part of the project.

The Chair also sought clarification on how many people the proposed 24,000 hours of training equated to, as when this figure was broken down to the number of potential people who would be working on the project over its seven year life span, it only equated to approximately 11 days training per individual over seven years.

Officers advised that the number of training hours didn't just relate to apprenticeships and training in terms of local residents, it would include on going continued professional development for existing staff. It was not known at this stage the exact number of people who would be working on the project but it was envisaged that everyone would receive some form of training. Initial targets were set based on conversations with CLES and New Economy but until the exact figure was known of the workforce, it was not something that could be clarified at this stage. In terms of the economic impact and the social value profit, this did not include any potential Council Tax payments or Business Rates and that this figure was a conservative estimate. Officers were already working on the next phase of procurement which would include performance monitoring systems based upon KPI's, including Social Value. There would be a quarterly report to the Council on these KPI's.

A Member sought clarification as to the number and capacity of specialist skilled contractors (eg stone masonry and glazing) that would be required to work on the project.

Officers acknowledged that there was an issue in terms of capacity of those with specialist skills required to deliver the work required on the Town Hall as well as any other similar type of work required in the same time scale across the Greater Manchester conurbation.

A Member commented on the number of High Skilled Apprenticeships that had been, and would be taken on, over the course of the project, as there was concern that the projected figures only equated to two apprentices per ward over the course of the project. The Member sought clarification on the number of apprenticeship contracts awarded for a two year period.

A Member asked whether it was possible to have employment figures on a ward by ward basis in order to measure the success of the Social Value element of the project. The Member asked a further question as to how the project would hold contractors to account on the use of time banks.

The Assistant Chief Executive (Growth) advised that it was possible to provide employment figures on a ward by ward basis and this would be shared with Committee Members. In terms of concerns regarding the proposed number of training hours, there was a need for a deeper look and interrogation of this and suggested that the Ethical Procurement Sub Group looked at these specific issues and then reported back to the Committee when Social Value was considered again. Officers advised that the Council would work with all contractors to ensure they understood the commitments expected of them in terms of the use of time banks.

A Member commented that there was a need to ensure that there would still be enough workforce within the region to fulfil commitments on other development projects whilst the Town Hall was being restored.

Officers advised that there had been research undertaken in relation to the wider skills issue across the North West and it had identified that there was not enough people with the right skills to deliver the construction needs over the next five years. The Combined Authority was undertaking some work to address this in order to make the construction industry more attractive.

A Member commented that the KPI's in the report did not relate to any diversity requirement and suggested a change to the level of apprenticeship provision to reflect the number of staff employed by a contractor, as some contractors employed more staff compared to others and it would not be fair for all contractors to meet the same requirement for the number of apprentices to employ. The Member also asked what steps would be taken to appropriately manage the project bank account.

The Assistant Chief Executive (Growth) agreed to look at the proposed changes around KPI's and would submit a further report on this to the Ethical Procurement Sub Group. The Executive Member advised that equality of employment was an important element of the project and acknowledged the challenges the Council faced in addressing this. The Head of Corporate Procurement advised that the concerns around project bank accounts would be addressed to ensure that the difficulties experienced in the past by other Local Authorities would not be repeated on this project, which could include a hold on payments if necessary.

A Member requested that consideration was also given to the employment of over 50's as part of a priority group on the project. The Member also asked how the Council intended to look after all historic assets across the City and district areas.

The Assistant Chief Executive (Growth) agreed that as part of the project, the Council would look to include the employment of over 50's as a priority group. The Council had an Asset Management Plan and was investing in other heritage buildings across the city, not just the Town Hall.

A Member asked whether there was the possibility of any television interest on the project. The Head of Communications advised that there was interest from production companies, however, due to the anticipated length of the project, there needed to be some thought as to how this could be implemented in order to maintain their interest.

A Member proposed that in order to ensure public support of the project, the Council needed to engage with community leaders as it was essential that the public understood why the project was taking place in a time of austerity.

A Member proposed that the Council engaged with Schools and Young People to raise interest in future employment within the construction industry.

A Member asked, based on the information within the report, why was there a low uptake of the Town Hall Tours considering the building was going to be closed for seven years. The Assistant Chief Executive (Growth) advised that there was a finite capacity of the number of tours that could be delivered. The interest from residents and visitors was still high and this had resulted in extending the availability of the tours through May to July. It was also reported that the tours would run until the building closed to the public.

Decision

1. To note the progress to date in maximising Social Value on the project in the early design stages of the scheme;
2. To note how the project will continue to deliver and monitor Social Value with the procurement of the main build contractor and trade packages, adopting a project bank account approach to ensure equity of payments to all suppliers;
3. To note the progress to date on communications and engagement activity on the Our Town Hall Project;
4. To agree to receive an update report on a bi-monthly basis;
5. To agree to refer to the Ethical Procurement Sub Group the following areas for consideration:-
 - apprenticeships
 - Social Value;
 - KPI's;
 - hours of training to be made available to staff engaged on the project; and
 - contracts; and
6. To agree that the Committee receive a report for information on the Council's heritage register at a future meeting.

[Councillor Davies declared a disclosable pecuniary interest in one of the matters discussed under this item of business as she is a Town Hall tour guide and left the meeting while that matter was under consideration.]

RGSC/17/28 Budget – Local Government Financing

The Committee considered a report of the City Treasurer and Deputy City Treasurer, which set out the latest available intelligence on local government financing following the recent general election. The Deputy City Treasurer also provided an oral update on the budget position, following the Queens Speech which had taken place on 21 June 2017.

The Committee was advised that there had been no clear commitment given regarding 100% retention of Business Rates, though the Government's manifesto did refer to "a full review of the business rates system". It was noted however, that the

Greater Manchester 100% Business Rates Retention pilot had been operational from April 2017.

The report went on to cover the headlines from the Manifesto and gave an indication on policy priorities.

It was reported that there was no indication that the budget position for the next three years would change significantly. However, there was considerable uncertainty beyond this spending review period with some crucial issues to be resolved including how local government would be funded and the sustainability of funding social care. A report would be brought to the next meeting of the Committee in July with any further intelligence that is available and any proposals to refresh the current three year Medium Term Financial Plan.

A Member requested a written report for information at the next meeting which detailed the implications of the Queens Speech on local government financing.

A Member suggested that the Council lobbied the Chancellor of the Exchequer on the austerity measures that were being imposed on local authorities and other public sector bodies.

Decision

1. To note the report;
2. To agree to receive a more detailed report for information, at the next meeting, on the implications of the Queens Speech on local government financing; and
3. To request that the Council lobbies the Chancellor of the Exchequer on the austerity measures that are being imposed on the Council and other public sector bodies

RGSC/17/29 Human Resources Sub Group Terms of Reference

The Committee considered the report of the Governance and Scrutiny Support Unit and Members were invited to re-establish the Human Resources Group for the Municipal Year 2017/18, agree the Terms of Reference for the Group; the Work Programme and the membership.

Decision

1. To agree the membership of the Sub Group as:-
Councillors Ahmed Ali, Andrews, Moore, Russell and Watson;
2. To agree that Councillor Ollerhead is appointed as Chair of the Sub Group;
3. To agree the terms of reference for the Sub Group; and
4. To agree that the work programme of the Sub Group will be established at its first meeting and reviewed by the Group at each of its subsequent meetings.

RGSC/17/30 Overview Report

The Committee considered a report of the Governance and Scrutiny Support Unit which contained key decisions within the Committee's remit and responses to previous recommendations was submitted for comment. Members were also invited to agree the Committee's future work programme.

Decision

To note the report and approve the work programme.

RGSC/17/32 Belle Vue Aces

The Committee considered a report of the Strategic Director (Development), which provided an update in relation to the National Speedway Stadium at Belle Vue Sports Village following the report to Executive dated 8 March 2017 (Exe/17/059 refers).

It was reported that at the time of the Executive Report, the Council was negotiating a settlement between ISG, BVA and the Council, and were unable to disclose the report provided by Arup as this was deemed to be commercially sensitive as it was obtained in contemplation of litigation. A confidential settlement, however, had now been concluded between the parties and in the interests of transparency the Council was able to make available the full report to the public, which was set out in the Appendix to this Report.

Decision

To note the report.

RGSC/17/31 Exclusion of the Public

A recommendation was made that the public be excluded during consideration of the next item of business.

Decision

To exclude the public during consideration of the following item which involved consideration of exempt information relating to the financial or business affairs of particular persons and public interest in maintaining the exemption outweighs the public interest in disclosing the information.

RGSC/17/33 Belle Vue Aces (Public Excluded)

The Committee received an oral report from the Strategic Director (Development), which set out the Council's position since March 2017, in respect of the circumstances that had led to the voluntary liquidation of both BV Arena Ltd and Belle Vue Speedway Limited and the arrangements which were now in place to support the occupancy of the National Speedway Stadium to ensure its future and sustainability.

Members asked questions to which the Strategic Director responded.

Decision

1. To request a report to a future meeting of the Committee detailing what lessons had been learnt and the future courses of action to be taken to ensure similar events did not occur.
2. To request that the City Solicitor provides further information to the Chair of the Committee in respect of the Council's legal position.