



# **Resources and Governance Scrutiny Committee**

Date: Thursday, 22 June 2023

Time: 10.00 am

Venue: Council Antechamber, Level 2, Town Hall Extension

This is a **Supplementary Agenda** containing additional information about the business of the meeting that was not available when the agenda was published.

## **Access to the Antechamber**

Public access to the Council Antechamber is on Level 2 of the Town Hall Extension, using the lift or stairs in the lobby of the Mount Street entrance to the Extension.

## **Filming and broadcast of the meeting**

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## **Membership of the Resources and Governance Scrutiny Committee**

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**Councillors** - Simcock (Chair), Abdullatif, Andrews, Brickell, Connolly, Davies, Evans, Kilpatrick, Kirkpatrick, Lanchbury, Rowles and Wheeler

## Supplementary Agenda

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7. **Major Contracts** 3 - 14  
Report of the Head of Integrated Commissioning and Procurement and the Strategic Lead – Commissioning.

This report provides an update on the Council's key contracts, the Council's approach to procurement of these contracts and assessments of how to source contracts due for renewal and / or extension.

8. **Ethical Procurement Policy and Fair Tax** 15 - 22  
Report of the Head of Integrated Commissioning and Procurement and the Strategic Lead – Commissioning.

This report provides an update on the Council's ethical procurement and fair tax assessments in procurement and development decision-making.

## Further Information

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For help, advice and information about this meeting please contact the Committee Officer:

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This supplementary agenda was issued on **Wednesday, 14 June 2023** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 2, Town Hall Extension, Manchester, M60 2LA

**Manchester City Council  
Report for Information**

**Report to:** Resources and Governance Scrutiny Committee - 22 June 2023

**Subject:** Major Contracts

**Report of:** Head of Integrated Commissioning and Procurement  
Strategic Lead - Commissioning

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### Summary

This report provides an update on the Council's key contracts, the Council's approach to procurement of these contracts and assessments of how to source contracts due for renewal and / or extension.

The paper is structured as follows:

1. Introduction to major contracts, how they are classified as major contracts and a summary of oversight arrangements.
2. A short background to the Major Contracts Board, (further detail for which is in the paper to March 2023 the Resources and Governance Scrutiny Committee)
3. An overview of the procurement pipeline and recommissioning status of the major contracts.
4. Next steps for the work on major contracts and the contract management programme of work more generally.

### Recommendations

The Committee is recommended to:

- (1) Note the content of the report and comment / question the information presented to the Committee as appropriate.
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### Wards Affected: All

<b>Environmental Impact Assessment</b> - the impact of the issues addressed in this report on achieving the zero-carbon target for the city
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No direct impact. However environmental impact is considered in the procurements of new contracts and in the subsequent contract management.
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<b>Equality, Diversity, and Inclusion</b> - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments
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No direct impact. Equality, Diversity and Inclusion though is part of the Council's social value priorities.
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<b>Manchester Strategy outcomes</b>	<b>Summary of how this report aligns to the OMS/Contribution to the Strategy</b>
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Major contracts, by their nature, have a significant role in supporting the Manchester Strategy outcomes both in terms of their direct impact (i.e. where contracts are resident facing, and most are) and in terms of their indirect impact, through (for example) the creation of additional social value for Manchester.
A highly skilled city: world class and home-grown talent sustaining the city's economic success	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	
A liveable and low carbon city: a destination of choice to live, visit, work	
A connected city: world class infrastructure and connectivity to drive growth	

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

### **Financial Consequences – Revenue**

There are no direct consequences arising specifically from this report.

### **Financial Consequences – Capital**

There are no direct consequences arising specifically from this report.

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**Background documents (available for public inspection):**

The following documents disclose key facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy, please contact one of the contact officers above.

- Progress Update on the Major Contracts Oversight Board report to the Resources and Governance Scrutiny Committee, 7 March 2023

## 1. Introduction

- 1.1. This report provides an update on the management of the council's key contracts including the operation of the major Contracts Review Board that was established in Autumn 2022. The report sets out the Council's key contracts, its approach to procurement of these contracts and the assessments of how to source contracts due for renewal and/or extension.
- 1.2. The council recognised that contract management is an essential tool to make sure that services to residents are delivered to the highest possible standards and that social value and climate change aspects of the council's spend are given due attention.
- 1.3. Improvements to contract management have led to introduction of a standardised Contracts Register, establishment of a Contracts and Commissioners Group that meets monthly and the implementation of a model approach under which the council uses a gold / silver / bronze framework for categorising contracts with gold representing the most critical contracts to the council. This in turn is used to guide the depth of contract management input required (both operational and strategic) on the contract.
- 1.4. How critical contracts are is gauged by a few criteria, monetary value being one, (and gold contracts will tend to be the largest in value) but there are also other important considerations: how quickly and easily an alternative contract can be secured in the event of contract failure, how much in total is the contract value including any extensions, what is the potential impact of contract failure, how complex is the delivery or expected delivery of the goods/services and what level of Information Security/Safeguarding Risk does the contract have.
- 1.5. It is important to highlight that assignment of a gold/silver/bronze category is meant as a tool for informing the level of contract management oversight, not a hard and fast set of rules. Some contracts, for example, will be considered to be on the boundary of silver and gold categorisation and ultimately what matters is not whether it is silver or gold, but rather that the management have confidence that they have an appropriate level of contract management oversight in place for that particular contract. Also categorisations can change over time.
- 1.6. In terms of contract management oversight, as standard across all contracts, officers must complete a contract award form for their relevant Strategic Director when seeking approval to enter into a new contract over £25,000 (as per the Council's Constitution) and that form sets out the named contract management officer(s); the named senior responsible owner; a summary of contract management arrangements that will be in place (such as frequency of monitoring meetings) and the relevant Key Performance Indicators (KPIs) and social value commitments.
- 1.7. Additional process changes have also been introduced. These include: the introduction of a new due diligence process which comprises checks on the supplier(s) continued economic and financial standing over the lifetime of the

contract; monitoring of the contract pipeline so the new delivery model assessment can be included as part of the recommissioning work; and a new contract management methodology is also being taken forward by MLCO in relation to social care contracts which sets out a more robust and consistent approach for managing key social care contracts.

- 1.8. Training and development of contract managers is also an ongoing objective, particularly for managers of gold and silver contracts. As part of this, the council has previously had two cohorts of staff undertake the CIPFA Certificate in Contract Management, and now as a new cohort of staff enrolled on the Government's new Practitioner programme, a course involving online workshops delivered over 12-18 months. Supplementing this, Integrated Commissioning continue to promote and track completion of the government's e-learning course on contract management, which covers the basics over a series of e-learning modules. Integrated Commissioning and Procurement also continue to engage externally with other authorities, government, and organisations to learn and apply good practice.

## **2. Major Contracts Review Board**

- 2.1. Over the last year the council has introduced additional measures and oversight specifically in relation to gold contracts, most notably with the establishment of the Major Contracts Review Board and a report was brought to the March Resources and Governance Scrutiny Committee with an update on progress.
- 2.2. The Terms of Reference of the Board set out that the purpose of the Board is to:
  - Review the Council's approach to insourcing and the approach to making a decision
  - Review the pipeline for major contracts and forward plan for extensions and re procurements
  - Oversee feasibility studies for future contract option appraisals
  - Ensure the Council's major contracts are performance managed and be updated on any performance and cost issues
  - Evaluate major contracts for the supply of goods, services or works to include scope for savings, investment, Value for Money, effectiveness, social value, environmental issues etc.
- 2.3. As one of the first actions for the Board, Integrated Commissioning surveyed contract managers of gold contracts to understand further the practical contract management actions being taken in relation to their contract(s), including frequency of contract management meetings, who is involved, what elements of the contract are overseen in those arrangements and a summary assessment of current performance. This has acted as a high level baseline and confirmed the management arrangements in place across the major contracts, but also that some contracts, particularly older contracts, were less developed in areas like social value and carbon monitoring. In those examples, contract managers signalled how this will be addressed this in the recommissioning of the service.

These assurance arrangements will be monitored by the Major Contracts Board who will review the 'Assurance Matrix' on a quarterly basis.

- 2.4. Further detail on specific contracts will then be discussed as those contracts come to the Major Contracts Review Board. There will also continue to be space for further surveys or similar, to cover further elements. For example, at the start of the financial year, Integrated Commissioning asked contract managers to set out any new inflation issues or risks associated with their contract, the initial outputs of which were presented to the April Major Contracts Board and further work is currently underway given the persistence of high inflation.
- 2.5. This work too is part of the preparation for when the new Procurement Act (currently a Bill in Parliament) comes into force, which is now expected to be around October 2024, later than originally planned. For example, the Bill, as currently drafted, sets out new transparency requirements, including (for larger value contracts) detail on the Key Performance Indicators and targets under the contract and how the supplier is performing against those.
- 2.6. With regards to delivery model assessments, a Delivery Model Assessment Tool has been developed based on best practice methods of applying an evidence-based analysis to delivery of a contract. The Scrutiny Committee provided comments on the draft which have been noted and will be included in the finalisation of the policy following the early testing (see below) and wider consultation.
- 2.7. The delivery model approach is being tested so far in relation to the contracts for the Management of the Council's Investment Estate, the Housing Stock Repairs and Maintenance Contract, and (recently) the Security Contract, but planning discussions are starting with services across a wider range of contracts, which will incorporate delivery model assessments as an essential component of the recommissioning work (see section 3 below). Lessons learned will be incorporated into the model prior to the wider consultation and finalisation of the policy in the Summer.
- 2.8. As highlighted to the Scrutiny committee previously, forward planning is critical given the timescales needed both to carry out assessments (particularly for more complex contracts, where financial appraisals and soft market testing can take time) and for implementation of the preferred delivery model option.
- 2.9. A draft forward plan has been developed for the work of the Board that based on information from the council's contracts register including expiry dates for contracts or potential extensions to enable adequate time for each contract to be considered in detail.

### **3. The Council's Major Contracts and Procurement Planning**

- 3.1. The table below sets out an updated list of major contracts except for capital programmes contracts, for which there are separate oversight arrangements.



- 3.2. The table includes a summary of the recommissioning status. With regards to procurement planning, Integrated Commissioning and Procurement meet regularly with directorates and commissioning leads to plan upcoming procurements (e.g. the monthly Highways Procurement Board; MLCO's Commissioning Plan Delivery Group). The pipeline set out in the table was also presented to the April Major Contracts Review Board, which in turn will guide the agendas for future meetings of the Board (i.e. which contracts should report to the Board and when).
- 3.3. Following on from the establishment of the Major Contracts Review Board and the development of the Delivery Model Assessment Policy, the Policy will be consulted on further and then finalised. Integrated Commissioning and Procurement will work with services to embed delivery model assessments as part of recommissioning projects, with only a small number of exclusions as per the policy (principally construction works, ICT contracts (e.g. software licences), and health contracts where the council does not have required expertise / infrastructure to deliver the service other than through a contract). Delivery model assessments are not restricted to gold contracts alone, and there are other smaller contracts where smaller assessments are currently in train.
- 3.4. The delivery model assessment work will need to mature. The experience to date is that the process is providing more structure to consider delivery model options. It emphasises though the need for planning well in advance, not just to undertake the assessment, but also to incorporate time required for implementation of a new model.

<b>Contract(s) and Provider(s)</b>	<b>New envisaged start</b>	<b>Recommissioning Status</b>
Public health contracts: Integrated Sexual and Reproductive Health Service (Manchester Foundation Trust ('MFT'), Health Visiting (MFT), School Health (MFT), Integrated Alcohol and Drug Early Intervention and Treatment System (CGL)	To be confirmed - see recommissioning status	These contracts are expected to come within scope of the government's forthcoming Provider Selection Regime regulations, which will give greater flexibility for how health services can be procured, which is of particular relevance in the context of local health and social integration. The regulations however have been delayed by over a year, having due to come out early 2022/23, causing significant planning challenges for authorities.
Mental Health Social Work (Greater Manchester Mental Health Trust)	Summer 2023	This contract is a part of a cross-Greater Manchester NHS and local authority contract with Greater Manchester Mental Health Trust. An extension to the current framework is expected to be agreed this summer.

The collection, disposal and recycling of street cleansing and bulky waste (Redgate Holdings Ltd)	July 2023	This contract has recently been subject to a procurement exercise and an award decision expected shortly (along with the accompanying key decision notification). In-house delivery was not considered viable for this particular contract, given the specialist disposal and recycling nature of the service.
Gas (Corona)	Spring 2024	The Energy Management Team are considering options for reprocurement of gas.
Housing Repairs and Maintenance Contract (Bouygues – formerly Equans)	Spring 2024	A Delivery Model Assessment is underway including process mapping of service, the resources required to deliver these processes (critical elements to inform delivery and implementation of options) and a market assessment. The Director of Housing is also currently working with finance to deliver financial appraisals for delivery model options. Negotiations are underway over an extension to the existing contract for a maximum of 3 years with break points at 12 and 24 months depending upon the outcome of the above assessment.
Building Services (Bouygues – formerly Equans)	Spring 2024	This contract's timelines are aligned with the timelines for the Housing Repairs and Maintenance contract.
Electricity (nPower, SSE)	October 2023	The Energy Management Team are currently preparing for the procurement of a new electricity framework. The council does not have in-house power generation (hence the need for a procurement) but the council is additionally looking to procure a new Power Purchase Agreement, which is a long-term contract to buy electricity from a renewable source.
Highways Maintenance Framework (new)	To be confirmed	This is a new proposed framework incorporating different maintenance elements which

		have been procured via separate contracts previously.
Our Manchester Homecare (various providers)	Summer 2024	MLCO established in June 2023 a Homecare Redesign Board, which will oversee the recommissioning of home care services. A delivery model assessment will be undertaken as part of the work.
Learning Disability and Mental Health Supported Accommodation (various providers)	Spring 2024	MLCO has established a work programme to design and commission new supported accommodation services. Like home care, a delivery model assessment will be undertaken as part of the work and the Senior Responsible Officer for the programme also closely involved with MLCO's work on its in-house services. A mixed model of provision (i.e. in-house and external) is still being worked towards; but the focus of what is delivered internally and externally and how the system works overall are key considerations for the delivery model assessment.
Property Management and the Council's Investment Estate (Jacobs)	Spring 2024	The service is currently reviewing options for this contract and delivery model options. This has included a soft market testing exercise and market questionnaire.
Children's Early Years Core Purpose & Outreach Service (various providers)	Spring 2024	A two-year extension option is available. This is a service delivered by schools and VCSE providers. Integrated Commissioning and Procurement and Children's Service's will be reviewing options for the extension in due course.
Highways Surfacing of carriageways – two frameworks (Colas Limited; Kiely Bros Ltd; JPCS; Road Maintenance Services Limited) and (Tarmac, Bethell Group, J Hopkins)	Summer 2024	The Highways Procurement Board will be looking at the recommissioning options for these two frameworks, which will include consideration of the potential for in-house delivery.

Highways Gritting (Balfour Beatty Living Places)	Summer 2024	There is an extension option available. Integrated Commissioning and Procurement are in early discussions with Highways regarding recommissioning plans.
Security Services (various, but the principal contract is with Mitie)	Spring 2025	Integrated Commissioning and Procurement are in early discussions with the Head of Service regarding recommissioning plans.
Finance and HR system (SAP)	Spring 2025	Currently in procurement.
Small Format Advertising (JCDecaux UK Ltd) and large format advertising (Ocean)	2031 (small format) 2026 (large format)	To be determined
CAPS (Child & Parent Service) Parenting Programme (MFT)	Autumn 2026	To be determined.
Leisure Services Contracts (Greenwich Leisure Limited; Sports and Leisure Management)	Spring 2028 (extension option available)	To be determined.

#### 4. Next steps

- 4.1. As referred to above and described further in the March report to the Committee, the Major Contracts Review Board will be overseeing contract performance, the forward plan for the contract (i.e. recommissioning planning) and delivery model assessments for the major contracts.
- 4.2. There are a number of further steps in train where the Council is working, as part of a broader programme of work, to improve contract management across its portfolio. This includes the following:
- The council is currently implementing a new contract management system, which will aid planning and visibility of the procurement pipeline, both for internal management processes but also for external visibility, with procurement pipelines to be published on the council's website.
  - Integrated Commissioning are working to set up regular quarterly contract sessions with Directorate Management Teams. We are currently working with commissioning leads and Finance colleagues to determine how these sessions could be structured to best help directorates practically manage their portfolio. It is envisaged that the sessions would review contract performance, raise any priority issues, share learning and also to review spend with suppliers, particularly with top contracts and suppliers.

- the Integrated Commissioning and Procurement Team is preparing for the forthcoming Procurement Act, referred to above.
- This month (June) Heads of Procurement across Greater Manchester, and other North West authorities, have agreed to set up a contract management working group aimed at sharing and embedding good practice.

## **5. Recommendations**

- 5.1. The Committee is recommended to note the content of the report and comment / question the information presented to the Committee as appropriate.

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**Manchester City Council  
Report for Information**

**Report to:** Resources and Governance Scrutiny Committee - 22 June 2023

**Subject:** Ethical Procurement Policy and Fair Tax

**Report of:** Head of Integrated Commissioning and Procurement  
Strategic Lead Commissioning

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### Summary

This report provides an update on the Council's ethical procurement and fair tax assessments in procurement and development decision-making.

### Recommendations

The Committee is recommended to:

- (1) Note the content of the report and comment / question the information presented to the Committee as appropriate.
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### Wards Affected: All

<p><b>Environmental Impact Assessment</b> - the impact of the issues addressed in this report on achieving the zero-carbon target for the city</p>
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<p>No direct impact. However environmental impact is considered in the procurements of new contracts and in the subsequent contract management.</p>
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<p><b>Equality, Diversity, and Inclusion</b> - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments</p>
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<p>The issues addressed in this report will have a direct impact on meeting Public Sector Equality Duty and broader equality developments by ensuring that the council's suppliers demonstrate commitment to support disadvantaged groups identified as priority groups in the council's Social Value Policy</p>
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<b>Manchester Strategy outcomes</b>	<b>Summary of how this report aligns to the OMS/Contribution to the Strategy</b>
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The Council's Ethical Procurement Policy has a significant role in supporting the Manchester Strategy outcomes both in terms of their direct impact and in terms of their indirect impact, through (for example) the creation of additional social value for Manchester and helping to ensure that appointed suppliers of goods, services and construction projects share the council's values.
A highly skilled city: world class and home-grown talent sustaining the city's economic success	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	
A liveable and low carbon city: a destination of choice to live, visit, work	
A connected city: world class infrastructure and connectivity to drive growth	

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

### **Financial Consequences – Revenue**

There are no direct capital consequences arising specifically from this report.

### **Financial Consequences – Capital**

There are no direct capital consequences arising specifically from this report.

### **Contact Officers:**

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**Background documents (available for public inspection):**

The following documents disclose key facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy, please contact one of the contact officers above.

- Report to RAGOS on 19<sup>th</sup> July 2022 on the subject of Ethical Procurement and Forthcoming Changes to Government Procurement Rules

## 1. Introduction

- 1.1. This report is to provide an update on the Council's Ethical Procurement and fair tax assessments in procurement and development decision making.
- 1.2. A previous report on Ethical Procurement was tabled in July 2022 also provided an update on proposed changes to the procurement regulations to relax the restriction on taking "non-commercial considerations" into account when awarding contracts.

## 2. Ethical Procurement Policy

- 2.1. A number of updates have been provided in relation to the Ethical Procurement Policy over the 10+ years since its adoption by the council. The latest report was in July 2022 which provided an update in the context of the new procurement rules which at the time were expected to be in place in late 2022. The implementation date was then changed to Spring 2024 but notification was received last week from Cabinet Office that this has been delayed further and new rules are now expected to be in place in October 2024.
- 2.2. No changes have been made to the Ethical Procurement pending a complete review when the new rules are in place. In view of the continuing delays it is intended to review the policy and to update it where appropriate, for example in relation to applications to the principles of the GMCA good employment charter.
- 2.3. The Ethical Procurement Policy sets out expectations on ethical practices that the council expects all suppliers to commit to and to promote within their own supply chains. The policy sits alongside the Social Value Policy which is subject to a separate report on this agenda.
- 2.4. The policy covers key basics, such as compliance with laws, but also commends various good practices including "employment" in terms of improving working conditions, paying a living wage, Health and Safety, a right to be part of a trade union, child employment, working hours, regular employment, apprenticeships, abuse, equality, access to training, promotion, termination or retirement.
- 2.5. Current legislation (in particular Section 17 of the 1988 Local Government Act) places legal limitations on what the council can consider when procuring. In particular section 17 of the Local Government Act 1988 states that "*It is the duty of every public authority .....in relation to its public supply or works contracts..... to exercise that function without reference to matters which are non-commercial matters*". The Act defines several non-commercial considerations and relevant examples of matters that cannot be taken into consideration include:

- the terms and conditions of employment by contractors of their workers or the composition of the arrangements for the promotion, transfer or training of or the other opportunities afforded to, their workforces
  - whether the terms on which contractors contract with their sub-contractors constitute, in the case of contracts with individuals, contracts for the provision by them as self-employed persons of their services only
  - the conduct of contractors or workers in industrial disputes between them or any involvement of the business activities of contractors in industrial disputes between other persons
- 2.6. This legislation means that a supplier could challenge a decision to award a contract that had been made on the basis of the specific “non-commercial matters” so the policy has been worded to ensure that there is no scope for suppliers to challenge.
- 2.7. As outlined above, it is anticipated that changes to legislation will allow more account to be taken of these “non-commercial” matters.

### **3. Fair Tax**

- 3.1. As outlined, Manchester’s ethical procurement policy goes as far as we can within the legislation. The Council achieved accreditation as a Real Living Wage authority in 2019 and this has implications for procurement in that all suppliers are expected to pay their workforce the Real Living Wage as declared by the Living Wage Foundation.
- 3.2. In addition to being a living wage local authority, the council has signed various employment charters including the union living wage for social care and the unite construction charter. The council is now considering how it should approach the Fair Tax agenda.
- 3.3. Councils are being encouraged to show support for the Fair Tax Mark by passing a resolution approving the “Councils for Fair Tax Declaration”. The Declaration commits councils to:
- leading by example and demonstrating good practice in our tax conduct, right across our activities
  - ensuring contractors implement IR35 robustly and pay a fair share of employment taxes
  - not using offshore vehicles for the purchase of land and property, especially where this leads to reduced payments of stamp duty
  - undertaking due diligence to ensure that not-for-profit structures are not being used inappropriately as an artificial device to reduce the payment of tax and business rates
  - demanding clarity on the ultimate beneficial ownership of suppliers and their consolidated profit and loss position
  - promoting the Fair Tax Mark certification for any business in which we have a significant stake and where corporation tax is due
  - supporting calls for urgent reform of EU and UK law to enable local

authorities to better penalise poor tax conduct and reward good tax conduct through their procurement policies

- 3.4. 48 Authorities are listed as having made Fair Tax Declarations including Oldham, Trafford and Bury within GM. Larger unitaries such as Birmingham, Newcastle and Edinburgh are listed as well as several London Boroughs including Southwark, Richmond on Thames, Westminster, Barnet, Lambeth and Greenwich.
- 3.5. Not all of the requirements of the Fair Tax charter are enforceable in procurement law and whilst the council can encourage, the above criteria cannot be enforced.
- 3.6. The implications of making a declaration were discussed with the LGA's Procurement National Advisory Group in 2022. Some authorities shared legal advice that, under current procurement legislation LAs are unable to exclude companies from supply chains on the grounds of tax practices unless they have been prosecuted and convicted of a specific offence. It would therefore be possible for a supplier to challenge a contract award decision that excluded them from being awarded a contract for tax reasons.
- 3.7. There has been further delay in New Procurement Regulations expected to come into force in October 2024 and the draft regulations include stronger provisions and grounds for exclusion, but the legislation has not yet been passed so the position is not fully clear.
- 3.8. In signing the Fair Tax declaration, it is likely that there would be some scrutiny into the council's various arrangements with investors. The Head of Integrated Commissioning and Procurement held an informal discussion with the Fair Tax Foundation who have confirmed that they would want any such arrangements clarified.
- 3.9. Strategic Development are working to ensure that all arrangements will be on shore with Commercial Governance undertaking due diligence on any new joint venture partners to understand their investment, financing and operational structures prior to any arrangements being entered into.
- 3.10. Of the 79 organisations listed on the Fair Tax Mark's website as being accredited in September 2022, only 6 are current or past suppliers to the council. It would not therefore be practical to make accreditation mandatory.
- 3.11. Another point to note is that the Fair Tax Mark is not the only organisation that promotes a fair approach to taxation. Other examples include The Good Business Charter, Tax Justice UK, Actionaid International, the Global Alliance for Tax Justice, and Tax Research UK. These do not all have accreditation schemes, but they promote different similar approaches to the same end.
- 3.12. The principle in the Fair Tax Mark is very much in line with the Ethical Procurement Policy. MCC's Ethical Procurement Policy demonstrates the long-term commitment to a high standard of ethical trade practices across the

council's commissioning and procurement activities and has been in place since 2007 and regularly reviewed and updated since then.

- 3.13. MCC is considered as a model of good practice amongst Local Authorities. The council already endorses several causes/initiatives within this policy including the Care Leavers Covenant, the Armed Forces Covenant, Fair Payments through the supply chain. The Ethical Procurement Policy requires review once the new procurement regulations have been finalised in the next month or two.
- 3.14. In relation to progressing the Fair Tax Agenda, the suggested approach is to:
- Complete the updated due diligence on council JVs
  - Await final details of the new Procurement Regulations (expected to be published in July 2023 and in force by October 2024) and to further consider this issue along with all other aspects of the Council's Ethical Procurement Policy.
  - Open dialogue with the Fair Tax Mark Organisation
  - Embed the Fair Tax principles as something the council would like to see into the Ethical Procurement Charter when revised

#### **4. Recommendations**

- 4.1. The Committee is recommended to note the content of the report and comment / question the information presented to the Committee as appropriate.

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