



Resources and Governance Scrutiny Committee

Date: Thursday, 27 June 2024

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

This meeting will be recorded and made available on the Internet at a later date. If you attend this meeting, you should be aware that you might be filmed and included in this recording.

Membership of the Resources and Governance Scrutiny Committee

Councillors - Simcock (Chair), Brickell, Connolly, Davies, Evans, Glover, Kilpatrick, Kirkpatrick, Noor, Richards, Stogia and Wheeler

Supplementary Agenda

- 6. Contract Management System** 5 - 14
Report of the City Treasurer.
- This report updates the committee on the recent launch of the Council's Contract Management System and how the Council manages major contracts.
- 7. Social Value and Ethical Procurement** 15 - 26
Report of the City Treasurer.
- This report discusses the additional flexibilities provided for in the Procurement Act 2023 which will support the Council's work to drive social value creation through its contracts and how these flexibilities might be applied to future contract opportunities within the Council, along with related considerations and risks. The report also sets out the emerging plan and direction of travel for social value work more generally in the Council.
- 9. Exclusion of Press and Public**
The officers consider that appendix 1 to the Contract Management System report contains exempt information as provided for in the Local Government Access to Information Act and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. The Committee is recommended to agree the necessary resolutions excluding the public from the meeting during consideration of this item.
- 10. Appendix 1 to Contract Management System report** 27 - 40

Further Information

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

Charlotte Lynch
Tel: 0161 219 2119
Email: charlotte.lynch@manchester.gov.uk

This supplementary agenda was issued on **Thursday, 20 June 2024** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 2, Town Hall Extension , Manchester M60 2LA

This page is intentionally left blank

**Manchester City Council
Report for Information**

Report to: Resources and Governance Scrutiny Committee - 27 June 2024

Subject: Contract Management System

Report of: City Treasurer

Summary

This report updates the Committee on the recent launch of the Council's Contract Management System and how the Council manages major contracts.

Recommendations

The Committee is recommended to consider and comment on the information in the report.

Wards Affected: All Wards

<p>Environmental Impact Assessment -the impact of the issues addressed in this report on achieving the zero-carbon target for the city</p>	<p>The new contract management system will enable the Council to monitor zero-carbon and wider environmental KPIs through our procurements and contracts.</p>
<p>Equality, Diversity and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments</p>	<p>The new contract management system will enable the Council to monitor social value related KPIs through our procurements and contracts, and equality, diversity and inclusion being one of the key priorities within the Council's Social Value objectives.</p>

Manchester Strategy outcomes	Summary of how this report aligns to the Our Manchester Strategy/Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The new contract management system is a key enabler of good contract management, which in turn aims to drive improved outcomes – including social value – for Manchester residents.
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 additional financial consequences from this report.

Financial Consequences – Capital

There are no additional financial consequences from this report.

Contact Officers:

Name: Mark Leaver
 Position: Strategic Lead (Commissioning)
 E-mail: mark.leaver@manchester.gov.uk

Name: Katerina Aliri-Gent
 Position: Procurement Programme Manager
 E-mail: katerina.aliri-gent@manchester.gov.uk

Background documents (available for public inspection):

The following documents disclose important 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.

Major Contracts Update – Paper to Resources and Governance Scrutiny Committee, March 2024

1. Introduction

- 1.1. Manchester City Council has recently launched a new system to support officers in their management of contracts. With such a large and diverse contracts portfolio like the Council's, such a system is needed to help the Council deliver value for money from its contracts, achieve cost savings, drive high performance from suppliers, manage risks and create social value. The system will also help to support new transparency requirements that will be coming into force from 28 October under the Procurement Act 2023.
- 1.2. This paper provides an overview of the key benefits that the Council will gain from the system, the steps taken to date to develop and introduce the system, and the further work planned. The paper also summarises the interplay with the management of the Council's major contracts.

2. Background

- 2.1. In Spring 2023 the Council procured and awarded a new contract management system, from the supplier Atamis. As with many new ICT applications, the system is a 'software as a service' product, accessed via a web browser as opposed to being an 'on premises' system stored on Council servers. The Integrated Commissioning and Procurement Team (ICP Team) then worked with Atamis over the following months to configure the system, with the system launching for staff on 2 April 2024.
- 2.2. An effective system is one of the key enablers for supporting effective contract management; others include skills development, governance and processes, all of which the Council has also been progressing. Reasons why a dedicated system is important include the following:
 - To support contract administration. For a Council the size of Manchester, even basic contract administration is challenging without a single central repository being in place. Different spreadsheets and similar arrangements end up getting produced by services, which are difficult to control and keep up to date.
 - To be a tool to support contract managers in their practical day-to-day management, such as enabling deadlines and reminders for key activities (e.g. data returns from the supplier) and enabling suppliers to directly send over contract data via a portal.
 - To support management teams in their management of contract portfolios and pipelines of future contracts, enabling management to (for example) better plan their commissions, identify and manage performance and other risks in the portfolio, deploy resources where they are most needed, and take advantage of opportunities to drive value.
- 2.3. Additionally, the system will support the Council's compliance with new transparency regulations - the government recently announced that the new Procurement Act 2023 will come into force on 28 October 2024. The Act sets new legislative requirements for how public authorities procure and contract. According to the new transparency requirements, local authorities will need to

report on high level KPIs, provider performance, contract variations and pipeline of upcoming procurements.

- 2.4. Contract management systems are widely deployed across a range of public- and private-sector organisations. A dedicated system of this type can provide the council with a powerful tool to ‘get a grip’ on our contracts and pipelines. The clarity and visibility this will provide, in tandem with genuine engagement from business areas procuring or managing contracts, will create opportunities to improve the efficiency and effectiveness of our contracting, whilst also mitigating the issues and risks above.
- 2.5. Turning to some of the detail of the system’s functionality, it incorporates two modules: a pipeline/project management module and a contract management/supplier relationship management module. The purpose of the pipeline module is to have visibility of and manage future (potential) procurements, including resource allocation and contract award approvals once the procurement process is concluded. The Council will be looking at least 18 months ahead for these pipelines. Part of this is because legally the Council will be required to publish pipelines with that horizon. Also, planning for larger and more contract opportunities needs to commence well in advance of the intended start date to allow for service design, delivery model assessments, prior engagement of the market and the procurement process itself (or in-house service development).
- 2.6. The contract management module will be used to manage all the Council’s current contracts, including supplier performance, contract variations and reporting. Some of the main functions of this module are as follows:
- Set and receive alerts to manage timelines for key tasks, e.g., monitoring, meetings, review dates, insurance renewals.
 - Search functionality – to quickly find a supplier or contract.
 - Visibility of contracts performance, including social value and environmental targets - capturing data to inform development of specification for new contracts.
 - Visibility of suppliers and supply chain – across services and directorates.
 - Supplier portal access allowing suppliers to submit monitoring information, or request changes to their contracts.
 - Direct communication between suppliers and key contacts in MCC managing their contracts with a clear email trail.
 - Accurate data and reporting - All relevant contract data in a single location - replacing current "ad hoc" disparate systems and introducing a robust system for the first time.
 - Template Social Value Key Performance Indicators (KPIs) that contract managers can set targets for and monitor delivery against.

3. Main issues

Implementation

- 3.1. The ICP team worked with the provider Atamis over several months on the design and implementation of the new system. This comprised several elements:
- the configuration of the system itself. Consistent with the wider approach taken in the Council, this project took an 'adopt, not adapt' approach, meaning that nothing in the underlying architecture of the software has changed. However, the system is highly configurable allowing for different data fields, reporting templates and the like to be designed to fit the Council's needs. During the system configuration officers embedded the Council's key data requirements, from pre-procurement through to contract management data, including social value KPIs development and template reporting.
 - The testing of the system in terms of functionality. ICP identified champions from all directorates that reviewed the system in various stages and kept their teams informed of the upcoming changes. System configurations were then made to the system following the stakeholder feedback.
 - The testing of the supplier portal in terms of accessibility.
 - Data migration of spreadsheet contract data over to the new system.
 - Engagement of contract managers and wider stakeholders to prepare them for the new system, and also to promote wider changes required in relation to management of contracts such as the new transparency requirements coming into force and what they mean for contract managers.
 - Development of training materials and delivery of training to users of the system. This has included the establishment of a new Teams site for sharing updates, good practice and issues, plus an email to the ICP where people need support. There are also 'power users' in most service areas, who can provide additional support if required.
 - System demonstrations / overviews to the Council's Senior Management Team and Major Contracts Board.
- 3.2. The project team prioritised engagement with council staff throughout the process. Over 400 staff have been identified as managing contracts and have licenses for the system. For some, contract management makes up the majority of their role but many have wider service responsibilities, where contract management is only part of their role. Indeed, this engagement process has helped identify new stakeholders with interest in contracts and this will bring wider benefits beyond the system – for example, the ICP Team now has the most comprehensive email list for contract staff in the council with which it can, and does, send out contract-relevant communications.
- 3.3. The system formally launched with a 'soft' launch on the 2nd of April, with training sessions delivered shortly after (training had to commence after the launch so that officers could access the system). The system currently contains over 1,100 contracts, including call-off contracts under frameworks.

Next steps for the implementation

- 3.4. A current focus this month (June) is for contract managers to review contract data on the system to ensure it is up to date, as there was a time lag between the initial data migration and the launch of the system. The ICP Team are working with contract managers on this.
- 3.5. The next major milestone is for the development of the pipelines within the Pipeline module. This month, the ICP Team will commence using the pipeline for managing all new (potential) procurement projects; furthermore, ICP will be working with directorate management teams to develop the longer-term pipeline – looking at least 18 months ahead. This data will also support continuing budget work, looking at opportunities for savings for next financial year onwards. The timing of this engagement helpfully coincides with the preparations for the Procurement Act 2023. For example, ICP and MLCO Commissioning managers are meeting in early July to look at the implications of the Procurement Act for the upcoming pipeline of commissions.
- 3.6. There are also some final elements of the system which will be launched over the summer. This includes the supplier portal, and also new sign-off arrangements for agreeing to contract awards, which will be done through the system (as opposed to email and Word formats currently), providing a more robust audit trail.



Supplier portal is planned to go live during summer 2024



Suppliers will be contacted to create an account and contracts will be linked to relevant suppliers



All contract information on the system it is anticipated to be updated by end of the summer 2024



Final system changes to be completed by end of the summer 2024



Engagement with contracts owners to add contract and social value KPIs on the system: gold contracts first, then silver and bronze.

Promoting the roll-out of the system

- 3.7. For the system to be effective, it needs to be used regularly so ICP will be continuing to engage with services throughout the year. Again, there are various aspects to this, including:
 - Engaging with directorate management teams on a quarterly basis to review their portfolio, pipeline and spend data. ICP Team have been

holding such quarterly meetings with directorate management teams over the last 6 months, so the approach is already in train.

- Quarterly reviews with Senior Management Team of pipelines and contract portfolios, drawing on data from the system.
- Summary updates to the Major Contracts Board on major contracts
- Due diligence checks, following the Council's Due Diligence Framework. These checks are already undertaken for larger contracts, but it is a manual process, requiring emails and forms to be completed. The new system will be used to help streamline the process and record that checks have been completed.

Longer-term developments

- 3.8. The ICP Team will be working with the new Finance and HR system project, particularly to upload relevant contract data – such as contract numbers – into the new finance system, which will then allow officers to record transactions against a particular contract. This will provide further transparency on spend.

4. Major contracts

- 4.1. The March 2024 Resources and Governance Committee received a report on the council's major contracts. Major contracts are defined as those most critical for the council and are predominantly made up of larger value contracts and frameworks. By their nature, these contracts generally require more intensive contract management.
- 4.2. At an individual contract level, all major contracts will have performance requirements (e.g. in the form of Key Performance Indicators) and other monitoring data requirements from suppliers, including on social value. There will be regular – generally at least quarterly – management meetings with the supplier, and contract managers also have due diligence checks to conduct periodically over the life of the contract including on the economic and financial standing of suppliers.
- 4.3. The Council has also been strengthening its overall governance over major contracts, including the Major Contracts Board which receives updates from senior managers on contract performance and recommissioning plans. Support services including Finance, Legal, ICT and Procurement attend the boards. Over the last year, the ICP Team has also been engaging with directorate management teams on a quarterly basis to run through key supplier spend and discuss any issues and risks that need actioning.
- 4.4. The new contract management system will support contract managers and senior managers further. For example:
- Reporting on contract portfolios can be done in real time, providing managers with access to information that otherwise would take time to compile and format. Summary reporting metrics – such as a simple 'red,

amber, green' rating system that the Council has introduced are also built into the system, providing managers with an 'at a glance' overview.

- More robust pipeline planning for future recommissions. Many of these contracts need delivery model assessments undertaken at 12,18,24 months prior to any new service starting, in order to give enough time for procurement or insourcing.
- Links from the system to the contractual documentation. Some contracts are complex, with multiple schedules. The system has a link that the contract manager can insert to where relevant officers (i.e. who need access) can access the contractual documentation on sharepoint.
- The tools for tracking progress against KPIs, manage tasks more easily and receive data directly from the supplier in one place.

4.5. A more detailed report on major contracts will be provided to the Resources and Governance Committee in October. However, some highlights from the last quarter are as follows:

- The Council successfully insourced investment property services in May transferring operations from the previous supplier to the Council. The June Major Contracts Board received an update on the transfer – the transfer went smoothly but, as standard, a lessons learned document will be produced to share what went well and apply and learning for future insourcing.
- On the repairs and maintenance delivery model options for the future, officers are working on the detail to insource the core the core functions of the Housing Repairs and Maintenance Service. The building safety compliance function will need to be recommissioned, plus access to extended supply chain for core repairs and maintenance services for seasonal and emergency use. Further detail will be provided to the Committee at the October meeting.
- The council's contract with NSL for parking services was discussed at the June Major Contracts Board. As part of this, the Board received the report on social value delivery, which is attached alongside this report.
- The Council is currently out to market for a new framework for Learning Disability and Mental Health supported accommodation and day services. This will, over time, represent one of the largest frameworks for the council and will put contracts on a more robust footing. Senior commissioners from MLCO updated the Major Contracts Board at various points prior to the procurement commencing.

5. Recommendations

5.1. The Committee is recommended to consider and comment on the information in the report.

6. Appendices

Appendix 1 - Example Social Value reporting on a Major Contract
(**CONFIDENTIAL**)

This page is intentionally left blank

Manchester City Council Report for Information

Report to: Resources and Governance Scrutiny Committee - 27 June 2024

Subject: Social Value and Ethical Procurement

Report of: City Treasurer

Summary

The government recently announced that the new Procurement Act 2023 will come into force on 28 October 2024. The Act sets new legislative requirements for how public authorities procure and contract. Alongside the new legislation the government also published in May in new National Procurement Policy Statement, setting out 'strategic priorities' that all contracting authorities, including the Council, must have regard to. This includes priorities around social value.

The new legislation and Policy Statement provide additional flexibilities which will support the Council's work to drive social value creation through its contracts. This paper discusses these and how they might be applied to future contract opportunities within the Council, along with related considerations and risks. Overall, the forthcoming changes are welcome; they represent an evolution in the policy and legislative landscape, as opposed to a significant overhaul.

The final part of this paper sets out the emerging plan and direction of travel for social value work more generally in the Council.

Recommendations

The Committee is recommended to:

- To consider and comment on the information in the report;
 - Note there will be continued work developing the Council's social value approach and working regionally and nationally with government (after the general election) to help shape future policy.
-

Wards Affected: All Wards

Environmental Impact Assessment -the impact of the issues addressed in this report on achieving the zero-carbon target for the city	The new procurement legislation will continue to enable the council to promote zero-carbon and wider environmental measures through its procurements and contracts.
Equality, Diversity and Inclusion - the impact of the issues addressed in this report in	The new legislation and National Policy Statement will continue to enable the Council to promote social value in its procurements and

meeting our Public Sector Equality Duty and broader equality commitments	contracts, and equality, diversity and inclusion being one of the key priorities within the Council's Social Value objectives.
--	--

Manchester Strategy outcomes	Summary of how this report aligns to the Our Manchester Strategy/Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Social value touches on all the Manchester Strategy outcomes. This report does not focus on any one in particular, but rather sets out the work underway to prepare for new legislation and policy in relation to social value.
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

No direct consequences

Financial Consequences – Capital

No direct consequences

Contact Officers:

Name: Mark Leaver
 Position: Strategic Lead (Commissioning)
 Telephone: 0161 234 5235
 E-mail: mark.leaver@manchester.gov.uk

Background documents (available for public inspection):

The following documents disclose important 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.

Social Value Update, report to Resources and Governance Scrutiny Committee, November 2023, provides further background on social value in Manchester.

Information on the Economic Impacts of Social Value, report to the Economy and Regeneration Scrutiny Committee - 5 December 2023

1. Introduction

- 1.1. The government recently announced that the Procurement Act 2023 will come into force from 28 October 2024. Alongside this, the government also published a new National Procurement Policy Statement, which sets out national 'strategic priorities' including social value, that the Council must have regard to when procuring goods, services or works contracts. The Policy Statement will also come into force on 28 October.
- 1.2. These developments broadly go with the grain in terms of the Council's existing work on social value. There remains a legislative framework which the Council must work within when procuring and contracting and, with the advent of the National Policy Statement, there are now further national policy considerations that the Council will have to consider as well as local priorities in Manchester.

2. Background

- 2.1. The Council procures contracts for goods, services and works¹ covering a diverse range of requirements, including children's and adults' social care services, highways and construction services, neighbourhoods services such as waste collection, and back office goods and services (e.g. ICT), etc.
- 2.2. In its procurements, Manchester has a long, established history – well over a decade - of promoting social value. 20% of the evaluation scoring of tenders relates to non-environmental social value creation, and a further 10% of the scoring relates specifically to zero carbon and the environment. This high percentage reflects the importance Manchester attaches to securing wider public benefit from its spend. The social value updates to the November 2023 Resources and Governance Scrutiny Committee and to the December 2023 Economy Scrutiny Committee (referenced in the background documents section) provides further background and examples of social value being delivered.
- 2.3. Each procurement will have its own social value considerations. In general, officers are interested in two aspects: (i) what is the bidder like as an organisation for contracts like the one being procured – how, for example, do they apply good employment practices, consistent with the Greater Manchester Good Employment Charter; and (ii) how will they look to create social value over the life of the particular contract opportunity in question. The specific questions asked of bidders will vary depending on the nature of the contract opportunity. Some contract opportunities may (for example) lead to new job creation, in which case the procurement would look to focus on how those jobs will be advertised and recruited, particularly in relation to Manchester's priority groups (people who are more likely to face disadvantage in life opportunities). Other contract opportunities may have less scope for job creation but instead may present opportunities for supporting local community

¹ Works are construction and engineering contracts for delivery of buildings and structures.

organisations or promoting social value through the supplier's own supply chain. The questions the council asks bidders on social value will therefore vary.

- 2.4. Underpinning all public procurements – including social value considerations - are principles of value for money, fairness, proportionality and transparency, which are codified in various pieces of legislation. For example, procurement legislation generally requires a new contract opportunity being openly advertised – the council could not restrict a contract opportunity to only (for example) bids from the voluntary, community, faith and social enterprise sector (VCFSE). Authorities also can only award contracts based on subject matter relevant to the contract and when it comes to ethical practices, there are only limited instances where potential suppliers can be excluded from the procurement - for example if they have broken the law.
- 2.5. The principal pieces of legislation when procuring contracts are as follows:
- The Public Contracts Regulations 2015. These regulations are the main piece of procurement legislation, covering most types of contracts. They include (among other things) the criteria the Council may use to select a supplier, the set processes for how a procurement can be structured, and the public notices that are required from before a tender opportunity goes live, through to the notices required after contract award.
 - The Concession Contract Regulations 2016, which are similar to the Public Contracts Regulations 2015, but specifically concern concession contracts. Concession contracts are contracts where the holder of the contract pays for the right to exploit services or works to make income – e.g. the right to sell ice creams in a Council park. The Council only has a small number of concession contracts.
 - Local Government Act 1988 – specifically Section 17 of the Act which sets out several non-commercial matters which local authorities must not consider when procuring contracts. These non-commercial matters include the country where supplies originate from, and any political, industrial or sectarian affiliations or interests of suppliers and their employees, amongst others. Unlike the Public Contracts Regulations 2015 and the Concession Contract Regulations 2016, which apply to most of the public sector, the Local Government Act 1988 only applies to local government.
- 2.6. The new Procurement Act 2023 replaces the current separate pieces of procurement legislation, bringing together the different elements into a single Act that covers most areas of public procurement². The Act also gives government Ministers the power to make regulations to disapply elements of section 17 of the Local Government Act 1988. However, no regulations have yet been laid in Parliament specifically in relation to this and, prior to the general election announcement, the government was only proposing small

² The main exception is health services, which are subject to the new Provider Selection Regime.

changes that will have limited impact – this is discussed further in section 3 below.

2.7. The National Procurement Policy Statement sits alongside the new legislation and must too be followed by contracting authorities. The Statement sets out national priorities that public procurement must have regard to when procuring new contracts. The priorities that are relevant in relation to social value and ethical procurement are as follows:

- Contracting authorities ‘must place value for money at the forefront of all procurement activities’. This includes ‘consideration of wider socio-economic and environmental benefits and impacts’
- On social value, contracting authorities should, alongside any additional local priorities, have regard to outcomes of “creating resilient businesses and opportunities for quality employment and skills development”, “improving innovation, supply chain resilience, and security of supply”, “tackling climate change and reducing waste”. Social value requirements must not be onerous on suppliers.
- Contracting authorities should ensure a level playing field for small and medium-sized enterprises (SMEs), Voluntary, Community and Social Enterprises and startups in public procurement.

3. Main issues from the forthcoming changes in relation to social value and ethical procurement

3.1. The changes further support contracting authorities looking to drive social value in procurements. Authorities already have a legal duty to ‘consider’ social value but the new Act and Policy Statement subtly strengthen this. For example the Act states that in procurements, contracting authorities must have regard to certain objectives, including ‘maximising public benefit’; it also states that that contracting authorities may award a contract to a supplier that submits the ‘most advantageous tender’ in a competitive tendering procedure. Previously the legislative language used was ‘most economically advantageous tender’ – a subtle change but one that carries significance in the public procurement world.

3.2. On a practical level the additional flexibilities that contracting authorities will have under the new Act when structuring a procurement will help social value efforts. Under current legislation, negotiation with bidders is often not permitted; it is only allowed for more complex procurements where there are multiple stages involved in the procurement process. This can be a stumbling block in relation to social value, where bids might be lacking and social value offers could be strengthened. The new Act however introduces a new ‘competitive flexible procedure’ where contracting authorities can design a procurement process to suit their requirements. This flexible procedure could be used to include (for example) an optional negotiation stage, if officers believe initial bids could be improved. This has potential for securing better final bids and improve the value for Manchester residents.

- 3.3. The government is also emphasizing flexibilities for reserving what are called “below-threshold contract opportunities” to “VCSEs” (to use the acronym used by government in the National Procurement Policy Statement) and / or local suppliers. Below-threshold opportunities refer to lower value contract opportunities that are under the threshold amounts for when the Procurement Act fully kicks in. For most goods and services contracts, the current threshold is £214,904 including VAT; for works contracts the threshold is £5,372,609 including VAT. For contract opportunities with an expected total value above those thresholds, authorities generally have to openly advertise (i.e. no restrictions on who can bid). For below-threshold contract opportunities however, the government wants to enable authorities to be able to reserve opportunities for particular organisations like VCSEs. This has been government policy since 2020 and it is now on a statutory footing.
- 3.4. Under the current government’s plans, much of section 17 of the Local Government Act 1988 will, we understand, still apply meaning that the restrictions on considering ‘non-commercial’ matters continue. These could be a source of tension where there is overlap with social value priorities, although this potential contradiction between different pieces of legislation and policy hasn’t stopped the Council from pursuing social value. Another potential source of legislative tension will be with location of suppliers – government policy had been since 2020 for authorities to consider the option for reserving below-threshold contract opportunities to local suppliers; however that is (for now) still ruled out by section 17 of the Local Government Act 1988.
- 3.5. There are also potential future tensions between the national priorities in the Policy Statement and local priorities in Manchester. For example, the Policy Statement states that “contracting authorities should not ‘gold-plate’ the Equality Act 2010 by setting unnecessary diversity reporting or ‘equality, diversity and inclusion’ requirements for the private and voluntary sectors.” In Manchester, one area the procurement team is considering is how it can get better data on equality, diversity and inclusion from suppliers (not at the procurement stage but during the life of the contract).
- 3.6. A further observation – and this applies more generally to the Act too, not just social value – is that the government is requiring authorities to publish more information across the contract cycle, from initial procurement pipeline notices and market engagement opportunities before procurement, through to publishing the contracts themselves and KPI performance (for larger contracts) over the contract lifetime. This in turn highlights the need for effective contracts and contract management, including on social value.

4. Steps the Council is taking in preparation for the new legislation

- 4.1. Although the new legislation may represent an evolution rather than a revolution in public procurement policy, it still involves significant change in underlying processes and ways of working not just for the procurement team but also for commissioners, contract managers and stakeholders across the Council. The Integrated Commissioning and Procurement Team (ICP) is

working with other Greater Manchester procurement teams to help develop and implement the changes. The work comprises three main areas of focus: Systems; Processes and Procedures; and People.

- 4.2. On systems, there are three main systems where work is progressing. From a social value perspective, the system with most relevance is the new contract management system, which is the subject of an accompanying paper to the Resources and Governance Scrutiny Committee. In particular, the system will support contract managers to capture and monitor agreed KPIs on social value, which Council officers have developed working with the system provider (further bespoke social value KPIs can also be created). Capturing and monitoring social value KPIs has been a challenge up to now, without a proper system in place to support contract managers. Now, with the new system, contract managers can easily record the agreed KPIs and put in place dates when monitoring data is due from the supplier (and receive accompanying reminders and alerts ahead of the due date). Similarly, the supplier will be able to submit data against KPIs via the system. This in turn will support the council to comply with new transparency requirements. The system is still in the implementation phase – it is live and being used, but with some refinements and snagging issues currently being worked on. It is a major project and the accompanying report provides further detail.
- 4.3. The other two systems being developed apply more broadly to procurement but are critical projects for the Council. The first of these is the procurement portal – known as ‘the Chest’ - that the council, and authorities across Greater Manchester use for advertising and procuring contract opportunities. Various changes will be made to the Chest to accommodate the new legislative requirements and also link in with a new central contracts website that the government is currently developing. This is a technical but critical piece of work. Proactis, the company that provides the Chest, is part of a central government group, along with other major procurement portal providers to develop and implement the required changes. Manchester and Greater Manchester are in turn working with Proactis.
- 4.4. The other system of importance is the new finance and HR solution which will replace the current SAP system. There are new processes that need to be developed for, for example, adding new suppliers to the system, for making payments to suppliers and for running reports on things like spend against contract, payment timeliness among other things. This is a major programme of work for the Council overall and for the procurement team.
- 4.5. On processes, all elements of the current procurement processes and paperwork need to be reviewed and updated to comply with the new legislation. Focusing on areas of interest in relation to social value, as a matter of course, the ICP Team reviews tender paperwork periodically and over the last six months has made changes to template social value questions and accompanying guidance to suppliers in invitations to tender. There will be further reviews and edits over the summer as the Council’s wider social value policy thinking develops (see section 4 below), and also as wider thinking nationally develops – for example, the procurement team are linked in with the

Cooperative Councils Innovation Network who are continuing to develop a new framework for social value.

- 4.6. On the 'People' side, again there is work on a number of fronts. ICP are working with colleagues in City Policy and other teams to develop a 'sustainable procurement' (a working name) toolkit, providing further support for staff. The toolkit will provide guidance on important principles that should be applied in commissioning, procurement and contract management to deliver relevant economic, social and environmental outcomes, emphasising the importance of the commissioning/pre-procurement stage. It will offer a practical guidance on relevant environmental and social value topics, through the procurement cycle, including examples and case studies which include actions, key lessons and outcomes. This toolkit will also inform a toolkit on sustainable procurement for suppliers.
- 4.7. On the training front, all members of the ICP Team are currently working through detailed government e-learning and training aimed at procurement professionals to prepare for the new Act, with an internal end-June completion date. Following this, the team will be working with commissioning and contract stakeholders, from operational level to senior management, to establish the new ways of working. As an example, ICP and Manchester Local Care Organisation commissioners have a workshop in early-July on this.
- 4.8. ICP are also developing e-learning for Council staff on social value. The initial focus has been on the Council's zero-carbon ambition and what it means for commissioners and contract managers – the content has been created for a programme of e-learning modules and ICP are working with HR over the summer to get the content into the council's e-learning platform. This will be followed up by similar e-learning on social value, which the team will develop in the second half of the year, (the current focus is on the Procurement Act preparation and contract management system roll-out).
- 4.9. Wider engagement, both internally and externally continues. For example, ICP are currently in the middle of a series of workshops with Homelessness colleagues, developing commissioning and contracting practice including opportunities around social value. Externally, earlier this month ICP, Work and Skills and Far East Consortium ran a session on social value opportunities in construction at a conference organised by the Construction Industry Training Board held at the Etihad stadium; in May the Head of Commissioning and Procurement spoke on social value at a national procurement conference, attended by government.
- 4.10. Finally, in addition to the above changes, the Council is conducting some major new procurements currently or in the new future including Learning Disability and Mental Health Services framework (currently in procurement), Wythenshawe development partner (currently in procurement), Security services (procurement imminent), Home Care (procurement planned for later in the year). These are just a few examples of major contract opportunities that have had particular focus from ICP and wider colleagues (e.g. Work and Skills are closely involved in the Wythenshawe procurement) on social value

and evaluation, with the intention of driving more social value commitments and better underpinning contracts (e.g. contractual KPIs).

- 4.11. The above has focused on specific procurement work in relation to the Procurement Act and National Policy Statement. However there is wider work regarding the development of social value more broadly, which is the subject of the next section below.

5. Next phase for Social Value in Manchester

- 5.1. Manchester City Council is embarking on a two-year scheme of work to further strengthen its approach to social value. This is to ensure that the Council continues to maximise the benefit that social value brings to residents and neighbourhoods.

- 5.2. In 2022, the Council reviewed and updated the Social Value Policy, further 'priority cohort groups', and strengthened the membership and terms of reference for its Social Value Governance Board, ensuring thematic and cross-departmental representation.

- 5.3. In 2024 the Council appointed a new Social Value Programme Lead. There are four main workstreams that are being taken forward and will be updated on at future Resources and Governance Scrutiny Meetings:

- Communications
 - Finding more ways to profile social value initiatives in Manchester
 - Updating the Council social value communications campaign plan
 - Creating a new social value 'look and feel' brand and newsletter
- Governance
 - Strengthening existing governance structures, improving cross-department collaboration and efficiencies
 - Creating a new social value staff network and leadership team
 - Reviewing and updating the Council social value policy
- Modelling
 - Developing a strategic framework for impact reporting
 - Creating service-level approaches and plans for social value
 - Aligning and integrating social value with strategic priorities, such as the Economic Strategy, Equality Objectives, and Climate Change Action Plan
- Learning and Development
 - Developing additional materials to support Council staff, suppliers, and partner organisations who are involved in delivering social value

6. Recommendations

- 6.1. The Committee is recommended to:

- To consider and comment on the information in the report;
- Note there will be continued work developing the Council's social value approach and working regionally and nationally with government (after the general election) to help shape future policy.

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank