



## **Overview and Scrutiny Ethical Procurement and Contract Management Sub Group**

Date: Wednesday, 31 July 2019

Time: 2.00 pm

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 Council 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. That lobby can also be reached from the St. Peter's Square entrance and from Library Walk. **There is no public access from the Lloyd Street entrances of the Extension.**

## **Membership of the Overview and Scrutiny Ethical Procurement and Contract Management Sub Group**

**Councillors** - Russell (Chair), Ahmed Ali, Clay, Lanchbury, Reid, Shilton Godwin, Watson and Wheeler

## Supplementary Agenda

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4. **Our Town Hall Project - delivery of Social Value update** 3 - 24  
Report of the Director of Capital Programmes

This report provides an update on how social value is being delivered through the Town Hall Project with a focus on the approach and activity undertaken by the management contractor.

## Further Information

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

Mike Williamson  
Tel: 0161 234 3071  
Email: [m.williamson@manchester.gov.uk](mailto:m.williamson@manchester.gov.uk)

This supplementary agenda was issued on **Tuesday, 23 July 2019** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 3, Town Hall Extension, Manchester M60 2LA

## Manchester City Council Report for Information

**Report to:** Ethical Procurement and Contract Management Sub Group – 31 July 2019

**Subject:** Our Town Hall – Social Value Update

**Report of:** Director of Capital Programmes

### Summary

This report provides an update on how social value is being delivered through the Town Hall Project with a focus on the approach and activity undertaken by the management contractor.

### Recommendations

To note the contents of the report and the progress made to date in delivering economic and social value for Manchester.

### Wards Affected: All

Alignment to the Our Manchester Strategy Outcomes (if applicable)

Manchester Strategy outcomes	Summary of how this report aligns to the OMS
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The Our Town Hall project will create both employment opportunities for Manchester residents as well as opportunities for Manchester suppliers and contractors.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The Our Town Hall project will provide training and upskilling opportunities at a range of levels.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The Our Town Hall project will work to ensure that opportunities are made available to Manchester's diverse communities
A liveable and low carbon city: a destination of choice to live, visit, work	The Our Town Hall project will improve the efficiency and sustainability of the Town Hall and ensure sustainability throughout the construction process.
A connected city: world class infrastructure and connectivity to drive growth	The Our Town Hall project will restore a world class civic building and public square in the heart of Manchester

**Contact Officers:**

Name: Jared Allen  
 Position: Director of Capital Programmes  
 Telephone: 0161 234 5683  
 E-mail: j.allen4@manchester.gov.uk

Name: Paul Candelent  
 Position: Project Director  
 Telephone: 0161 234 1401  
 E-mail: p.candelent@manchester.gov.uk

Name: Peter Norris  
 Position: Work and Skills Project Manager  
 Telephone: 0161 234 1038  
 E-mail: p.norris@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.

- Report to Executive Committee – *Town Hall Complex Strategy* – 23 July 2008
- Report to Executive Committee – Town Hall Complex Programme - Transforming Customer Experience – 11 February 2009
- Report to Executive Committee – *Town Hall and Albert Square Maintenance Programme* – 1 October 2014
- Report to Executive Committee – The Refurbishment of Manchester Town Hall and Albert Square: 'Our Town Hall' – 27 July 2016
- Report to Executive Committee – The Refurbishment of Manchester Town Hall and Albert Square: 'Our Town Hall' – 16 November 2016
- Report to Executive Committee – *Capital Programme (Budget 2017/18 – 2021/22)* – 11 January 2017
- Report to Executive Committee – Manchester Town Hall and Albert Square: 'Our Town Hall' – 8 March 2017
- Report to Resources and Governance Scrutiny Committee – *Our Town Hall Social Value and Communications* – 22 June 2017
- Report to Resources and Governance Scrutiny Committee – *Our Town Hall* – 7 September 2017
- Report to Executive Committee – Manchester Town Hall and Albert Square: 'Our Town Hall' – 13 September 2017
- Report to Resources and Governance Scrutiny Committee – *Manchester Town Hall and Albert Square 'Our Town Hall'* – 9 November 2017
- Report to Resources and Governance Scrutiny Committee - *Manchester Town Hall and Albert Square: 'Our Town Hall'* – 1 February 2018
- Report to Ethical Procurement Sub Group - *Our Town Hall Social Value Update* - 22 February 2018

- Report to Ethical Procurement Sub Group - *Our Town Hall Procurement Launch Event* - 22 February 2018
- Report to Resources and Governance Scrutiny Committee - *Town Hall Project - Capital and Revenue Budget Position* - 24 May 2018
- Report to Resources and Governance Scrutiny Committee - *Our Town Hall Project Management Contractor Procurement* - 6th September 2018
- Report to Resources and Governance Scrutiny Committee - *Our Town Hall Project Letting of the Management Contract* - 6th December 2018
- Report to Executive - *Our Town Hall Project Management Contractor Appointment* - 12th December 2018

## **1 Introduction**

- 1.1 At the time of the last report to this sub-group the Our Town Hall project was in the middle of the design stage and the relatively early stages of appointing a management contractor for the construction works. This report is intended to provide an update on social value activity undertaken over the last 18 months with a particular focus on the commitments made and processes implemented by the management contractor Lendlease in maximising social value for the City.

## **2 Project update**

- 2.1 The Our Town Hall project is currently moving towards the latter stages of the design process, with notice to proceed and the start of construction works expected to begin in early 2020 and scale up over the course of that year. Lendlease were appointed management contractor in January 2019 and will manage a programme of construction works that includes over 120 individual work packages and a large and complex supply chain.
- 2.2 In selecting management contracting as the preferred procurement strategy for the project, the Council has recognised that it is a procurement model which gives us the flexibility to tailor the procurement of individual works packages to the needs of the project rather than the one size fits all approach of traditional contracting.
- 2.3 In the previous report to this sub-group, members were updated on the delivery of social value during the early design stages of the project where a number of successful activities and initiatives had been established which the consultant team contributed to and led. It was acknowledged in the report that the relative scale of the project at this design stage was small in comparison to the construction stage, and that the vast majority of social value outcomes would be delivered through the management contractor and their supply chain over the period 2020 to 2024.

## **3 Appointment of the management contractor**

- 3.1 Lendlease were appointed management contractor in January 2019 following a competitive dialogue processes that took place over the preceding year. As with all contracts awarded by MCC, 20% of a tender's score was awarded on the basis of the bidders response to questions on social value. In addition to questions directly related to social value, bidders were asked to make reference to their social value response throughout the tender.
- 3.2 Perhaps unique to the Our Town Hall project is that fact that it is explicitly part of the management contractor's role to maximise the number of opportunities created for Manchester residents and businesses to benefit from the project.
- 3.3 Encouragingly, both final bids received contained very strong responses to the social value questions. The total social return on investment (SROI) for Lendlease's offer was calculated at £9,031,540. This is calculated net of local

labour and local spend, based on the cumulative fiscal, economic and social value of activities committed to.

- 3.4 The KPIs to which Lendlease committed at bid stage are embedded in their contract and attract penalties for non-delivery. Lendlease have committed to working with MCC to provide the maximum opportunity for local contractors. The contract with Lendlease requires that they deliver 40% of the project value within Manchester and 50% within Greater Manchester. These targets were arrived at following extensive evaluation during the Competitive Dialogue stage, which informed the Lendlease bid.

#### **4 Supply chain engagement**

- 4.1 Lendlease has developed a comprehensive procurement strategy that involves over 120 individual work packages, more than triple the number of packages found on projects of comparable value, partly due to the breaking down of packages into elements of work to enable smaller SME companies to participate and develop their company on the project, such as stone work and slate roofing.
- 4.2 Part of the engagement strategy that will ensure the widest possible engagement with local contractors has been the ongoing dialogue through the supply chain, in particular with SMEs and businesses that might not be set up to tender larger projects. Lendlease commenced this process as part of their own bid for the role as Management Contractor, and they have continued with this since appointment. Lendlease is committed to meet the buyer events, the first of which was held on Wednesday 24th April, at the Town Hall, and attended by over 400 businesses. This was the second event we have run following an initial launch event in February 2018 that was reported on previously to this group. These events provided potential contractors and suppliers with the opportunity to meet the team, find out more about work packages and more about the wider OTH project. In the run up to the April event promotional information was distributed through trade networks including Constructionline and the Greater Manchester Chamber of Commerce. Social media advertising was also used with paid advertising on LinkedIn targeted specifically at Manchester businesses.
- 4.3 The Meet the Buyer Event was also used to introduce contractors and suppliers to a range of voluntary and community sector organisations as well as representatives from existing GM employment and training programmes to help them develop their ideas about how to deliver social value in practice.
- 4.4 Following the event attendees were asked to complete a short survey to which 75% of respondents reported that the event was useful and 66% reported that they were more interested in the project as a result of the event.



*Photographs from the April 2019 Meet the Buyer Event*

## **5 Council oversight of procurement**

- 5.1 The contract with Lendlease stipulates that all works package procurement is open book and that MCC has the right of approval for all tender short-lists. The works package procurement process requires that for each package the draft procurement strategy and tender lists are signed off by officers of the Council in advance of tender. This is unusual for a management contracting approach as the management contractor would ordinarily have complete control of the process with relatively little input from the client.
- 5.2 At the point at which Lendlease were appointed, we invited the Council's Audit team to undertake an assessment of the Lendlease package procurement due diligence process, to ascertain that it was set up appropriately. The Audit concluded with a statement of Substantial Assurance.
- 5.3 An Executive procurement Group (EPG), comprising senior Council Officers (Project Director and the Head of Procurement) acts as the final arbiter on all procurement decisions. The EPG will sit fortnightly during the current procurement stage of the project. Its terms of reference are set out below.

### *'Role / Accountability:*

*The role of the Executive Procurement Group (EPG) is to review and approve the Procurement Strategy for the project from the outset and throughout procurement of work packages (WP's). This is to check compliance with the requirements of the principles, processes and procedures as set out in Management Contractor's Specification and specifically section 2.20 and the contract. Any proposed deviation away from these principles is to be identified by LL and reviewed and approved at EPG.*

*Reports and updates to be provided by LL against WP Social Value KPI's.*

*Review programme for procurement and agree actions to mitigate delays.*

### *Responsibilities:*

- *Approve WP tender lists*



- *Approve WP individual procurement strategies*
- *Receive and review Tender Recommendation Reports*
- *Review compliance with SV KPI's and LL actions to ensure KPI's are achieved holistically.*
- *Receive and review fortnightly procurement progress against the procurement programme*
- *Review progress against WP's that will form part of NTP.'*

5.4 The vast majority of work packages by value follow one of a number of competitive procurement routes, though we do retain the facility to directly award contracts if required. Single sourcing will be kept to a minimum and is only considered where there is a strong evidence base and rationale to support it. This would include for example securing highly specialist supplies such as stone or slate where there is only one source or where the complexity of the design interfaces and need for early engagement to inform design makes this the best option. It will be ensured that there is a transparent process for signing off these decisions.

5.5 The following table shows the forecast breakdown between procurement routes.

Route	No. Packages	Value	Value as % of total cost
Competitive process	105	£134,323,128	77.1%
Negotiation/ Single source	12	£11,036,439	6.3%
Other	4	£28,947,267	16.6%
<b>Total</b>	<b>121</b>	<b>£174,306,834</b>	<b>100%</b>

*Note: "Other" refers to insurance, warranties, bonds etc.*

5.6 Work package procurement follows the same due diligence process:

- A procurement strategy for each package is agreed with the Council that determines the procurement route from a number of options.
- Where the procurement route is to be competitive, a long list of potentially suitable tendering companies is compiled through dialogue with the Council and wider project team, taking into account market engagement activities such as the meet the buyer event, and which forms the basis of market testing with the supply chain and the implementation of the due diligence process. As part of this process, potential bidders are invited to complete a pre-qualification questionnaire (PQQ) document, which covers such topics as Skills, Quality, Health and Safety, Sustainability Financial Standing, long-term stability, business location and Heritage experience.
- The due diligence process is used to short-list the companies that will be invited to tender. These will be companies that are considered to be technically capable, financially robust, and able to deliver against the project's strategic objectives, including social value.

- The tender documents for each package will specify the evaluation methodology, including the scoring system that takes into account quality, price, heritage experience and social value.
- Following receipt of tenders, EPG will receive a Tender Recommendation Report prior to the placement of the works package contract.

5.7 Currently the project is only in the very early stages of work package procurement with only a small amount by value let, mainly relating to pre-construction works in advance of notice to proceed. The majority of packages by value will be procured over the period 2020 – 2021 with the majority concluded by mid-2022. The overwhelming majority of packages are procured via competitive process. We would be happy to provide future reports on progress to this sub group.

5.8 There is an opportunity to carry out further market research and engagement in advance of packages being procured as part of the process described in section 5.4 above.

5.9 It should be noted that Lendlease as part of its routine business practices has a number of qualifying metrics that pre-qualifying companies must meet before they can be short-listed to tender. One of these is in relation to the assessment of financial standing, which requires that each contractor must have sufficient turnover that the work package value will be less than 30% of the company's annual turnover. This is a requirement that ultimately protects the Council.

## **6 Driving social value through the supply chain**

6.1 As described above the role of the management contractor is to procure and manage a large and complex supply chain working on over 120 individual work packages that vary greatly in duration, value and scope. It is therefore a crucial part of their role to ensure that all contractors and suppliers that make up the wider supply chain are supported to contribute towards the overall social value outcomes of the project. This is something that has been specifically written into the management contractor's contract specification.

6.2 To provide support and day-to-day oversight of the social value workstream MCC's Work and Skills Team are embedded in the Our Town Hall Project via the Work and Skills Project Manager. Additional dedicated resource is provided by Lendlease in the form of a Social Value Lead. Both the Work and Skills Project Manager and the Social Value Lead work closely with the Lendlease procurement and commercial teams to ensure that social value is given the appropriate level of consideration through the procurement process. Lendlease's approach to the management of social value requires individual work package managers and procurement managers to maximising social value within their area, rather than this responsibility sitting remotely with one sustainability manager.

6.3 All contractors working on the project must provide a named lead person who is responsible for ensuring delivery of social value outcomes for their work package. For larger packages this may be a full time position. Social value

leads from across the design team and Lendlease form a social value working group that meets every other month to share opportunities and best practice.

6.4 The following process has been implemented to drive social value through Lendlease's supply chain:

1. Using available information on each work package, including value, scope and duration of works together with early market engagement and engagement with employment/skills and training providers Lendlease have forecast social value KPIs on a package by package basis.
2. Forecast KPIs are used as a basis for engagement with the supply chain around social value, with the final agreed targets for the package forming part of the contract with the supplier.
3. Lendlease report on a fortnightly basis to EPG to update forecast KPIs with what has actually been committed through the procurement process. This allows the team to then make adjustments across the portfolio of packages to ensure that the project achieves or exceeds its targets overall.
4. On appointment, contractors will agree a schedule for the delivery of their social value KPIs with Lendlease.
5. Once the contractor starts work they are supported, if required, by Lendlease and the client team to deliver against KPIs they have committed to. This support can range from providing information and guidance about services in the city they can work with, to putting contractors in contact with voluntary or community sector organisations, or linking them up to existing activities such as the M Futures scheme.
6. All contractors are made aware of existing resources, organisations and activities that are already established in Manchester that they can link with to achieve their targets, with the aim being to make the process as easy as possible for contractors (particularly SMEs), and ensuring that we get the maximum benefit for the city.
7. Lendlease monitor progress against schedule and report any variation to the Social Value Lead for discussion with the Work and Skills Project Manager to put in place additional support or challenge as required. Report by exception to the Project Director and Head of Work and Skills via Work and Skills Panel.

6.5 In summary, we have an open book procurement process with Council oversight, and we are currently tracking ahead of target on the local spend targets. The table below details the current forecast reported to EPG on the KPIs for local spend as a percentage of the overall construction value.

<b>KPI Forecast</b>		
	<b>SV2a</b>	<b>SV2b</b>
	<b>Procurement in MCR</b>	<b>Procurement in GM</b>
<b>Forecast total package value</b>	£88,241,670	£141,662,274
<b>Forecast % of total construction value</b>	<b>50.6%</b>	<b>81.3%</b>
<b>MCC compliance target</b>	40.0%	50.0%
<b>Lendlease OTH target</b>	50.0%	80.0%

## 7 Social value delivery to date

7.1.1 The wider Our Town Hall team that is made up of the six design team companies, Lendlease, the MCC Client Team and variety of smaller directly appointed contractors and consultants have made significant contributions towards meeting our ambition for social value delivered through the project, even at this early pre-construction stage.

7.1.2 This section of the report provides some narrative on activities delivered to date. Please note that targets refer to those agreed for the OTH project as a whole back in 2017. In several cases we expect to significantly exceed the given target, particularly where we have been able to develop new models of delivery.

7.1.3 A table showing targets and progress is included as an annex to this report.

## 7.2 Local spend

7.2.1 OTH is committed to achieving a minimum of 40% project spend in Manchester. To the end of the financial year 2018/19, combined revenue and capital project spend in Manchester is as follows:

<b>Item</b>	<b>Value</b>	<b>% Manchester Spend</b>
Project office costs	£10,613,683.26	42%
Design team costs	£7,753,658.44	72%
Other tier 1 contractor costs	£734,351.52	57%
<b>Total</b>	<b>£19,101,693.22</b>	<b>57%</b>

*Note this does not include construction costs as the package procurement process is ongoing.*

7.2.2 Please refer to paragraph 6.5 above for forecast spend as a percentage of overall construction value.

### 7.3 Qualifications and professional memberships

- 7.3.1 The OTH project has committed to achieving a target of at least 50 new qualifications across the project and at least 20 new professional memberships (e.g. chartership). The majority of these are expected to be delivered through the construction phase and with the time taken to complete qualifications there is of course some lag between starts and completions.
- 7.3.2 At the time of writing the project has achieved 3 new qualifications and 1 new professional membership. A further 3 qualifications and 2 professional memberships are in progress.
- 7.3.3 As we move into the construction phase we will be working with the Construction Industry Training Board (CITB) to ensure that contractors are claiming and spending funding towards training and qualifications to which they are entitled, including specialist heritage training which will form part of the project's skills legacy.

### 7.4 School and college engagement

- 7.4.1 The OTH project has overall targets to provide at least 50 careers and employment related sessions and at least 50 STEM (science, technology, engineering and maths) sessions for schools and colleges in Manchester, as well as at least 50 work placements for secondary school age young people.
- 7.4.2 To date the project team have worked with nineteen secondary schools, three sixth forms and two primary schools in Manchester. In addition to these we have also supported the Manchester Youth Zone and We Love Manchester Summer School.

#### 7.4.3 Activities undertaken with schools and colleges include:

- *Mentoring* - Two schools have been provided with mentors via the One Million Mentors programme with a further two planned starts for September 2019. We are actively promoting One Million mentors amongst the team as a good way of using volunteer time and providing meaningful support to young people in Manchester and aim to get more staff signed up in time for the next academic year.

In addition to One Million Mentors six of our M Futures apprentices have completed a programme of mentoring for small groups of students in three schools specifically tailored towards young people interested in construction and apprenticeships. These sessions were requested by the schools and designed in collaboration with them, with apprentices running six sessions for each group.

- *Work Experience* - The project team have supported 48 work experience placements for young people of both school and college age to come and spend time working in and learning about the Town Hall and the construction sector.

The previous report to this committee detailed the development of a shared work experience week that was designed with Manchester schools and the project's design team and which was based on the M Futures apprenticeship scheme. The week provides an opportunity for a group of young people to spend time with each of the major disciplines (architecture, project management, engineering etc) involved with the project, learning about those roles and undertaking a number of "mini-projects" over the week. We have run this event three times since the last report, reaching a total of 33 young people. Since joining the project Lendlease have been able to add an additional construction focused element to the week and site visit to two of their "live" sites in the city centre.

*"I got out of the week more than I expected. I thought construction wasn't for me but I was wrong"*

- East Manchester Academy Pupil

*"I found out about more engineering jobs and opportunities. I also found out about opportunities after school such as apprenticeships"*

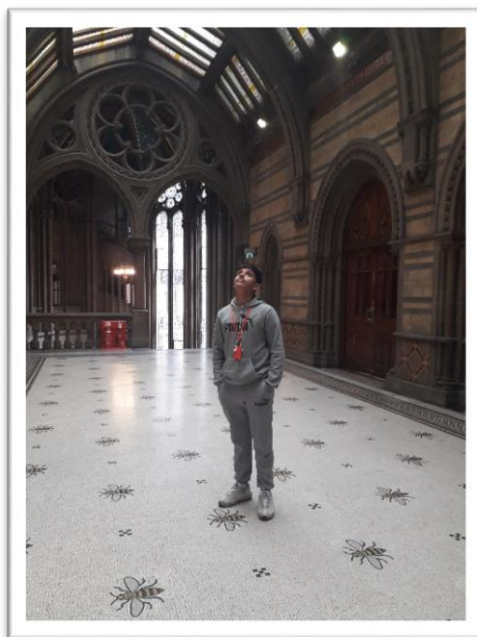
- St Peter's RC High School Pupil

In addition to the work experience week the team have also supported and additional 15 individual placements for students in Manchester who are particularly interested in one company or aspect of the project. These have been provided by both the design team and Lendlease.



*Students participating in OTH's Work Experience Week*

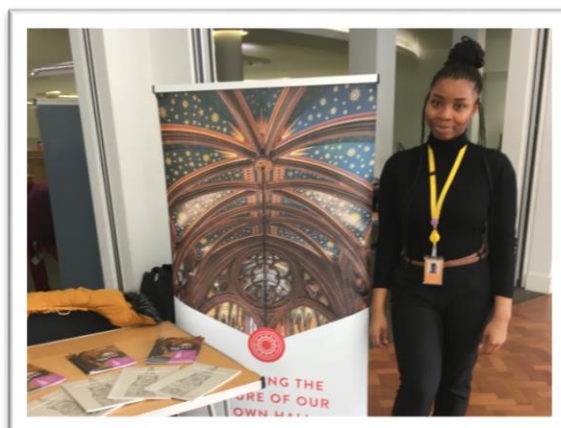
- **Site Visits** - The team regularly host visits to the site for groups of young people with the most recent group coming from the We Love Manchester Summer School. Often visits are used as a first step to engage with a school or a group of young people before bringing them on to work experience or other activities. Site visits are also used to introduce young people to some of the job roles in the construction industry and to give them the chance to meet some of our current apprentices.



*We Love Manchester Sumer School student on The Bees landing*

- *Careers fairs and other careers focused activities* - As well as the schools we already have a relationship with the project is connected with a number of information, advice and guidance (IAG) providers in Manchester and aims to attend careers fairs and other events in schools as often as we can. To date we have been able to support 28 events which have included careers fairs & school careers days, mock interviews enterprise days and enterprise challenges.

We always aim to use the events as an opportunity to engage with students and school staff around other opportunities on the project.



*Careers fair at St Paul's High School and Manchester Disability Jobs Fair*

- *STEM events and classroom based sessions* - The project team have taken part in five STEM events, most recently our first classroom session in a primary school where sustainability consultants BDP ran a session about the Town Hall and sustainability.



In June 2019 Lendlease supported a 2 day Civil & Structural Engineering event at The Manchester College with CITB and CPUK attended by over 200 year 10 students from more than 10 schools.

## 7.5 Higher education engagement

- 7.5.1 The OTH project has committed to working with at least 1,500 students in higher education in Manchester (including University of Manchester, MMU, and the University of Salford's School of the Built environment).
- 7.5.2 Work with both the University of Manchester and MMU, in particular the joint school architecture, has been a real success and credit to project architects Purcell who have driven this relationship forward. Together with the University of Salford School of the Built Environment with have supported 940 students in Manchester through a number of activities, including:
- *Themed site visits* - students are given a tour around the site and undertake an activity relating to their course, e.g. carrying out measured surveys or sketching design ideas for different spaces.
  - *Mentoring* - Purcell have mentor a number of Manchester students through the RIBA mentoring scheme. We also provide a mentor to MMUs business school.
  - *Careers fairs* - Attendance at university careers fairs to promote opportunities in construction to university students .
  - *Work placements* - Purcell have offered paid work experience placements to Manchester students particularly interested in working in a heritage environment.
  - *Industry placements* - Linked to the above, Purcell have also recruited a number of Manchester students for their industry placements (all architecture students must undertake two years in industry as part of their studies). Several of these students were initially engaged with the project through the other activities listed above.
  - *Research Projects* - The project has supported two research projects focused on the history of the building and historical sources of information about the building. The results of these projects will be used to inform the development of the future "visitor experience" offer in the building.
  - *MSA Events* –The School of Architecture's annual *Events* programme sees groups of five masters students lead a group of fifteen undergraduate students to complete a brief and deliver a project set by a client. In 2018 we successfully supported four groups, and in 2019 built upon this by supporting another four groups but with two of these being specifically asked to work with a school in Manchester with the aim of introducing younger students to the world of higher education. This lead to groups of architecture students running design sessions with pupils from Whalley Range High School and The East Manchester Academy to explore how we could make the building and Albert Square a more attractive destination for young people.





Selection of posters created by student project groups

## 7.6 M Futures higher level apprenticeships

- 7.6.1 *M Futures* is the flagship higher level apprenticeship scheme for the project and provides a unique opportunity for apprentices to gain broad experience of working in professional roles in construction. Each of the design team companies and Lendlease have committed to employing apprentices through this scheme, which also runs on other major projects in Manchester including the Factory, Circle Square and Manchester Life.
- 7.6.2 The first intake of six apprentices recruited in September 2017 are now approaching completion with at least four staying in the industry and two staying to work on the OTH project. Two of our apprentices will now be completing degree level qualifications paid for by their employers.

*“Through the apprenticeship I’ve had the opportunity to experience every element of a major project. The experience I’ve gained is invaluable.”*

- Dylan

*“This apprenticeship scheme has given me the opportunity to explore multiple future job roles in the construction industry and since beginning on the project, I have gained invaluable insight into the future career routes that are open to me and I have acquired skills that will prove useful to me in the future.”*

- Matt



*First cohort of six M Futures apprentices, and apprentice of the near nominee Matt McGowan.*

- 7.6.3 We are about to appoint the third (and largest) intake of seven apprentices onto the scheme with recruitment concluding in the first week of August for a September 2019 start. In contrast to previous years where it has been difficult to generate good quality applications from Manchester itself, this year we will be taking 42 applicants that meet the residency criteria through the final interview stage for M Futures across all participating sites. The Manchester residency criteria for apprentices requires applicants to be either resident in Manchester or to have attended college in Manchester.
- 7.6.4 As the project has not yet entered the construction phase there have been very few opportunities for trade-based apprenticeship starts on the project and very few opportunities of level 2 or level 3 apprenticeships. To date one level 3 apprentice has been employed through the scaffolding work package and a further one business support apprentice is expected to be created within the project office in the very near future. The recruitment of level 2 and level 3 apprentices will begin with the appointment of works contractors and the start of construction next year.
- 7.6.5 As reported previously to scrutiny committee the first intake of apprentices onto the OTH M Futures scheme were not Manchester resident, however we have worked hard with colleges in the city to ensure that we generated more good quality applications from within the city, and our employers have agreed to ring-fence vacancies for Manchester residents
- 7.6.6 Finally, in terms of completing apprentices there is a lag between starts and completions, Given that higher level apprenticeships generally take two years to complete, the M Futures cohort completing this year will be the first completions towards this target, but this will begin to rise one to two years after appointment.

## **7.7 Work placements**

- 7.7.1 The OTH project will provide a minimum of 50 work placements for Manchester residents aged 17+. To date we have provided 13 placements for Manchester residents.

- 7.7.2 In addition to work placements for school and university students described above Lendlease have offered 2 work placements for 2 homeless people. Structural Engineers Ramboll have been able to provide two paid internships for an MCC care leaver with their engineering team with a view to him being in a position to apply for their graduate scheme when he completes his studies, and we have also run a work experience week for a group of college students.

*“This is the last week of my placement. It has been going very well so far and I am learning a lot and getting all the necessary connections from the office.”*

- *Manchester Care Leaver*

- 7.8 Going forward we intend to work with a number of Manchester based initiatives, including GM Hidden Talent and Skills Support for Employment, as well as our existing voluntary and community sector partners, to ensure those Manchester residents who will benefit the most are able to access placements on the project, in some cases preparing them to make job or apprenticeship applications.

## 7.9 Time bank and volunteering

- 7.9.1 The project has a commitment to spending 10,000 hours of voluntary time with projects around Manchester. In addition to some of the events and activities recorded above, we have established a number of initiatives to ensure the entire project team are able to contribute:

- ***Barnabus Drop In Centre*** Beginning in March 2019 Lendlease established a weekly volunteering session helping out at the Barnabus drop in centre on Bloom Street to provide food and clothing to homeless people in Manchester. At present we generally send two or three volunteers each Friday morning for half a day and have given just over 130 hours of time to date. This session is supported by the entire project team.
- ***Canal and River Trust*** Lendlease staff have undertaken cleaning and tidying work on lock 89 (Tib Lock) in the city centre.
- ***Centre Point*** Lendlease staff have spent 52 hours over 2 community days prepping and painting support rooms at Centre Point's base in central Manchester.
- ***Friends of Clayton Hall*** - Faithful and Gould have spent 12 hours helping the Friends of Clayton Hall with work in the grounds surrounding the hall. We aim to eventually build on our relationship with the Friends Group to assist them with work relating to the ongoing maintenance and running of the Hall.

7.9.2 In addition to the above the team have also raised money and donated items to a range of charities working in Manchester included We Love Manchester, MacMillan, Wood Street Mission, Stand Up to Cancer and more.



*£5,000 Donation to Wood Street Mission and staff volunteering at Centre Point*

## 7.10 Health and wellbeing

7.10.1 The project team are passionate about ensuring the health and wellbeing of the entire team and led by Lendlease have established several active groups that also help staff from different teams and organisations get to know each other. To date these have included:

- Blood pressure monitoring, nutrition and diet
- Events such as Manchester 10k run, Three Peaks, Manchester 100k cycle, Walking with the Wounded walk
- Five-a-side football team
- Menopause support
- Yoga group
- OTH choir

## 8 Equality and diversity

8.1 The construction industry, like other sectors, does face some significant problems in terms of perception of the industry and working conditions that mean that frequently the diversity of the workforce does not reflect that of the wider population. This problem is particularly acute in relation to the number of young women and girls exploring careers in or joining the industry.

8.2 We are mindful that when working with young people we need to show that the industry is inclusive and that there are all kinds of roles and careers that suit a wide range of skills and interests. Much of the activity above has been developed with this in mind, and we are fortunate that we have team members that act as real champions for gender equality in the industry. When bringing groups into the building we specifically request that schools and colleges put

forward an equal number of males and females and this approach has helped address some early imbalances.

- 8.3 Regarding apprenticeships, unfortunately despite revising all promotional materials to include images of women in construction and case studies of current female apprentices only 4 of the 42 applications are from women. This is obviously disappointing and clearly relates to wider issues that are in some ways beyond our control, however there is more we can do to try and address this through closer work with schools and colleges to develop longer term relationships with students.
- 8.4 In terms of ethnicity we have found that the backgrounds of people we have engaged with to date is broadly reflective of the wider population. The applicant pool for this year's apprenticeship intake is generally positive with white, black, Chinese, Arab and mixed ethnicities all marginally underrepresented Asian (including Indian and Pakistani) slightly over represented.
- 8.5 As we move into the construction phase with more opportunities for potential job and apprenticeship starts we are already considering how we ensure there is a support route available for older people. This is a focus of MCC's Work and Skills Team who are currently undertaking some joint work with MAES and corporate communications in this area that we will be able to draw on. We also intend to build our relationship with organisations specifically working with older people to ensure they are aware of opportunities on the project.
- 8.5.1 Lendlease are required to monitor diversity in the workforce as part of their contract.

## **9 Pathways towards work**

- 9.1 While the individual activities described above are all positive outcomes in their own right we have always been aware that the real opportunity we have with Our Town Hall is to link these opportunities together to form a pathway towards work for Manchester residents. Now that we are approximately 2 years into the design programme we are beginning to see some of links taking effect, for example:
  - Young people engaged at school based events returning to us to undertake work experience placements.
  - College students who have visited the building or completed work experience applying for apprenticeships.
  - University students who have met project staff or visited the building joining us for summer placements or for their year in industry.
  - Completing apprentices staying in the industry and in some cases moving into employment and further training within the project team.
  - Making the link between "stages" - e.g. getting university students and apprentices to work with high school students.
- 9.2 Again, at this stage in the project the volume of this activity is relatively low compared to the construction phase, however it provides us with a good

foundation to build on to secure opportunities for Manchester residents as the project progresses.

## 10 External evaluation of social value

10.1 Given the unique nature of the project the client team has requested some external evaluation of work undertaken and this was completed by CLES in April 2019. In relation to activities undertaken the report stated:

*“The documentation reviewed and conversations undertaken as part of this mini-evaluation revealed a number of positive outcomes being realised through the social value activities...The outcomes include:*

- *Improved aspirations for careers in project management, design, and construction;*
- *Some enhanced knowledge around civic democracy;*
- *Changing mindsets amongst children and young people;*
- *More effective relationships and partnerships between Manchester City Council, the Design Team contractors, schools and universities;*
- *Quality work experience and mentoring opportunities;*
- *Improved knowledge around design and construction;*
- *Sustainable apprenticeships with Design Team contractors.”*

10.2 Concerning the procurement of the management contractor, CLES found that:

*The evaluation and scoring of social value responses to procurement opportunities is notoriously difficult, with challenges often being around the subjectivity of questions and responses, the lack of robustness of the process, and the skills of those undertaking the evaluation. The approach of Manchester City Council in the procurement of the management contractor has been contrary to this common perception. The Council has used a mix of quantitative and qualitative scoring mechanisms for the evaluation of responses, including the Social Profit Calculator; together with a minimum of three people collectively reviewing responses. This has enabled a robust and effective approach to evaluation...This clearly evidences that competitive dialogue was an effective approach in the case of the Our Town Hall project.*

## 11 Next steps

11.1 The main development since the last report has been the appointment of Lendlease as management contractor. This has meant that we have been able to start planning in detail how we intend to deliver social value outcomes in Manchester during the construction phase of the project.

11.2 We do now have a good foundation to work from to secure opportunities for Manchester residents with the trade contractors that will be joining the project from early 2020.

11.3 Some of the planned work to support this includes:

- Working with other heritage projects to support the delivery of heritage skills training opportunities for contractors and residents.
- Further support for voluntary and community groups in Manchester especially around the maintenance or refurbishment of historic buildings.
- Working with the Manchester College to support work placements as part of the roll out of T-Levels including in occupations such as communications and administration in addition to construction.
- Broadening Higher Education Engagement beyond construction and built environment disciplines.
- Providing additional volunteering opportunities for the project team.

## 12 Conclusion

- 12.1 In conclusion, this report demonstrates that given the current stage in the project lifecycle the Our Town Hall Project has already had a major impact towards achieving the project objective *to deliver economic and social value for Manchester*, and that we have a strong foundation on which to build as the project approaches the construction phase.
- 12.2 The Lendlease procurement process is entirely open-book and the Council has the final say on all procurement decisions, as monitored by the Executive Procurement Group. At the time of writing, we are forecasting to exceed the overall Social Value targets for the project, and are working hard to ensure that Manchester businesses and communities are engaged with and can benefit from the project.
- 12.3 The project team now needs to focus on continuing this success in a project environment that will see the complexity of the supply chain greatly increase over the coming months, ensuring that the enthusiasm and passion shown thus far is matched by our works contractors.



## Appendix 1 – Social Value KPI Summary 26<sup>th</sup> July 2019

KPI Ref	Description	OTH Base Target	Actual	Notes
SV1	% of workers MCR resident	30%	21%	Design team and client team
SV2a	% of project spend in Manchester	40%	57%	April 2016 – March 2019, net of Lendlease
SV2b	% of project spend in Greater Manchester	50%	68%	April 2016 – March 2019, net of Lendlease
SV3	New jobs created	45	24.5	Includes 3 x positions currently recruiting
SV4	New qualifications	50	3	3 in progress – volume expected in construction phase
SV5	New professional memberships	20	1	2 in progress – volume expected in construction phase
SV6	Progression in professional memberships	20	0	
SV7	School/college careers/employment sessions	50	28	
SV8	School/college STEM sessions	50	5	Further planning required for 2019/20 academic
SV9	Students supported with employment, skills or subject/ research work.	1500	940	
SV10	HE research projects	35	2	Further 1 in progress and 2 in development.
SV11	Work placements 14-16	50	33	
SV12	Work placements 17+	50	13	
SV13	New apprentices up to level 3	100	1	Further 1 to start recruitment imminently
SV14	New apprentices level 4+	50	12	Further 7 currently in recruitment
SV15	MCR resident apprentices	100%	38%	Refer to section 7.6.5
SV16	Existing Apprentices	100	1	Volume expected in construction phase
SV17	Completing Apprentices	100	0	First 6 completions expected September 2019
SV18	Time bank hours spent	10,000	165.5	Weekly volunteering established
SV19	Percentage of workforce (excluding apprentices) paid at least Manchester Minimum Wage	100%	100%	100% commitment