

Overview and Scrutiny Ethical Procurement and Contract Management Sub Group

Minutes of the meeting held on Wednesday, 31 July 2019

Present:

Councillor Russell (Chair) – in the Chair
Councillors Ahmed Ali, Clay, Lanchbury and Reid

Also present:

Councillor Ollerhead, Executive Member for Finance and Human Resources
Councillor N Murphy, Deputy Leader

RGSC/EP/19/16 Minutes

Decision

To approve as a correct record the minutes of the meeting held on 21 February 2019.

RGSC/EP/19/17 Update on Modern Slavery

The Sub Group considered the report of the City Treasurer (Deputy Chief Executive) that provided an update on the activities to address Modern Slavery.

The main points and themes within the report included: -

- An update on the amendments to the tender documentation, noting that it was recognised that the contract management arrangements which followed were essential to the effective monitoring of the position and identifying any concerns or issues which might arise;
- Information on the Ethical Procurement Policy;
- Information on the arrangements to safeguard against Modern Slavery within the Procurement Process;
- Noting that the Council had issued an amended Standard Terms and Conditions in June 2019, to include for whistleblowing and the Modern Slavery Act 2015;
- Information on activities delivered to raise awareness of the Modern Slavery Act 2015 through the Council's Ethical Procurement Policy; and
- Providing the voluntary Slavery and Human Trafficking Statement that had been produced, noting that this was a working document which would be reviewed and updated over the next 12 months.

Some of the key points that arose from the Sub Group's discussions were: -

- Which areas of activity were at most risk of Modern Slavery;
- Was there more awareness of Modern Slavery now amongst contractors;

- What work was being delivered at a Greater Manchester (GM) level to address Modern Slavery;
- What action was taken following a report of Modern Slavery; and
- The need to be mindful that there were many different forms of Modern Slavery.

Officers reported that one of the activities most at risk of Modern Slavery was within the construction industry. In recognition of this officers from Capital included in their evaluation of recent tenders for the North West Construction Hub (Medium Value Framework and Small Works Framework) to undertake site visits on tenderers current projects, speaking with managers and operatives, and observe what and where information was made available to those working on site in relation to identifying and reporting modern slavery and whistleblowing arrangements.

The Procurement Manager Level II advised that Modern Slavery and the ethics of the Council were prominent in all contracts so the importance of these was evident to all suppliers. Officers advised that security contracts and cleaning contracts would be reviewed to ensure that this was reflected also.

The Head of Integrated Commissioning and Procurement stated that overall, larger employers who were legally required to, had adopted appropriate policies and procedures in relation to Modern Slavery, and advice and guidance could be provided to smaller businesses on this issue. He also advised that the Local Government Association had produced guidance for use by procurement teams within local authorities.

Officers advised that the Deputy Mayor for Policing, Crime, Criminal Justice and Fire was working with Greater Manchester Police to address Modern Slavery as a specific piece of targeted work. Members were advised that allegations would be investigated and prosecuted by the police as this was a criminal offence, adding that any breaches of the contract would also be investigated and appropriate action taken.

The Sub Group was advised that officers from the procurement team also attended multi agency safeguarding meetings so that they could share and learn of local intelligence that might raise concerns regarding Modern Slavery practices that could then be appropriately investigated.

Following discussion amongst the Sub Group as to what employment practices defined Modern Slavery the Chair advised that Modern Slavery laws were designed to address specific criminal practices and Labour Laws existed to protect employees from other forms of bad practice that workers experienced.

Decisions

The Sub Group endorsed the Slavery and Human Trafficking Statement.

RGSC/EP/19/18 Update on the Council's Social Value Policy and how equality outcomes are measured and recorded

The Sub Group considered the report of the City Solicitor that provided an update on the Social Value Policy and how equality outcomes were measured and recorded.

The main points and themes within the report included: -

- Information on the six objectives that were embedded into the procurement process that had been developed to positively impact on equality outcomes;
- Information on the Council's current method for monitoring and measuring Social Value; and
- Information on the work to develop a Social Value Tracker, incorporating the National Themes, Outcomes, and Measures (TOMs) with the flexibility to incorporate bespoke TOMs to Manchester.

Some of the key points that arose from the Sub Group's discussions were: -

- Clarification was sought on how the categories provided in appendix 1 had been agreed;
- Why were the protected characteristic as defined in the Equalities Act 2010 not included in the list;
- How had the relationship changed with contractors in their attitude and understanding of Social Value; and
- When would the data for 2018/19 be available.

The Executive Member for Finance and Human Resources stated that it was important to recognise that the report was a voluntary survey of economic activity and not an equalities survey. Not all organisations completed it. The Executive Member stated that the particular groups identified, such as the over 50s, long term unemployed, ex-services and young people not in employment education or training had been agreed to address specific social and economic issues and barriers.

The Chair recommended that consideration needed to be given to reviewing what was captured and recorded, with particular regard for equality data as social value became embedded in contracts and part of 'business as usual' for the Council. A Member commented that it was important to ensure this was undertaken in an appropriate way so as not to be too onerous on suppliers being asked to complete the survey.

The Procurement Manager informed the Sub Group that Social Value monitoring was currently the responsibility of contract managers and the development of a Social Value Tracker that incorporated the TOMs would standardise this process, noting that the tracker would require suppliers, contractors and service providers to update and upload evidence of delivering their social value commitments throughout the contract period. She stated this tracker was currently in development and would be tested before being rolled out. The Chair stated that the Sub Group would welcome the opportunity to review and comment on the development of the tracker before it went live.

The Social Value Project Manager for Highways stated that the monitor would provide a better data set at a directorate level as the tracker would be a more formal and meaningful system of recording Social Value activity and information. The Procurement Manager added that not every directorate had a dedicated Social Value officer.

The Social Value Project Manager for Highways informed the Members of the positive outcomes delivered in relation to Social Value by engaging in positive conversations with contractors in the Highways Service. She described that engaging with contractors had allowed for a better understanding of what Social Value looked like and what was expected by the Council, especially in regard to priority groups. She described that good practice was promoted and a quarterly newsletter was produced that was issued to all providers, adding that this was very well received and circulated more widely.

In response to a request from a Member, the Head of Integrated Commissioning and Procurement confirmed that the TOMs would be circulated to the Sub Group.

The Head of Corporate Procurement stated that the monitoring and measurement of social value on the Council's revenue spend was undertaken through the annual survey, and this was undertaken retrospectively and the 2018/19 survey would be issued in the near future and the results reported.

Decision

The Sub Group;

1. Recommend that a report on the development and implementation of the Social Value Tracker is submitted for consideration at an appropriate time;
2. Recommend that the Head of Integrated Commissioning and Procurement circulate the National Themes, Outcomes and Measures (TOMs).

RGSC/EP/19/19 Our Town Hall Project - delivery of Social Value update

The Sub Group considered the report of the Director of Capital Programmes that provided an update on how social value was being delivered through the Town Hall Project with a focus on the approach and activity undertaken by the management contractor.

The main points and themes within the report included: -

- Providing an update on the project, noting The Our Town Hall project was 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;
- Information on the appointment of the management contract, noting that unique to the Our Town Hall project was that fact that it was 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;
- Information on the engagement activities with the supply chain;
- An update on the Council's oversight of procurement;
- How social value was driven through the supply chain, noting that all contractors working on the project must provide a named lead person who was

responsible for ensuring delivery of social value outcomes for their work package;

- An update on the social value delivered to date;
- An update on local spend to date;
- An update on the delivery of qualifications and professional membership;
- Information on school, college and higher education engagement;
- Information on the M Futures programme, noting that this was the flagship higher level apprenticeship scheme for the project and provided a unique opportunity for apprentices to gain broad experience of working in professional roles in construction;
- Information on the number of work placement, time banking and volunteering opportunities;
- Activities around equality and diversity;
- Information on the external evaluation of the social value delivered that had been undertaken by the Centre for Local Economic Strategies (CLES); and
- Next steps.

Some of the key points that arose from the Sub Group's discussions were: -

- Had engagement work been undertaken with organisations such as the Chamber of Commerce and the SME Club (Small to Medium Enterprise);
- What were the outcomes of the Audit assessment of the Lendlease package procurement due diligence process;
- Further detail was sought regarding the reported 50 new qualifications across the project;
- The need to target those Manchester residents from the most deprived areas to offer training and employment opportunities;
- Consideration needed to be given as to how to creatively use volunteering time to deliver projects in the community;
- Health and safety of staff was an important consideration;
- Recognising the perceptions of working within the construction industry it was important to encourage females and Black, Asian and minority ethnic (BAME) residents of Manchester to apply for opportunities presented through the delivery of this project;
- Could Key Performance Indicators (KPI's) be reviewed and amended as the project progressed;
- What training had been provided to enable work package managers and procurement managers to maximise social value within their area;
- Further information was requested on how contractors were selected and who had oversight of this process;
- Of the seven apprentices on the M Futures higher level apprenticeships scheme what percentage of these were BAME and how many were female;
- Consideration should be given to developing specific KPI's in regard to BAME and female employees;
- How confident were officers that Social Value would be achieved and how was this reported and evaluated; and
- Had the project team engaged with Historic England in the design and delivery of the project.

The Work and Skills Project Manager addressed specific questions raised and informed the Sub Group that they had delivered a number of procurement events that had involved the Chamber of Commerce and the Federation of Small Businesses; the Audit inspection had resulted in an opinion of Substantial Assurance and the recommendations made regarding process had been addressed. He further confirmed that the target of 50 apprentices was specific to the higher, level 4 apprenticeships.

The Work and Skills Project Manager further commented that there was a target of 30% of employees who were Manchester residents, however he stated that challenges could be presented due to the unique nature of the project, compared to standard construction projects, but the work was ongoing with Lendlease to deliver this. He further noted the comments regarding targeting the most deprived areas and consideration would be given as to how that data was captured and reported.

The Work and Skills Project Manager stated that the project was working with schools and colleges to promote the project as an opportunity and positive choice for females. He also stated that the M Futures programme was proactively reaching out to schools and Further Education colleges to engage with students, and this activity was supported by a number of female project staff who had acted as ambassadors for women in construction.

The Work and Skills Project Manager advised the Sub Group that they had received 42 applications for the seven higher level apprenticeships scheme, however they had not been appointed as yet so could not provide a breakdown by BAME and gender. He further commented that employers had been asked to put forward diverse interview panels for the upcoming M Futures recruitment.

The Deputy Leader stated that targeted engagement work had been delivered to encourage females to apply for apprenticeships and consider the construction industry as a career option. He said that challenges still existed in relation to this however improvements had been made when compared to the Town Hall Extension project. He said that consideration would be given as to how diversity could be monitored and recorded whilst being mindful of the need to successfully deliver the project.

In regard to the use of volunteering days, the Work and Skills Project Manager said that this programme was in an early stage, however the intention was to use this to establish relationships with local organisations and develop further opportunities. He advised that due to the specialist craft people that would be working on the Town Hall it presented an opportunity for them to volunteer their skills to work on other historic buildings in the city.

The Project Director acknowledged the comment made by a Member in regard to the importance of Health and Wellbeing for all staff, especially in regard to mental health. In response to the question regarding revising KPIs he said that these would be reviewed and adjusted where appropriate for any new contracts as work packages were procured. He further stated that Lendlease had a full time lead officer with responsibility for Social Value. He described that Lendlease had a good model for delivering this and staff had attended Our Manchester training so that they

understood the context in which this project was to be delivered, and this would be cascaded throughout the supply chain.

The Project Director said that a market testing exercise had been undertaken with smaller contractors prior to Lendlease being appointed so that they were assured and encouraged to apply for a contract on a major project and work with a Tier One contractor. He stated that the Executive Procurement Group had oversight of the project, and the Deputy Leader was also kept regularly informed of progress. In addition, the Collaboration Panel met quarterly to monitor performance and review KPIs.

The Project Director stated that the Social Value was embedded in the contracts and that discussions were with CLES to consider the options for recording this using qualitative analysis and sampling.

The Project Director confirmed that the Project Team had worked very closely with Heritage England through the consultation process and they had reported that they were very confident with the design proposals. He stated that a Conservation Officer worked within the team and was fully consulted with and had sign off as the work progressed and this was also supported by rigorous oversight by heritage architects. He further commented that all contractors received a heritage induction session so that they were fully aware of the context and expectations of working on such a unique project.

The Chair recommended that Members of the Sub Group should meet with representatives of Lendlease and that further details of the work packages should be considered by the Sub Group at an appropriate time and that future reports should include information on how contractors complied with the Unite Construction Charter.

Decision

The Sub Group;

1. Recommend that a detailed report on work packages prior to them being finalised, including case studies and information on Trade Union recognition, be submitted at the next meeting, including representatives from LendLease; and
2. Recommend that the Project Director, in consultation with the Deputy Leader consider how the monitoring and recording of diversity within social value can be reported and if specific KPIs can be established to monitor this activity, to be considered at the next meeting.

RGSC/EP/19/20 Work Programme

The Subgroup was invited to consider and agree the work programme.

Members requested that at the next meeting the Sub Group consider a report on specific work packages in relation to Social Value and the Our Town Hall Project. This

report would include particular reference to whistleblowing arrangements and Trade

Union recognition.

Members requested that following a request from the Neighbourhoods and Environment Scrutiny Committee, a report on the Biffa contract be added to the work programme for consideration at an appropriate time.

Members requested that a report on Ethical Procurement and Security contracts be added to the work programme for consideration at an appropriate time.

Members requested that a report that provided an analysis of the impact of Ethical Procurement on different Council Departments be added to the work programme for consideration at an appropriate time.

Decision

To agree the Work Programme subject to the above amendments.