

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

### **Minutes of the meeting held on Thursday, 29 November 2018**

#### **Present:**

Councillor Russell (Chair) – in the Chair

Councillors Ahmed Ali, Clay, Lanchbury and Watson

#### **Also present:**

Councillor Stogia and Ollerhead

**Apologies:** Councillor Farrell, Hacking, Igbon, H Priest, Reid, Shilton Godwin, Stone and S Wheeler

#### **RGSC/EP/19/5      Minutes**

#### **Decision**

To approve as a correct record the minutes of the meeting held on 13 September 2018.

#### **RGSC/EP/19/6      Developing and embedding Social Value within Highways Service - update**

The Group considered a report of the Director of Operation (Highways) which provided an update on developing and embedding social value within the Highways Service. The report outlined the actions taken since the previous Ethical Procurement sub-group meetings on 7 June 2018 and December 2017 and the improvements made since the appointment of the Social Value Project Manager within the service. It also highlighted further planned activity for social value and next steps for the service to continue with this area of development.

The Executive Member for Highways, Planning and Transport referred to the main points and themes within the report, which included:-

- The Social Value Project Manager joined the Highways service in July 2018 and had made significant improvements to raise awareness of social value and its importance as well as embed a culture across the service so that it becomes the norm;
- Relationships with suppliers had significantly improved and as a result Highways were achieving greater outcomes for Manchester from a delivery and social value perspective;

- The Social Value Project Manager had undertaken a review of contracts within Highways and met with 19 suppliers to date to raise contractors' knowledge and understanding surrounding social value;
- Tender documents had been reviewed to ensure that social value questions are tailored to the specific contract or framework in mind;
- Four social value workshops in conjunction with Executive Members and the Procurement Team had taken place to raise awareness and aid staff's understanding of social value;
- There was now an understanding of the need to collaborate across frameworks with regards to developing and bringing together best practice around social value;
- It was intended to hold Supplier Days to bring the supply chain together into a regular forum to discuss and emphasise the importance of social value across the supply chain;
- It was planned to embed social value into governance processes and procedures as part of the implementation of the new PMO within the service
- Highways would work collaboratively with the support of the Integrated Commissioning Team to upskill and inform contract and commissioning managers about the importance of monitoring social value and identify the correct method to report on this; and
- The Service would continue to look into ways of developing social value KPIs for the service and now include the highest percentage for social value (currently 20%) in all future tenders

Some of the key points that arose from the Committees discussions were:-

- The progress that had been made in embedding and delivering Social Value within the Service was very welcoming;
- How were the monitoring and evaluation processes going to be developed;
- Were there still some suppliers resistant to embracing Social Value;
- Clarification was sought as to what the TC971 contract framework was;
- Having undertaken the work to date, was it felt that this would result in improved relationships with suppliers in the future;
- Was it possible to have details on the number of in-house apprentices that had been taken on;
- Was there any information available on the delivery of Social Value from the Manchester Inner Ring Road contract;
- Was there any means of calculating Social Value in house and connected to this was there any data on the number of the BME and EDI employees within the department;
- Was there any specific reasons as to why the planned Supplier Days had not yet taken place;
- Had there been any engagement with Trade Unions; and
- With the appointment of the Social Value Project Manager, what was the expectation of contract management officers

The Social Value Project Manager advised that she had begun tracking Social Value commitments and met with contractors regularly for data on Social Value. It was hoped that in the future it would be possible to provide quantitative evidence of how

social value was being delivered. At the present moment this was work in progress but would be contained in future updates.

The Group was advised that developing people's knowledge and understanding of what social value was had met with varied success and had been challenging in some instances. The Social Value Project Manager provided an example to the group where a contractor not been forthcoming in providing a social value element as part of a contract with the Council and how this had been addressed to a point where social value was now being delivered.

The Social Value Project Manager advised that relationships with contractors in the main had improved and in some instances, the Council was on its second round of social value commitments with some contractors. It was also evident that contractors were now actively thinking on how they can deliver social value as part of the tender submission.

In terms of measuring social value in house the Executive Member for Finance and Human Resources reported that it was difficult to quantify certain aspects of social value and social value calculators did not provide all outcomes for the varying aspects of what could be derived from social value.

The Director of Operations (Highways) advised that in terms of in-house apprentices, the department had two within Manchester contracts and a further high level apprentice in the design office. It was the intention of the department to take on more apprentices during 2019 once appropriate support mechanisms were in place. It was also reported that it was intended to rotate apprentices amongst suppliers in order to provide them with a wider opportunity to develop their experience and skills. He also commented that in terms of the Inner Ring Road contract, the contractor had offered social value and it was being monitored on a monthly basis in terms of their delivery but the main contracts for this work pre-dated the active implementation of our current social value approach. The Group was also advised that the Council had monthly meetings with Trade Unions and they were aware and supportive of the Council's approach to delivering social value.

The Social Value Project Manager advised that although her role was to ensure social value was being embedded across the Highways department and to also ensure contractors were aware of their requirements in the tender process, it was for contract managers to monitor the delivery of social value once a contract was in place. To aid in this, social value workshops were to be set up to help raise awareness of staff across all departments.

## **Decision**

The Group welcomes the progress that has been made developing and embedding social value within the Highways Service.

**RGSC/EP/19/7      Use of Social Value Key Performance Indicators (KPIs) in contracts.**

The Group considered a report of the City Treasurer which provided information on the key performance indicators for the delivery of social value, which included who decided what the KPIs should be for social value in any given contract, how was the Council ensuring consistency across the organisation and whether there was there central resource that co-ordinated this.

The Head of Integrated Commissioning referred to the main points and themes within the report which included:-

- Central to the Council's approach was ensuring that social value and its monitoring was explicitly covered at all stages of procurement, including the commissioning and pre-tender stages, tender, contract implementation, and contract monitoring;
- The Integrated Commissioning team had taken stock of the use of Social Value KPIs in new and existing (including old) contracts, with particular focus on identifying good practice;
- It was commissioners / contract managers who proposed what the KPIs should be for social value in any given contract, and the relevant Strategic Director (or delegated authority) who approved it;
- The Council promoted consistency through governance and guidance in the shape of toolkits, templates and sharing best practice;
- Individual departments were responsible for ensuring that there were robust KPIs in contracts;
- Where contracts predated the introduction of social value there was mixed picture of suitable KPIs being in place; and
- Currently there was no benchmarking across the Council as there was no common position on what appropriate level of social value should be based on contract value as each contract was done on a case by case basis, tailored to circumstance.

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

- Had there been any work to develop informal best practice sharing across directorates;
- How did the Council monitor contractors to ensure that they were adhering to the social value requirements of the contract;
- Did the Council monitor how many of "Our Children" achieved employment opportunities across all Council contracts;
- How was the Council monitoring the underlying structural change that the Council was looking to achieve from the delivery of social value;
- Had any consideration been given to linking social value in kind received from small value contracts into the Council's Neighbourhood Investment Fund or Community and Voluntary Sector; and
- Why were there no KPI's for the Housing and Residential Growth contract relating to Grove Village.

The Head of Integrated Commissioning advised that work was being undertaken around developing the understanding and experience of deriving social value

amongst teams and services. There were also proposals to set up a practitioner network to allow individuals to share information and collaborate on ideas. The Executive Member for Finance and Human Resources added that best practice that was being shared across departments was also challenged by senior officers that sat on the SMT Social Value Group, as this provided a better understanding of what worked and also provided for learning opportunities for where improvements could be made. It was also reported that Officers were looking at how suppliers who were looking for a social value partners could be joined up with the voluntary and community sector in order to deliver social value.

The Group was advised that in terms of monitoring contractors, this was built into each contract management arrangement, the methods of which would vary amongst contracts as to exactly how this was monitored, but would usually take place on a monthly basis. An example was given as to how the Capital Programmes team monitored and tracked apprentices being employed on Manchester City Council contracts through the North West Construction Hub. In terms of monitoring the opportunities for 'Our Children', the Head of Integrated Commissioning commented that 'Our Children' were a priority category in terms employment opportunities and although she didn't have figures available, she advised that it would be possible to undertake an exercise to analyse this across contracts.

In terms of monitoring the underlying structural change that social value was to bring about, it was explained that this would happen over time. The Head of Corporate Procurement cited an example of how this was happening with Barclays bank, who were providing financial guidance to Manchester care leavers and also providing opportunities for 15 Manchester young people from hard-to-reach groups to gain meaningful employment with one of their partners. It was also explained that suppliers needed to be informed of what was expected of them in terms of delivering social value prior to the submission of tenders. Reassurance was given that the majority of new contracts being awarded now covered these requirements and Strategic Directors were taking a more active role in monitoring the social value element of contracts within their Directorates.

The Executive Member for Finance and Human Resources noted the suggestion of linking social value in kind from small value contracts into the Council's Neighbourhood Investment Fund or Community and Voluntary Sector and agreed that this could be considered as there was a need to think imaginatively as to how social value could be delivered from small contracts.

The Head of Integrated Commissioning advised that there was a challenge in changing existing large contracts to deliver social value, with Grove Village being an example of this. Officers with responsibility for monitoring this contract were aware of the need to improve the delivery of social value from this contract and would be looking at achieving this at each break point within the length of the contract.

## **Decision**

The Group notes the report

### **RGSC/EP/19/8      Work Programme**

The Subgroup were invited to consider and agree the work programme. The Chair proposed that the next meeting took place on Thursday 21 February 2019 at 10:00am

## **Decision**

The Subgroup:-

- (1) agree the Work Programme, subject to any amendments agreed by the Chair following discussions with officers; and
- (2) agrees that the next meeting takes place on Thursday 21 February 2019 at 10:00am