



Overview and Scrutiny Ethical Procurement and Contract Management Sub Group

Date: Thursday, 29 November 2018

Time: 2.00 pm

Venue: Council Antechamber, Level 2, Town Hall Extension

Everyone is welcome to attend this committee meeting.

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.**

Filming and broadcast of the meeting

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Membership

Councillors - Russell (Chair), Ahmed Ali, Clay, Farrell, Hacking, Igbon, Lanchbury, H Priest, J Reid, Shilton-Godwin, Stone, Watson and S Wheeler

Agenda

- 1. Minutes** 5 - 8
To receive the minutes of the Ethical Procurement Subgroup on 13 September 2018.

- 2. Developing and embedding Social Value within Highways Service - update** 9 - 30
Report of the Director of Operations (Highways)

This report provides an update on progress in developing and embedding social value as a business as usual aspect within the Highways Service. The report outlines the actions taken since the previous Ethical Procurement sub-group meetings on 7 June 2018 and December 2017.

- 3. Use of Social Value Key Performance Indicators (KPIs) in contracts.** 31 - 38
Report of the City Treasurer

This report provides details on the key performance indicators for the delivery of Social Value and includes who decides what the KPIs should be for social value in any given contract, how was the Council ensuring consistency across the organisation and is there a central resource that co-ordinates this or do individual departments have responsibility.

- 4. Work Programme** 39 - 44
Report of the Governance and Scrutiny Support Unit

To consider a proposed work programme for the remainder of Sub Group meetings for 2018/19. In doing so the Sub Group is asked to consider the request from Neighbourhoods and Environment Scrutiny Committee to review the Council's contract with Biffa Waste Services.

At the rise of this meeting there will be a training session to cover the Council's procurement process and where Social Value fits in and what the legal constraints are of the process in relation to Social Value.

Further Information

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

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This agenda was issued on **Friday 23 November 2018** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 3, Town Hall Extension (Mount Street Elevation), Manchester M60 2LA

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Overview and Scrutiny Ethical Procurement and Contract Management Sub Group

Minutes of the meeting held on Thursday, 13 September 2018

Present:

Councillor Russell (Chair) – in the Chair
Councillors Ahmed Ali, Clay, Shilton-Godwin and S Wheeler

Also present:

Councillor Ollerhead - Executive Member for Finance and Human Resources
Councillor Craig - Executive Member for Adults Health and Wellbeing

Apologies: Councillor Farrell, Hacking, Igbon, Lanchbury, Stone and Watson

RGSC/EP/18/1 Minutes

Decision

To approve as a correct record the minutes of the meeting held on 7 June 2018.

RGSC/EP/18/2 Update on delivery of social value in the new health and social care arrangements

The Subgroup considered a report of the Executive Director of Planning and Operations, Manchester Health and Care Commissioning (MHCC) that provided an update on the development of the approach to the delivery of social value within the new health and social care arrangements. In recognition of the importance of embedding social value within the transformation of the health and social care system in the city, MHCC had funded a post to develop a draft inclusion and social value strategy which would set out social value priorities across both MHCC and the Manchester Local Care Organisation (MLCO).

Key to the development of this strategy had been the opportunity to share resources across MHCC and the constituent parts of the MLCO with a focus on using social value as an enabler to reduce both health and workforce inequalities.

Officers referred to the main points and themes within the report which included:-

- A description of the MHCC and MLCO draft Inclusion and Social Value Strategy;
- Progress on deriving social value through commissioning and procurement; and
- The MHCC approach to 'in-house' social value delivery.

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

- Was the draft five year MHCC and MLCO inclusion and social value strategy available for comment;
- Clarification was sought on NHS arrangements for commissioning budgets that were spent on contracts which were negotiated on a year by year basis;
- When would the Manchester Local Care Organisation (MLCO) adopt a procurement and commissioning function;
- How appropriate was it to use zero hour contracts and how would these be monitored;
- In regard to Homecare workers what was being done to support and encourage Trade Union representation;
- Clarification was sought on what 'local' meant for employment opportunities;
- What was being done to promote and develop BAME staff within the work force and address institutional barriers;
- Commissioners should also include Modern Day Slavery as a criteria when evaluating and awarding contracts;
- Whilst welcoming the report and the activities described, future reports to the Subgroup needed to include an analysis of outcomes and what had been achieved through this approach;
- Noting that that the Resources and Governance Scrutiny Committee had recommended that the Executive Member for Finance and Human Resources ensures that Manchester City Council achieved accreditation as a Living Wage Employer; and
- Noting that the commissioning of services locally and employing local employees would also deliver health and environmental benefits.

The Executive Member for Adults, Health and Wellbeing informed the Subgroup that the establishment of MHCC represented a partnership approach across the city to improve the health outcomes for residents. She said that the Council had an established social value policy to its procurement and commissioning function. She said that health partners in MHCC had demonstrated that they had begun and continued to incorporate and align this approach and ethos into their systems. She said that when the draft five year MHCC and MLCO inclusion and social value strategy and delivery plan was available to be shared this would be provided to the Subgroup.

The Executive Member for Adults, Health and Wellbeing described the approach that had been developed to commission Homecare for citizens stating that social value was used through the procurement process. She said that providers had been asked to demonstrate how they were already delivering social value and any additional measures they would implement as part of this contract, including environmental; economic and social factors.

The Executive Member for Adults, Health and Wellbeing stated that the introduction of the Manchester Living Wage and providing professional career development opportunities would attract people into this area of work, especially in areas of the city that had traditionally proven to be a challenge. She said that the concept of local employment linked into the discussion around the concept of what constituted good employment and how this reflected and attracted a diverse workforce drawn from the

local community. She said that the Health Scrutiny Committee had recently considered a report on this and recommended that the report be circulated to Members of the Subgroup as further information.

The Executive Member for Adults, Health and Wellbeing acknowledged the concerns expressed regarding the use of zero hour contracts stating that these would be used only in exceptional circumstances and the use of these would be monitored to ensure these were only ever used appropriately. She further commented that the same would be the case for Trade Union recognition within the workforce.

The Executive Member for Adults, Health and Wellbeing informed the Subgroup that the MLCO had gone live in April 2018, describing it as an ambitious development to deliver truly integrated services, in localities to improve the health outcomes of all Manchester citizens. She said this was the first year of the new model and the MLCO did not have a commissioning function at present, however the agreement was that for procurement and commissioning purposes, the MCC/MHCC approach would be adopted by the MLCO in the future.

The Executive Member for Adults, Health and Wellbeing responded to the comments regarding the content of the report by stating that future update reports would contain detail on where money had been spent and what social value had been achieved through commissioning. She stated that by establishing and demonstrating good practice 'in house', this would provide organisational leverage and help influence partners and providers.

The Strategic Lead: Inclusion and Social Value, MHCC said that the all partners of the Health and Wellbeing Board had been charged to review their own employment practices to ensure they demonstrate and deliver the values required by providers. In addition she described the initiatives that had been developed to support young people into work and support people back into work.

The Director of Workforce and Organisational Development, MHCC described the work that was currently underway to review work force progression for BAME and disabled staff, in particular at a leadership level as it was recognised that institutional barriers existed. She stated that a steering group had been developed to review this at a Greater Manchester level, and following a request from a Member she said that information on this activity would be shared with the Subgroup. In response to a question regarding positive action in recruitment she confirmed that this practice was lawful and that MHCC was seeking to encourage its usage. She further explained that it would be investigated as to how the Commissioning for Quality and Innovation (CQUIN) framework could be used as a mechanism to derive Social Value and stated that an update on this would be provided in future reports. She further responded to the question asked regarding one year NHS arrangements for commissioning budgets by saying that this was a result of the annual NHS yearly budget settlement awarded by Central Government.

The Executive Member for Finance and Human Resources informed the Subgroup that the options for achieving accreditation as a Living Wage Employer were being investigated.

Decision

The Subgroup:-

1. Notes and welcomes the reported progress and requests an update report at an appropriate time; and
2. Requests that a briefing note be provided to Members of the Resources and Governance Scrutiny Committee on how the Council's procurement policies and practice was responding to the issue of Modern Day Slavery.

RGSC/EP/18/3 Social and Environmental Requirements in Procurement exercises (formerly listed on the main agenda as M Futures)

The Chair expressed her considerable disappointment at the content of the report that had been submitted for consideration, and that nobody had attended the meeting to introduce the report or answer any questions from the Group.

The Chair recommended that the Group defer consideration and to recommend that the Chair write to the Chief Executive, the Head of Legal Service and the Leader to express the disappointment of the Group.

Decision:

The Subgroup:-

1. Agrees to defer consideration of this item; and
2. Recommends that the Chair write to the Chief Executive, the Head of Legal Services and the Leader to express the disappointment of the Group.

RGSC/EP/18/4 Work Programme and an overview of MCC contracts

The Subgroup were invited to consider and agree the work programme. The Chair recommended that she would review the Work Programme following discussions with officers. The Members agreed this recommendation.

Decision

The Subgroup agree the Work Programme, subject to any amendments agreed by the Chair following discussions with officers.

Manchester City Council Report for Information

Report To: Ethical Procurement Sub Group – 29 November 2018

Subject: Developing and embedding Social Value within Highways Service - update

Report of: Director of Operations (Highways)

Summary

This report provides an update on progress in developing and embedding social value as a business as usual aspect within the Highways Service. The report outlines 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 highlights further planned activity for social value and next steps for the service to continue with this area of development.

Recommendations

Members are requested to note:

- a) The significant progress made since the previous ethical procurement sub group meeting.
 - b) The case studies shared from highways suppliers actively demonstrating positive social value outcomes and commitments.
 - c) The ongoing work programme to further improve the services delivery of social value benefits.
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Wards Affected:

All

Alignment to the Our Manchester Strategy and Outcomes

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 improvements to social value made within the Highways service will result in employment opportunities for local residents with the support of suppliers and contractors.

A highly skilled city: world class and home grown talent sustaining the city's economic success	With the development of the Highways Infrastructure Framework and working closely with the suppliers, there will be opportunities to provide training, work experience, offer apprenticeships and upskill the next generation.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Future contracts will look to ensure that wherever possible there are opportunities made for local Manchester communities and the residents living within these areas.
A liveable and low carbon city: a destination of choice to live, visit, work	As part of tender documentation and improvements to monitoring social value, KPIs will be set linked to environmental sustainability. These social value commitments/measures will be tracked closely. All future contracts will encourage the importance of environmental sustainability throughout the construction process.
A connected city: world class infrastructure and connectivity to drive growth	Contracts being delivered within Manchester City Council actively promote improvements to the general Infrastructure which contribute towards a more connected city ultimately bringing economic growth.

Contact Officers:

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Background documents (available for public inspection):

None.

1 Introduction

- 1.1 This report follows a verbal update from the Director of Operations (Highways) to the Ethical Procurement Committee on 7 June 2018 and December 2017 on progress with developing and embedding an approach to Social Value within Highways. This report provides an overview of the work undertaken since the previous Committee Meeting and highlights the significant progress and improvements made to embed Social Value in the Highways Service since the appointment of the social value project manager.

2 Background and Context

- 2.1 The Highways Service has undergone significant changes over the last few years in line with change in organisational shape. This lack of stability coupled with significant budget cuts has impacted on service delivery, staff morale and organisational understanding. These factors and others resulted in the need to strengthen the leadership capacity within the service and develop a service specific improvement plan to address the identified issues and future proof the service to enable successful delivery. The new leadership arrangements and developing improvement and transformation plan is underpinned by the principle of getting the basics right, a key priority of the 'Our Manchester' Strategy. Therefore, it should be noted that whilst the team have been together structurally for some time culture change and transformation is likely to take a number of years to be fully embedded.
- 2.2 An area that requires specific focus and development as part of the transformation is the approach to procurement, management and of the supply chain and getting the best Social Value from contracts to support the ambitions of the City. Therefore, one of the development areas is social value and how this can be improved within the service in line with Council policy.
- 2.3 There are a significant number of highway projects currently in planning stage which will be delivered through the supply chain and frameworks. The current accumulative value of the projects is circa £150m, therefore providing significant scope and opportunities to embed, monitor and deliver social value benefits for the City. However, it should be noted a number of these contracts were agreed prior to the introduction of the Social Value Policy therefore future opportunities will significantly outweigh what is currently incorporated.
- 2.4 Given the scale and scope of the Highways programme as set out above there is a requirement for a service specific approach to identifying, monitoring and evaluating Social Value opportunities and benefits. This is an important step in improving the way procurement and project delivery is implemented within Highways and aims to put Social Value at the centre of all activity. As a service, Highways have therefore appointed a social value project manager in July 2018 in order to drive progress forward in this area and implement best practice. We understand some other parts of the council are considering following Highways lead.

3 Approach to Social Value

3.1 The approach to Social Value within Highways is underpinned by transparency and improved governance enabling regular reporting on benefits and outcomes. The approach to social value is based on the following principles:

- Plan (Social Value is now planned at the beginning of a project and embedded into business cases to outline the outcomes and benefits that can be achieved)
- Do (Social Value is taking into account priorities from councillor and/or exec members and any other key stakeholders involved)
- Monitor (Social Value commitments are now being monitored through the creation of a new social value tracker which is actively in place)
- Evaluate (Social Value commitments should be quantified into monetary values once a council wide profit calculator has been chosen. Case studies are actively being promoted and shared which demonstrates achievements)

The diagram in **Appendix A** provides a visual overview of the approach

3.2 The approach builds upon the current GMCA Social Value Policy and seeks to embed a culture in the service where social value has a significantly greater importance. With the current refresh of the GMCA Social Value Policy, Highways will ensure to adjust the social value approach accordingly upon its release.

3.3 Manchester City Council are currently looking into options to find an appropriate social value tool to measure and quantify social value commitments across all directorates. This tool should provide figures for social return on investment through the use of a social value profit calculator. Highways will continue to work collaboratively within Manchester City Council to identify the best tool to use and seek to embed this within the service in due course.

3.4 Relationships with suppliers has significantly improved and as a result Highways are achieving greater outcomes for Manchester from a delivery and social value perspective. The social value project manager has met with 19 suppliers to date, to enhance dialogue and increase understanding of social value as well as share the aspirations and expectations long term for Manchester. The requirement for social value is now being taken seriously and is seen as an area of high importance especially through contract monitoring.

3.5 As a service, Highways also intend to measure and report on its own social value activity. Highways are actively encouraging employees to demonstrate their own social value through volunteering and various ways in which they can give back to Manchester initiatives. An internal social value plan is

currently being drafted to share examples of the kind of activities that would be encouraged and supported.

4 Current Progress

4.1 Jade Wright, Social Value Project Manager joined the Highways service in July 2018 and has 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.

4.2 Since July 2018, the social value project manager has formed positive relationships with colleagues from other service areas within the council including capital programmes, procurement and work and skills; and is now actively embedded in various social value groups to improve and share best practice for this particular area. Attendance at these social value groups include:

- Social value strategic group chaired by Paul Marshall (Director of Children's Services)
- Social value planning group upon request of the City Treasurer, Carol Culley
- Workstream 5 – Procurement, Contract Management and Social Value as part of the Highways Improvement Plan

These groups are required to enable learning, share experiences, ideas and opportunities and to identify connections and linkages across the broader organisation and beyond. Highways presented their social value journey as part of the social value strategic group in October 2018 and it was noted that the service was leading the way and has transformed the way in which social value is now being delivered.

4.3 The social value project manager has undertaken a review of contracts within Highways and met with 19 suppliers to date to raise contractors' knowledge and understanding surrounding social value and what it means for Manchester City Council. This was not been an easy task and not all of the contractors grasped social value straightaway. Numerous conversations have had to take place with examples provided to help with understanding. As a result, this has created open lines of communication and positive relationships formed with the social value project manager and ultimately better outcomes for Manchester.

4.4 Tender documents have been reviewed to ensure that social value questions are tailored to the specific contract or framework in mind. Recently for the TC971 framework, Highways have emphasised the importance of social value stating that further work will be awarded subject to delivery of social value commitments. Highways expect for all suppliers to attend a social value meeting upon contract award in order to confirm tender social value commitments, establish any KPIs and discuss the importance of contract

monitoring including reporting on social value outcomes. All tender documentation now includes detail surrounding the 'Our Manchester Strategy' and clear social value deliverables when asking suppliers for an effective response. Feedback from suppliers was acknowledged and taken on board in order to embed a positive culture towards social value.

- 4.5 The social value project manager is working collaboratively with project teams and contract managers to set social value questions within tenders, evaluate social value submissions and moderate within the service so employees now have an understanding of what good looks like. This has helped to significantly increase confidence and raise awareness of social value within the service. Furthermore Highways are holding early engagement sessions with suppliers on the TC886 Highways Infrastructure Framework particularly for large value projects and identifying potential social value links and opportunities.

- 4.6 Recently the social value project manager has held 4 social value workshops in conjunction with executive members and procurement to raise awareness and aid staff understanding of social value generally. The workshops were held on the following dates:

- Tuesday 30 October 2018 (senior management and contract managers)
- Wednesday 31 October 2018
- Friday 2 November 2018 (morning session)
- Friday 2 November 2018 (afternoon session)

Attendance was high (58 people from the service) and there was supportive representation from Ian Brown, Head of Procurement and Councillor Ollerhead, Executive Member for HR and Finance. Both gave passionate speeches about why social value is important to the city.

Feedback has been positive from the social value workshops with some anonymous comments and key learning taken away which includes:

- "I now have a better understanding of how social value plays a bigger part in awarding work as part of the procurement process"
- "The importance of social value and what can be achieved particularly through early engagement"
- "I now understand the added value that can be achieved from contracts"
- "Great reassurance to see MCC are taking social value seriously"

- 4.7 Within Highways, a social value display board has been created to share all of the correct social value documentation required for contract and commissioning managers to use as well as relevant case studies that provide real life examples of social value from a Highways perspective. Guidance surrounding key priority groups is displayed as well as how social value links with Our Manchester and the longer term strategy for the council. Furthermore Highways have shared newsletters internally via google to promote social

value and raise its profile within the service. A newsletter is currently being developed to share with suppliers to give examples of how they can get involved with supporting various Manchester initiatives as part of their social value outcomes.

- 4.8 A high priority for the council is contract monitoring and the need to report on social value progress regularly. Highways have therefore established their own social value tracker which captures all of the promised commitments from contractors. This tracker is RAG rated and provides progress updates as part of contractor progress meetings. Furthermore, following the improvements of social value within business cases, Highways are now capturing social value as it progresses through the checkpoint process. The Highways social value tracker has been shared with the Integrated Commissioning Team as currently one of the only services tracking specific social value on an individual contract/project basis. There has been interest from other services regarding the Highways tracker and there is potential for the social value tracker to be adopted council wide.
- 4.9 Significant progress has been made with addressing the actions within the Highways social value action plan which was originally shared in the previous ethical procurement sub group meeting on the 7 June 2018. Any outstanding actions will be addressed within section 5 of this report around planned next steps and actions.

A copy of the updated ambitious action plan can be seen in **Appendix 2** for information.

5 Planned Next Steps and Actions

- 5.1 It should be noted that the service is still in a period of improvement and transformation and as such a significant amount of work and effort is still required to fully develop and embed the required approach to Social Value. It should be noted that as part of the Highways Improvement Plan, Social Value has been identified as one of the key work streams which will continue to be developed over time.
- 5.2 Although progress has been made within the service, there is still further work identified especially with the current refresh of the GMCA Social Value Policy. The below sets out the next steps and interventions required to continue to drive further improvements surrounding social value within the service.
- 5.3 Now that positive relationships have been formed with suppliers, Highways understand the need for collaboration across frameworks with regards to developing and bringing together best practice around social value. The intent is in partnership with our procurement colleagues to bring our supply chain together into a regular forum to discuss pipeline and emphasise the importance of social value across the supply chain. The first supplier day was originally scheduled for Autumn 2018 but this will now be held in the New

Year once the Highways pipeline is ready to share. Highways will look to hold these supplier days regularly on a 6 months basis.

- 5.4 The social value project manager is currently working with colleagues across the council to undertake research and soft market testing surrounding social value profit calculators in more detail. It has been agreed that if the council are to invest in a social profit calculator, it needs to be fit for purpose and work for all services not just Highways. A planning group has therefore been identified to look into what is the most appropriate tool to use and to share best practice and strengths and weaknesses of various profit calculators currently available. The social value project manager will continue to support this group and advise accordingly.
- 5.5 Highways understand the need for social value to be considered from the beginning of the project life cycle. Highways are therefore going to embed social value into governance processes and procedures as part of the implementation of the new PMO within the service. This will reduce social value opportunities being missed and prevent social value being thought of as a tick box exercise during procurement stage.
- 5.6 To tie in with improved governance of the PMO described above, Highways will 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. It has been agreed that further workshops will be held in order to share best practice and upskill employees in this area.
- 5.7 Highways will continue to look into ways of developing social value KPIs for the service. Currently the Integrated Commissioning Team are looking into a potential benchmarking system which sets out expectations of social value commitments based on the value of the contract. This could also tie into what KPIs should look like for given value and sector as well as monitoring arrangements that should be in place depending on the contract criticality (Bronze, Silver or Gold). The social value project manager will work closely with the Integrated Commissioning Team as a way to progress this forward.
- 5.8 All future Highway tenders now include the highest percentage for social value (currently 20%). Highways will find an appropriate contract to procure and trial the increased social value percentage of 30% as per the recent health care contract that went out to tender recently.
- 5.9 As a service, Highways are keen to develop their own social value internally. Employees are given 3 paid volunteering days a year. Highways plan to identify certain Manchester initiatives that can be supported by our own staff as ways to give back to the city and make a difference. An internal social value plan will be developed to capture this.
- 5.10 A future goal for the service is to take on external apprentices and graduates and offer the next generation an opportunity to learn and progress in an

industry where there is a shortage and a skills gap. An apprentice workshop is being held within the service to identify a way forward. Furthermore, apprenticeships are not just for the younger generation. With the use of the council levy, Highways have started to upskill existing employees in order to further their professional development and future career ambitions. Highways have an ageing workforce and therefore succession planning is key to ensuring that the service has the right skills and capability to continue to deliver. The service has began meeting consultants, TfGM and Work and Skills colleagues to develop a 'made in Manchester Development Programme'.

- 5.11 Highways often have joint schemes with wider stakeholders such as TfGM and other local councils. In order to ensure that social value outcomes are maximised for the city, wider collaboration is needed to increase the opportunities and raise awareness of the importance of social value. The social value project manager will therefore actively reach out and make contact where appropriate to various individuals and organisations as and when required.
- 5.12 As well as promoting social value within the service, Highways understand the need for suppliers to abide by Manchester City Council's Ethical Procurement Policy and to demonstrate the appropriate behaviours accordingly. Highways will encourage suppliers to report on their approach to ethical behaviours and ask that they provide key information and statistics within their workforce around areas such as BME and EDI.
- 5.13 Many of the actions above will align collectively with the work undertaken as part of the Highways Improvement Plan. Regular updates will be provided to the Highways Improvement Board chaired by Sara Todd. Highways appreciate that social value is a key aspect in ensuring that the council delivers against the new corporate plan and wherever possible it will be embedded into the longer term vision and objectives of the service.

6 Social Value Case Studies from Suppliers (Highways Contracts)

- 6.1 The current value of the Highways Major Projects Programme is circa £150m. This will require a significant amount of future procurement activity, either via letting new contracts or utilising existing ones. Either way, both approaches present numerous Social Value opportunities. The notes below provide a number of successful stories that demonstrate how the Highways service is achieving added social value within a number of their contracts as part of current activity from major projects and other work streams.
- 6.2 As part of the Highways small patching framework, one supplier is actively demonstrating positive social value commitments and contributing towards the following social value objectives; promoting employment and economic sustainability and promoting participation and citizen engagement.

In a recent video produced and made by Manchester City Council Highways with Utilities Design & Planning Ltd (UDP), they promote how they offer traineeships, apprenticeships and graduate opportunities to the younger generation in which there is currently a skills gap within the industry. These individuals are actively working on the Manchester Highways contract learning new skills which will ultimately support them with their career development and future prospects. UDP have also taken on ex-offenders by working with the organisation, Labour Ready; to provide those hard to reach individuals with a second chance in life so they can better themselves and have a long term future. UDP took on their first ex – offender three years ago and have recently taken on the son as an apprentice to provide a future career and better prospects to aim for in life.

UDP have supported the local community during the small patching contract by supporting Manchester Academy of Gymnastics which encourages all children to reach their potential no matter what their background or financial circumstances. UDP have redeveloped the gyms car park free of charge providing another 40 spaces for parents who are picking up and dropping off as well as fixing the drains after having 10 leaks and numerous costly bills. UDP are going to continue to build upon this positive relationship by holding a white collar event supported by other organisations and raise money to continue to develop and grow the gym.

The full video of this story can be accessed internally through Manchester City Council's Google Drive.

- 6.3 Kiely Bros are a contractor on our surface treatment to carriageways contract. Kiely Bros are a Birmingham company based outside of Manchester but they wanted to target local employment and provide an opportunity for somebody within our key priority groups. They have recently appointed an admin assistant who has cerebral palsy and is working on the Manchester contract 2-4 days a week. The full case study of this social value story can be found in **Appendix 3** of this report.
- 6.4 North Midland Construction were awarded a small value contract for the value of circa £20k via direct award. North Midland Construction wanted to give back to the local community in some way as part of this work. They decided to donate some age appropriate personal protective equipment (PPE) to a local nursery. This was particularly poignant to the nursery school as they actually have a live workbench in which the children can use real tools under adult supervision. The donation of PPE has helped the children to stay safe when playing in the construction area.
- 6.5 NSL are responsible for the parking enforcement contract within the city. After an initial meeting with their newly appointed social value contact, Manchester City Council were offered the following social value commitments:

- Minimum of 65% of employees to be recruited from Manchester. Utilise Manchester's Employer Suite
- Provide 2 work experience opportunities for the contract
- Target specific groups when recruiting - older people, NEETs. NSL have set a target to prioritise recruitment for older people
- Support CPD for staff at all levels utilising the NSL Academy
- Utilise local suppliers where possible. Target set to increase spend with local suppliers by 5%.
- All employees to have access to Employee Assistance Programme (1 week each year to focus on a health initiative in the workplace)
- Flexible working hours provided. 14% take up currently; 15 for childcare, 4 for university commitments
- 12 community clean ups each year to take place by NSL; link with MCC for ideas
- Fundraising activities to be in conjunction with Manchester charities. Create a fundraising committee and arrange 2 events per annum.
- Ideas suggested such as the Big Change, homeless organisations, Barnardo's, Wood Street Mission
- Deliver one road safety awareness programme targeted at primary schools in Manchester
- Provide 2 people per month to volunteer
- All workforce to be paid the MLW - £8.75
- Improve the result of the yearly colleague engagement survey year on year
- Monitor air quality in areas of high traffic in the city centre
- Increase the number of people cycling to work by 25% each year
- Procure vehicles with low CO2 emissions with new contract
- Provide CO2 fleet emissions data annually, targeting a 5% reduction across NSL.

NSL were later awarded another 4 month contract to manage some parking correspondence. NSL were aware of the importance of social value to Manchester City Council and therefore provided further social value commitments which aligned to many key priority groups:

- Recruitment – NSL have targeted positions for North of Manchester with this contract being in Oldham.
- Road safety awareness programme; repeat and attend those schools identified with red rag rating.
- Targeted recruitment for the over 50s on this contract. NSL will commit to liaise with Manchester community centres to support initiatives for the elderly and undertake drops in at local care homes to prevent loneliness. NSL have committed to supporting Manchester's Age Friendly Programme.
- Plan to support Manchester employees with a health initiative in January 2019 - a sponsored diet. NSL to match £1 for every 1lb lost.

- In addition to supporting older people in Manchester, NSL have also offered to volunteer time to support at a Manchester homeless charity called Lifeshare.

The relationship with NSL has developed over time and clearly demonstrates how Highways are communicating social value in a positive light. The more engagement held with suppliers, the more likely Highways are to receive worthwhile social value commitments throughout the delivery of contracts.

7 Conclusion and Next Steps

- 7.1 At the Ethical Procurement Sub group meeting on 7 June 2018, the Highways Service committed to undertaking work to improve the position on Social Value. Whilst fully appreciating that there is still progress to be made within the service to deliver further outcomes, the group are asked to recognise the significant improvements made and work to date since the appointment of the new social value project manager.

Social value will continue to remain a focus for the Highways service and key activity over the next 6 months will include:

- Hold a supplier day to increase collaboration and share best practice around social value
- Work with the Integrated Commissioning Team to create of a set of KPIs for the service to track social value as part of effective contract monitoring
- Training workshops to be held with contract and commissioning managers
- Further embed social value into the project life cycle as part of the implementation of an established PMO
- To continue to research social value profit calculators from a council wide perspective and have one in place being used
- To develop an internal social value plan for employees within Highways
- To engage and collaborate with wider stakeholders for various Highways schemes
- Trial a Highways contract with 30% social value weighting
- Encourage early engagement with suppliers for large value projects and potential social value links
- To continue to gather and share case studies, promoting any successful stories from our suppliers
- To continue to work with other departments and utilise best practice, particularly around contract monitoring and social value calculators
- To work with suppliers and encourage ethical information including statistics and their overall approach to BME and EDI

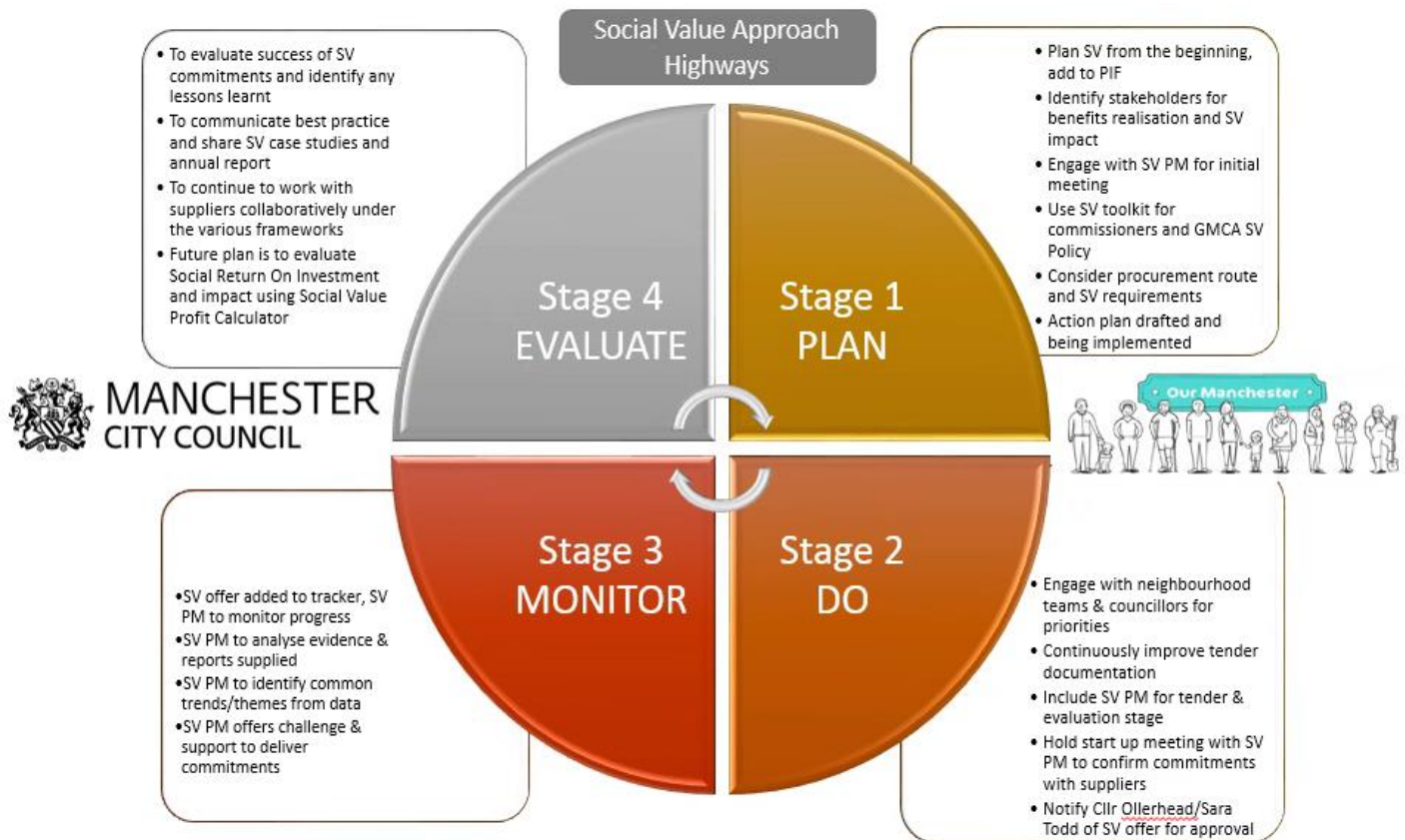
- 7.2 Highways are being recognised as a service that is actively transforming their approach to social value. The social value project manager has supported

other services such as ICT and Leisure and will continue to offer assistance to others that seek advice.

- 7.3 The importance of Social Value is fully recognised by Highways and meaningful steps to increase understanding and embed best practice are underway. The passion and enthusiasm from the social value project manager has helped to drive significant change within the service and is an area of focus that will continue to develop with the aim for social value to be ultimately embedded as business as usual activity.

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Appendix A – Highways Service Social Value Approach



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Appendix B – Highways Social Value Action Plan

Main themes:-

- Review existing frameworks and meet contracts to agree new social value commitments
- Improve SV aspects of tender documentation for future awards
- Get closer to contractors raising awareness and importance of SV and sharing what we expect
- Setting in place monitoring and reporting of SV benefits realised
- Measure SV of highways service and identify improvements
- Reporting outcomes to the December Ethical procurement sub group meeting

Month	Actions	Y/N	Date Completed	Progress Update/Comments
July 18	<ul style="list-style-type: none"> • Appoint PM (SV) • Discuss SV with Cllr Ollerhead and Stogia • Attend ICT supplier day 10 July to learn best practice for planning of highway supplier day • Update Direct award process under TC886 Construction Lots framework to raise importance of SV • Hold SV workshop with highways teams and other procurement and capital colleagues • Review SV in long standing surfacing contracts - for planned maintenance and patching works • Contact planned maintenance & patching contractors and discuss what SV they can deliver • Discuss MSIRR SV priorities with Cllr Stogia 	Y Y Y Y Y Y Y Y	09/07/18 12/07/18 10/07/18 10/07/18 29/08/18 11/07/18-24/08/17 13/07/18-24/08/17 25/07/18 02/08/18	 Dates confirmed x 4 w/b 29.10.18 Received SV commitments from JPCS, Hopkins, Bethells, Dowhigh, Kiely Bros Received SV commitments from Multevo, UDP, CDS, Argyle NW & Hopkins, Dowhigh & Kiely Bros

	<ul style="list-style-type: none"> • Meet DAWNUS about MSIRR social value tender offers • Review 2018 business cases and discuss SV with PM's to ensure tenders include appropriate wording • Review schools crossings project with Cllr Stogia to identify SV priorities for the programme • Integrate PM (SV) into wider SV groups across the Council to share best practice • Meet North Midland to get commitments in relation to TC886 direct awards 	Y N Y	01/10/2018 18/07/18	<p>SV commitments confirmed</p> <p>Reviewed 15 business cases currently, now on the Highways portfolio board so can capture future business cases in advance. Also capturing CP1 and CP2 SV commitments</p> <p>Actively involved in social value planning session, social value strategic group. Meeting held with Integrated Commissioning Team and regular meetings with work and skills team. Now receiving SV commitments via direct awards. Improvement for audit.</p>
Aug 18 Page 26	<ul style="list-style-type: none"> • Draft monitoring plan for DAWNUS and Tarmac during MSIRR contract • Meet Balfour Beatty to get SV commitment around the winter maintenance award • Improve tender documents - increasing SV content e.g. KPI's, more measures • Produce contract monitoring tracker for SV 	Y Y Underway Y	02/08/18 13/08/18 12/09/2018 19/07/18	<p>MSIRR SV monitoring file set up including reporting agreed with Dawnus.</p> <p>Social value meeting held with BB on 13/08/2018. Received commitments for TC103.</p> <p>TC971 - tailored social value questions accordingly and made social value a much more significant priority.</p> <p>Actively tracking SV commitments for contractors and consultants</p>

Sep 18	<ul style="list-style-type: none"> • Draft highways service monitoring output report & KPI's • Measure Highways service SV and draft improvement plan - discuss with TU colleagues • Include SV into staff induction packs • Discuss with procurement how highways can include BME and gender equality issues into tender documentation • Produce SV training and communication plan for Highways • Trial 3 x projects with support from the Integrated Commissioning Team 	Underway Y Y Y Y Underway	14/11/2018 12/11/2018 01/10/2018 22/08/18	Meeting with procurement held to discuss options.
Oct 18	<ul style="list-style-type: none"> • Potential Supplier day - TC886 - social value to be one of 2 themes (other is programme of works) • Start process to re-procure surfacing frameworks for 2019/20 onwards - potentially have a 30% SV measure trial • Audit all highways contracts for SV offers, collating promises - then discuss outputs with contractors • Review highways programme for ways to package works to increase social value benefits • Review CAPPS SV aspects and begin discussions with consultants 	TBC Y Y TBC Y	TBC 12/09/2018 24/09/2018 09/07/18	<p>New PMO recruited end of September. Pipeline of work to be created first. Will need to be rescheduled.</p> <p>TC971 been supported for social value perspective. Look to do TC040 and TC041 in future.</p> <p>Contract register meeting set up. Regular meetings to be held going forwards.</p> <p>Will do once programme has been created.</p> <p>SV discussions with Watermans and commitments provided as part of CAD resource extension. CAPPS Workshops rescheduled for Autumn. Capture T&T</p>

Nov 18	<ul style="list-style-type: none"> • Introduce SV profit calculator • Follow up supplier day with contractors on TC886 frameworks for SV offers • Meet other stakeholders e.g. TfGM / Local Authorities for their priorities and support options on joint projects • Gather case studies & share across other departments and Exec members • Attend Ethical Procurement sub group meeting reporting on benefits realised 	Under rway TBC Under rway Y Y	08/10/2018	<p>Peter Norris leading on as requested by Carol Culley. Need to find a profit calculator that can be used across the entire council and compatible with all directorates. Had conversations with TOMS and SPC.</p> <p>Plan to do this for Gt.Ancoats and CCAG2.</p> <p>Social value notice board created with live case studies from NMC and Kiely Bros. Filming at UDP for video case study. Will be collecting regularly all the time.</p> <p>Provided progress against the previous report to sub ethical procurement group.</p>
Dec 18	<ul style="list-style-type: none"> • Complete re-procurement surfacing frameworks • Produce SV best in class - define what good looks like 	Y Under rway		
Jan 19	<ul style="list-style-type: none"> • Review progress and draft an action plan for 2019/20 • Begin process for general project benefits realisation 	TBC TBC		

Appendix C – Kiely Bros Case Study (Employment Opportunity for local resident, targeted key priority group)

Our Manchester Strategy - Working Together

Work experience and a previous My Future Placement member has been offered an Administration Assistant role with Kiely Bros in Newton Heath as part of MCC's Work and Skills Team's Social Value work in collaboration with the Highways service.

The Greater Manchester Talent Match Youth Panel member has just completed a six month My Future Programme work experience placement with Manchester City Council. As part of the Our Manchester Disability Plan development, the Work and Skills Team asked her to advise us on how better to communicate the job opportunities and other work and skills support available to disabled people in the city as the team knew that not enough disabled people were successfully applying for apprenticeships and other opportunities.

She presented her recommendations to MCC teams and the Our Manchester Disability Plan work and skills group to help shape future strategy of the Council. The City Council has since implemented some of her ideas and is planning a disabled people's jobs fair with other Our Manchester Disability Plan Board members for early 2019.

Following on from the initial work experience placement, she carried out a six month My Future Placement from February to August 2018 within the Data Governance Team. My Future is an initiative developed in partnership with The Manchester College and Manchester City Council to offer young Manchester residents aged 16 to 24 years old not in education, training or employment the opportunity to carry out a paid work placement. Meryl Crummack was her manager and stated: *"It has been an absolute pleasure having her on the team. She has been a breath of fresh air with her happy approach to life, her enjoyment of being part of a team and her capacity to take on and complete tasks assigned."*

As part of the framework for Highways, Kiely Bros were one of the successful suppliers to be awarded work to deliver surface treatment to carriageways across Manchester. With MCC's increased focus on the need for social value, Kiely Bros were keen to make a difference and enthusiastic about adding value to the local community through their social value offering. Kiely Bros offered social value which would provide opportunities for employment linked to Manchester's key priority groups; they wanted to target someone who may be long term unemployed, out of work or may be disabled.

After initial conversations about a potential existing candidate to fulfil the role, the potential candidate attended an interview with Kiely Bros to discuss the role and job requirements in more detail. Kiely Bros were able to put in place the reasonable adjustments she needed for her impairments, offering her the position with a start date of the 9th October 2018. She has part-time flexible working hours in place to avoid rush hour travel and will be paid above the Manchester Living Wage.

“She is systematic, well organised and enthusiastic,” says Pamela Williams from the Work & Skills Team. “She had her own experiences she could draw upon, which made her perfect to review our systems in the Work and Skills Team and see where the Council could improve its offer to future disabled employees. She has now completed a six month My Future placement within the Data Governance Team, where she thrived and offering valuable support to the team. She is about to start a new chapter. Kiely Bros have gained a valuable asset to their business.”

She has stated “I’m feeling nervous and so excited to be working at Kiely Bros. They seem friendly so I know I’ll get on with them. I’m excited about the work that I’ll be doing.”

As part of Our Manchester, this is a great example of listening to what members of our disabled community have told us, working together with different departments, partners and business to achieve positive outcomes for the Council, businesses and Manchester resident.

Manchester City Council Report for Information

Report to: Ethical Procurement and Contract Management Sub Group - 29 November 2018

Subject: Use of Social Value Key Performance Indicators (KPIs) in contracts.

Report of: City Treasurer

Summary

The Ethical Procurement SubGroup has asked for a report on the key performance indicators for the delivery of Social Value, to include the following information:-

- who decides what the KPIs should be for social value in any given contract;
- how was the Council ensuring consistency across the organisation;
- was there a central resource that co-ordinates this or do individual departments have responsibility

Recommendations

Members are asked to note and comment on this report.

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	Social Value can deliver against all Our Manchester outcomes. The GM Social Value priorities are <ul style="list-style-type: none"> • promote employment and economic sustainability – tackle unemployment and facilitate the development of skills • raise the living standards of local residents, living wage, employ local labour • promote participation and citizen engagement • build the capacity and sustainability of the voluntary and community sector • promote equity and fairness – target effort
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	<p>towards those in the greatest need or facing the greatest disadvantage</p> <ul style="list-style-type: none"> • promote environmental sustainability <p>The MCC Social Value priority groups are:</p> <ul style="list-style-type: none"> • Children and young people, specifically Looked after Children and Care Leavers, those who are NEET, or involved in criminal justice system. • Long-term unemployed with an underlying health condition and/or complex needs • Disabled People • Older people, specifically adults over 50 who are economically inactive and /or in poor health; • Vulnerable adults overcoming a crisis e.g. domestic violence and abuse survivors, dependency on drugs or alcohol; rough sleepers.
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	

Contact Officers:

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Name: Lucy Makinson
 Position: Head of Integrated Commissioning
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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 of City Treasurer to Audit Committee -25 January 2018: Improving Contract Management and Governance.

Report of City Treasurer to Audit Committee 5 November 2018: Progress Report on Commissioning and Contract Management.

1 Introduction

- 1.1 The Council currently commissions and procures over £500m of services from third parties. Social value is a key deliverable in the wider Council agenda to improve contract monitoring and management more generally.
- 1.2 Manchester City Council has been a pioneer on social value. Elected Members, including EPSG and Executive Members, have played and continue to play a lead role in developing and driving social value in the city. A milestone was the decision in 2015 to increase social value weighting in the evaluation of bids from 10% to 20%. More recently, there has been closer scrutiny of how social value is embedded in contracts following procurement. Good progress has been made. For new contracts, Social Value data is now collected in contract registers, and Social Value KPIs are becoming routine practice. Strategic Directors are driving progress. Commissioners and contract owners are growing their understanding and experience. Guidance and good examples are available.
- 1.3 However, with the legacy of pre-existing contracts there is a way to go, and more Social Value opportunities to be taken; prioritisation in our approach will yield best results. Winning hearts and minds is critical - without engagement and enthusiasm of staff and managers, the Council will not be effective.

2 Background

- 2.1 On 27 February 2018, the council's Senior Management Team (SMT) endorsed the work plan and priorities for the commissioning and contract management improvement programme. The work plan builds on existing strengths and addresses weaknesses identified in previous reviews and audit reports. The areas for improvement are set out in the January 2018 report to Audit Committee, and in an update on 5 November; a key area was that insufficient consideration of social value opportunities built into specifications, and monitoring of social value delivery was lacking at times.
- 2.2 Commissioning for, and monitoring delivery of, Ethical Procurement has been included in MCC's new contract management standards and tools, with Social Value a cornerstone of ethical procurement. A Social Value Toolkit for Commissioners and Stakeholders was launched at the Council's Ethical Procurement event in March, and is available for officers involved in commissioning and contract management. The Toolkit focuses on SV KPIs, provides templates for monitoring, and provides good examples of SV KPIs.
- 2.3 There are now contract registers in place across MCC to enable improved grip on contract performance and spend. Officers are assessing all the council's contracts for their criticality (Gold, Silver, Bronze - determined by value, dependence, impact, reputational risk and security/ safeguarding) and for their current performance (Red, Amber, Green - determined by service quality, consistency with Our Manchester behaviours, effectiveness in managing change, delivering on budget, and delivering social value), which in turn will help officers identify and act on key areas for attention.

- 2.4 ***Central to the Council's approach is ensuring that Social Value and its monitoring is explicitly covered at all stages of procurement, including the commissioning and pre-tender stages, tender, contract implementation, and contract monitoring.*** Specifications should not be approved or used in procurement unless they include or invite from bidders clear statements of requirements for performance measurement (eg KPIs), information reporting requirements, how and who will monitor, systems and formats to be used, escalation processes. The approval of the specification by Strategic Directors is a formal Gateway, and so is an opportunity to assure for Social Value. At tender stage, Corporate Procurement communicate clearly to staff preparing Invitations to Tender that SV value must be included in detail in documents, and must be present in suppliers' bids.
- 2.5 ***Practical action for monitoring the delivery of social value*** in each contract is critical. Guidance on the context and support mechanisms for the delivery of Social Value is available for commissioners as part of the MCC commissioning and contract management framework and standards. These include contract management proformas, contract dashboards, risk tools, etc. Key operational steps to success are:
- i. Early engagement with successful bidders at implementation planning stage as to how they will deliver and track social value commitments;
 - ii. Contract managers tracking delivery of social value alongside other contract KPIs, with reporting to senior managers on agreed basis;
 - iii. Contract owners, senior managers and suppliers discussing delivery;
 - iv. Examples of excellence and non compliance to be escalated;
 - v. Assurance and governance of performance, eg dashboard reporting;
 - vi. Effective resourcing of contract management, ie to risk.

3 Current position

- 3.1 Given the range and scale of contracts across the Council, the current position is inevitably varied. The Integrated Commissioning team has taken stock of the use of Social Value KPIs in new and existing (including old) contracts, with particular focus on identifying good practice; examining whether officers now routinely include SV KPIs in new procurements and contracts; examining the opportunities for retrofitting SV KPIs to old contracts; benchmarking SV KPIs across different directorates of the Council and MHCC; and engaging staff and managers in driving this forward.
- 3.2 ***Who proposes what KPIs should be for social value in any given contract?***

It is commissioners / contract managers who propose what the KPIs should be for social value in any given contract, and the relevant Strategic Director (or delegated authority) who approves it.

3.3 ***How does the Council promote consistency in social value KPIs?***

The Council promotes consistency through governance (the approvals by Strategic Directors in line with the Constitution and Financial Regulations), and guidance in the shape of toolkits, templates and sharing best practice (via the Corporate Procurement and Integrated Commissioning teams).

3.4 ***Who is responsible for ensuring that there are robust KPIs in contracts?***

Individual departments are responsible for ensuring that there are robust KPIs in contracts. Corporate Procurement is responsible for ensuring compliance with procurement rules and provide guidance. Integrated Commissioning develops standards and guidance on the pre-tender and the contract monitoring stages.

There are some good examples of Social Value KPIs in place and having an impact; we should promote and celebrate these. Promising examples are:-

- the new Leisure Contract with GLL, which specifies Social value in supporting athletes, volunteering, recruitment and apprenticeships, staff terms and conditions, and staff development;
- Highways has seen a remarkable turnaround in the last 12 months, with dedicated staff and senior officers driving SV in contracts. The contract owners set out social value initial thoughts at Checkpoint 1, obtain firmer commitments and priorities at CP2 and upon contract award an initial meeting with the winning contractor takes place. KPIs are agreed at this point and then go live, with a new SV tracker to monitor progress.
- ICT: As well as a Social Value Fund, MCC supplier UKFast have developed educational partnerships as a part of a mission to reach out to a new digital generation and now work with 50 schools and colleges. Through this initiative they reach 57,000 young people across Greater Manchester and have made over 100 school visits last year alone. In addition, UKFast is working with leading educational provider The Dean Trust and have been approved by the government to open a new high school focussed on digital literacy in Manchester.

3.5 ***We are seeing significantly more planning and design of social value, including SV KPIs at the early commissioning and pre-tender stages, in the development of new contracts.***

Examples include:-

The current tender for Homecare services, including in Extra Care schemes. The tender includes explicit Social Value requirements, including Manchester Living Wage as part of MHCC's commitment to achievement of the Ethical Charter. Future contract monitoring and management arrangements will ensure these processes are used.

The tender for the Provision of Building Services is out to procurement and has sought Social Value commitments.

Discussions to incorporate Social Value KPIs are under way on the Housing and Residential Growth contracts due for re-letting, namely Manchester Energy Co (District Heating scheme) and Manchester Care and Repair.

3.6 ***On existing contracts, some of which predated the introduction of social value***, and some which tendered on the basis of social value but where there was limited attention to KPIs, we see a mixed picture.

The Neighbourhood Services Directorate is holding review meetings with each service which cover contract monitoring. They will discuss how best to ensure delivery of SV that has been committed to by the supplier. Those contracts that are coming up to extension dates will have the opportunity to leverage more Social Value.

Waste and Recycling: a review was held in March 2018 as progress to achieve SV commitments was behind schedule. Biffa has now committed to the My Future programme; the second cohort of recruits has three young people, with a third cohort to be agreed. Biffa has agreed a wide range of SV commitments, including staff terms and conditions, skills and apprenticeships.

None of the Housing and Residential Growth contracts contain social value KPIs, and Social Value was introduced after PFI contracts were signed. However, the Housing team ensure contractors need to comply with Social Value. For example:-

- Grove Village: Whilst there is no KPI, Your Housing Group provide information on the Social Value that the Group delivers;
- Miles Platting: Renaissance have a target of 4 trainees employed at any one time. This is monitored annually; if not met there are financial implications for the Contractor; this target has always been exceeded.
- Brunswick: The Employment and Training targets are more complex in this project and different year on year to adjust for the housebuilding and refurbishment programmes. There are financial implications if the Contractor fails targets and deductions have been made in the last 4 years.

3.7 ***We are also seeing the introduction (retro-fitting) of Social Value KPIs into existing contracts.*** This is harder but can be done. For example:

MHCC is introducing a series of Social Value questions across all rolling NHS contracts as part of its recently approved inclusion and social value strategy. MHCC propose to collect baseline data yearly from April 2019 to produce an annual report, to allow for good practice to be rolled out and targets to be built into future annual contracts.

MHCC will apply this approach to MCC-funded contracts too, like Residential and Nursing homes.

The Roadside Advertisement contract currently has no SV and predated the requirements for SV in contracts. However, the supplier sponsors awards, provides advertising space, and offered to fund a trip for students and teachers to attend 'Wired Next Generation'. The new procurement is due to market in January 2019 and will include SV requirements including environmental.

4 Conclusions and Next steps

- 4.1 Good progress has been made. The practice of embedding Social Value KPIs into contracts is beginning to become routine for new contracts. Strategic Directors are driving progress. Commissioners and contract owners are growing their understanding and experience. Guidance and good examples are available.
- 4.2 However, with the legacy of pre-existing contracts there is a long way to go, and more Social Value opportunities to be taken. Given the scale of the task, we recommend a degree of pragmatism and prioritisation with pre-existing contracts, by targeting our top suppliers and contracts (ie the Gold contracts) and using our strategic relationships to get much better buy in and ultimately better outcomes. Some older contracts have less Social Value content (some even pre-date SV) and the opportunity to amend them will not present themselves straight away; but there could be opportunities in the medium or longer term.
- 4.3 Currently there is no benchmarking across the Council as there is no common position on what appropriate level of SV should be based on contract value; each contract is done on a case by case basis, tailored to circumstance. Contract Managers are asked to think carefully about questions in procurement documents to ensure that MCC receives commitments that can be measured and monitored. It may be worth considering a benchmark that sets out what is expected from a supplier; this does take place for some construction contracts, but is not widespread. We could also benchmark what KPIs should be given value and sector; what monitoring arrangements should be, depending on criticality (Bronze, Silver or Gold); and what escalation is appropriate in the event of non-delivery.
- 4.4 However, one size will not fit all for benchmarking. Smaller contracts, for example in Neighbourhoods and Highways, have struggled with this approach for minor projects and sometimes odd jobs via direct award. It may be worth considering a de minimis, while still sharing best practice for obtaining social value in small value contracts.
- 4.5 ***Build capability and win hearts and minds:*** Without the engagement and enthusiasm of staff and managers involved in contract design and management, the Council will not obtain social value commitments. Important ingredients in building capability are:
 - Leading from the front: senior managers must be the force for driving Social Value through contract management of the delivery of their

services, and to ensure KPIs are in place. Workshops have been held recently with the Senior Leadership Group, directorate Wider Leadership Teams and the annual Leadership Conference;

- Engaging staff: social value is now part of the new contract management training; it has been built into the new contract management standards; and tools, guidance and templates are available. The challenge now is consistent implementation;
- Training: is available for staff. Integrated Commissioning have incorporated Social Value into face-to-face training courses (Raising the Bar; and Our Manchester Leadership). An e-learning module on SV is in development. The Neighbourhoods team have SV learning lunches and drop in sessions for contract managers.

- 4.6 It is critical to share best practice, to show commissioners and contract managers how it can be done, ie how Social Value KPIs can be introduced and used in contracts. Thus, best practice examples are a key communication tool. The Council's annual Ethical Procurement event is another opportunity to share best practice with officers, partners, other councils and suppliers; the next one will be in February 2019.

**Resources and Governance Scrutiny Committee
Ethical Procurement Sub Group
Work Programme**

Meeting 3 – Thursday 29 November 2018 Report deadline Tuesday 20 November 2018				
Item	Purpose	Lead Executive Member	Lead Officer	Comments
Delivery of Social Value through the Council's Highways Contracts - update	To receive an update report on how Social Value is being delivered through the Council's Highways Contracts to include the proposed revisions to future tender documents.	Cllr Stogia (Executive Member for Environment)	Steve Robinson	See June 2018 minutes
Social Value Key Performance Indicators	<p>To receive a report on the key performance indicators for the delivery of Social Value.</p> <p>To include the following information:-</p> <ul style="list-style-type: none"> • who decides what the KPIs should be for social value in any given contract; • how was the Council ensuring consistency across the organisation; • was there a central resource that co-ordinates this or do individual departments have responsibility 	Cllr Ollerhead (Executive Member for Finance and Human Resources)	Lucy Makinson	
Work Programme	To review/approve the current work programme		Scrutiny Support Unit	

Training session	To provide a training session to Sub Group Members on the Council's Procurement Process and where Social Value fits into the process and what the legal constraints are on this process in relation to Social Value		Ian Brown Janice Gotts Karen Lock Paul Murphy	
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Meeting 4 – Date to be agreed Report deadline				
Item	Purpose	Lead Executive Member	Lead Officer	Comments
Contract development and enforceability	To receive a report on the Council's process for contract development and the measures available to ensure the terms of these contracts are enforceable. The report will include the liaison between the Council's procurement and legal teams in developing these contracts	TBC	Fiona Ledden/ Rebecca Maddison	
Procurement of Building works for Schools	To receive a report that provides details on the top 5 contractors used by the Council for building works on schools and what social value they are providing through these contracts	Cllr Rahman (Executive Member for Schools, Culture and Leisure) Cllr Ollerhead (Executive Member for	Amanda Corcoran/ Jared Allen	

		Finance and Human Resources		
Work Programme	To review/approve the current work programme		Scrutiny Support Unit	

Items to be scheduled (Items highlighted in grey have been added to one of the above meetings)				
Item	Purpose	Lead Executive Member	Lead Officer	Comments
M Futures	To consider a report on what the Council's legal position is in relation to trying to ensure local people and companies gain employment on local contracts.	Cllr Ollerhead (Executive Member for Finance and Human Resources)	Rebecca Maddison	
Review of the Ethical Procurement Policy with regard to Trade Union recognition and Whistleblowing	To consider the Council's Ethical Procurement Policy and whether the policy has appropriate Trade Union/whistleblowing recognition within in it or whether this is an area that requires strengthening	Cllr Ollerhead (Executive Member for Finance and Human Resources)	Ian Brown	
Social Value outcomes - measurement and tracking	To consider a report on how the Council tracks the outcomes of social value derived from its contracts, including:- <ul style="list-style-type: none"> • who is responsible for doing this; • what information is being collated; and • what methodology is being used 	Cllr Ollerhead (Executive Member for Finance and Human Resources)	TBC	

The Council's Social Value Fund	<p>To consider a report on the Council's Social Value Fund. This report will include:-</p> <ul style="list-style-type: none"> • what is in the fund to date; • what is being done with the money within the fund; • how is the Council ensuring that it isn't just a way in which contractors add 10% to the project price, and then hand back 5% as a social value contribution 	Cllr Ollerhead (Executive Member for Finance and Human Resources)	TBC	
Delivery of Social Value and Ethical Procurement from the Council's Security Contract(s)	To receive a report on what steps the Council has taken / is taking to ensure that its security contract(s) are being ethically procured and how Social Value is being delivered from these contracts.	Cllr Ollerhead (Executive Member for Finance and Human Resources)	Ian Brown/ Steve Southern/ Julie McMurray	
Promotion of Social Value from Executive Members	To review what emphasis Executive Members have been placing on Social Value when approving contracts	All Exec Members		Invite Executive Members to the meeting
The benefit of Social Value	To invite local companies to come and discuss how they have implemented social value within their organisations and what it has meant to them in terms of how they operate.			
Delivery of Social Value in the new Health and Social	To receive an update on delivery of social value in the new health and social care arrangements. The report will provide data and analysis of measure	Cllr Craig (Executive Member for	Carolyn Kus Ed Dyson	See September 2018 minutes

Care arrangements – update	on how social value is being delivered under these arrangements.	Adults Health and Wellbeing)		
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Proposal from Neighbourhoods and Environment Scrutiny Committee				
Item	Purpose	Lead Executive Member	Lead Officer	Comments
Review of the Council's contract with Biffa Waste Services for the collection of waste and recycling	<p>To review the Council's contract with Biffa Waste Services and in particular look at:</p> <ul style="list-style-type: none"> Whether they are fulfilling their contractual obligations; The use of agency workers to undertake permanent roles on lower wages; The use of zero hour contracts; Appropriate training for staff to complete their duties; and Whether new vehicles in use are fit for purpose. 	Cllr Akbar (Executive Member for Neighbourhoods)	Fiona Worrall/ Heather Coates	See NESC mins 10 October 2018