

Resources and Governance Scrutiny Committee – Ethical Procurement Subgroup

Minutes of the meeting held on 7 June 2018

Present:

Councillor Russell– In the Chair
Councillor A Ali
Councillor Clay
Councillor Hacking
Councillor Lanchbury
Councillor Watson

Councillor Ollerhead, Executive Member for Finance and Human Resources
Councillor Stogia, Executive Member for Environment

Apologies: Councillor Farrell

RGSC/EP/18/07 Minutes

Decision

To approve as a correct record the minutes of the meeting held on 22 February 2018.

RGSC/EP/18/08 Delivery of Social Value through the Council's Highways Contracts

The Sub Group considered a report of the Director of Operations (Highways) which provided an update on progress in developing and embedding social value as a business as usual aspect within the Highways Service. The report outlined the actions taken since the Ethical Procurement sub-group meeting on 6 December 2017 and also highlighted future planned activity.

The Director of Operations (Highways) referred to the main points and themes within the report which included:-

- The approach to Social Value within Highways was based on a Plan, Do, Monitor and Evaluate principle;
- The service was in a period of improvement and transformation and as such a significant amount of work and effort was required to fully develop and embed the required approach to Social Value;
- It was intended to establish a Project Manager (Social Value) post to lead on Social Value and recruitment had commenced with the intention of appointing an experienced Project Manager;
- A communication and engagement plan was currently being implemented, which included engaging with the Highways Leadership and Wider Leadership Teams to promote Social Value;
- A training and development programme would also be developed to further

- support colleagues understanding of Social Value;
- Changes were being introduced to all future tender documentation which would include detail surrounding the 'Our Manchester Strategy' and Social Value objectives to enable suppliers to provide an effective response;
- A significant number of Highways contracts were agreed prior to the introduction of the Social Value Policy, and future opportunities would significantly outweigh what was currently incorporated and in order to understand the contract position within Highways a full review of existing contracts had started;
- Initial conversations had begun with current suppliers around social value;
- The current scale of the project pipeline would require a significant amount of procurement activity in the coming years either by letting new contracts or utilising existing ones, with both approaches presenting Social Value opportunities;
- It was felt that highways tender documentation could be improved to both emphasise the importance to the Council of Social Value and to provide some guidance about what a good response could be and a number of improvements had been introduced following meetings with procurement colleagues; and
- Whilst there had been significant work to date to improve the understanding of the importance of Social Value within the department, there was still work and progress needed to deliver the required outcomes.

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

- The Group welcomed the change in approach to delivering Social Value within the department;
- Clarification was sought as to the exact role of the Project Manager (Social Value);
- Who would be responsible for ensuring the deliverability of Social Value Key Performance Indicators (KPI's) and how will they be monitored/tracked;
- What financial penalties could be put in place for failure to deliver on the KPI's;
- Was there any scope to increase staffing capacity within the department and was there any opportunities for apprentices to move from level 1 to level 2 or 3 on other contracts;
- Was there any liquidated damages clauses included in contracts issued;
- If not already included, could consideration be given to incorporating protected characteristics within the KPI's;
- Was it possible to monitor the equitability and representation of Manchester residents across the apprenticeship provision;
- It was commented that the Council had adopted its Social Value policy for a number of years now, so why had it taken the highways department so long to acknowledge the requirement of delivering Social Value from its contracts;
- There was an element of concern that the transformation programme for the department was planned to take too long; and
- Reassurance was sought that as well as embedding Social Value, the department would also embed the Council's approach to Ethical Procurement;

The Director of Operations advised that the Project Manager would have responsibility for a number of related areas connected to Social Value, which would

include ensuring that Social Value was embedded within the Department, reviewing and working with the supply chain to identify and implement Social Value opportunities and establishing systems to identify measurable benefits from projects.

It was explained that it would be the responsibility of the service to ensure that Social Value KPI's formed part of any contract awarded and the monitoring of these would be through monthly project management meetings. In terms of financial disincentives for non-performance, there was an aspiration to include these in future contracts for failure by to deliver social value requirements, although any financial disincentives would need to be sufficient enough to warrant implementation and in some circumstances would be difficult to implement in terms of contract law.

The Director of Operations advised that he was looking to increase staffing capacity and the suggestion around apprenticeship progression would be looked into as there was an aspiration to increase the number of apprentices and provide them with opportunities to undertake a variety of work.

It was confirmed that there was no liquidated damages clauses within contracts as this was difficult to enforce, however the suggestion of incorporating protected characteristics within contracts could be included as part of the social value KPI's and would include information on gender pay gaps. In addition, it was reported that the monitoring of the equitability and representation of Manchester residents across the apprenticeship provision already took place.

It was acknowledged the service had found itself previously lacking in delivering Social Value from its contracts, however, the transformation programme that was now in place for the whole Highways service would result in a complete change in culture and approach to Social Value. All contractors that had been appointed from November 2017 had been required to submit a Social Value offer of up to 20% within contracts and current long standing framework contracts would not be used after the current financial year as they did not have enough Social Value weighting. These would be re-procured with a higher Social Value weighting once they had expired.

Furthermore, it was confirmed that it would be one of the responsibilities of the appointed Project Manager (Social Value) to ensure that as well as Social Value was embedded into the department, so too was the Council's policy on ethical procurement.

Decision

The Group:-

- (1) Notes the report;
- (2) Requests that Officers include protected characteristics within the KPI's for Social Value;
- (3) Requests that an update report is submitted to the November meeting of the Group, which will include the proposed revisions to future tender documents; and
- (4) Agrees that in the future, an annual report is submitted to this Group on the progress that is being made with implementing Social Value within the service.

RGSC/EP/18/09 Our Town Hall – Update

The Sub Group considered a report of the Director of Trading Services which provided an update on the Our Town Hall project and provided a detailed update on social value activity delivered by the Our Town Hall project team.

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

- Details on the progress made with the procurement of a management contractor for the project;
- Work that had been done in relation to intrusive surveys;
- An update on planned access and accessibility of the Town Hall;
- An update on how Social Value was being delivered, including the outcome of the Supply Chain event held in February 2018;
- Work undertaken with schools and colleges to establish good relationships to build on for future planned activity;
- Details on the planned 2018 intake for M Futures apprentices;
- Activities that had taken place with Higher Education establishments
- The activities delivered by the Client and Design Teams to date;
- Details on how it was intended to monitor and evaluate the Social Value requirements of the Management Contractor; and
- The key next steps over the next three months.

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

- The project was a prime example of could be achieved when Social Value was embedded from the start of a process and throughout the project;
- It was clear that there was a co-operative approach to delivering the project between the Council and contractors;
- The progress made to date was in right direction;
- What bearing might the Consulting Association, which was an organisation founded by large construction firms to blacklist Trade Unionists, have on ethical procurement for this project;
- Would it be possible to gather information on Trade Union penetration within the management contractor;
- What work was planned with Manchester College to raise awareness of opportunities for students to gain employment on the project;
- Was any resilience built into the Social Value plan for when construction commenced;
- In terms of recruitment for apprentices, what approaches had been undertaken to improve accessibility to job opportunities for females and other priority groups;
- What work was being undertaken at the design stage to take account future accommodation needs in the Town Hall for parents with young children and disabled service users;

The Director of Trading Services advised that it was planned to deliver a session to Senior Leaders (the top 200 managers of the Council) on what could be achieved

from the opportunities to achieve Social Value. There was also some lunchtime learning session planned to communicate to the wider workforce the progress that was being made on the project and what was being delivered from the project in terms of Social Value.

It was explained that the concerns raised in relation to the possible impact the Consulting Association may have on the delivery of ethical procurement within the project would be addressed in the competitive dialogue process with the potential management contractors, to ensure that they would be completely compliant with the Council's requirements for the project.

The Group was advised that as part of the work undertaken with schools and colleges, Manchester College had been included in the co-designed workshop to come up with a programme of activity that could be rolled out next year. There was also a group of students coming in from the college for work experience in the near future, with a view to broaden awareness of opportunities that would exist.

The Director of Trading Services advised that following advice from industry experts, the Council would be looking to offer incentivisation within contract to install the resilience within the project.

It was reported that within the documentation for the Management Contractor, they would be required to take appropriate steps to ensure the workforce they were taking on was accessible to priority groups and it was expected that how they intended to do this would be demonstrated through the competitive dialogue process.

The Director of Trading Services agreed to look at what work had been done to date in terms of proposed access for parents with young children and disabled service users and report back.

Decision: The Sub Group:-

- (1) Notes the report;
- (2) Requests an update following the Senior Leadership and lunch time learning sessions;
- (3) Requests that Officers look at how Trade Union rights will be guaranteed amongst the contracted and sub contracted work force;
- (4) Requests that Officers investigate the opportunity to provide a presentation to all Members on the Riba Stage 2 of the design of the project at a future meeting of full council; and
- (5) Requests a note to members of the Sub Group on the proposed access for parents with young children and disabled service users.

RGSC/EP/18/10 Work Programme

The Subgroup considered its Work Programme and its terms of reference. In doing so it considered how best to continue to scrutinise the Town Hall project going forward.

The Group felt that if there were any updates around the delivery of Social Value from the Town Hall project then this should be reported to the Sub Group, however if there was anything wider that needed reporting on the project, this should be considered by the appropriate Scrutiny Committee.

The Group also considered that it would be appropriate that for future meetings, the Group adopted a strategic overview approach in reviewing the delivery of Social Value and Ethical Procurement across the Council as it was not possible to review every individual contract. This overview should include looking at the consistency, monitoring and enforcement of delivering Social Value and Ethical Procurement.

Decision:

The Sub Group:-

- (1) Notes the items currently aligned to the work programme for the September meeting
- (2) Agrees that going forward it should adopt a strategic overview approach to reviewing the delivery of Social Value and Ethical Procurement across the Council;
- (3) Agrees that future agendas should be structured to include a strategic overview, a review of the delivery of Social Value and Ethical Procurement from a specific contract and an update on the delivery of this from an existing contract that the Group has previously considered.