

**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.

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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 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.