

## **Resources and Governance Scrutiny Committee**

### **Minutes of the meeting held on Tuesday, 19 July 2022**

#### **Present:**

Councillor Simcock – in the Chair

Councillors Andrews, Davies, Good, Kirkpatrick, Lanchbury, Rowles and Akbar

#### **Also present:**

Councillor Akbar (Executive Member for Finance and Resources)

**Apologies:** Councillor B Priest and Wheeler

#### **RGSC/21/25 Minutes**

##### **Decision**

That the minutes be approved as a correct record.

#### **RGSC/21/26 Call In - Capital Expenditure to fit out levels 5 and 6 of Manchester Town Hall**

In line with Council procedures, at the commencement of the meeting, the Chair took as the first item an Executive Decision that had been called in. This had been requested by five members of the Council for the Committee to consider. The Committee would look at whether the decision made complied with the Council's decision-making process. If the Committee believed that this had not been complied with, it could then refer the matter back to the decision-maker for reconsideration.

On behalf of those who had signed the request, Councillor John Leech was invited by the Chair to explain the reasons for calling in the decision to approve capital expenditure of £1,170,000 for the fit out of levels 5 and 6 of Manchester Town Hall.

Councillor Leech explained that a response to his enquiries was only provided 24 hours before the deadline for call-in and that this did not allow opportunity to ask further questions relating to the viability of renting out the office space, and whether moving Town Hall staff into the space was good value for money before the decision was implemented.

The Deputy Chief Executive and City Treasurer, the Director of Capital Programmes and the Head of Corporate Property were in attendance to answer questions of the Committee.

In response to member queries, it was explained that external advisors had been consulted on value-for-money and a report outlining the financial benefits of the decision had been considered by the Strategic Board.

## **Decision:**

That the decision taken by the Deputy Chief Executive and City Treasurer on 7 July 2022 relating to the approval of capital expenditure of £1,170,000 for the fit out of levels 5 and 6 of Manchester Town Hall, should stand.

## **RGSC/21/27 HROD Update**

The Committee considered a report of the Director of Human Resources and Organisational Development (HROD), which provided an overview on HROD activity within the Council.

Key point and themes of the report included:-

- Updates on Our Ways of Working, Service Design and the Performance Management framework and approach;
- An overview of the Workforce Equality Strategy and its aims;
- An update on recruitment, including a proposed refresh of the Recruitment and Selection policy; and
- An update on casework with a focus on the organisations handling of suspensions.

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

- What the acronym EDI referred to in the report meant;
- No reference to the Talent and Diversity team working with care leavers to strengthen employment pathways to the Council;
- How difficult it was for the Work and Skills team to engage with young people NEET through the pilot programme to subsidise and support young people's participation in training direct and whether this work was undertaken on a ward-to-ward basis;
- The frequency of Equality Employee Network meetings and how we can ensure these meetings are meaningful;
- How are challenges within the Equality Employee Network resolved and evidenced;
- The inclusion of transgender employees within the Equality Employee Network and Workforce Equality Strategy;
- Potential solutions to the lack of system in place for recording and monitoring About You performance development meetings;
- Satisfaction at the decrease in number of safeguarding-related conduct cases;
- What the Council was doing to continue improving safeguarding and to prevent the abuse of power within Children and Adult Services; and
- The length of time taken to recruit staff and what was being done to improve this.

The Director of Human Resources and Organisational Development advised that EDI was short for Equality, Diversity and Inclusion and that this would be referenced in full in future reports.

The Talent and Diversity Lead provided assurances that the work of his team focused on strengthening employment pathways for all residents and that this encompassed care leavers. It was also explained that the Work and Skills and Education teams were responsible for identifying new cohorts for the pilot programme to engage with young people NEET and that the Talent and Diversity team were involved in connecting young people to opportunities within the Council.

Members were advised that the Employee Equality Networks met monthly with Network members involved in work between meetings in areas such as OD and performance. The Networks also have a governance structure – the Corporate Equalities, Diversity, Inclusion Leadership Group - in place, chaired by the Strategic Lead Member for Race and made up of directorate members and Chairs of the Networks, which meets bi-monthly.

Disputes within the Networks would initially be approached within the monthly meetings or escalated to the Strategic Lead for Race or the Corporate Equalities, Diversity, Inclusion Leadership Group.

The Talent and Diversity Lead also provided assurances that both the LGBT group and transgender employees were engaged throughout the development of the Workforce Equality Strategy and the 'Tell Us Once' programme was cited as an example of this collaborative work.

The Head of Workforce Strategy acknowledged issues around being unable to document and monitor 'About You' sessions and explained that a corporate system with oversight of performance reviews was proposed and that staff would be consulted on this for ideas.

It was also clarified by the Director of Human Resources and Organisational Development that HROD were responsible for the outcome of a safeguarding inquiry and advised that the length of suspensions within Children's and Adults Services had recently been reduced by not awaiting the outcome of a police inquiry.

In response to queries regarding the time taken to recruit, the Director of Human Resources and Organisational Development highlighted that the Recruitment team had evaluated the process, consulted with candidates and recruiting managers and redesigned the process to improve the time taken to recruit and appoint. A new recruitment system had been procured to further improve this.

A commitment was also provided to include feedback from staff about their experiences of working at the Council in a future HROD update report.

## **Decision**

The Committee:-

- (1) notes the report and
- (2) requests that feedback from staff about their experiences of working at the Council be included in a future HROD update report.

## **Ethical Procurement and Forthcoming Changes to Government Procurement Rules**

The Committee considered a report of the Head of Integrated Commissioning and Procurement, which provided an update on the council's approach to ethical procurement with a focus on workforce considerations including blacklisting and provided an update on changes in Government procurement rules and their potential impact.

Key point and themes of the report included:-

- The Council had a long track record of promoting ethical procurement and social value;
- Over the years the Council had refined its policies and expanded its efforts, introducing, for example, the 20% social value weighting in the evaluation of all tenders;
- The Council's procurement approach was guided by two key policies – the Ethical Procurement Policy and the Social Value Policy;
- The Public Services (Social Value) Act 2012, gave the Council the freedom, and certain legal duties in relation to its procurement arrangements but there were some limitations
- Changes to UK Procurement Regulations were currently under consideration as the Local Government Procurement Bill was considered by Parliament during the current term with the new regulations resulting from the Act, once passed, likely to be in force from mid 2023 onwards' and
- In parallel, the Health and Care Act 2022 included provision that would establish a "Provider Selection Regime" ("PSR") which would be a new set of rules replacing the existing procurement rules for arranging healthcare services in England

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

- How prepared the Council is with regards to directly awarding contracts to VCSEs (Voluntary, Community and Social Enterprise organisations) in certain limited circumstances for up to 5 years instead of the 3 years under the current regulations;
- A need to include homeless people on the list of priority cohorts for the Social Value Policy as it was recognised that the term rough sleepers does not encompass all homeless people;
- Clarification on the procurement rules where company beneficiaries include the governments of countries with a poor human rights record;
- How the Council excludes bidders from the procurement process if they have committed serious violations; and
- If the Council had any plans to resume face-to-face Meet the Buyer and Ethical Procurement Conference meetings;

The Head of Integrated Commissioning and Procurement highlighted that the current procurement regulations permit the award of contracts to VCSEs in certain circumstances but acknowledged that these were limited. Changes to these

regulations were anticipated by the end of July 2022 but the detail was not yet known. It was also confirmed that forward planning for this change would be undertaken to identify those contracts up for renewal and opportunities for new initiatives.

It was acknowledged that the definition of homeless people is wider than “rough sleepers” and would be built into the guidance to support the Ethical Procurement Policy.

Whilst the Head of Integrated Commissioning and Procurement acknowledged that reference to local small and medium-size enterprise (SMEs) was not included in current procurement documentation, although the detail was not yet known, there was an indication that the new regulations would allow local authorities to adopt specific award criteria that may contribute toward the Council’s own objectives.

The Strategic Lead for Integrated Commissioning advised that the Local Government Act 1988 stipulated that local authorities were unable to refuse award of a contract due to non-commercial considerations, such as country of origin. He explained, however, that central government could issue statutory instruments to provide authorities with the legal power to refuse a contract on the basis of country of origin and any embargoes, such as those currently imposed on Russia and Belarus, although the authority would still need to ensure best value-for-money.

The Committee was also advised that the standard questionnaire developed by the Cabinet Office for local authorities to use when inviting contractors to tender included a question on whether the applicant or any company directors had previously been convicted of any serious offences.

The Head of Integrated Commissioning and Procurement commented that face-to-face meetings were recommencing following the Covid pandemic and explained that many Meet the Buyer events had been held virtually, with social value and ethical procurement principles emphasised in these meeting.

## **Decision**

That the Committee note the report.

## **RGSC/21/29 Management of Major Contracts**

The Committee considered a report of the Head of Integrated Commissioning and Procurement and Strategic Lead Integrated Commissioning, which provided information on how major contracts were managed and the key considerations for the Council when looking at future commissioning options.

Key points and theme of the report included:-

- The approach to contract management of major contracts;
- Key considerations for future commissioning;

- Main and current issues connected to contract management and commissioning, including:-
  - Policy changes;
  - Market risk;
  - Inflation and financial management;
  - Contract management skill development;
  - Complex procurements should include an appraisal of delivery options including insourcing;
  - Implementation complications;
  - Retention of expertise;
  - Back-office support requirements; and
  - Urgent insourcing as a result of supplier or market failure

Some of the key points and queries that arose from the Committee's discussions were:-

- The impact of inflation on services such as school meals and care work and how other costs besides rising fuel prices will impact these;
- Sought assurance that the Council would support local SMEs at risk of closure;
- If detailed analysis of the delivery models which formed part of the decision to let the waste collection and street cleaning services to a contractor could be shared, with specific reference to the contract with Biffa Waste Management
- Whether there was any learning from other authorities that have insourced services that the Council could benefit from; and
- Whether an officer Major Contracts Oversight Board should be established with the Executive Member for Finance chairing the Board and the ability to co-opt other Executive Members to chair where contracts fall within their portfolio.

The Strategic Lead for Integrated Commissioning explained that the Council recognised the pressures currently experienced by suppliers and were willing to consider contract variations due to any price increase and not exclusively as a result of fuel price increase. Suppliers would be expected to keep costs under review and, should fuel prices decrease, it could be possible to renegotiate prices downwards. He advised that, as part of a national "true cost of care" exercise, the Manchester Local Care Organisation was working with the social care market to understand the costs of care, including food, energy, transport and wages.

It was explained that the Council would support SMEs with the focus of continuing to provide vital public services for residents and that they would expect services to have business continuity plans in place. Assurances were also provided that the Council would work with suppliers at risk of closure to understand the nature of the issue and to help with potential solutions.

The Director of Commercial and Operations advised that the details of the Biffa Waste Management contract had been shared with members previously but that he would provide a response to the member outside of the meeting.

The Executive Member for Finance and resources welcomed the recommendation to establish a Major Contracts Oversight Board and commented that this would help to ensure the Council provides good services and value-for-money for residents.

### **Decision**

That the Committee

- (1) notes the report and
- (2) recommends the creation of a Major Contracts Oversight Board to be made up of officers and chaired by the Executive Member for Finance. The proposed purpose of this Board would be to evaluate all major contracts with the potential to co-opt other Executive Members to chair the board where a contract falls within their portfolio.
- (3) recommends that the City Council establishes which other councils are working on projects to bring services back 'in-house' and to learn from their experiences.

### **RGSC/21/30 Overview Report**

The Committee considered the report by the Governance and Scrutiny Support Unit which provided details of key decisions that fall within the Committee's remit and an update on actions resulting from the Committee's recommendations. The report also included the Committee's work programme, which the Committee was asked to amend as appropriate and agree.

### **Decision**

The Committee note the report and agreed the work programme.