

## **Resources and Governance Scrutiny Committee**

### **Minutes of the meeting held on Thursday, 22 June 2023**

#### **Present:**

Councillor Simcock (Chair) – in the Chair  
Councillors Andrews, Brickell, Connolly, Davies, Evans, Kilpatrick, Lanchbury and Wheeler

#### **Also present:**

Councillor Rahman, Statutory Deputy Leader  
Councillor Akbar, Executive Member for Finance and Resources  
Councillor White, Executive Member for Housing and Development  
Councillor Moran, Deputy Executive Member for Finance and Resources  
Councillor Karney, Chair of the Constitutional and Nomination Committee

**Apologies:** Councillor Kirkpatrick

In opening the meeting, the Chair reminded members that there would be a site visit to the Town Hall on Monday 10 July at 2pm.

#### **RGSC/23/27 Interests**

Councillor Julie Connolly declared a non-pecuniary interest in item 7 and would remain in the meeting for the duration of the discussion.

#### **RGSC/23/28 Minutes**

##### **Decision:**

That the minutes of the previous meeting, held on 25 May 2023, be approved as a correct record.

#### **RGSC/23/29 Elections Act 2022 and the 4 May 2023 Local Election - Progress Report on its Impacts**

The committee considered a report of the Chief Executive which provided a full update on how the new duties of the Elections Act 2022 impacted on the local election on 4 May 2023.

Key points and themes within the report included:

- Providing an introduction and background to the Elections Act 2022;
- Figures on the number of applications for a Voter Authority Certificate (VAC) received by the Council;

- The number of enquiries received by the Contact Centre before and on Polling Day;
- 60, 742 electors voted in person at the election out of a total of 313,519 eligible;
- 1,060 polling station electors were not initially issued with a ballot paper but later returned with accepted ID;
- 589 polling station electors applied for but were not issued with a ballot paper by close of poll;
- The Electoral Commission were collating data from all 230 councils who held elections in May to produce a report evaluating the full impact of the voter ID requirement and a report on the key findings of this would be provided to the Scrutiny Committee when it is published;
- The reasonable equipment provisions that were in place at polling stations;
- The impact of the communications campaign; and
- The changes expected from July 2023 as a result of the second tranche of legislation through the Act.

Key points and queries that arose from the committee's discussions included:

- Thanking the Elections team and all staff who worked on polling stations and the count;
- How many people in Manchester had been charged with voter fraud in the last 10 years;
- The costs incurred by Manchester City Council as a result of involvement in Greater Manchester's communications campaign;
- Requesting further information on the gradual move to online postal voting applications as stipulated in the Elections Act 2022;
- What ongoing communications there would be to encourage electors to apply for VACs; and
- Noting that a new parliamentary boundary map was expected to be released imminently and querying whether discussions with neighbouring authorities regarding cross-boundary constituencies were underway.

In opening the item, the Chair stated that the introduction of voter ID was a wholly unnecessary, politically motivated scheme that had cost millions of pounds, but he congratulated council staff for their efficiency and consideration in dealing with VAC applications. He also paid tribute to the electorate who adhered to the change in requirements.

The City Solicitor also expressed her thanks to staff and acknowledged the challenges that the changes arising from the Elections Act 2022 posed. She stated that representatives from central government, the Electoral Commission, the Association of Electoral Administrators (AEA), a London authority and a Scottish authority observed Manchester on polling day, and all praised the work and good practice within polling stations, with some national organisations noting this work to share across the country. She noted further challenges arising within the coming year, including changes to postal and proxy vote applications which the Council was

awaiting further guidance on. A polling district review would also be undertaken after new parliamentary boundaries came into effect in December 2023. The City Solicitor stated that further engagement would be undertaken with communities to enfranchise more electors.

The Statutory Deputy Leader stated that the introduction of voter ID was an attempt to disenfranchise people, particularly the working class and young people. He stated that the national advertising campaign was poor and that there was little attempt to notify people of the changes. He expressed his belief that one voter turned away from a polling station was one voter too many. He paid tribute to the Elections team for their work in what he stated were difficult circumstances but called on the government to reverse the policy and build trust in politics to encourage more residents to exercise their democratic right.

In response to a member's query regarding how many people in Manchester had been convicted of voter fraud in the last 10 years, the City Solicitor explained that she was not aware of any individuals who had been convicted of voter fraud within the last 10 years, but this would be confirmed to members following the meeting. She stated that the number of people convicted nationally was also very low.

The Head of Strategic Communications explained that there was a cross-Greater Manchester (GM) approach to communications which the Council supplemented with specific activity in Manchester to reach those most likely to be affected by changes imposed by the Act. He stated that the cost of the GM-wide campaign was £93k, to which Manchester City Council contributed £17k. Additional expenditure was also incurred by the Council, including banners for display outside of polling stations and 12 additional translations, to a total £50k. The Head of Strategic Communications explained that this additional expenditure was felt to be necessary and important given that the 2023 local election was the first since the changes had been introduced.

The Electoral Services Corporate Delivery Manager explained that the Council was awaiting further information from the Department for Levelling Up, Housing and Communities (DLUHC), which was currently undertaking beta testing of the online postal vote application portal. Assurances were provided that paper application forms would still be available and further information would be provided once available.

In response to a query regarding what ongoing communications there would be to encourage electors to apply for VACs, the committee was advised that this would continue to be promoted through the annual canvass period. The Elections and Electoral Registration Policy Officer explained that an engagement campaign was being developed to run throughout the summer as part of consultations on the polling district review and the annual canvass. He stated that the Council was working with Macc and the Our Manchester VSCE Fund, universities, Age Friendly Manchester, Breakthrough UK to reach disabled groups, the Council's Neighbourhoods service, homelessness services and the care and veterans' sectors on this to reach a wide

range of communities and groups. Members also requested that further information on this be shared with councillors to distribute at events.

The City Solicitor confirmed that there would be six different cross-boundary parliamentary constituencies as a result of the boundary review and acknowledged that this would add a complexity to parliamentary elections. The Electoral Services Corporate Delivery Manager explained that regular meetings with neighbouring authorities were held through Greater Manchester Combined Authority (GMCA). She stated that the new boundaries would only come into effect once a parliamentary election was called. A report on how the Council was preparing for these changes would be provided to the next meeting of the Constitutional and Nominations Committee.

The Chair of the Constitutional and Nominations Committee stated that only 10 people in the UK had been taken to court over suspected voted fraud in the last 5 years, none of which were in Manchester. On behalf of the Constitutional and Nominations Committee, he thanked staff who worked on the elections and stated that it would be difficult to fully understand the number of electors who were dissuaded from voting as a result of the requirement to present ID.

#### **Decision:**

That the report be noted.

#### **RGSC/23/30 Our New Finance and HR System**

The committee considered a report of the Deputy Chief Executive and City Treasurer and the Director of Human Resources, Organisational Development and Transformation (HRODT) which provided an update on the work undertaken so far to replace the SAP HR and Finance system, the procurement approach and timescales, and the risks and opportunities presented by this implementation.

Key points and themes within the report included:

- Providing an introduction and background to SAP, which was implemented in 2006;
- The programme vision and how this project aligned to the Digital Strategy;
- The approach to implementation, including governance and scrutiny processes;
- How the replacement system would be procured, designed, configured, and implemented;
- Lessons learned from other system implementations; and
- Next steps and the timeline for the project.

Key points and queries that arose from the committee's discussions included:

- Whether the Head of Internal Audit would be consulted on the project;

- Requesting that a short note on the controls within the new system be provided to the Audit Committee at the appropriate time;
- Whether a robust testing period would be planned and whether feedback on any issues would be provided to the Audit Committee;
- Acknowledging that the current system had been in place for 17 years;
- Noting that the programme team had engaged with other Local Authorities implementing new Finance and HR systems, and querying what other learning methods were available;
- Seeking clarification on what was meant by '*transformation*' and '*vision*';
- Requesting further information on STAR Procurement, who were commissioned to provide tailored professional advice and support; and
- Noting the procurement timeline and querying whether this was challenging.

The Deputy Chief Executive and City Treasurer stated that the replacement of the HR and Finance system was fundamental in delivering improvements to how the Council worked. She stated that she was responsible for the project overall and would provide visible and proactive leadership. She expressed her thanks to the Deputy City Treasurer and the Director of HRODT and their teams for their work on the project thus far.

The Director of HRODT stated that the project provided a great opportunity for the Council to continue its transformation journey. He stated that there would be an emphasis on supporting staff through this change and ensuring that officers were equipped with the necessary digital skills to use this new technology.

The Deputy City Treasurer explained that the tender was now out to market and requests to participate from a number of suppliers had been received. These were currently being evaluated with an anticipated six suppliers being invited to tender by the Programme Board. The evaluation of this would be undertaken throughout the summer with an appointment anticipated to be made in December 2023. He stated that the transactional aspect of the system was scheduled to go live on 1 April 2025.

In response to a member's query, the Deputy City Treasurer explained that the Head of Internal Audit was aware of the programme and would be responsible for the approval of financial controls within the new system.

The Deputy City Treasurer also confirmed that a 3-month testing period had been factored into the implementation plan.

The Deputy Chief Executive and City Treasurer stated that there had been several major upgrades to the SAP system since its implementation in 2006 and that it was fully Public Services Network (PSN) compliant. The system would become defunct after 2027, which was why work was already underway to implement a new system. She also stated that the Council would not endeavour to make any new system as bespoke as SAP.

Members were also advised that as part of any procurement within ICT, the Council identified lessons learnt from other authorities. There were also Treasurers' and ICT Directors' Networks where good practice and learning was shared.

The Deputy City Treasurer explained to the committee that STAR Procurement was a shared service between Stockport, Trafford, Rochdale, and Tameside authorities and was used by the Council where additional capacity in a procurement process was required.

In response to the Chair's query regarding whether the deadline for implementation was challenging, the Deputy City Treasurer stated that the timescales within the project plan were sufficient and provided some degree of flexibility.

The Executive Member for Finance and Resources concluded by stating that the implementation of the new system was a significant piece of work that would provide a once-in-a-generation change to impact the future shape and work of the Council. He explained that Councillor Rahman and himself would have political oversight for this work.

**Decision:**

That the report be noted.

**RGSC/23/31 Major Contracts**

The committee received a report of the Head of Integrated Commissioning and Procurement and the Strategic Lead – Commissioning which provided an update on the Council's key contracts, the approach to procurement of these contracts and assessments of how to source contracts due for renewal and/or extension.

Key points and themes within the report included:

- An introduction to major contracts, how they are classified as major contracts and a summary of oversight arrangements;
- Background to the Major Contracts Board;
- An overview of the procurement pipeline and recommissioning status of the major contracts; and
- Next steps for the work on major contracts and the contract management programme of work more generally.

Key points and queries that arose from the committee's discussions included:

- Noting the brevity of the report;
- Requesting that milestones be built into the Board's work programme to enable the Resources and Governance Scrutiny Committee to comment on the procurement of contracts;
- Whether progress updates on the Housing Repairs Contract could be provided to the Resources and Governance Scrutiny Committee at 12- and 24-month points;

- Requesting that a report on the Housing Repairs Contract be provided to the Scrutiny Committee;
- How many contracts had plans to be insourced;
- Emphasising the democratic will of the Council to insource services, and querying what obstacles there were to this;
- Requesting that a future report includes an appendix with more detailed information on each contract;
- Whether trade union consultation had been considered by the Joint Consultative Committee (JCC); and
- Noting that the implications of the new Procurement Act could fall within the remit of the Audit Committee and requesting that both the Chair of Resources and Governance Scrutiny Committee and the Chair of Audit Committee are kept informed.

In introducing the item, the Deputy Chief Executive and City Treasurer apologised for the lateness of the report, advising that there was currently limited capacity within the Procurement team and that lessons would be learnt. She explained that the work of the Major Contracts Oversight Board work aligned with the developing insourcing policy. It ensured that the Council worked ahead of schedule on the contracts pipeline and had sufficient lead-in time to consider all options and undertake feasibility studies in advance of contracts expiring. It also focused on ensuring that the appropriate contract monitoring mechanisms were in place. She provided assurances that the Biffa waste service contract was within the remit of the board and had been considered recently.

In response to a member's request, the Strategic Lead – Commissioning stated that the Board would meet the week after and would ensure that the work programme aligned with that of the Scrutiny Committee. He also stated that the Board was examining general updates on the performance of major contracts in addition to future procurement.

In response to a request for 12- and 24-month progress updates on the Housing Repairs Contract, the Deputy Chief Executive and City Treasurer stated that she would discuss with the Executive Member what the appropriate mechanism would be for sharing this information with the committee.

The Strategic Lead – Commissioning explained that there were delivery assessment models being progressed or shortly being progressed for all contracts soon to be procured or recommissioned. He recognised that there were time pressures impacting some contracts and that some were unsuitable to be insourced, such as where there are only single providers within the sector.

The Executive Member for Finance and Resources reiterated that the viability of insourcing was a key part of the delivery model assessment of contracts and clarified that there was no resistance to insourcing amongst officers. The Executive Member for Housing and Development stated that the Executive and officers recognised the motion on insourcing passed at Full Council in February 2023 and cited bringing

Northwards housing stock under the Council's control as an example of the commitment to insourcing.

In response to a request for a report on the Housing Repairs Contract, the Strategic Lead – Commissioning stated that he would consult with the Director of Housing Services and the Executive Member for Housing and Development on this.

It was also confirmed that the Joint Consultative Committee had discussed consultation with trade unions and that the draft policy had been shared with them. Further detailed conversations would be held over the summer.

**Decision:**

That the Committee

1. notes the report, and
2. requests that a more substantial report be provided at the next update and includes an appendix with more detailed information on each major contract and whether insourcing would be viable.

**RGSC/23/32 Ethical Procurement Policy and Fair Tax**

The committee received a report of the Head of Integrated Commissioning and Procurement and the Strategic Lead – Commissioning which provided an update on the Council's ethical procurement and fair tax assessments in procurement and development decision-making.

Key points and themes within the report included:

- The purpose and objectives of the Council's Ethical Procurement Policy;
- New national procurement regulations were expected to take effect from October 2024;
- Under current procurement legislation, local authorities are unable to exclude companies from supply chains on the grounds of tax practices unless they have been prosecuted and convicted of a specific offence;
- The advantages and drawbacks of the Council signing up to the Fair Tax Charter; and
- The suggested approach to progressing the Fair Tax agenda.

Key points and queries that arose from the committee's discussions included:

- Whether Fair Tax was classed as a non-commercial matter, which would allow a supplier to challenge a decision to award a contract;
- How regulations prohibiting local authorities from excluding companies from supply chains on the grounds of tax practices unless they have been



prosecuted and convicted of a specific offence impacted current due diligence practices; and

- What powers public sector organisations had to exclude companies from supply chains on the grounds of poor reputation, citing the cladding crisis as an example.

The Executive Member for Finance and Resources stated that the Council's Ethical Procurement Policy had been in place for over 10 years and that the government's new procurement regulations were expected to be announced in July 2023 and implemented in October 2024. He stated that the Ethical Procurement Policy went as far as it could within the current legislation and highlighted how the Council was a Living Wage accredited authority and had signed up to several charters, including Unison's Ethical Care Charter and the Unite Construction Charter. He explained that the Council was focussing on the Fair Tax agenda and due diligence work was currently being undertaken on all Joint Ventures that the Council had entered into, following engagement with the Fair Tax Foundation. He also explained that the Council was exploring the possibility of embedding Fair Tax principles when reviewing procurement processes and that the Labour Group was considering submitting a motion to Full Council that would reinforce the commitment to the Fair Tax agenda.

In response to members' queries, the Strategic Lead – Commissioning stated that Fair Tax was generally a non-commercial consideration but that tax compliance with UK law could be used as grounds to exclude a company from the supply chain. He also explained that there was a standard questionnaire used across the public sector which was set by the government and included questions around tax compliance.

It was acknowledged that ultimate ownership of a company could be challenging to ascertain but this was included in the questionnaire.

The Strategic Lead – Commissioning explained that the standard questionnaire provided more scope to disregard tenders where there have been previous breaches of the law and the new procurement regulations would give more scope to exclude suppliers on ethical grounds and past performance than the current provisions allowed.

Members were advised that reputational issues were classed as non-commercial matters but that the Social Value Policy assisted the Council to work with suppliers who shared similar values and ethics. The Strategic Lead – Commissioning stated that discussions could be held outside of the meeting if members had specific concerns.

**Decision:**

That the report be noted.

**RGSC/23/33 Social Value**

The committee received a report of the Head of Integrated Commissioning and Procurement and the Strategic Lead – Commissioning which set out the Council's approach to social value.

Key points and themes within the report included:

- Providing an introduction and background to social value;
- The social value governance and programme;
- An overview of social value in commissioning and procurement;
- Social value key performance indicator (KPIs) targets and actuals to date for the Our Town Hall project;
- Issues and next steps; and
- Case studies of social value within the Highways service.

Key points and queries that arose from the committee's discussions included:

- Welcoming the work, particularly that in North Manchester;
- Why the KPIs around new apprentices up to level 3 and existing apprentices employed were below target, and requesting that this be referenced in the Our Town Hall Project Update report scheduled for July;
- How social value projects can help with community cohesion where new developments are built in existing communities;
- Noting that social value can help to improve contractors and career progression;
- How social value within procurement can be tracked and monitored;
- Whether a communications plan was in place to publicise the good work being driven through social value;
- How information on social value was captured where the Council had worked with the same suppliers as other organisations; and
- How delivery on the KPIs for the Factory International project would compare with those for Our Town Hall.

The Deputy Executive Member for Finance and Resources stated that the Council's commitment to social value began in 2007 and that Manchester had the largest social value and zero carbon weightings in their procurement process than any other local authority in the country, which demonstrated how the Council was a pioneer in social value. She explained that the Council had dedicated policies and governance structures to ensure that social value was embedded into procurement and commissioning processes. She stated that social value had provided an innovative way to support deprived communities against a backdrop of funding cuts.

The Social and Economic Project Manager informed the committee of several projects he had worked on to deliver social value with different contractors, education settings and Council teams.

In response to a member's query regarding the number of apprentices employed on the Our Town Hall project, the Strategic Lead – Commissioning stated that he would confirm this with the project team.

The Social and Economic Project Manager explained that a community group had been established to engage on masterplans and that a review was being undertaken on how to improve community engagement.

The Strategic Lead – Commissioning acknowledged the importance of tracking social value achievements in procurement. He stated that the Council had a dedicated tool for tracking social value on larger contracts such as construction and highways. He recognised that there was a challenge in tracking this across a multitude of contracts, but this was included in the service's programme of work. A new contract management system was being implemented and would have the capability to track KPIs. Officers were also considering a measuring tool for medium-sized contracts and how to collate more case studies.

The committee was also advised that the Social Value Fund consisted of monetary contributions made by suppliers and had been used for a number of projects overseen by the Social Value Governance Board. However, it was noted that some of the biggest contributions to social value were made through the creation of jobs and opportunities.

In response to a query regarding whether a communications plan was available, the Social and Economic Project Manager explained that an annual report was provided to the Regeneration and Economic Board and could be shared with members following this. Organisations that the Council worked with also created their own annual reports, which could be shared. Weekly updates were provided to the Growth and Development team and the communications group met monthly.

The Deputy Chief Executive and City Treasurer stated that achievements of zero carbon work were highlighted by the communications group and the Council's communications team to capture information and produce a newsletter. She noted that this could be implemented for social value achievements.

In response to the Chair's query regarding the KPIs for Factory International, it was advised that a report on this was considered by the Economy and Regeneration Scrutiny Committee in March 2023 and provided further detail.

The Strategic Lead – Commissioning explained that social value was monitored on a project-by-project basis and good practice was shared, particularly in the construction sector, but he noted that it was an area for development.

**Decision:**

That the report be noted.

## **RGSC/23/34 Overview Report**

The committee received a report of the Governance and Scrutiny Support Unit which provided details of key decisions that fell within the Committee's remit. The report also included the Committee's work programme, which the Committee was asked to amend as appropriate and agree.

The Chair sought assurances that the reports scheduled for the next meeting would be published on time with the exception of The Factory International Project report. The Deputy Chief Executive and City Treasurer confirmed this.

In response to a member's query regarding whether an update on the naming rights for Factory International would be included within the report, the Deputy Chief Executive and City Treasurer confirmed and stated that this information would be provided in a Part B report to be discussed in closed session.

**Decision:** That the report be noted.