

Overview and Scrutiny Board

Wednesday 3rd March 2021, 2:00pm – 3:40pm via MS Teams Live

Present

Councillor Jolley (in the chair)

Councillors Bellamy, Brocklehurst, K Garrido, King, Nelson, Pevitt and Turner.

Councillor Bill Hinds – Lead Member for Finance and Support Services

Officers

Chris Hesketh – Head of Financial Management

Anthony Hilton – Head of Strategic Procurement

Carol Eddleston – Democratic Services

1. Apologies for Absence

Apologies for absence were submitted on behalf of Councillors Bentham, Burch and Morris, and Jacquie Russell, Assistant Director Strategy and Change.

2. Declarations of Interest

There were no declarations of interest.

3. Minutes of the Meeting Held on 3rd February 2021

The minutes of the meeting held on 3rd February 2021 were approved as a correct record.

4. Procurement Strategy – Social Value and Ethical Procurement

Before inviting Anthony Hilton, Head of Strategic Procurement, to present the report in more detail, Councillor Hinds, as Lead Member for Finance and Support Services, commended Mr Hilton and his team for the significant work that they had undertaken to improve and enhance the approach to social value and ethical procurement more widely in line with the Council's aspirations and priorities.

Mr Hilton outlined the lead role that the Procurement Team played in promoting and incorporating the approach throughout market engagement activities and with the inclusion of social value requirements and outcomes in tender documentation, specifications, evaluation and contract award decisions. The Mayor's Employment Charter, the Social Value Alliance, the 10% better campaign and Procurement Board reporting were just a few examples of how additional social value was delivered across the city. Salford City Council was the first local authority to publish annual social impact reports and the City Mayor had asked for work to be undertaken with partners across the city to produce a collective social impact report by the end of 2021.

Over recent months the Procurement team had led on the planning and implementation of an online portal that would be utilised for future tenders and procurement activity that would provide online, real time visibility of the levels and value of additional social value being delivered to Salford communities on a project by project basis.

Contracted suppliers would be required to upload actual evidence of social value delivered against the targets they had committed to as part of the ongoing contract monitoring arrangements. The Procurement team had worked with other key teams across the council to create four sets of Themes, Outcomes and Measures (TOMs), which were based on national TOMs but aligned specifically to the Great Eight and other corporate priorities, to demonstrate the increased commitment to social value and ethical procurement. Which set(s) of TOMs bidders would be required to set targets against during the bidding phase was determined by factors such as the contract value and industry sector.

The Procurement team had updated its guidance and instructions to suppliers in support of the Council's Modern Slavery statement and desire to promote high ethical standards across its supply chains. The council required all direct suppliers, service providers and contractors to be committed to preventing slavery within their own activities and through their supply chain, including producers and manufacturers. The Procurement team had now also incorporated specific modern slavery questions to which prospective suppliers were required to respond in relation to both their own practices and those of any supply chains that would be involved in delivering the contract concerned.

The SCC Procurement team had achieved the CIPS Ethical Procurement Standards accreditation award in 2020, with each team member successfully having passed and demonstrated the relevant requirements.

The procurement team had signed up to participate in a Unison pilot programme aimed at putting workers' rights at the heart of public procurement. Salford, along with one or two other Greater Manchester Authorities, would review and share best practice and look to understand differing approaches, new ways of working and organisational development with a particular focus on regulations, purchasing and contracting and workers' rights.

The Procurement Board had always been keen to ensure wherever possible that the companies the council contracted with provided a level of assurance that they were as committed to ethical standards as the Council. Procurement Board report and record of decision templates required certain ethical procurement information to be provided and this encouraged discussions with prospective providers about their current and future approach to ethical employment practices.

Mr Hilton and Councillor Hinds responded to a number of questions and observations from members as follows:

- A number of engagement sessions with suppliers were planned to outline the new approach with the portal and TOMs the benefits that the new approach should also have for the suppliers themselves.
- The future Post-Brexit and post-pandemic was unclear but there was no doubt that a happy workforce was a more productive workforce.
- The council was very much aligned with CHAS requirements and also had a long history of collaboration with other local authorities in regional and area level procurement.
- The social value portal and TOMs would allow the council much greater visibility of supply chains and the potential to highlight and signpost any suspicions of modern slavery.
- There was no suggestion at this stage that the council's approach to ethical procurement was a barrier to smaller local potential suppliers bidding for council contracts.
- SMEs were potentially better able to deliver tangible social value benefits to the city than larger national or multinational companies.

- The longer term impact of COVID-19 on small local suppliers would become clearer in time but the Procurement team was already considering how it might engage specifically with them, in particular in relation to smaller, lower value contracts.
- Greater visibility of the supply chain via the portal and TOMs may reveal more sub-contracting to local companies than the council was previously aware of.
- The proxy value attached to some of the TOMs reflected HMRC approved values.
- The TOMs were intended to capture evidence of social value delivery against what a supplier had committed upfront to do, what a supplier had done in support of this commitment and what had been delivered as a result.
- A minimum weighted criteria of 15% for Social value was currently included for all procurement over £75,000 which was the threshold at which a tender exercise had to be conducted.
- It was anticipated that a weighted criteria for social value would be introduced for lower value procurement in the longer term.
- The council could not mandate what rates of pay external suppliers paid to its staff and sub-contractors but this did not prevent it from setting out its expectations in relation to the real Living wage in its procurement and tender documentation.
- An overview of the implementation of the social value portal and TOMs would be brought back to the board within the next 12 months.

RESOLVED: THAT,

- (1) the report be noted and the significant ongoing progress in improving and enhancing the approach to social value and ethical procurement be commended,
- (2) An overview of the implementation of the social value portal and TOMS be presented to the board within the next 12 months.

5. Budget Monitoring and Savings Programme

Consideration was given to a report of the Chief Finance Officer and Lead Member for Finance and Support Services which outlined the current position of expenditure against the 2020/21 budget, including the implications of the impact of COVID-19 on the council's financial position, and provided an update on the approved savings programme as at the end of December 2020.

Before inviting Chris Hesketh, Head of Financial Management, to introduce the report in more detail, Councillor Hinds, Lead Member for Finance and Support Services, reported that, as at the end of December 2020, the projected position for the general fund budget was an adverse variance of £0.055m which represented an improving position and it was anticipated that the budget would be in a balanced position by year end. This was despite a combination of a significant loss of income and huge additional expenditure as a result of COVID-19. Much of the balanced budget was predicated on the significant amount of savings that had been achieved, but the council's January return (number 9) to the Ministry of Housing, Communities and Local Government identified an estimated £58.3m of pressures, of which £54.8m arose in 2020/21.

The Head of Financial Management explained that as this was a report on Quarter 3 of the financial year many of the predictions in it were more robust than they had been in earlier reports but the margin for error was greater than in 'normal' years because of uncertainties about the length and severity of the financial impact of COVID-19.

There were four tranches of government emergency funding totalling around £26m (based on population but with a need aspect to it as well), and £3m for sales, fees and charges reimbursement (by claims to government that cover a proportion of lost income). Available government COVID-19 funding was being applied to the current financial year with general funding and support for sales, fees and charges, but some other pressures, particularly Business Rates and Council Tax collection would be felt in the next three years rather than in 2020/21.

Following a review of the Capital Programme since the last report to the board in September, £57.04m of schemes had been reprofiled to 2021/22 and unsupported borrowing for the capital programme had been reduced to approximately £20m from a bid of around £130m. Whilst there were mixed views on the use of unsupported borrowing, the Capital Programme had served the council very well but Councillor Hinds was mindful of the effects on the revenue budget as the city emerged from the pandemic.

Mr Hesketh and Councillor Hinds responded to a number of questions and observations from members as follows:

- 2020/2021 had clearly presented exceptional challenges but there seemed to be an overspend on Children's Services every year in spite of year on year increases to the budget. Would it be appropriate for a deep dive into the reasons in order to provide some reassurances that this would not simply continue ad infinitum.
- The majority of Children's expenditure was incurred via joint commissioning arrangements through the Integrated Fund, with any under/overspend shared between partners in proportion to their funding contribution.
- Children's Services were inevitably demand-led, including special educational needs and responsibilities in relation to Looked After Children.
- Route 29 had had a very positive effect on the number of children, particularly teenagers, coming into care by early help and early support.
- Councillor Hinds continued to meet with the Lead Member and senior officers to discuss budgetary issues in Children's Services.
- The Children's Scrutiny Panel continued to work closely with Children's Services and had undertaken reviews or deep dives into residential social care, including how costs could be brought down and how individuals in placements out of area could be placed closer to home, fostering and recruitment and retention of social workers.
- Pressures on the budget were increasing and consideration may perhaps be needed as to whether the budget and savings targets were realistic and achievable given the growing demand for services.
- 2021/22 may be an opportune time for the board to examine the integrated adults' and children's budgets.
- Infection Control and Test and Trace monies were specific grants to fully fund specific activities so did not result in pressures in services.
- Availability of funds to the council had a bearing on discussions on what the Integrated Fund need in terms of a council contribution and what council could afford.
- The Adult Social Care precept on council tax was directly deployed through the integrated fund and covered the commitment to national living wage increases.
- Councillor Hinds intended to work with the incoming City Solicitor to explore whether the Shared Legal Service was providing value for money.
- Loss of income from areas such as Registrars had had a significant impact in Service Reform.

- Salford City council's contribution to the GM mortuary was £219,000 and was based on population, with contributions from GM local authorities ranging from £163k to £471k.
- Borrowing, either prudential or unsupported, was the way councils were obliged to fund capital schemes unless they had access to grant funding.

RESOLVED: THAT the current position regarding the 2020/21 revenue budget, savings and capital programme be noted.

6. Work Programme 2020/21

Consideration was given to the work programme for the remainder of 2020/21 and the first meeting of 2021/22 on 2nd June. It was noted that detailed planning for the 2021/22 Work Programme would take place at the meeting on 2nd June and that it would also be timely for a discussion about the preferred start time for future meetings.

RESOLVED: THAT the Work Programme be noted and updated in line with discussions earlier in the meeting.

7. Any Other Business

There were no items of any other business.

8. Date of Next Meeting

RESOLVED: THAT the next meeting be held on Wednesday 7th April 2021, with the start time to be confirmed following consultation with members of the board.