

CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

27 OCTOBER 2015

PRIORITY REPORT OF CABINET MEMBER FOR COMMISSIONING, CONTRACTING AND IMPROVEMENT

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1. PURPOSE OF REPORT

This report sets out my portfolio priorities for 2015/16 and updates Members of the Overview and Scrutiny Committee on recent activity and future issues.

2. RESPONSIBILITIES

Following changes to the Council's Constitution in May 2015 I have accountability for:

- The strategic approach to, and compliance with, the commissioning approach. Ensuring that council commissioning internally and externally supports its wider social objectives such as employment provision, training, encouraging social enterprise and delivering social cohesion.
- Oversight of procurement management, including ensuring the development of appropriate approved lists of suppliers.
- Strategic approach to and compliance with contract management policy to ensure value for money.
- Performance, effectiveness and holding to account the management of all internal trading operations.
- Holding external providers to account for the performance of services and delivery of contracts.
- Application of the Birmingham Business Charter for Social Responsibility that requires contractors to offer, inter alia, local employment and training opportunities, and to adopt the Birmingham Living Wage policy.

3. PRIORITIES

The Executive remains committed to working together for a fair, prosperous and democratic city, with a clear focus on priorities and outcomes.

Pursuant of those outcomes it is important that there is a continual and effective challenge to all internal and external providers to ensure that arrangements are effective, efficient, contract compliant and provide Best Value.

My portfolio priorities for this year are to help Birmingham become a city:

- where the Council co-designs services with communities and partners, and procures them in the most efficient and effective way for beneficiaries.
- where Social Value is recognised as vital criterion in our sector-neutral procurement processes.
- where businesses recognise the BBC4SR as the “Birmingham Way of Doing Business” with voluntary participants exceeding contracted ones.
- where internally provided services exist because they are demonstrably the best way of providing a particular service, including by maximising their income generating potential.
- that shares its prosperity by paying the Birmingham Living Wage.

This will be achieved through a series of headline activities consisting of the following:

- Carry out a review of the Living Wage policy and revise with a view to accommodating payment of the Birmingham Living Wage in Early Years and Adult Social Care.
- Carry out a review of the Birmingham Business Charter for Social Responsibility to ensure that the £1bn of public money the Council spends on behalf of its citizens not only secures value for money but that it maximises the additional benefits that this spending can generate for those citizens.
- Publish a revised Procurement Governance Arrangements document ensuring that the requirements of new EU Procurement directive are embedded and that the application of the Council’s Social Value policy in procurement is captured.
- Undertake a review/appraisal of all trading operations whether trading externally to the Council or internally within BCC.
- Carry out an appraisal/assessment of contract management practices across all Directorates/Service areas for monitoring delivery of BBC4SR Action Plans by contractors and establish consistent approach and mechanism for reporting outcomes arising from Action Plans.

4. WORK PROGRAMME

In line with the priorities outlined above some of the work areas that will be progressed during 2015/16 include:

- The Council has commissioned a Lean review of the Council's non-housing construction and building related services, which includes Education, Property, and Corporate Procurement Services (CPS) currently provided by Acivico Ltd and its subsidiary organisations and the Council's supply chain including Constructing West Midlands (CWM). Phase 1 of this review has been concluded which highlighted the potential for circa £10m of possible savings through improved governance, streamlined processes and accountabilities and contract renegotiations.
- Re-Commissioning the Council's needs from Acivico Ltd - the current contract with Acivico Ltd for design, construction and facilities management runs until 31/3/17 with a requirement for the Council to decide its position on a future contract by 30/09/16. The current contract was designed some 4 years ago and the Council's financial position and needs are now very different. CPS has issued a discussion paper that provides options with a view to reaching a decision as soon as possible.
- Commissioning of schools' catering, cleaning and care-taking – A review of Cityserve considered an alternative delivery model for the service following on from the Education Services Review in July 2014. An options appraisal and associated business cases will be presented to the Corporate Commissioning Board for their consideration. Any change of delivery model will require a Cabinet decision.
- The review of the Birmingham Business Charter is ongoing, with consultation being developed to improve clarity, proportionality, process efficiency and updates to consider issues such as safeguarding and zero hours contracts.
- The Contract Management team will continue to drive value for money through recovery of overpayments, unclaimed rebates, contract renegotiations and improvements notably in the areas of Utilities, Print, Building Repairs and Construction, Advertising and Food Purchasing.
- Corporate Commissioning Board: some of the current commissioning activity of the CCB includes - Specialist Care Services; Children's Residential Homes; Early Years; Home to School Transport; Advice Services; Future Waste Strategy; Agency Gateway and Housing Repairs and Maintenance.

5. ISSUES AND CHALLENGES FOR THE PORTFOLIO

- The Council's Living Wage Policy is currently being reviewed in order to assess the impact of the Government's "Living Wage" from 1/4/2016, which particularly affects the Early Years and Homecare services. The review will also clarify whether policy changes are required to address the location of affected employees.
- Further to the success of implementing the requirement to pay the Birmingham Living Wage through contracts, emphasis now needs to be placed on increasing the take-up by voluntary sign-ups.
- Developing mechanisms to support the Council in maximising the benefits (inc revenue) from external trading of services.
- Securing Best Value services for Birmingham through commissioning and procurement activity with reduced resources.

6. SOME ACHIEVEMENTS TO DATE

- Birmingham Business Charter for Social Responsibility:
 - Accredited: 240 of which
 - 86 are being renewed
 - New work in Progress/awaiting accreditation: 148
- Examples of Social Value commitments include:
 - Walsall based Blakemore Food service donates 2% of the company's pre-tax profits to the community through the Blakemore Foundation.
 - Swanswell has committed to using Third Sector venues for 100% of their external meetings and offer their facilities to other local organisations for meetings. They reinvest any profits gained to support the achievement of the local priorities of Birmingham's District Committees.
 - Direct Corporate Clothing Plc committed to donate 100 Childrens' Hi Viz vests to four local schools in Birmingham with reference to Road Safety for Children.
 - The print contract with CDS contains KPI targets for using the local supply chain and as a result of being introduced to CDS through our contract the suppliers had the opportunity to bid for other CDS work and £250k of additional non-BCC work has been won.
- Birmingham Living Wage: A recent survey showed that although $\frac{3}{4}$ of signatories already paid the Living Wage 23 others didn't, and as a result of

Council Policy 246 workers had been uplifted to the Living Wage. Among these 246, a group of 55 parking wardens had their pay elevated by 20% from £6.50 per hour to the Birmingham Living Wage.

- From robust contract management: A series of dedicated Contract Management training sessions have now been held for contract managers across the organisation. A contract management assurance process has been jointly developed by CPS and Corporate Audit that was endorsed by Corporate Commissioning Board in August. CM Assurance reviews have now commenced for a number of directorate managed Agreements. These will provide intelligence and confidence around how well CM tools are being applied by Directorates. Contract management Principles are now more comprehensively included within tenders and future contracts.
- Capability Development: A broad range of training initiatives are being rolled out for officers and Members covering Commissioning, Social Value, Commercialisation, Procurement Governance and the new Procurement Regulations 2015, as well as the above Contract Management sessions. Thanks to positive feedback and popular demand additional sessions are planned through to Christmas 2015.

Councillor Stewart Stacey

Cabinet Member for Commissioning, Contracting and Improvement