

Corporate Resources and Governance O&S Committee – 5 October 2016

Priority Report of the Cabinet Member for Value for Money and Efficiency

Report by: Councillor Majid Mahmood

1. Purpose of report

This report sets out my portfolio priorities for 2016/17.

2. Accountability and Responsibilities

In accordance with the City Council Constitution I have accountability for the management of all commissioning, procurement, contract compliance and council wide efficiency.

I have responsibility for the following:

Commissioning

Strategic approach to, and compliance with, the commissioning approach. Ensuring that council commissioning supports its wider social objectives such as employment provision, training, encouraging social enterprise and delivering social cohesion, internally and externally.

Procurement

Oversight of procurement management, including ensuring the development of appropriate approved lists of suppliers.

Contract Management

Strategic approach to and compliance with contract management policy to ensure value for money.

Internal Trading Operations

Effectiveness and holding to account the management of all internal trading operations.

Birmingham Business Charter for Social Responsibility

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.

Council Wide Efficiency

To take a strategic lead in relation to efficiency across all council services and to foster lean governance in all areas of council work and to promote working relationships with stakeholders and partners.

3. Priorities

Working towards the shared vision of a fair, prosperous and democratic city and aligned to the priority outcomes of the City Council, and in particular a city with 'A Strong Economy' my portfolio priorities for 2016/17 are:

- Implement a 'lean' governance approach to Procurement
- Declutter unnecessary Council bureaucracy to improve efficiency
- Streamline Council processes including those for producing reports and taking decisions
- Ensure value for money across all Council activity
- Promote the Birmingham Business Charter for Social Responsibility and Find it in Birmingham
- Ensure robust Contract Management practices throughout the Council with a particular focus on legacy contract spend.

4. Executive Decisions (CM for Value for Money and Efficiency as a signatory)

Taken (June 2016 to date):

Cabinet

- Electronic Bill Payment Service
- Supporting SMEs Tender Strategy for establishing the BMHT Dynamic Purchasing System
- Strategy & Procurement Process for the Provision of Early Years' Service
- Schools Capital Programme 2016-17
- From Waste to Resource Strategy for Birmingham - Procurement Contract
- Planned Procurement Activities (August 2016 – October 2016)
- Meadway Regeneration - Recommended Contract Award
- Battery Way Extension Local Growth Fund Improvements FBC
- Maximising Independence of Adults: Internal Care Service – Care Centres
- Planned Procurement Activities (September 2016 – November 2016)
- Council print strategy and associated procurement strategy
- Constructing West Midlands Framework Extension
- National Standard Bikeability September 2016 to March 2020
- Large Local Major Schemes Fund: Bromford Gyratory
- Provision of Temporary Accommodation through Private Sector Leasing
- Tender Strategy for the Provision of Major Adaptations for Housing
- Broadway Academy Building Schools for the Future Savings Review
- Tender Strategy for Alexander Stadium and Ancillary Facilities
- Arboriculture Services (Non Highways) Framework Agreement 2017 Tender Strategy
- Planned Procurement Activities (October 2016 – December 2016)

Cabinet Member/Chief Officer

- Revised Contract Award for Integrated Prevention Services
- Five Ways and Spring Hill – project cost update
- Goodway Nursery School – FBC and contract award
- Strategy/Award - Consultancy for Contract Negotiations - Revenue Service

- Tender Strategy and Contract Award for Consultancy Support for the Birmingham and Solihull Sustainability and Transformation Programme
- Provision of Additional Primary Places at Ward End Primary School - FBC and Capital Grant Award
- Planned Maintenance Project at Starbank Primary School - FBC and contract award
- IAAF World Athletics Championships Training Camps 2017

To be taken: (Relevant Forward Plan items)

- Strategic ICT & D Invest-to-Save Programme
- Future Telecare Services
- The Future Council's Commissioning Strategy 2016+
- Ashted Circus Pinch Point
- Iron Lane – Stechford Junction Improvements – FBC
- Driving Housing Growth and supporting young people into employment through the BMHT Development Programme
- Swallow Street Metro Complementary Highway Works
- Policy for the Use of Private Rented Sector to meet housing needs
- Waste Depots Modernisation Programme Phase 1 – FBC
- Leisure Flex Replacement System
- Holloway Circus Improvement
- Provision of Transport Services
- Selly Oak New Road Phase 1B FBC
- The future Council with Acivico Ltd

5. Progress/Achievements

Efficiencies and VFM

- We have now introduced the ability to sign Executive reports with a secure digital signature which has increased efficiency and improved Cabinet Members' use of time.
- Cabinet Member governance arrangements have been established for the consideration of late reports and since taking on this responsibility in June 2016 there have not been any late reports. I will be undertaking a review of the Cabinet schedule and its agendas to ensure that the process for taking Executive decisions is as streamlined and efficient as it can be whilst taking into consideration our statutory obligations.
- An increased focus is being given to the Council's internal trading operations with a view to generate additional income.
- Working with the Deputy Leader I have commissioned a review of the Council's approach to managing suspensions. The purpose is to ensure that we have a fair, effective and efficient approach that seeks to minimise the amount of time employees are on paid suspension. This will include mechanisms for identifying suitable alternatives to paid suspension, ensuring regular reviews take place during the suspension period and identifying any delays to progressing with investigations and as appropriate hearings.
- The Council undertook a LEAN review of its operation and delivery of Property Capital and Maintenance Services. This review involved Corporate Procurement, Education, Property

Services and Acivico. This process review has now concluded and resulted in a significant number of improvements to the method of operation. These include:

- Improvements in working relationships between Acivico and EDSi. The review provided this catalyst for change.
 - Improved project governance within Capital delivery to ensure schemes are delivered on time, to costs and the desired quality;
 - EDSi capital works are now 'batched' to provide contractors with greater visibility of schemes and to enable efficiencies to be implemented. A single contractor has been appointed for the pilot schemes;
 - Implemented the Cabinet Report for the Delegated Full Business Cases removing the need for individual Cabinet Reports for each Scheme;
 - EDSi Schools schemes are being progressed to achieve a target price per square metre of £1,860 and;
 - Acivico has successfully re-tendered their own contracts for Building Repair and Maintenance which has the potential to deliver significant savings and Social Value through improved processes, contracts and methods of working.
- I am planning on undertaking a number of visits to other local authorities including to Bristol with Councillor Lisa Trickett to share their learning on setting up an energy company and to hear about the Bristol Pound and to Nottingham to learn from their work on value for money and efficiency.

Policy & Strategy (inc. BBC4SR and FiiB)

- The requirement for our contractors and suppliers to develop apprenticeship schemes is a specific social value outcome that this Council is prioritising. A number of procurement reports have had this requirement included. I have recently held meetings with officers and the Cabinet Member for Jobs and Skills, Councillor Brett O'Reilly to discuss how apprenticeships can become established on a routine basis by a wider range of suppliers than those we spend the most with.
- Over the last 3 months I have attended the FiiB breakfast events to promote the Charter, meet our contractors, private sector suppliers and SMEs in the supply chain. Over the coming months I will be visiting Charter signatories to hear firsthand how they are providing social value benefits to Birmingham's citizens and to understand how our processes are working, or not, for them.
- Following our application for the Living Wage Champion Awards 2016, I'm delighted to report that Birmingham City Council has been shortlisted for the region. Our application builds on the success of implementing the Birmingham Living Wage through the Charter (BBC4SR) and was based on the work we have done on introducing the Birmingham Care Wage. Winners of the regional awards will be announced during Living Wage Week which runs from October 31st to November 4th.
- The Birmingham Business Charter for Social Responsibility, the Social Value and Living Wage policies are being reviewed as they have now been in operation for 3 years and we need to ensure that they continue to deliver social value benefits through the contracts we procure. The review is being informed through a wide consultation and all Members as well as existing Charter signatories, the business community through the Chamber of

Commerce and FIIB, the voluntary and Community sector, city partner organisations, other local authorities and citizens are invited to participate. There are now over 370 Charter signatories.

- We are promoting the Charter across the Combined Authority area and although each council within the Combined Authority has developed, to varying degrees, their own strategies and processes to deliver social value in their region based on their individual priorities the Charter is providing a good benchmark. A workshop is being organised for officers from the Combined Authority constituent authorities to compare approaches, understanding and measurement of social value and future development plans, to determine how we can work better together to deliver greater benefits in the region.
- Procurement and the People Directorate are currently in the process of delivering seven small scale pilot initiatives which involve Charter signatories supporting third sector and community groups. These pilots have focussed largely on the Maximising Independence of Adults outcomes – i.e. preventing citizens from requiring adult social care services which are under ever increasing financial pressure. In addition two further pilots are to support youth employment; one pilot is concerned with minimising BCC housing stock voids and one with supporting the homeless. It is planned that the pilots are fully operational by December 2016.
- The potential to scale up the pilot work is being considered. Plans need to include the necessary level of detail so to inform Charter Signatories as to how they will directly support the priorities, including the required outcomes, levels of activity, geographic areas of focus, and population groups to be targeted. This is to ensure that a city wide strategic impact is made.
- Officers from Procurement are involved in the national Social Value Taskforce and have contributed to the development of The Social Value Maturity Index (SVMi) that was officially unveiled at an event on 13th September at Portcullis House in Westminster. The SVMi provides guidance to public sector bodies and its suppliers about how to embed social value into their commissioning and procurement processes to create stronger communities. It includes Birmingham as one of the case studies and will form part of the approach to collaboration at the Combined Authority SV workshop.

Commissioning

- A review of the Council's Commissioning Strategy is commencing and will include consultation with those groups involved in the Charter consultation. The aim of the review is to establish the strategy as a key enabler of the Future Council and deliver the vision of "Driving innovation and value to deliver the right outcomes for citizens through commissioning."
- Officers in the Council's Corporate Commissioning team have supported/lead several complex commissioning programmes including: the commissioning review of Early Years which is complete and now out to tender; the Waste Strategy options appraisal is progressing and short listing is in progress; the options appraisal for Children's Trust which was approved by Cabinet in September and have undertaken a market sounding exercise for Grounds Maintenance to assist in the development of the future contract strategy.

Procurement

- The Agency Staff procurement process is nearing the award of contract and the resultant

framework will increase compliance, reduce costs and introduce structured demand management techniques. Working with the Deputy Leader a forensic analysis of agency expenditure is currently being undertaken to establish the efficacy of its continued use. The focus is on ensuring that agency supply is primarily a measure of last resort and to reduce in year and future expenditure. A clear policy on the usage of agency workers is in development alongside greater controls on permissions to procure agency workers.

- A dynamic purchasing arrangement is nearing completion which will result in a contractor framework to manage BCC's house building programme to 2020. The framework has been structured into lots, based on value and size of plots. This will result in an inclusive framework aimed at house builders from SME to multi-nationals
- The evaluations for the Youth Employment Initiative project have been completed.

Contract Management

- Over £5.6m of in year, new, cashable savings and income has been generated through improved contract management and most recently through my instruction a 44% cost saving was achieved following the successful renegotiation of a contract extension.
- A series of contract and process improvements are being delivered to the Home to School Transport Agreements including implementation of vehicle inspections.
- A review has commenced with the People Directorate of their contract portfolio with a view to establishing a dedicated contract management function.
- A review of Legacy contract spend is underway which includes a systematic analysis of all suppliers has then been undertaken to determine if the spend is erroneous/non-contracted, it is a one off or statutory or grant funded. Erroneous spend is then presented to the Commissioning Centre of Excellence with managers being assigned responsibility to review these areas to determine if;
 - formal contracts are required
 - spend is off contract and services and goods can be obtained using an existing contract or
 - spend is a one off and therefore no longer required moving forward.
- A process for Supplier Relationship Management was approved by the Corporate Commissioning Board and is being trialled for the Waste Management and Commercial Advertising Partner Agreements.

6. Other Developments and Improvement Initiatives

- A redesign of the corporate commissioning, procurement and contract management team was successfully completed and implemented from 1 September 2016. A review of the commissioning capabilities and processes the council will require in the near future has commenced through the Corporate Commissioning Board has commenced.
- Following the successful implantation of the revised procurement delegations for revenue spend by Council in March, the procurement toolkit and Procurement Governance protocol have been reviewed, simplified and re-launched. This will provide operational step by step guidance throughout BCC

- A workshop has been completed with the West Midlands House Builders federation to encourage SME house builders to participate in a contractor framework for BMHT. The event included demonstration of EU & BCC procurement procedures and requirements. In addition the delegates were provided with an overview of how to complete the relevant documents and ideas for making their submissions 'stand out'. The event was well received and further SME events are planned
- Procurement and contract management training sessions have continued across the Council including for Acivico to enhance knowledge, capabilities and compliance of procurement processes
- The Corporate Procurement team is working closely with Planning & Regeneration and participating in a number of strategic projects e.g. HS2, Smithfield and Public Realm. This is an improved level of inter-services collaboration on major projects and benefits include improved delivery timescales and savings
- A review with the Temporary Accommodation Team will determine the future strategy for a number of related services that need to be commissioned
- Corporate Procurement are supporting the Parks department and several other areas in developing a number of income opportunities such as themed activities, car parking etc.
- Birmingham Pound

We are working with Localise West Midlands to explore the benefits, and any dis-benefits, of introducing a new sterling-based Birmingham currency - the Birmingham Pound – to be spent with or between locally-owned businesses, keeping more spending power within the city.

Local Pounds are a powerful way of communicating how purchasing locally can generate more local income and keep money in the "real" economy that benefits local people. Local Pounds encourage people and businesses to think about where they spend, and make local spending visible. In other cities this has changed purchasing and procurement behaviour for the better.

A Birmingham Pound would capitalise on our city's enormously rich history of beneficial local money, and diversity of trades and of cultures. It could be linked into other schemes for local businesses and social benefit.

Councillor Majid Mahmood
Cabinet Member for Value for Money and Efficiency