

The Wolverhampton Pound

Procurement, Contract Management and Commissioning

City of Wolverhampton
Select Committee 2022



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Select Committee Terms of Reference

1. Remit, Scope and Terms of Reference

To consider the following lines of inquiry:

'How do we engage with local businesses and the Voluntary and Community sector in relation to procurement, contract management and commissioning and how do we ensure inclusivity, equality and value for money in these approaches?'

'How do we engage with partners, local businesses and the Voluntary and Community sector to make the City a catalyst for change by ensuring that all contracts reflect our values in areas such as climate change, equality, diversity and inclusion, retaining and growing local wealth and having a real presence in the City?'

- The Select Committee is a cross-party group of non-executive councillors who will work as a team to produce a report and draft recommendations in relation to an agreed matter.
- The Select Committee will be non-political in its approach.
- The Select Committee will agree the terms of reference as set out. At this stage some potential witnesses from whom the committee particularly wants to hear for example senior officers and partner organisations may be sent a list of more specific questions and requests for information.
- The Select Committee will meet in public to hear evidence from officers, partner organisations and individuals. The select committee will meet in private to consider the evidence they receive and agree the draft report and recommendations.
- The Select Committee will pursue the goals of equality, diversity, and inclusion in relation to witnesses, membership and work undertaken.

Membership of Select Committee



Cllr Susan Roberts (MBE)
(Chair)



Cllr Paul Appleby
(Vice Chair)



Cllr Jonathan Crofts



Cllr Valerie Evans



Cllr Barbara McGarrity
QN



Cllr Rita Potter



Cllr Zee Russell



Cllr Jacqueline Sweetman



Cllr Ellis Turrell

The Committee would like to thank the following witnesses for their time, expertise, and support throughout the enquiry:

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Sam Duru

Black Business Network

Karen Woolley

Federation of Small Businesses

Laura Thomas

Chief Executive Citizens Advice,
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Jugan Paul

Visual Arts

Introduction from the Chair



Cllr Susan Roberts (MBE)

Chair of the
Wolverhampton Pound
Select Committee

Times have changed for us in Local Government with decreasing budgets, increasing demand, changing and more complex public needs, demographic challenges, technological advancements, and a need for greater community collaboration; all in the wake of an unprecedented global pandemic.

New approaches are now needed more than ever to help level up our most deprived communities and support our vulnerable citizens. At the same time we must seek to rejuvenate our local economies, support our business and ensure that we have a thriving voluntary and community sector (VCS). The Wolverhampton Pound is the new approach that will help us to achieve these feats, working together with our larger partner institutions to share resources and knowledge to deliver an additional £21.8 million per year and create an additional 430 jobs per year.

Working with the Centre for Local Economic Strategies (CLES) and other major stakeholders in the City, the City of Wolverhampton Council have developed an approach which will reorganise and control the local economy. The ambition is to ensure wealth is not extracted but broadly held

and generative, with local roots, where income is recirculated, communities are put first, and people are provided with opportunities, dignity and well-being.

The Wolverhampton Pound provides us with an opportunity to meet some of the challenges of levelling up. The Wolverhampton Pound and in particular the move of the procurement function to be a strategic change maker with a renewed focus on social value, will enable better identification of priority areas in our communities.

By embracing the fundamentals of the Wolverhampton Pound, we can enable not only economic recovery but also support the health and wellbeing of our most in need communities and sectors.

I was honoured to be asked to chair this Select Committee and would like to thank all of the organisations and groups who gave up their time to provide us with the information contained within this report. We heard evidence from CLES, partner organisations, Voluntary and Community sector representatives, local businesses, service providers and internal Council departments. This report provides a summary of our evidence sessions and a set of recommendations which the Committee consider important for the implementation and success of the Wolverhampton Pound.

Background: What is Community Wealth Building and the Wolverhampton Pound?

Community Wealth Building seeks to engage with the local economy so that wealth; both economic and social, can be kept and recirculated within our City and our communities. The Wolverhampton Pound will put our citizens and communities at the heart of all that we do, to ensure that local businesses, service providers and individuals are provided with the opportunities they have a right to expect; opportunities that will help to improve not just the local economy but the health, wellbeing and quality of life that all of our citizens deserve.

Community Wealth Building uses the combined power of institutions, businesses and communities and aims to retain as much wealth as possible in the local economy by:

- Creating opportunity locally
- Creating new local jobs and
- Creating new locally owned enterprises

A Community Wealth Building approach in relation to procurement and contract management will affect how we all carry out our day-to-day business. A cultural change will be required to enable us to approach contract management and procurement in more creative and innovative ways and to open the door to businesses and providers who have not previously engaged with public sector procurement.

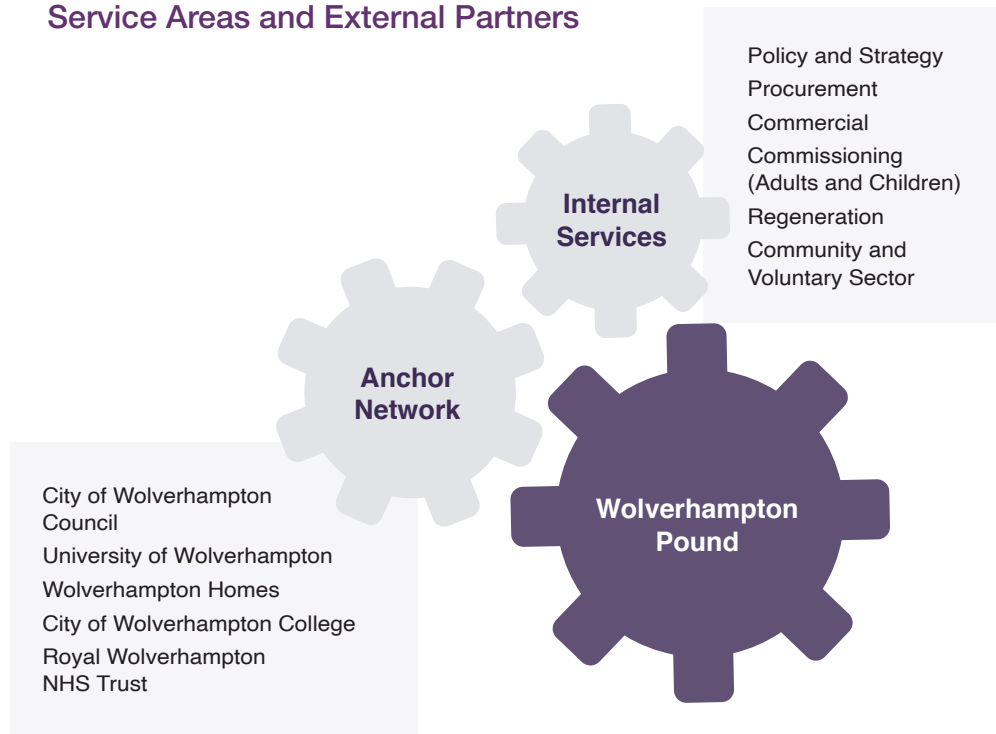
The Wolverhampton Pound has five key objectives:

- Retaining and growing local wealth and prioritising local spend
- Embedding social value in the city and leveraging local spend and employment
- Leading the green transition
- Supporting growth in the health and wellbeing economy
- Growing and promoting a cultural and creative city

The Anchor Network

Community Wealth Building engages with and focuses on the activities of Anchor institutions, which are defined as large established organisations, rooted in local communities. In Wolverhampton, the Anchor Institutions are The City of Wolverhampton Council, The University of Wolverhampton, Wolverhampton Homes, The City of Wolverhampton College and the Royal Wolverhampton NHS Trust.

Service Areas and External Partners



These institutions will use their assets and influence to create economic and social value in the city and in our communities, whilst ensuring that value for money is maintained throughout all process. The Wolverhampton Pound Anchor Institutions signed a statement of intent in March 2021 and a video introducing the Anchor Networks and their statement of intent can be found here [Statement of Intent Signing](#).

Statement of Intent:

We, the major institutions of Wolverhampton intend to:

- Make a long-term commitment to building community wealth in Wolverhampton.
- To work collaboratively to develop behaviours and practices that support local people and the local economy wherever possible.
- To leverage our institutional power to support a fair and just transition to a low carbon economy.
- To work in partnership with the voluntary, community and social enterprise sector (VCSE) and the private sector to build a more resilient local economy.

By using, and combining the Anchor Network procurement processes, pipelines, spending power, assets and workforce capabilities, a real and positive change can be made for the city and our citizens. By adopting a shared vision and narrative we will be able to embed coordinated place-based action across the city and identify and unite any disjointed work across the anchors and our partners. Identifying and developing this shared vision is and will continue to be a collaborative process with ongoing involvement and consultation with communities and other relevant stakeholders.

The Committee understands that the Anchor Network governing body meets on a quarterly basis, with a rotating chair from within the group. The Committee understand that the use of a rotating chair is to ensure that the network is collaboratively owned but suggest that this be kept under review to ensure that a consistent approach is being achieved. The Committee notes that the chairs also rotate for the working groups but that this rotation is on an annual basis to allow progress to be made on the implementation of work plans.

The Committee is keen to ensure that resources will be in place to continue the work of CLES once its work with the Anchor Network comes to an end. The Committee welcome the suggested creation of a Community Wealth Builder in Residence resource to lead, manage and develop the network. The Committee are pleased to note that funding has been agreed for an initial 12-month term for a Co-ordinator position and that recruitment is already underway. The Co-ordinator position will provide essential project management support for the network and focus on skills and workforce.

The Committee notes that there are three working groups sitting under the Anchor Network:

- Procurement and Commissioning
- Land and Property
- Workforce

The Committee notes the action plan for the procurement working group which includes:

- Get Ready to Bid seminar series
- Interrogation of the spend framework
- Low Carbon Procurement – Roadmap to 2028
- Social Value Framework
- Refresh of the Wolverhampton Business Charter

The Committee recommend that an update on the action plan for the procurement working group be brought to a relevant scrutiny panel for consideration when appropriate.

The Committee were pleased to see the suggestion from CLES that a Community Wealth Building Hub be developed. This hub would link directly to the Anchor Network and its working groups to bring together business support and voluntary and community sector support in the City. Armed with this wealth of knowledge and information, the hub will then be able to create real local economic opportunity and build community wealth in the areas where it is most needed.

A Community Wealth Building Hub would be driven by the strategic priorities of the Wolves Anchor Network. This hub would work across thematic areas, connecting foundational, reform and growth sectors to skills support and training, e.g., supporting the creative sector with business skills or growth sectors with digital skills, or skills to support the transition to new business models in the green economy.

A ‘hub’ model can sit between the Wolves Anchor Network, the established business support landscape, the VCSE sector and place-based working. This model will develop an approach which grows local and community ownership of the economy, with an emphasis on delivering outcomes for those people and places that are excluded from opportunity. [Relighting our City ‘together’ action plan; CLES]

The Committee also welcome the suggestion of a Procurement Hub as a shared anchor resource linking in with the CWB Hub. The Procurement Hub would seek to understand the Anchor Network’s demands for goods and services and match this with intelligence about the local economy.

A Procurement Hub Manager would join and sustain the Wolverhampton Pound Procurement working group, supporting the implementation of the collective workplan and identify viable opportunities for local market making. The Committee understand that a Procurement Hub manager will need a decent grounding in procurement and commissioning, an understanding of the sources of market intelligence and an ability to work across various sectors of the economy, from construction to health & social care.

Anchor Network Spend Analysis

The City of Wolverhampton Council engaged with the Centre for Local Economic Strategies (CLES) to support the development of the Wolverhampton Pound. This work involved embedding the principles of community wealth building (CWB) across the Anchor Network, identifying opportunities to grow and retain wealth in the City and quantifying the benefit of continued investment.

The Wolverhampton Anchor Network spent over £1billion through procurement, commissioning and the employment of staff in 2019/20. Analysis by CLES has however shown that ***'over half of all procurement spend flows outside of the West Midlands economy, and that over half of salary spend flows outside of Wolverhampton'***¹. This analysis by CLES has shown that over £600 million of spend requires further analysis. Whilst work has been carried out to show where this money is going, we still need to understand why opportunities are not being taken up by local suppliers. Strategies will then need to be developed to retain as much of this spend in the City for the benefit of our citizens and businesses. By doing this, a multiplier affect can be applied and CLES have concluded that an additional £21.8 million per year can be achieved for the Wolverhampton economy, which will in turn support a further 430 jobs each year.

Summary of yearly benefits (Wolverhampton Pound A Business Case to Level Up Wolverhampton (CLES))

	Economic Output (/year)	Employment growth (/year)	Local Supplier Multiplier (/year)	Local Staff Multiplier (/year)	Value of Social Value (/year)
Increase in local spend	£8,252,531	300	£2,640,810	£4,126,265	£2,417,860
Increase in local employment	£2,921,904	135	n/a	£1,460,952	n/a
Total	£11,174,435	436	£2,640,810	£5,587,217	£2,417,860
	£21.8m				

The work that has been started by CLES and the Anchor Institutions is therefore vital for our City to grow and thrive and for our citizens to live the lives that they deserve.

¹ Wolverhampton Pound A Business Case to Level Up Wolverhampton (CLES)

New Approaches to Procurement and Contract Management

Procurement and contract management are emerging from the back office and must be embraced as change making strategic functions. Procurement and contract management have the power and leverage to lead the Council towards its long-term vision for 2030 and to ensure that the priorities set out in the Our City: Our Plan are achieved.

A progressive approach to procurement and contract management is even more pressing in the wake of the coronavirus pandemic. CLES recognise that Wolverhampton is well-placed to undertake the required work to ensure that the spend of local, key organisations is targeted to ensure maximum social value and, where possible, developing and increasing networks of local supply.

Whilst not losing sight of the more essential requirements underpinning procurement and contract management, a more progressive approach will enable us to better address the issues facing our City, including:

- Environmental sustainability
- Engagement with the Voluntary and Community Sector
- Job Creation and employment
- Skills Development – including digital skills
- Embedding social value and ethical consideration into our contracts

The Committee are aware that the city-wide procurement charter is also supportive of such an approach to procurement and contract management across the operations of key organisations in the City. **There are five key objectives within the Charter:**

- Develop and grow a skilled workforce
- Encourage health lifestyles and independence
- Support more people to be active in their communities
- Support business to develop and grow
- Support the reduction of the carbon footprint



The Committee considers that to fully recognise the objectives of the Wolverhampton Pound and those in the Our City: Our Plan, collaboration will be paramount both internally and externally across all partner and anchor institutions.

The Committee consider that the objectives detailed in the Our City: Our Plan should be included in tender documentation and communicated widely to both existing and potential suppliers during any pre- procurement communication and activity.

The Committee are pleased that reference to the Wolverhampton Pound has now been included in the new Our City: Our Plan as a means of achieving a Thriving Economy in all parts of the City:

Leverage the Wolverhampton Pound's spending power so millions more are spent in our City to create job and business opportunities.²

² City of Wolverhampton Council: Our City: Our Plan: February 2022

Green Paper, Transforming Public Procurement

In December 2020, the Cabinet Office set out proposals for changing the shape of public procurement legislation with the publication of a Green Paper, Transforming Public Procurement³. The overarching objectives of the paper are to speed up and simplify procurement processes, place value for money at their heart, generate social value and unleash opportunities for small businesses, charities and social enterprises.

³ Cabinet Office, Transforming Public Procurement: December 2020

The Green Paper and subsequent National Procurement Policy Statement (NPPSs) provide a more flexible process for procurement supported in part by the UK now being outside of the EU's legislative framework.

The Green paper and NPPSs are clear that local authorities no longer have to accept the lowest bid but can now take a broader view of bids received to include areas such as social value. The paper also places an emphasis on small to mid-size enterprises (SMEs), voluntary and community sector suppliers and ensuring transparency, integrity and the fair treatment of suppliers.

Public Procurement Timeline



Source: LoCallis – True Value Towards Ethical Public Service Commissioning

The Committee consider that the role of procurement within the Council needs to change significantly if the values and ambitions embedded within the Wolverhampton Pound are to be realised and the opportunities afforded in the Green Paper are to be capitalised upon.

At the moment, the procurement team is a centralised function which is seen by many as back office, administrative support.

The Procurement team currently carries out the following functions:

- Leading on procurement strategy
- Advising on the best route to market to support services to meet their operational needs and Council strategies
- Maximising value for money for the residents of Wolverhampton
- Ensuring compliance with Contract Procedure Rules and Public Contract Regulations 2015
- Ensuring equal treatment and transparency in all Procurement activity

The Committee understand that recruitment and retention of staff is an ongoing challenge, particularly in relation to higher skilled, experienced officers. Team members are under significant pressure due to constant deadlines with limited time to plan ahead and operate at a more strategic level. There is a heavy reliance on interim staff which means that there can be critical losses of important knowledge when these staff leave, creating limited opportunities for learning and development internally. High turn around and shortages of senior level procurement officers can have a significant knock on effect for other departments in the Council where very high level, high value procurement activities take place. Any significant delays in these procurement activities can have a negative impact on the Council, the City and our citizens.

The issues relating to recruitment are linked to huge skills shortages in both the public and private sector, with existing skills being further eroded due to an over reliance on the use of frameworks. At the moment the Council is just not able to compete with the compensation packages available for interim appointments and consultant fees.

The Committee welcome and encourage the prospect of growing our own procurement staff through the procurement buyers and procurement apprentice posts and the training being made available to move team members up to a professional standard through the Chartered Institute of Procurement and Supply Diploma. The Committee do however consider that the Council should enter into conversation with the University to identify any students coming towards the end of their studies who may be looking for employment in the procurement field. The Committee suggest that this might include students studying law degrees, but understand that the required qualification for procurement is not currently offered by the University. The Committee consider that the possibility of providing this qualification in the future should form part of the discussions with the University as one of the Anchor Network members. The Committee would also welcome any opportunity to engage with partners to utilise their skills and resource in areas such as procurement to help deliver major capital schemes.

The Committee consider that a cultural change is required throughout the Council to move procurement into a strategic, change making position. Procurement needs to be able to be proactive rather than reactive, and to have the resources available to strategically move the Council from being overly reliant on frameworks to a better mix of options that will open the market to smaller and more local businesses and suppliers.

The Committee understand that to achieve this, change needs to happen across the Council; contract managers need to have the skills, expertise and confidence to manage their contracts and liaise with their existing and potential suppliers. Contract Managers will need to consider areas such as pre procurement engagement, post implementation monitoring and social value matters in all of their procurement and contract management processes.

By adopting a strategic role, procurement can start to take a longer term, partnership-based approach, working closely with stakeholders such as the Anchor Network representatives and with internal departments and teams, to identify synergies and economies of scale which will help to reduce duplication and bring spend down. This new approach will allow for great collaboration and co-production in the procurement process and for real consideration to be given as to which supplier really is best placed to provide the service or goods in light of the Wolverhampton Pound and Our City: Our Plan objectives.

Resources

The Committee understand that moving away from a framework reliant system is more resource heavy and may require additional recruitment. Breaking down larger contracts into lots, to encourage more local firms to enter the process is welcome but will create a much larger number of contracts that will need to be managed and procured. As such, the Committee are supportive of the proposal to consider using market forces supplements in the short term to recruit to the more senior posts whilst at the same time continuing to develop our own staff through the apprentice and procurement buyers posts and the Diploma. When considering the recruitment and retention of staff, the Committee suggest that it may be beneficial to go beyond the standard compensation package. This should include highlighting the the less tangible elements that make working for the City of Wolverhampton Council special using the website to highlight and promote this.

In relation to the Diploma and any other such training packages that the Council makes available to employees, the Committee suggest that a clause be added so that should the employee leave within a certain amount of time after studying the qualification, that all or part of the fee for the course be reimbursed to the Council on an incremental basis. The Committee are however aware that this would only be applicable to courses run by the City of Wolverhampton Council and could not be applied in relation to any apprenticeship roles. The Committee understand that conversations in relation to this are ongoing with the Organisational Development Team, Legal Team and relevant service areas. The Committee agree that it is essential that any such process be compliant and transparent.

The Committee also recommend that the Council investigate any available opportunities to engage with partners in relation to recruitment, and to utilise their skills and resources in areas such as procurement to help deliver major capital schemes. Partners in this instance may include the Cabinet Office and Homes England. The Committee consider it important that the Anchor Network maintain good communication with such partners.

Cross Departmental Working

In order to achieve the ambitions of the Wolverhampton Pound, it is clear that there needs to be greater cross departmental working within the Council. The Committee notes that there is currently some disconnect between the work carried out by the Procurement and Commercial teams, the Strategy and Policy team, Public Health, Commissioning and the Regeneration teams.

Throughout the evidence sessions, it has become clear that that the reach of the Wolverhampton Pound will need to span a large number of processes and areas if it is to be successful:

- Procurement
- Strategy
- Commissioning and design of the product or service
- Business engagement
- Tendering
- Delivery
- Contract management (inc. Legal)
- Monitoring

The Committee recognises and commends the work being carried out in the individual teams. However, in order to meet the challenges put forward by the Wolverhampton Pound, more consistency in approach and coordination is required. The Committee also note the importance of having a comprehensive picture and understanding of the national business landscape.

The Committee welcome the work currently being carried out in relation to the formulation of a Business Directory for jobs and skills. The Directory will help and enable providers to be signed up to the e-procurement system and for local suppliers to be better identified when seeking local quotes.

The Regeneration team will also need to understand from any pre procurement engagement, what support and skills

local businesses or organisations require in order to enter into the procurement process. This can then be fed into the new IGNITE initiative.

The Committee therefore recommend that to provide coordination and consistency of approach across all departments, that a new post be created to lead on the operational implementation of the Wolverhampton Pound initiative and to ensure that the objectives of the Wolverhampton Pound are fully recognised and embedded in the day-to-day work of the Council moving forwards. The Committee recommend that senior officers from within the relevant departments work together to understand where this post should sit within the organisation and the details as to the job specification and grade.

The Procurement Pipeline

The Committee are supportive of the work being carried out in relation to the Procurement Pipeline and note the vital role that this piece of work will play in enabling the early identification of contracts coming up for tender. This early identification will in turn enable pre procurement exercises to begin in sufficient time to ensure that SMEs and VCS groups can be communicated with and where required provided with sufficient support and advice to enable them to enter into the procurement process if appropriate.

Given the importance of the pipeline, the Committee recommend that it be kept under review and monitored on a regular basis through the scrutiny process.

The Committee note that the Anchor Network partners will also be producing pipelines for their own organisations and that under the 'Building an entrepreneurial and generative society'⁴ workstream, there is an activity to produce a joint procurement and commissioning pipeline. The Committee consider that this combined pipeline will be crucial in embedding the commitments of the Wolverhampton Pound moving forwards. The Pipeline will also allow the Council and its partners to identify synergies and economies of scale across the City and allow for the greatest collaboration and coproduction possible.

The Committee recommend that when the Pipeline is published, at least three upcoming contracts be identified to be used as pilot contracts for the new approaches to procurement and the Wolverhampton Pound and that a report in relation to these and the ongoing management of the contracts be presented to the relevant Scrutiny Panel.



⁴ Relighting Our City 'together' action plan Embedding Community Wealth Building in Wolverhampton

Social Value and Ethical Considerations

One of the main objectives of the Wolverhampton Pound is to embed social value in the City to help leverage local spend and employment and make the City the best it can be for our communities.

The Government's intentions for post EU public procurement were outlined in the Transforming Public Procurement Green Paper published in December 2020 and referred to earlier.

The Green Paper was followed by a National Procurement Policy Statement (NPPS) in June 2021 which sets out that all contracting authorities should consider the following national priority outcomes alongside any additional local priorities in their procurement activities:

- creating new businesses, new jobs and new skills
- tackling climate change and reducing waste, and
- improving supplier diversity, innovation and resilience.

The Levelling Up White Paper published in January 2022 places social value and procurement as a key enabler of Government ambitions to increase productivity and reduce regional inequalities.

The Committee understand that the Council is developing a new approach to social value and developing a strategy that will outline a set of social value outcomes, aligned to the key priorities of the Our City: Our Plan.

Aligned to this strategy will be a Social Value Framework which will set out the Council's priorities and some of the activities that the Council would like to see from contractors when developing their social value proposals. This will include financial proxy values for these activities to ensure an objective and transparent approach to scoring of social value. The Committee welcome the use of objective and transparent measures to monitor the social value outputs and impacts once a contract has been awarded and monitoring of these measures and KPIs should be reported back to Scrutiny on a regular basis.

A bespoke Social Value Toolkit will also be provided with information about further tools, guidance and contacts that may be helpful in supporting potential contractors to develop meaningful social value proposals.

The Committee understand that there will also be a refreshed City Charter. The Wolverhampton City Charter was originally launched by City Board in 2013 and sets out key priorities for procurement and commissioning activity in the City. As part of the new approach to social value the charter will be refreshed.

The Committee support the principles underlying the work being carried out in relation to social value:

- **Targeted** - Social value approach must align and support delivery of the outcomes in the Our City: Our Plan.
- **Efficient** – The resources the Council and stakeholders spend on identifying, requesting, assessing, securing and monitoring additional social value should be proportionate to the additional social value that can be secured.
- **Fair and Inclusive** – Particular efforts should be made to encourage and support applications from a diverse range of individuals and organisations.
- **Objective and Consistent** – Robust financial proxy values alongside clear qualitative criteria for scoring and assessment so that there is a consistent approach to decisions.
- **Transparent** – The social value framework will be documented and published setting out, how social value will be assessed.
- **Monitored** – Social value requirements are consistently and routinely monitored through an embedded system of robust contract management.

The Committee are wholly supportive of this approach and welcome the introduction of the strategy, framework, working principles and toolkit.

The Committee consider that any social value priorities must be collaboratively considered, co-designed and produced with communities and other stakeholders such as the VCS, so that any themes, outcomes and measures are specific and relate directly to Wolverhampton and our citizens. The Committee are also mindful that the social values agreed to and included in any procurement process remain relevant throughout the whole process and not just at the start and that they be constantly referred back to during any contract monitoring to ensure that the required value is being achieved.

The Committee note that the objectives and aims in the new Our City: Our Plan have been widely consulted on with communities and all partner organisations including the VCS and recommend that any social value or ethical priorities relating to procurement and contract management link to the objectives in the refreshed Our City: Our Plan.

As well as the very welcome approach to social value, the Committee consider that matters of ethical procurement could also be included as part of the new procurement process. It may be that a supplier is able to evidence high social value and impact but may have an ethical stance that is not consistent with that of the Council or our City. Ethical considerations may include ensuring that payment terms of no more than 30 days are cascaded through the supply chain or that a supplier has a robust equality, diversity and inclusion policy or a gender equal pay policy.

Contract Management

Good contract management will involve ensuring that there is accountability for agreements made throughout the procurement process. This will include any pre procurement engagement or activity, administration of the contract itself, delivery or implementation of what has been contracted for and the ongoing relationship management between the contract manager and the service or goods provider. Improvements to contract management and the use of the proposed new digital approaches to monitor contracts are welcomed by the Committee as a means to ensure that value for money, social value and ethical considerations are embedded and monitored through the life of the contract.

The Committee consider that early engagement is of vital importance and that improved cross departmental working with partners will be required for this. This activity should include targeted early engagement with SMEs and VCS organisations. Events such as 'meet the buyer' are examples of such engagement and will enable potential suppliers to understand what opportunities are coming through the pipeline and what will be expected of them in terms of social value and ethical considerations. The Committee therefore recommend that steps be taken to ensure that a structured and consistent approach is developed in relation to pre procurement supplier engagement.

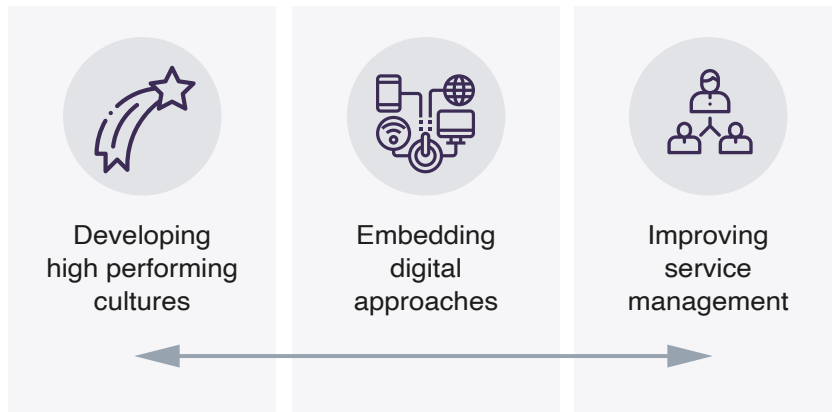
As well as seeking to engage with new potential suppliers, the Committee are mindful as to the importance of maintaining ongoing dialogue and relationships with existing suppliers.

Early engagement with suppliers and good communication may also start to generate new and innovative approaches to service provision and the supply of goods, and will provide space and time to really consider what we are commissioning. As has already been noted, the situation that we find ourselves in at the moment is unprecedented and the solutions required may not yet have been developed. By working with potential suppliers prior to the development of the tender document and by starting with the issue that needs to be addressed, innovative models of service provision or new technological solutions may start to emerge to the benefit of all. Such ways of working will also help to enhance the reputation of the Council as a progressive organisation rather than a more passive contract provider.

The Committee are however aware that under current legislation, co-production with suppliers can be challenging as the Council must ensure that there remains a level playing field for all bidders and that all bidders are treated equally. Care must be taken to ensure and to make clear, that early engagement by a supplier or service provider in the pre procurement process, does not guarantee any preferential consideration at the procurement stage.

Linking in with the Relighting our City strategy and the levelling up agenda, the Committee also consider that additional focus could be given to targeting existing and potential suppliers in areas of greater deprivation or areas that have been more adversely impacted by the pandemic. Feedback from these suppliers can then help to further inform the Social Value priorities and framework.

The Committee welcome the ongoing review and improvements being put forward in relation to contract management and the drive to make the process as transparent and visible as possible. Improvements will include developing the capability, skills and knowledge of contract managers; and reviewing current methods and practices to encourage innovation and change. At a more strategic level this will also include linking in with the Wolverhampton Pound, the Relighting our City Programme, the MTFs and the Social Value Strategy.



The Committee is pleased that training is being carried out for contract managers and that attendance and information in relation to this is being collated and fed back through the Government Commercial Function, which is providing the training. The Committee welcome the fact that 290 officers have now been identified as requiring training (213 due to their role and 77 as part of their professional development). The Committee recommend that feedback in relation to the training and ongoing monitoring of its effectiveness be reported on a regular basis to the relevant Scrutiny Panel. The Committee also consider that bespoke inhouse training should be investigated to complement the existing offer and to focus on the elements of the Wolverhampton Pound. This training should be mandatory for all budget managers as part of their induction.

The Committee welcome the introduction of the contract management framework and toolkit and are satisfied that the management board that has developed these represents a diverse selection of the Council's workforce. This level of diversity is vital as different departments and areas work in slightly different ways, construction for example will be different from service provision and it is vital that all of these considerations are incorporated into our plans and frameworks moving forwards.

The Committee recognise that effective and efficient contract management will be fundamental for the ongoing and long-term success of the Wolverhampton Pound. Good execution of the areas highlighted in the overview diagram below and in particular a more visible and accessible process, will be vital in encouraging and supporting smaller local businesses into the marketplace.

The Committee consider that careful and effective monitoring of the improved contract management processes should be undertaken, and regular updates provided to scrutiny.

Updates to scrutiny should provide a strategic oversight of contracts along with the following information:

- how and where social value is being achieved and measured
- figures in relation to how we are retaining increased economic wealth
- information on new job creation
- how we are ensuring value for money throughout the procurement and contract management process
- updates on training for contract and service managers
- successes to be celebrated

The Committee consider that to support this monitoring, a number of key performance indicators (KPIs) be agreed. These KPI's should include both quantitative and qualitative so that real, tangible progress can be measured and a clear understanding of what is and what isn't working achieved.

The Committee hopes that through this monitoring, successes can be showcased and celebrated which the Committee hopes will then encourage new, local businesses to enter the supply chain.

Improved ICT System

The Committee welcome the drive to improve ICT systems. The Committee understand that this will enable the provision of data and dashboards to improve contract management and monitoring and will be able to highlight areas for possible synergies or where additional support is required for more complex contracts. The Committee understand that the improved ICT systems will also enable the identification of trends and allow officers to monitor the performance of suppliers and contract managers.

A Complete Overview of Contract Management



Barriers to Procurement

The Committee consider that good contract management should be able to mitigate some of the barriers that business representatives highlighted as prohibitive to entering the marketplace.

The Committee heard evidence from a number of local business representative who were very welcoming of the improvements that they had witnessed in the Council's approach to business support, contract management and procurement over the past few years. However, they also highlighted a number of areas as barriers to engagement.

1. Communication

Once the pipeline is in place it will be vital to have an excellent communication strategy ready to advertise and communicate upcoming contract opportunities and let the City know that the Council is open for business. This will require a properly set out pre-procurement process that enables market engagement and consultation at the earliest possible stage. Pre-procurement must involve detailed sharing of information to prospective bidders regarding how the successful applicant will be expected to adhere to or be measured in relation to social value, KPIs (qualitative and quantitative) or ethical standards (environmental, living wage, EDI etc.). The process for the evaluation of bids must also be open, transparent and available to prospective applicants at this early stage. The Committee are however aware that this can be challenging as early market engagement is used to enable stakeholders and procurement to plan the best route to market. Due to this, some of the information referred to may not be available until after the engagement has taken place. The Committee understand that early market engagement in relation to strategically important contracts is standard but to conduct this type of engagement for all activity would require additional resources

Market consultation at this early stage will also help to get businesses ready to bid and to ascertain whether there are any barriers that are in their way such as a lack of digital expertise or ability to actually put the bid in online and whether extra support or training is required to guide them through the bidding process.



2. Inconsistent application of policy

The Committee understands that many smaller businesses encounter inconsistencies in their dealings with different Council departments which can be confusing and prohibitive. The Committee recommend that a new and consistent approach be considered for when SMEs or partners from the VCS are contacting the council in relation to tendering or procurement activities. This new process must be communicated clearly to all potential suppliers in adequate time before the tender process commences. The Committee understands that there can also be inconsistencies regarding which officers the SMEs or VCS representatives find themselves speaking to and that this can also lead to inconsistent information being provided. The Committee consider that having a single point of contact for the procurement and contract management processes will be of benefit and mitigate this inconsistency and uncertainty. Again, this information needs to be made clearly available on the Council's website and widely communicated.

3. Overly Bureaucratic and inconsistent Processes

The Committee heard that businesses and especially smaller businesses found the paperwork and processes to be followed regarding entering the marketplace, very prohibitive and at times overly expensive and very time consuming. The Committee recommend that the current processes be assessed and where possible, streamlined to reduce the amount of forms or questions required and to ensure that they are appropriate for the contract being put forward. Moving to an online process is welcomed but many smaller businesses are struggling to negotiate the online process and therefore additional digital skills training should be provided. The Committee understand that many small businesses do want to put in bids for public sector contracts but consider that they do not have the required skills, resources or knowledge to be able to do so. The Committee understand that there is already an online procurement portal but suggest that this be enhanced where possible and given greater visibility on the Council's public website. The pipeline should be accessible from the portal and it should enable alerts and to be set up by suppliers for when contracts of a certain type became available. Suppliers should be able to upload their standard information here once, rather than for each new contract thus saving a considerable amount of time filling in numerous pre procurement questionnaires. Such a resources would also be beneficial to the Council as it would enable the identification of possible suppliers for new goods or services early on in the process and link in directly with any pre procurement engagement and publicity. Case studies relating to successful bids could also be uploaded to the portal and links for training opportunities or skills workshops advertised.

The business and skills directory will also be key to help ensure that providers register their details here. The Committee do recognise the challenges and risks associated with the provision of information on a less regular basis. The Committee understand that for contracts above the threshold spend, specific information is required under law such as the Standard Selection Questionnaire. The Committee understand that the level of risk associated with a contractor will increase in line with the amount of time that has

elapsed since information is uploaded. The Committee suggest that work be undertaken to investigate and balance this risk and agree how often information such as the Standard Selection Questionnaire (SSQ) should be required from suppliers. The Committee recommend that a working group be set up to discuss these issues, and that this group include representatives from legal, audit and risk, procurement, commercial and governance.

4. Provision of detailed feedback

The Committee heard that reasons as to why a bid had failed were not always communicated back to the potential supplier. The Committee consider that this is vital and should be an integral part of the procurement and contract management process. By providing constructive feedback and engaging with unsuccessful suppliers, the council can start to fully understand the skills and support that small businesses or voluntary and community organisations are currently lacking and start to put processes in place to help fill these knowledge and skills gaps. The Committee understand that Procurement already provide debrief letters for the majority of procurement exercises and that these letters are mandatory for contracts over a specific threshold. The Committee understand that debrief letters are not currently provided in relation to quotes and that should this be recommended, then additional resources will be required. The Committee are also aware that such debrief letters will not be specific to local suppliers as national and international suppliers are also able to put bids forward.

5. Liability Insurance

The Committee understand that in some cases liability insurance in local government contracts can have an adverse impact on competition and appear prohibitive for small businesses which might otherwise consider entering the procurement process. The Committee understand that the council must take a number of considerations into account when deciding whether, and to what extent, contractor liability should be limited or excluded. The Committee understand that it is important to ensure that the issues of liability and insurance take account of relevant factors including value for money. The Committee suggest that the Council investigate the current procedures in relation to liability insurance and that where the suggested levels of insurance are not considered appropriate, they may be either raised or lowered. It might, for example, be considered that the level of insurance in some instances should be lowered, as the cost to the contractor could be prohibitive. The Committee do however recognise that in these circumstances, the Council will have to accept that if loss or damage occurs in excess of the insured limit, and the contractor cannot fund the difference, then the Council will be accepting that additional risk.

The Committee consider that the approach taken in respect of liability can be an important determinant in whether or not a contractor bids for a contract. It is important therefore that contract managers in consultation with procurement, legal and insurance services team, consider these issues as early as possible in the procurement process.

Risks and Mitigation

During the engagement session with local business representatives, some concerns were expressed in relation to balancing the opening up of the marketplace with the management of risk and due diligence. The Committee note and take on board these concerns and understand that greater flexibility in procedures, more non-standard approaches to procurement, social value driven rather than tangible outcome based approaches and the possibility of awarding contracts to smaller companies with less experience, may open the Council up to legal challenge should a new supplier or provider not be able to follow through on their contractual obligations.

The Committee is mindful that as a local authority, the Council is accountable to the public for the money that is spent on procurement. The Committee is however also conscious that the Council should not be overly risk adverse and seek to balance any identified risks against the potential benefits for the City, our citizens and the Council. The Committee consider that in all cases due diligence must continue to be carried out and that the proposed improvements in contract management, engagement and monitoring will further ensure that all contractual obligations are met.

Voluntary and Community Sector Engagement

The Committee heard evidence from the Voluntary and Community Sector (VCS). The Committee is very impressed with the amount and quality of work carried out by the sector and applaud the commitment of the volunteers and staff who are going above and beyond on a regular basis to help and support some of the most vulnerable people in our City.

The Committee welcome the improved and ongoing consultation and engagement that has taken place to help shape the City priorities included in the Our City: Our Plan and the establishment of ward funds to help target specific local issues, build resilience, and reduce demand on services.

The Committee understands that the Cross Sector Forum has been critical in influencing and facilitating activity across the system including:

- Raising the profile of the Voluntary and Community sector in the City
- Developing a framework to embed co-production in everything they do
- Contributing to the development of training programmes for VCS groups to access opportunities to bid for funding
- Contributing to the development of Social Value principles and the Wolverhampton Pound framework

The Committee notes that visible leadership is evident in relation to the VCS, with the Deputy Chief Executive acting as Voluntary Sector Champion and the establishment of a voluntary sector councillor champion. The Committee consider that similar visible leadership could be used to promote the Wolverhampton Pound at both councillor level and officer level and that a champion from both areas should be appointed to raise awareness and champion the work being done. These champions will provide visible leadership at the highest levels and help to raise the profile of the Wolverhampton Pound to local businesses, the VCS and our communities.

As already considered in this paper, the VCS highlighted the importance of engagement, communication and pre procurement activity as vital areas of work that have enabled them to shape and co-produce many of the services they provide. The Committee understands that communication and pre procurement are essential and that when designing any social value framework or approach, it must not come from the top down but start with the communities and work up.

The Committee understands that the Cross Sector Forum are currently collating the results of a survey recently undertaken in partnership with the University to help inform future objectives and priorities for the sector and highlight gaps in the VCS landscape in relation to procurement and commissioning provision. As previously stated, the Committee welcomes coproduction but care must be taken to ensure that processes are carried out in a fair way that is open to all.

The Committee understands that there are many small grass roots organisations that want to engage with the Council and that they have a wealth of information and experience that will be of great benefit to us. Asset mapping is considered a key area of work that is ongoing, as there are many small groups in the City not currently recognised and who may not even realise that what they are doing is volunteering.

Leadership is strong in the sector; innovations and ongoing development keep business plans evolving and the infrastructure transformative. If the market that is needed doesn't exist then it can be created through communication, collaboration and coproduction.

The Committee do however understand that a good market mix is desirable with SMEs, VCS and larger organisations all working together. The grass roots organisations might not have the required infrastructure to keep going on their own but they can provide the diverse and knowledgeable workforces that can be of benefit to the larger organisations and vice versa. At the moment it is a priority for the VCS to support the grass roots organisations to help them become sustainable and able to thrive again following the pandemic. A lot of the required support for this can come from the larger organisations such as the Council and other Anchors. The Committee are also aware, following evidence provided by the business support team and the VCS representatives, that larger organisations can provide a lot of social value and social impact in the City and for our communities. Large major suppliers can work with the Council to develop work programmes which will link in with many of our priorities and interests. This could include bringing in local firms or the VCS as sub-contractors to provide a specific service or working with schools, colleges or universities on skills provision in the medium and long term or in the provision of apprenticeships and work placements.

The Committee are however mindful that where any sub-contracting does take place that this is carried out ethically and that payments made to the VCS are at market value and that adequate resourcing

for the required work is provided by the major supplier. The Committee also note the frustration faced by the sector around some national providers delivering or duplicating services in the City with little benefit to the sector. The Committee consider that areas such as this can be picked up by the new contract management system where organisations may be required to provide information as to who they are sub contracting with.

One large area of work currently being addressed by the VCS is how to change the face of volunteering. The Committee understands that there is a need to attract volunteers from all stages of life and from as many diverse backgrounds as possible. Work is ongoing to consider how to motivate people to become volunteers and to show that volunteering can be the pathway into employment.

The Committee considers that the work being carried out by the VCS is exceptional and that it needs to be communicated further and more regularly. Therefore, the Committee recommend that regular reports in relation to the work of the VCS be provided to Scrutiny Board or the All-Councillor briefings.

The Committee also recommend that consideration be given as to whether the VCS might have a place on the Anchor Network and that if this is not possible, that processes be put in place to ensure that the VCS is regularly and routinely consulted by the Network.

Conclusion

The landscape of procurement and contract management is changing; no longer must they be considered as administrative back-office functions but heralded as changemaking, strategic tools with the potential to significantly improve the lives of the people of Wolverhampton.

How we procure and who we procure with affects everything that we do, and the work carried out during the select committee process has shown how much of an impact the objectives of the Wolverhampton Pound can have for our City and our citizens.

With committed political leadership, director level engagement, genuine cross departmental working and a Council wide understanding of the impact that good procurement can have, real change is now possible.

The recommendations and findings contained in the report show that with a progressive approach to procurement and contract management, comes innovation, creativity and the commissioning of services and products that are right for our City and our citizens. One size does not fit all and good communication and engagement with our partners, the VCS, existing suppliers, and potential suppliers will allow us to ensure that we are procuring the right goods and the rights services in the right way for us.

Next Steps

Moving forward, the Council will seek to lead by example alongside our Anchor Network partners. The new approaches to procurement and contract management recommended throughout this report will be vital in supporting and achieving the ambitions and aims of the Wolverhampton Pound. Achieving a combined Anchor pipeline will enable early and increased identification of where skills and knowledge are required and ensure that adequate training and support can be put in place to ensure that our local businesses and VCS partners have a level and fair platform from which to enter into the marketplace.

The Committee consider that as we continue on this journey, that clear guidance needs to be provided so that there is a comprehensive understanding of how the internal work being carried out by the Council and our internal structures; will link in and align with the work and the structures of the Anchor Network. The Committee request that representatives from the Anchor Network provide an update to Scrutiny as to how the objectives of the Wolverhampton Pound are being met, what progress has been made in relation to recruitment to the posts recommended by CLES, how its structures are aligned to work with partner organisations including the Council and the expectations of the network moving forwards.

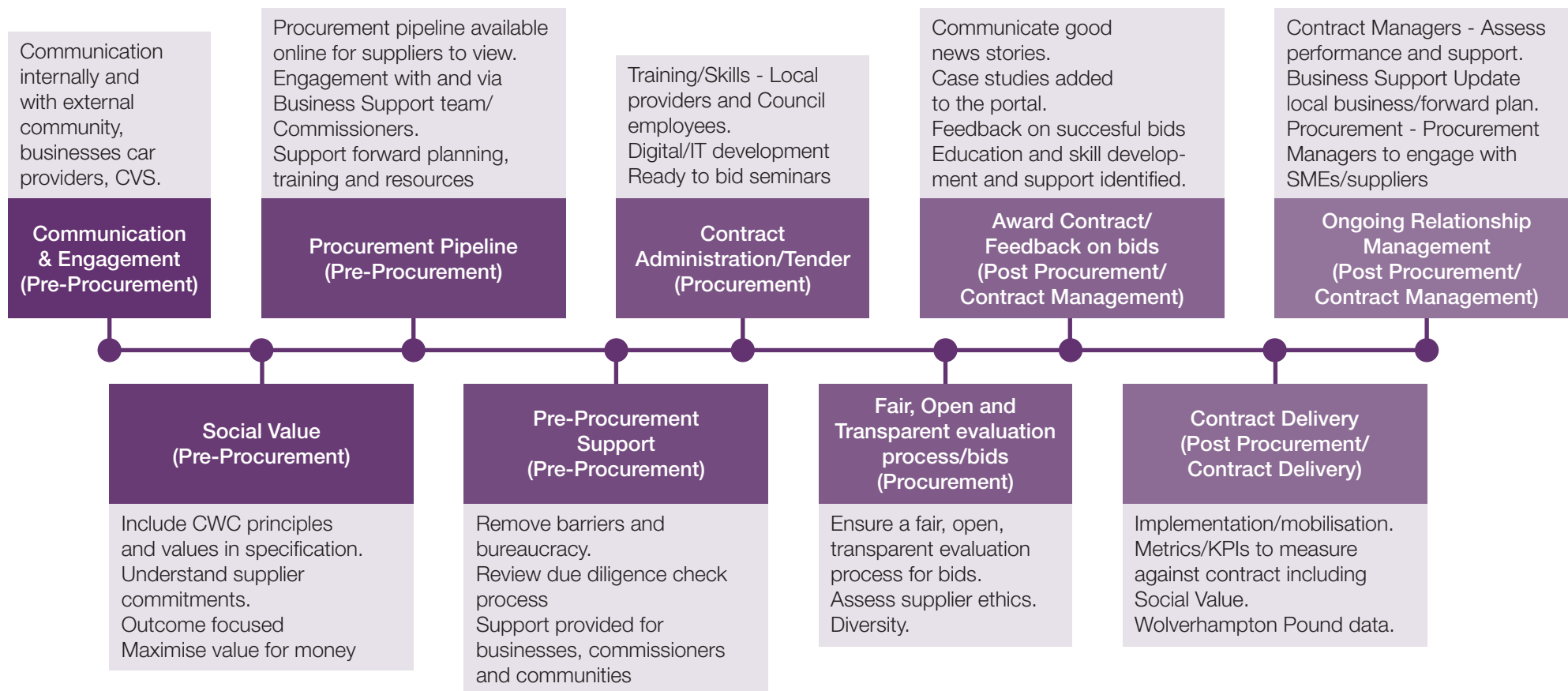
The Committee would like to thank everyone that attended the evidence sessions and commend all the hard work that the Council is undertaking to relight our City.

Recommendations

1. That the Council enter dialogue with the University in relation to identifying any students nearing the end of their studies who may be interested in a role in procurement.
2. That opportunities be considered in relation to engaging with partners to utilise their skills and resources in areas such as procurement to help deliver major capital schemes.
3. That the Council enter dialogue with the University, College and other local providers, in relation to providing the Chartered Institute of Procurement and Supply Diploma qualification.
4. That the Council investigate using market forces supplements in the short term to recruit to the more senior posts whilst at the same time ensuring that clear succession planning is in place by continuing to develop our own staff through the apprentice and procurement buyers posts and the Diploma.
5. That a clause be added when a qualification is undertaken and funded by the Council, that should the employee leave within a certain amount of time after studying, that all or part of the fee for the course be reimbursed.
6. That when advertising for procurement roles, the Council go beyond the normal compensation package. This should also include highlighting the less tangible elements that make working for the City of Wolverhampton Council special and using the website to highlight and promote this.
7. That to provide coordination and consistency of approach across all departments, that resources for the Wolverhampton Pound initiative are reviewed by officers, and that additional capacity is identified to ensure delivery against this key priority.
8. That the Procurement Pipeline be kept under review and monitored on a regular basis through the relevant scrutiny panels.
9. That when the Pipeline is published, at least three upcoming contracts be identified to be used as pilots for the new approaches to procurement and the Wolverhampton Pound and that a report in relation to these and the ongoing management of the contracts be monitored through the scrutiny process.
10. That any social value and ethical priorities relating to procurement link to the Our City: Our Plan and that there be a refresh of the Council social value strategy.
11. The Committee suggest that a working group be set up to investigate and balance areas of risk in relation to the procurement process and where processes might be streamlined and areas such as liability insurance reduced. The working group should include representatives from legal, procurement, audit and risk and governance.

12. That a structured and consistent approach is developed in relation to co production and early market engagement.
13. That there be mandatory training for all contract managers included as part of their induction process.
14. That moving forward, training be developed in house in relation to procurement and contract management and include reference to the Our City: Our Plan, Vision 2030, the Wolverhampton Pound, Relighting our City and the Social Value Framework.
15. That regular reports be provided to the Our Council Scrutiny Panel to include:
 - how and where social value is being achieved and measured,
 - figures in relation to how we are retaining increased economic wealth
 - information on new job creation
 - how we are ensuring value for money throughout the procurement and contract management process
 - updates on training for contract and service managers
 - successes to be celebrated
16. That a single point of contact for the procurement processes and contract management processes be identified.
17. That existing application and bureaucratic processes be assessed and where possible, streamlined.
18. That visible leadership be used to promote the Wolverhampton Pound at both councillor level and officer level and that a champion from both areas be appointed to raise awareness and champion the work being done. These champions will provide visible leadership at the highest levels and help to raise the profile of the Wolverhampton Pound to local businesses, the VCS and our communities.
19. That regular reports in relation to the work of the VCS be provided to Scrutiny Board or the All-Councillor briefings to help to raise awareness and support for the organisations.
20. That consideration be given as to whether the VCS might have a place on the Anchor Network and that if this is not possible, that processes be put in place to ensure that the VCS is regularly and routinely consulted by the Network.

Select Committee - Recommended Process Detail



All above supported by streamlined Council processes

- Online portal for Procurement and Community and Voluntary Services
- Streamlined application processes
- Simplified processes and ways to bid
- Structures in place to support including contacts for suppliers

You can get this information in large print, braille,
audio or in another language by calling 01902 551155

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