

Overview and Scrutiny Management Committee

Thursday 18 October 2018 at 1.30 pm

**To be held at the Town Hall, Pinstone
Street, Sheffield, S1 2HH**

The Press and Public are Welcome to Attend

Membership

Councillors Denise Fox (Chair), Ian Auckland, Penny Baker, John Booker, Ben Curran, Douglas Johnson, George Lindars-Hammond, Pat Midgley, Mick Rooney, Ian Saunders, Steve Wilson and Cliff Woodcraft

Substitute Members

In accordance with the Constitution, Substitute Members may be provided for the above Committee Members as and when required.

PUBLIC ACCESS TO THE MEETING

The Overview and Scrutiny Management Committee comprises the Chairs and Deputy Chairs of the four Scrutiny Committees. Councillor Cate McDonald Chairs this Committee.

Remit of the Committee

- Effective use of internal and external resources
- Performance against Corporate Plan Priorities
- Risk management
- Budget monitoring
- Strategic management and development of the scrutiny programme and process
- Identifying and co-ordinating cross scrutiny issues

A copy of the agenda and reports is available on the Council's website at www.sheffield.gov.uk. You can also see the reports to be discussed at the meeting if you call at the First Point Reception, Town Hall, Pinstone Street entrance. The Reception is open between 9.00 am and 5.00 pm, Monday to Thursday and between 9.00 am and 4.45 pm. on Friday. You may not be allowed to see some reports because they contain confidential information. These items are usually marked * on the agenda.

Members of the public have the right to ask questions or submit petitions to Scrutiny Committee meetings and recording is allowed under the direction of the Chair. Please see the website or contact Democratic Services for further information regarding public questions and petitions and details of the Council's protocol on audio/visual recording and photography at council meetings.

Scrutiny Committee meetings are normally open to the public but sometimes the Committee may have to discuss an item in private. If this happens, you will be asked to leave. Any private items are normally left until last. If you would like to attend the meeting please report to the First Point Reception desk where you will be directed to the meeting room.

If you require any further information about this Scrutiny Committee, please contact Emily Standbrook-Shaw, Policy and Improvement Officer, on 0114 27 35065 or email Emily.standbrook-shaw@sheffield.gov.uk

FACILITIES

There are public toilets available, with wheelchair access, on the ground floor of the Town Hall. Induction loop facilities are available in meeting rooms.

Access for people with mobility difficulties can be obtained through the ramp on the side to the main Town Hall entrance.

**OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE AGENDA
18 OCTOBER 2018**

Order of Business

- 1. Welcome and Housekeeping Arrangements**
- 2. Apologies for Absence**
- 3. Exclusion of Public and Press**
To identify items where resolutions may be moved to exclude the press and public
- 4. Declarations of Interest**
Members to declare any interests they have in the business to be considered at the meeting
- 5. Minutes of Previous Meeting**
To approve the minutes of the meeting of the Committee held on 19th July, 2018
- 6. Public Questions and Petitions**
To receive any questions or petitions from members of the public
- 7. How Sheffield Would Like to do Business (Ethical Procurement)**
Report of the Executive Director, Resources
- 8. 2019/20 Revenue Budget**
To receive a presentation from the Executive Director, Resources
- 9. Work Programme 2018/19**
Report of the Policy and Improvement Officer
- 10. Date of Next Meeting**
The next meeting of the Committee will be held on Thursday, 15th November, 2018, at 1.30 pm, in the Town Hall

This page is intentionally left blank

ADVICE TO MEMBERS ON DECLARING INTERESTS AT MEETINGS

If you are present at a meeting of the Council, of its executive or any committee of the executive, or of any committee, sub-committee, joint committee, or joint sub-committee of the authority, and you have a **Disclosable Pecuniary Interest (DPI)** relating to any business that will be considered at the meeting, you must not:

- participate in any discussion of the business at the meeting, or if you become aware of your Disclosable Pecuniary Interest during the meeting, participate further in any discussion of the business, or
- participate in any vote or further vote taken on the matter at the meeting.

These prohibitions apply to any form of participation, including speaking as a member of the public.

You **must**:

- leave the room (in accordance with the Members' Code of Conduct)
- make a verbal declaration of the existence and nature of any DPI at any meeting at which you are present at which an item of business which affects or relates to the subject matter of that interest is under consideration, at or before the consideration of the item of business or as soon as the interest becomes apparent.
- declare it to the meeting and notify the Council's Monitoring Officer within 28 days, if the DPI is not already registered.

If you have any of the following pecuniary interests, they are your **disclosable pecuniary interests** under the new national rules. You have a pecuniary interest if you, or your spouse or civil partner, have a pecuniary interest.

- Any employment, office, trade, profession or vocation carried on for profit or gain, which you, or your spouse or civil partner undertakes.
- Any payment or provision of any other financial benefit (other than from your council or authority) made or provided within the relevant period* in respect of any expenses incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.

*The relevant period is the 12 months ending on the day when you tell the Monitoring Officer about your disclosable pecuniary interests.

- Any contract which is made between you, or your spouse or your civil partner (or a body in which you, or your spouse or your civil partner, has a beneficial interest) and your council or authority –
 - under which goods or services are to be provided or works are to be executed; and
 - which has not been fully discharged.

- Any beneficial interest in land which you, or your spouse or your civil partner, have and which is within the area of your council or authority.
- Any licence (alone or jointly with others) which you, or your spouse or your civil partner, holds to occupy land in the area of your council or authority for a month or longer.
- Any tenancy where (to your knowledge) –
 - the landlord is your council or authority; and
 - the tenant is a body in which you, or your spouse or your civil partner, has a beneficial interest.
- Any beneficial interest which you, or your spouse or your civil partner has in securities of a body where -
 - (a) that body (to your knowledge) has a place of business or land in the area of your council or authority; and
 - (b) either -
 - the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or
 - if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you, or your spouse or your civil partner, has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

If you attend a meeting at which any item of business is to be considered and you are aware that you have a **personal interest** in the matter which does not amount to a DPI, you must make verbal declaration of the existence and nature of that interest at or before the consideration of the item of business or as soon as the interest becomes apparent. You should leave the room if your continued presence is incompatible with the 7 Principles of Public Life (selflessness; integrity; objectivity; accountability; openness; honesty; and leadership).

You have a personal interest where –

- a decision in relation to that business might reasonably be regarded as affecting the well-being or financial standing (including interests in land and easements over land) of you or a member of your family or a person or an organisation with whom you have a close association to a greater extent than it would affect the majority of the Council Tax payers, ratepayers or inhabitants of the ward or electoral area for which you have been elected or otherwise of the Authority's administrative area, or
- it relates to or is likely to affect any of the interests that are defined as DPIs but are in respect of a member of your family (other than a partner) or a person with whom you have a close association.

Guidance on declarations of interest, incorporating regulations published by the Government in relation to Disclosable Pecuniary Interests, has been circulated to you previously.

You should identify any potential interest you may have relating to business to be considered at the meeting. This will help you and anyone that you ask for advice to fully consider all the circumstances before deciding what action you should take.

In certain circumstances the Council may grant a **dispensation** to permit a Member to take part in the business of the Authority even if the member has a Disclosable Pecuniary Interest relating to that business.

To obtain a dispensation, you must write to the Monitoring Officer at least 48 hours before the meeting in question, explaining why a dispensation is sought and desirable, and specifying the period of time for which it is sought. The Monitoring Officer may consult with the Independent Person or the Council's Audit and Standards Committee in relation to a request for dispensation.

Further advice can be obtained from Gillian Duckworth, Director of Legal and Governance on 0114 2734018 or email gillian.duckworth@sheffield.gov.uk.

This page is intentionally left blank

Overview and Scrutiny Management Committee

Meeting held 19 July 2018

PRESENT: Councillors Denise Fox (Chair), Ian Auckland, John Booker, Ben Curran, George Lindars-Hammond, Pat Midgley, Mick Rooney, Ian Saunders, Alison Teal (Substitute Member) and Cliff Woodcraft

.....

1. APOLOGIES FOR ABSENCE

1.1 Apologies for absence were received from Councillor Penny Baker and Councillor Douglas Johnson (with Councillor Alison Teal attending as his substitute).

2. EXCLUSION OF PUBLIC AND PRESS

2.1 No items were identified where resolutions may be moved to exclude the public and press.

3. DECLARATIONS OF INTEREST

3.1 There were no declarations of interest.

4. MINUTES OF PREVIOUS MEETINGS

4.1 The minutes of the meetings of the Committee held on 19th April and 16th May 2018 were approved as a correct record.

4.2 Arising from the minutes, a Member enquired about the written response to a public question and the Policy and Improvement Officer reported that she had spoken to the questioner and confirmed that the Ethical Procurement Policy was on the work programme for October.

5. PUBLIC QUESTIONS AND PETITIONS

5.1 The Committee received the following questions from members of the public:-

5.2 Alan Kewley

Is webcasting still planned and will we see it soon?

5.3 Councillor Olivia Blake, Cabinet Member for Finance and Deputy Leader of the Council, responded that a new system was being procured for the Chamber with quotes setting out options for just replacing the current kit (including e-voting) as well as for recording elements. Once these had been reviewed and the costs compared, a decision could be made.

5.4 In response to Members' questions, Councillor Olivia Blake confirmed that there was no policy regarding webcasting, but it was hoped that all meetings would be able to be webcast, either through a procured system or an in-house solution.

6. SCC 2020

6.1 The Committee received a presentation from Eugene Walker, Executive Director, Resources, and James Henderson, Director, Policy, Performance and Communications (PPC) which gave an overview of the SCC2020 Programme and highlighted the Customer Experience Programme, Digital & Technology Strategy and the Children's and Adults' Improvement & Recovery Plans. Also present for this item was Councillor Olivia Blake, Cabinet Member for Finance and Deputy Leader of the Council.

6.2 Members made various comments and asked a number of questions, to which responses were provided as follows:

- Councillor Blake confirmed that an additional £15m had been spent last year to address the pressures in Children's and Adults' Services and, although there was still an overspend forecasted for this year, the investment would enable changes to get on top of the demand pressures rather than just addressing the overspend.
- She advised that the improvement plans were multi-year to ensure resilience and these were being supported by ongoing conversations with health colleagues to ensure changes were being made holistically across healthcare services and that cuts to one part would not cause pressures elsewhere. Eugene Walker added that the National Audit office had highlighted the unsustainability of the Government's plans and advised that all Councils would fail if this current trajectory continued; it was just a matter of when.
- In response to a question about the website, James Henderson agreed that this was not a finished project and had not yet made the progress aspired to. Part of this was the complexity of moving from a 1990's legacy system to a site that that was fit for 2018 and the future. In addition, customer expectation had changed and significant work was underway to get the Council to a position where it could meet those expectations, with digital capabilities only a part of that. A forward plan was in place and from there the Council would be able to build and design customer-centric services.
- With regard to measuring impact, Eugene Walker confirmed this was being considered and suggested this was something that could come back to this Committee for comment.
- Councillor Blake advised that multiple discussions were ongoing with various NHS and health colleagues to enact service revisions that addressed healthcare across the City whilst still being mindful of each partner's financial pressures. Eugene Walker added that investing into efficiencies was needed and that this was a problem being faced nationally.
- In response to a Member's question regarding payment by results, Eugene Walker confirmed this was an issue being faced by all Local Authorities and advised that although Sheffield had made some headway in moving away from

this approach, further steps were needed.

- With regards to the use of the word 'customer' to describe Sheffield citizens and users of Council services, James Henderson advised that it was an internally-focussed word to highlight the type of relationship officers should encourage with Sheffield residents. Councillor Blake clarified that, of the Customer Experience Programme, the focus was on the 'Experience', reflecting the move away from designing services based on the needs of officers and instead focussing on the needs of the user.
- Councillor Blake thanked Members for raising issues regarding the telephony service, online blue badge applications and the issues with Council Tax payments, advising that it was difficult to stay on top of such a wide range of services. She asked that all issues like this be reported via James Henderson's team to ensure they were fixed.
- With regards to webcasting, Councillor Saunders shared the relatively low viewing figures for the webcasting recordings for South Yorkshire Fire & Rescue Authority, South Yorkshire Police & Crime Panel, Pensions Authority and SCR Combined Authority meetings, highlighting that it wasn't necessarily a panacea for democracy and suggested web conferencing should be considered.
- Eugene Walker advised that the digital and technology strategy had highlighted a need to have more direct control over the Council's IT, which had led to moving away from the current Capita contract. He reported that some services would be provided in-house and others recommissioned, and although a shorter negotiation period would result in some disruption, this would be less than a longer protracted transitory period.
- In response to a question regarding governance, Eugene Walker advised that he believed the arrangements as set out were suitable for the size and complexity of the Council. He added that trying to unite all aspects of the Council to pull in the same direction was a huge undertaking and would inevitably look complicated on paper, but that numerous discussions were already taking place 'on the ground' to enable more joined-up working.

6.3 The Chair thanked Councillor Olivia Blake and officers for their presentation.

6.4 RESOLVED: That the Committee notes the presentation, and agrees that a future report regarding measuring impact come to a future meeting.

7. EFFECTIVENESS OF LOCAL AUTHORITY OVERVIEW AND SCRUTINY COMMITTEES; REPORT OF THE COMMUNITIES AND LOCAL GOVERNMENT COMMITTEE, PUBLISHED 15 DECEMBER 2017

7.1 The Committee received a report of the Head of Elections, Equalities and Involvement which provided an overview of the report published by the Communities and Local Government Committee in December 2017 and set out potential improvements to the way Sheffield City Council implements its scrutiny

function. Present for the item was James Henderson, Director Policy, Performance and Communication.

7.2 Members made various comments and asked a number of questions, to which responses were provided as follows:

- In response to a question regarding the proposal for Scrutiny Committees to report to Council, James Henderson confirmed that Scrutiny Committees would still determine their own work programmes and would not be directed by Council. The Policy and Improvement Officer advised that the Select Committee would have been directing this recommendation at those Local Authorities which struggled to get scrutiny recognised by the Executive, which was not a problem faced in Sheffield.
- With regards to 'following the pound' (where scrutiny would have the power and responsibilities to oversee taxpayer funded services where the services are funded, wholly or in part, by local authorities), James Henderson advised that he was not aware of any instances of Sheffield not being able to get outside organisations to attend meetings and provide evidence, but that more could be done to raise awareness of the existence and role of scrutiny with partners. It was also suggested that transparency and the expectations of scrutiny could be included as part of contract negotiation.
- Officers undertook to take back Members' comments regarding the Sheffield City Region's scrutiny function, and it was noted that the SCR Mayor could be invited to attend Sheffield City Council scrutiny meetings where appropriate.

7.3 The Chair advised that she had been speaking with the Equalities Board about involving their members and using their expertise in scrutiny, and confirmed that a report would be brought to a future meeting of this Committee.

7.4 RESOLVED: That the Committee notes the summary of the Communities and Local Government Committee's report and areas identified for potential improvement in Sheffield Scrutiny function.

8. COMBINED SCRUTINY WORK PROGRAMME 2018/19 (DRAFT) AND UPDATE FROM COMMITTEE CHAIRS

8.1 The Policy and Improvement Officer submitted the Draft Combined Scrutiny Work Programme for 2018-19.

8.2 Scrutiny Chairs provided updates from their first meetings and it was noted that the Children's Social Care Task Group Report had been received at Cabinet yesterday, the first meeting of the Economic and Environmental Wellbeing Scrutiny and Policy Development Committee had been postponed, and the Safer and Stronger Communities Scrutiny and Policy Development Committee would be holding a summit on gun and knife crime to replace either the September or October meeting.

9. DRAFT WORK PROGRAMME 2018/19

- 9.1 The Policy and Improvement Officer submitted a report outlining the draft Overview and Scrutiny Management Committee Work programme for 2018/19.
- 9.2 Members discussed additional issues including the Bus Services Bill, the plans to grow Sheffield's income base, improving citizen engagement, and analysing the performance of the Streets Ahead contract (though it was noted some of these fell under the remits of other Scrutiny Committees).
- 9.3 RESOLVED: That the Committee approves the work programme for 2018/19.

10. DATE OF NEXT MEETING

- 10.1 It was noted that the next meeting of the Committee would be held on 18 October 2018 at 1.30pm.

This page is intentionally left blank



Report to Overview and Scrutiny Committee 08/10/18

Report of: Executive Director Resources

Subject: How Sheffield City Council would like to do Business (Ethical Procurement)

Author of Report: Filip Leonard, Head of Procurement & Supply Chain

Summary:

Members requested a review of our commissioning cycle specifically with regard to the Council's ability to address the following topics:

- Tax Compliance
- Ethical Procurement
- Grave Misconduct
- Living Wage
- Blacklisting
- Local Economic Impact; and
- Social Value

The purpose is to enable the Council to *'conduct business ethically, effectively and efficiently for the benefit of Sheffield'*

This paper confirms that the Ethical Procurement Policy, a series of revisions to protocols, process and tools associated with those topics and running across Sheffield City Council (SCC) and its supply chain has been signed. In particular, the policy focusses on adopting three key tools, Social Value tests, Ethical Code of Conduct for suppliers and revised Tender processes.

Type of item: The report author should tick the appropriate box

Reviewing of existing policy	X
Informing the development of new policy	
Statutory consultation	
Performance / budget monitoring report	
Cabinet request for scrutiny	
Full Council request for scrutiny	
Community Assembly request for scrutiny	
Call-in of Cabinet decision	
Briefing paper for the Scrutiny Committee	X
Other	

The Scrutiny Committee is being asked to:

Provide steer and contribute to the development of the Ethical Procurement approach. Consider the summary of proposals, key assumptions and key risks and seeks Scrutiny's feedback on appropriate reporting and performance arrangements.

Background Papers:

Ethical Procurement Implementation Update

Category of Report: OPEN

Report of the Head of Procurement and Supply Chain

Ethical Procurement Implementation Update

1. Background

The Ethical Procurement Policy marks a radical ambition to use our spending power to drive ethical standards and social outcomes in our procurement. The cuts that Government have forced upon the City Council in the last seven years have reduced our budget by over £390m putting pressure on services, communities and giving us increasingly difficult choices about how we use the money we do have available. Despite, or indeed because of this, the City Council needs to use its remaining spending power to deliver maximum impact to achieve its social and policy priorities. We do provide many services directly, but a significant proportion of our services are delivered by suppliers, so this puts procurement at the forefront in enabling these objectives.

Our Ethical Procurement Framework is a clear commitment to:

- maximising the Council's ability to use its discretion to apply ethical standards to behaviour throughout its supply chain
- use the money we spend to increase the social value and benefits for local people and businesses. This means that companies the Council contracts with must share our desire to create a city economy that works for all by paying their taxes, respecting workers' rights and equal opportunities, and invest in the talents of their employees through good training and healthy, safe working conditions. We want to encourage companies to think about the wider social impact on Sheffield communities of their activity.

By embedding these principles in our procurement practice, we will support and encourage investment in the city's economy, creating fairer opportunities for local businesses and suppliers to deliver local contracts which in turn, can create good local jobs.

Sheffield City Council have set our stall out by being a leading Real Living Wage employer but we are only responsible for a proportion of the money invested in services, contracts and products in Sheffield. We believe that the Ethical Procurement Framework represents an opportunity for all of Sheffield's key institutions and partners – hospitals, businesses, universities – to use our collective financial power to get the best value and best opportunities for Sheffielders and local businesses.

2. Policy Summary

Sheffield City Council is committed to ensuring a high standard of ethical practice across our trading landscape and is raising the expectations of ourselves and our supply chain.

The Council expects all internal staff, partners and suppliers to work to these augmented standards which assure we will:

- Trade with those who comply with an Ethical Code of Conduct
- Exclude suppliers committing acts of Grave Misconduct
- Improve Social Outcomes for the citizens of Sheffield
- Increase the power of procurement and its Local economic impact.

The policy document articulates a series of revisions to protocols, process and tools across Sheffield City Council (SCC) and its supply chain, to enable the Council to 'conduct business ethically, effectively and efficiently for the benefit of Sheffield' (the vision). In particular focusses on adopting three key tools, Social Value tests, Ethical Code of Conduct for suppliers and revised Tender processes.

Following a review of our commissioning cycle specifically with regard to the Council's ability to address:

1. Tax compliance;
2. [Ethical Procurement];
3. Grave Misconduct;
4. Living Wage; and
5. Blacklisting;

within the supply chain, and the further topics of:

6. Local Economic Impact; and
7. Social Value

3. Policy Outcomes

The proposals should enable the following outcomes:

Ethical

- Drive (SCC's view of) ethical behaviour as a standard throughout the supply chain
- Enable greater return in Social Value in Sheffield

Effective

- Increase SCC spend in the local economy / market
- Increase our understanding of the supplier markets
- Stimulate business growth
- Bring in innovative ideas and thinking from the market
- Accommodate short to mid term change / flexibility into contractual arrangements
- Drive an increase in cashable savings

Efficient

- Streamline processes
- Be (increasingly) cohesive in our messaging / engagement with suppliers / market
- Have processes that drive the right outcome (rather than focus solely on compliance)

4. Operational changes and progress

The Ethical Procurement Policy has meant a number of changes within the Procurement and Supply Chain team to structures, process and procedures to enable to creation of a number of products.

Outcome	Operational Delivery Strategies
<p>Drive (SCC's view of) ethical behaviour as a standard throughout the supply chain</p>	<ul style="list-style-type: none"> • Develop Ethical Charter • Inclusion of charter all new procurement as Condition of Contract • Enable existing supply base to sign up to contract variation • Develop toolkit for Suppliers • Amends to standard supplier questionnaire • Training & development for teams • Hold Ethical Supplier day event
<p>Enable greater return in Social Value in Sheffield</p>	<ul style="list-style-type: none"> • Changes to commissioning process • Inclusion of minimum weightings in tenders • Changes to documentation • Training and Development for teams
<p>Increase SCC spend in the local economy / market</p>	<ul style="list-style-type: none"> • Training and Development for suppliers • Implementation of a sourcing team to ensure at least one quote <£150k is sourced locally • Changes to Constitution • Use of Social Media to market to local suppliers
<p>Increase our understanding of the supplier markets</p>	<ul style="list-style-type: none"> • Use of third party reporting tools • Encouraging officers to network with suppliers more effectively through objectives setting
<p>Stimulate business growth</p>	<ul style="list-style-type: none"> • Use Local Economic Impact evaluation criteria within tender • Training and Development for suppliers • Identify gaps in the local market for the provision of goods and services and market the opportunity • Development of payment incentive schemes for supplier

<p>Bring in innovative ideas and thinking from the market</p>	<ul style="list-style-type: none"> • Encouraging officers to network with suppliers more effectively through objectives setting • Use of third party reporting tools • Early engagement with suppliers in the commissioning process • Increase in pre-market engagement
<p>Accommodate short to mid-term change / flexibility into contractual arrangements</p>	<ul style="list-style-type: none"> • Letting contracts designed to capture development and innovations, increased use of framework arrangements
<p>Drive an increase in cashable savings Be (increasingly) cohesive in our messaging / engagement with suppliers / market</p>	<ul style="list-style-type: none"> • Development of payment incentive schemes for supplier • Minimum price evaluation • Supplier Event
<p>Have processes that drive the right outcome (rather than focus solely on compliance)</p>	<ul style="list-style-type: none"> • Changes to Constitution • Implementation of a new acquisition model

These changes have now synthesised into some key products which include;

- A dedicated team of Procurement and Supply Chain “Ethical Champions” who are responsible for leading the implementation of changes to the Council and who will review progress against the policy outcomes.
- An amended supplier questionnaire for all procurement above £150k to allow suppliers to be deselected based on their ethical performance such as Grave Misconduct which renders a bidders integrity questionable
- Implementation of the new how to buy model and a sourcing team at Sheffield City Council
- An innovative approach to delivering Real Living Wage in the Councils’ Contracts.
- The Supply2Sheffield training and events for suppliers
- The Supply2Sheffield Pay Plus scheme
- A partnership with the University of Sheffield to produce an Ethical Diagnostic Toolkit aimed at achieving sustainable ethical supply chains.
- Training and information updates for managers across the Council.
- Changes to Councils standing orders
- Amended terms and conditions to include compliance against the ethical charter and commitments to Living Wage
- Amended tender documentation to include new Social Value evaluation model, Pay Plus scheme and Living Wage requirements

To ensure the success of the project it is important to ensure that we approach our supply chain in a very positive and collaborative manner. To that end the

Council is hosting an Ethical Procurement event on the 29th October 2018 for current suppliers. The day will enable the Council to set out its Ethical performance standards and approaches.

5. Reporting and measuring

As set out earlier in this report the impact of the policy has initially been within the Council, as it responds by developing strategies, process and procedures.

To measure the success of the project it is important we develop a set of measures that can practically be recorded, but are also a meaningful and direct consequence of the policy, rather than being influenced by other factors, beyond the control of the Council.

Below are a set of proposed measures that would be reported on an annual basis, to either this Scrutiny Committee, part of the Annual Governance Statement or perhaps some other reporting route.

Proposed Measure 1: New Ethical Code of Conduct

What's new/changing?	How can this be measured?
<p>New Ethical Code of Conduct for Suppliers (ECCS) – Consolidation of existing statements alongside refreshed ethical position statements.</p> <p>Makes a clear statement of intent when engaging the market.</p> <p>To be embedded as part of the contract and hold suppliers to account against the code.</p>	<p>Number of Suppliers that sign up to the Ethical Code of Conduct in contracts</p>

Proposed Measure 2: Tax Compliance

What's new/changing?	How can this be measured?
<p>Reinforced in ECCS – Consolidation. Enables termination where breach without rectification occurs.</p>	<p>100% of supplier excluded for failing tax compliance.</p>

Proposed Measure 3: Grave Misconduct

What's new/changing?	How can this be measured?
<p>Expanded PQQ disqualification tests against suppliers, parent company, group and subsidiaries.</p>	<p>SSQ* documents amended and utilised for 100% tenders 100% of SSQ documents completed self-declaration.</p>
<p>New SSQ disqualification test introduced for breach of International Human Rights.</p>	

*SSQ Supplier Standard Questionnaire is a standard document the Council is required to use by law in competitive procurement above Public Contract Regulations thresholds.

Proposed Measure 5: Real Living Wage

What's new/changing?	How can this be measured?
<p>Reinforced in (ECCS) – Consolidation.</p>	<p>Achievement of the Real Living Wage Foundation Accreditation.</p> <p>Number of Employees working on Council Contracts paid the Real Living Wage</p> <p>% of suppliers since June 2017* declaring Real Living wage payer % of spend since June 2017 to declared living wage providers</p>

*June 2017 reflect the point at which our new finance system was implemented and suppliers were able to self-certify their status.

Proposed Measure 6: Blacklisting

What's new/changing?	How can this be measured?
<p>Reinforced in (ECCS) – Consolidation.</p>	<p>SSQ documents amended and utilised for 100% tenders 100% of SSQ documents completed self-declaration.</p>

Proposed Measure 7: Local Economic Impact

What's new/changing?	How can this be measured?
Introduces two mandatory new tests to evaluate local economic impact of a contract being awarded.	Number of Contracts / quotes awarded to local businesses increasing
Increase the threshold of Works contracts for Goods, Services and Works to £150k. (Means quote for works below this threshold)	Changes to standing orders in Full cabinet in October
Mandate one of three Quotes is requested from a Sheffield Supplier.	

Proposed Measure 8: Social Value

What's new/changing?	How can this be measured?
Reinforced in (ECCS) – Consolidation.	
Mandatory social value evaluation criteria for all tenders.	% of tenders including Social Value and The monetary value of social return that has been bid at tender stage*

*Using a version of the National TOMs, we can utilise a set of published 'Proxy Values' that will allow the Council to assess the financial impact that any measure will make. It is recognised that social value is not all about 'money' but nonetheless this is an important metric to help understand the scale and breadth of impact that a measure can make. Importantly, it allows the Council when procuring to compare tenders in a way that is proportional and relevant to the bid, and to better justify a procurement decision.

Proposed Measure 9: Supplier Ethical Performance

Sheffield City Council and University of Sheffield have been working together to produce a free diagnostic toolkit to help suppliers to achieve financially sustainable supply chains and excellent employment practices.

Benefits to the Council include:

- Visibility of suppliers practices across the supply chain
- Ability to highlight areas of risk
- Ability to develop and implement improvement strategies
- Measure improvement and performance

Benefits to suppliers of using the toolkit include:

- Impact on the bottom line
- Increased competitiveness
- Socially responsible, ethical business practices
- Easy-to-use design
- Reputational benefits

The toolkit can be used by managers in accounting, HR and supply chain management as a strategy planner, for team building within a company, or for bringing suppliers and customers 'on board' with our goals. The Council can utilise the self-diagnosis toolkit to assess progress against a range of statements, make plans for improvements, and then print 'dashboard' style reports and action plans. The toolkit was co-produced by academics and practitioners as part of an international research project funded by the UK Government's Economic and Social Research Council. It is supported by professional bodies including CIMA, CIPD, FIEP, FIEPE and SABPP.

The Council will start to roll out the online toolkit to its supplier base starting on the 29th October 2018, with a view to recovering data from supplier by end of March 2019.

The Council will utilise this tool to monitor and measure ethical performance across the breadth of its supply chain, the reporting mechanism (on a red amber green basis) will enable strategic interventions to be made and implemented for specific sectors, where concerns are identified.

The aim of these interventions will be to influence provider and market to move reds categories to amber and amber to green through maturing practice, supplier and market development.

This list of measures represents a comprehensive suite that will provide assurance that the Ethical Policy is not only being implemented and enforced, but that it is making real world impact.

END

2019/20 Revenue Budget report for OSMC 18th October 2018

Purpose of session



- To brief OSMC on the budget planning approach for the 2019/20 budget and the financial targets set for the Council
- To brief OSMC on the timetable for the Budget overview and Budget Policy sessions, and subsequent Labour Exec and Group approval sessions
- To give OSMC the opportunity to ask questions on all of the above

Key messages

- Compiling a balanced 19/20 budget will be very challenging, due to continuing constraints on Central Government funding at a time when demand for Social Care in particular is rising strongly
- To inform our approach, we are re-affirming and/or re-shaping the Council's priorities and reviewing finance options (such as for capital)
- We intend to propose a balanced budget for 2019/20, but may have to use reserves to achieve this position. Our service pressures remain very high (in common with other LAs), which means we need to deliver further savings in the medium term

Summary of the financial position (1)

- Compared to the 2010 to 2017 period, Government funding is no longer falling sharply, i.e. we are in a roughly cash standstill position. However our service pressures remain high
- Our 18/19 revenue budget is balanced on paper, but we have a large forecast in-year overspend (£15.3m as at end August 2018). This overspend is largely caused by the high demand and cost pressures in our social care services, for which we are not funded. Other services are largely meeting their pressures.

Summary of the financial position (2)

- The 2018/19 overspend is mainly caused by continuing demand and cost pressures within social care
- In particular we have been successful in reducing delays in discharges from hospitals. Whilst speeding up discharge helps the NHS with its patient throughput, it also moves the costs to us. We are negotiating with the NHS for them to meet some of these additional costs, but to date no additional income has been forthcoming
- There have also been delays to a number of our plans to mitigate pressures
- We estimate that extra demand has caused around half of the forecast overspend, and delays the other half

Summary of the financial position (3)

- Our forecasts for our financial position for 2019/20 onwards are being updated monthly, as our predictions of future costs and demand become clearer
- In particular our forecasts for 2019/20 are still being refined. Officers are focussed on identifying, and bringing forward for approval, mitigations of pressures to balance the budget, whilst monitoring for any further increases in demand that would push pressures higher

Approach - we have a suite of approved plans – Social Care



- We have already agreed key strategies including Social Care Improvement and Recovery Plans that cover 2019/20 – these strategies will positively impact SCC in the medium to long term
- However increasing demand for social care services is outstripping the planned benefits within the plans and means the pace of delivery becomes more critical. We have a substantial short term pressures
- Consequently the current Social Care Improvement and Recovery Plans do not fully mitigate the continuing pressures forecast in social care services, therefore we have a budget gap and increasing pressures in 2019/20 (and beyond)

Approach - we have a suite of approved plans – other areas



We also have plans covering the other key areas of the Council

- Place Change Programme – transforming working practices within Place
- New Homes Delivery – focussing on delivering additional housing
- Corporate Function Review – ensuring all our “back-office” functions are as efficient as they can be

Approach - we have a suite of approved plans – capital



Capital. We have several large capital schemes underway to support our ambitions for the City. In particular:

- Heart of the City. The Cavendish development is nearing completion, and further developments (in stages) are planned
- We are currently building two new secondary schools, in the NE and SW of the City
- We are working up our Housing Growth Delivery Plan, to deliver new housing in the City

Approach – budget process

- Portfolio officers have worked up potential ideas for generating savings
- These ideas are then discussed with the relevant Cabinet member, and advisers.
- If agreed they are then discussed and agreed by full Group, in budget seminars and then formal Group meetings
- Agreed schemes are then entered into the formal budget process

Approach – consultation

- Budget conversations are ongoing with partner organisations, for example the VCF. An overall session will be held to inform the budget
- The overall consultation will be underpinned by Service-led detailed consultation with the users impacted by proposals
- Consultation will inform our longer term thinking and our Equality Impact Assessments
- Results are discussed with Members as part of developing proposals, and in advance of any decision being taken at Cabinet or Full Council
- Full results of our consultation will be made available on the website

Key assumptions (1)

The budget will make assumptions in various areas, e.g.

- **Social care demand and cost pressures** will be as forecast taking into account the planned mitigations in the Improvement Plans. Accurate forecasting of these costs has proved challenging in the past.
- The level of **Central Government support** will be as already notified. This support is generally known for 2019/20 (but is very uncertain beyond then)
- **Pay strategy.** Pay increments and cost of living remain pressures in the budget. Full implications of a revised pay structure for 19/20 are as yet unknown and not wholly accounted for.

Key assumptions (2)

- **Non-pay inflation.** We have allowed for general increases in prices, and for changes in costs of the Council's large contracts.
- **Council tax.** The actual rise will be approved by Budget Council in March 2019. Each 1% increase in CT will generate c£2.1m p.a. of additional income. We assume rises will be capped at 2.99% (without a referendum). There is (currently) no increase in the ASC precept possible for 2019/20
- **Business Rates.** We have factored in increases in business rates from changes in the base and increases in the multiplier

Proposed approach for 2019/20

19/20		Proposed approach to balance
£33.7m	Total gap	<i>NB. Net position assuming £18m planned savings are achieved in 2019/20. Including £13.8m forecast pressures carried from 2018/19. 2% pay increase</i>
-£7.1m	Corporate contributions required	Step 1) All corporate pressures are met through corporate savings / contributions
-£26.6m	Portfolio contribution required	<p>Step 2) Cash-flow People recovery plans by maintaining the 18/19 £15m one-off funding provided corporately for 2019/20 as well (so the 'gap' remains at £26.6m)</p> <p>Step 3) Savings 'at risk' from 18/19 are to met by the lead Portfolio. £6.8m at risk in People Portfolio.</p> <p>Step 4) £19.8m new pressures in 19/20, Portfolios generally absorb their own pressures, but Place and Resources/PPC make a contribution to SC pressures (see next slides).</p>

If Portfolios were to absorb their own pressures

19/20		% of gross budget
£26.6m	Portfolio contribution required	4.1%
£24.3m	People	7.5%
£0.8m	Place	0.3%
£1.5m	Resources	2.9%

This option leaves People with a very large savings requirement.

Place and Resources/PPC help support SC pressures

Given the level of Social Care pressures being experienced both here and nationally, Labour Exec took the policy decision that Place and Resources/PPC would be asked to find at least 1% (and up to 2%) of their gross spend, as an additional contribution. This is illustrated below:

Page 36

19/20	Gross spend	1% of gross
People	326,800	3,300
Place	271,600	2,700
Resources / PPC	51,900	500
Total	650,300	6,500

Additional ask from Resources & Place

What is on the horizon (Risks)



Below are a number of potential financial cost pressures in 2019/20 onwards, which are not included in the analysis:

- Potential business rate reductions (appeals etc), and impact of 75% BR retention (inc. Meadowhall)
- CG Fair Funding Review – (see also opportunities)
- Other CG grant reductions
- Redevelopment of the City Centre – risks if occupation lower than forecast (but opportunities if it is higher)
- Schools' funding pressures (eg PFI, Academisation). Schools' deficits would remain with us upon academisation
- Impact of Universal Credit on Council House rents

What's on the horizon (Opportunities)



We have four areas where we anticipate that SCC will have some reductions in forthcoming spend or growth in income:

- Pensions (2020/21)
- MSF (2024/25)
- Council Tax
- CG Fair Funding Review

At this stage, none are able to be factored into the budget as there is no certainty the potential values will be realised. Based on our knowledge today, nor will the total potential contribution of these items wholly mitigate future pressures.

What's on the horizon (Capital)



In addition to our revenue spend, we are maintaining the ambitions in our capital programme, with the aim of growing the Sheffield economy. Some key initiatives included are:

- Cavendish and Heart of the City 2
- Strategic Housing programme
- New school provision where needed (e.g. SW and NE)
- Continuing backlog maintenance of the Corporate Estate

Timetable of next steps

Key dates	
Now – Nov 2018	Labour Exec and Group approval of proposals
18 Oct 18, and early 2019	OSMC scrutiny
Jan 19	Budget drafted
13 Feb 19	Budget presented to Cabinet
6 Mar 19	Budget Council

Please can OSMC note:

- the overall approach
- the above timetable

Any questions?

This page is intentionally left blank



Report to Overview and Scrutiny Management Committee

Thursday 18th October 2018

Report of: Policy and Improvement Officer

Subject: Draft Work Programme 2018/19

Author of Report: Emily Standbrook-Shaw, Policy and Improvement Officer
Emily.Standbrook-Shaw@sheffield.gov.uk
0114 273 5065

The attached report aims to assist the Committee to develop its work programme for 2018/19.

It covers the role and purpose of scrutiny, and a draft work programme for the Committee's consideration and discussion.

Type of item: The report author should tick the appropriate box

Reviewing of existing policy	
Informing the development of new policy	
Statutory consultation	
Performance / budget monitoring report	
Cabinet request for scrutiny	
Full Council request for scrutiny	
Call-in of Cabinet decision	
Briefing paper for the Scrutiny Committee	
Other	X

The Scrutiny Committee is being asked to:

- Consider and comment on the draft work programme for 2018/19

Category of Report: OPEN

1 What is the role of Scrutiny?

1.1 Scrutiny Committees exist to hold decision makers to account, investigate issues of local concern, and make recommendations for improvement. The Centre for Public Scrutiny has identified that effective scrutiny:

- Provides 'Critical Friend' challenge to executive policy makers and decision makers
- Enables the voice and concern of the public and its communities
- Is carried out by independent minded governors who lead and own the scrutiny process
- Drives improvement in public services and finds efficiencies and new ways of delivering services

1.2 Scrutiny Committees can operate in a number of ways – through formal meetings with several agenda items, single item 'select committee' style meetings, task and finish groups, and informal visits and meetings to gather evidence to inform scrutiny work. Committees can hear from Council Officers, Cabinet Members, partner organisations, expert witnesses, members of the public. Scrutiny Committees are not decision making bodies, but can make recommendations to decision makers.

2 Developing the Scrutiny Work Programme

2.1 Attached to this report is a draft work programme for 2018/19.

2.2 It is important the work programme reflects the principles of effective scrutiny, outlined above at 1.1, and so the Committee has a vital role in ensuring that the work programme is looking at issues that concern local people, and looking at issues where scrutiny can influence decision makers. The work programme remains a live document, and there will be an opportunity for the Committee to discuss it at every Committee meeting, this might include:

- Prioritising issues for inclusion on a meeting agenda
- Identifying new issues for scrutiny
- Determining the appropriate approach for an issue – eg select committee style single item agenda vs task and finish group
- Identifying appropriate witnesses and sources of evidence to inform scrutiny discussions
- Identifying key lines of enquiry and specific issues that should be addressed through scrutiny of any given issue.

Members of the Committee can also raise any issues for the work programme via the Chair or Policy and Improvement Officer at any time.

3 The Draft Scrutiny Work Programme 2018/19

3.1 Attached is the draft work programme for 2018/19. Members are asked to consider it and reflect on questions such as:-

- Are there any gaps?
- Are there any issues on the list that don't feel appropriate for scrutiny?
- What are the priority issues?
- What approach should the Committee take for each item, what are the key lines of enquiry, and who is it important to hear from?

4 Recommendations

The Committee is asked to:

- Consider and comment on the draft work programme for 2018/19

OSMC**Thursday 1.30-4pm**

Topic	Reasons for selecting topic	Lead Officer/s	Agenda Item/ Briefing paper
Thursday 18th October 2018			
Ethical Procurement	To consider the impact of the updated ethical procurement policy - what do we hope to achieve through the policy, and how will we monitor it.	Fil Leonard, Head of Procurement and Supply Chain David Hollis, Asst Director, Legal and Governance	
Budget Scrutiny Session 1	To consider our current in year budget position - the Medium Term Financial Strategy/analysis, where are the pressures and risks. To consider process for setting the 2019/20 budget including any proposed consultation.	Marianne Betts, Cllr Olivia Blake	
OSMC Work Programme 2018/19	To consider and discuss the committees work programme for 2018/19.	Emily Standbrook-Shaw, Policy & Improvement Officer	Agenda Item
Issues to raise from other Scrutiny Committees	To receive any updates from scrutiny chairs.	Scrutiny Chairs	Agenda Item

Thursday 15th November 2018			
Budget Session 2	To consider progress on the social care improvement plans and impact on budget setting process for 2019/20.	Marianne Betts	
Role of the Lord Mayor	Referred from October Full Council	Gillian Duckworth, Director of Legal and Governance	Agenda Item
OSMC Work Programme 2018-19	To consider and discuss the committee's work programme for 2018/19.	Emily Standbrook-Shaw, Policy & Improvement Officer	Agenda Item
Issues to raise from other Scrutiny Committees	To receive any updates from scrutiny chairs.	Scrutiny Chairs	Agenda Item
13th February 2019 (10am-1pm)			
Revenue Budget 2019/20 and Capital Programme 2019/20	To consider the 2019/20 budget proposal in advance of Cabinet.	<p>Cllr Olivia Blake, Deputy Leader and Cabinet Member for Finance</p> <p>Eugene Walker, Acting Executive Director of Resources</p> <p>Dave Phillips, Head of Strategic Finance</p> <p>Other attendees tbc.</p>	Single Agenda Item

28
48

Draft Work Programme 2018-19	To consider and discuss the committee's work programme for 2018-19.	Emily Standbrook-Shaw, Policy & Improvement Officer	Agenda Item
Issues to raise from other Scrutiny Committees	To receive any updates from scrutiny chairs.	Scrutiny Chairs	Agenda Item
18th April 2019			
Scrutiny Annual Report Submission 2018/19	To consider and comment on the appropriate sections of the draft Annual Scrutiny Report.	Emily Standbrook-Shaw, Policy and Improvement Officer	
Possible items to be scheduled			
Health in all Policies	To test how well the public health strategy is being embedded across all Council activity, and to consider how scrutiny can influence this.	Greg Fell	
Joint Health and Wellbeing Strategy	To consider the development of the City's Joint Health and Wellbeing Strategy – recognising that this strategy covers all areas of Council activity.	Greg Fell, Dan Spicer	
Sheffield City Region and Devolution	To consider progress on City Region Devolution, and impact of SCR projects in Sheffield.		

19
09
49

Customer Experience Strategy	Follow up from 2017/18 consideration of the strategy	James Henderson/Mark Bennett	
Work based development and Wellbeing	Follow up from 2017/18 consideration, to include update on numbers and format of people undertaking mental health training; update on whistleblowing policy; update on engagement with Trade Unions in developing the strategy.	Mark Bennett/Lynsey Linton	
Equality Hub Network	TBD		