Manchester City Council  
Report for Resolution  

Report to:  
Resources and Governance Scrutiny Committee  

Subject:  
Ethical Procurement Policy and the implementation of recommendations of the Ethical Procurement Task and Finish Group  

Report of:  
The City Treasurer  

Summary  

This report presents an update to the recommendations made by the Resources and Governance Scrutiny Committee in October 2016, following the final report and closure of the Task and Finish Group looking at Ethical Procurement.  

Recommendations  

The Committee is invited to note and comment on the report, and to advise on the proposed next steps.  

Wards Affected: All  

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Appendix 1  Agenda All Day
Appendix 2  The Power of Procurement
Appendix 3  Capital Recruitment News 02.03.17
            CIPS Supply Chain News 07.03.17
            Local Government News 28.02.17
            Social Value in Salford News 02.03.17
            The Guardian News 31.05.16
Appendix 4  Social Value Tool Kit
Appendix 5  I-Network Connected Procurement
Appendix 6  Chamber of Commerce News Letter 10.01.17
Appendix 7  CLES Cumulative Results
1.0 Introduction

1.1 At the Resources and Governance Scrutiny Committee 13 October 2016, the recommendation was made that an annual review of the Council’s Ethical Procurement Policy should be carried out. This report is to provide the Resources and Governance Scrutiny Committee with an update on the recommendation made at the meeting 13 October 2016, and for the annual review to take place.

2.0 Background

2.1 At its meeting on 3 September 2015 the Finance Scrutiny Committee agreed to launch a member led Task and Finish Group to consider how ethical the Council’s current procurement policy was to identify any gaps or areas which required review. It was decided that the scrutiny process was the most appropriate means by which to carry out this investigation.

2.2 At its meeting on 1 October 2015, the terms of reference and proposed work programme for the Ethical Procurement Task and Finish Group were formally approved by the Resources and Governance Scrutiny Committee. The themes of the Task and Finish Group relate predominantly to the Resources and Governance Scrutiny Committee, in terms of procurement, and all other Scrutiny Committees, in terms of the differing sectors which the Council procures across. It was therefore agreed that the Task and Finish Group would be established by the Resources and Governance Scrutiny Committee but that membership would also be drawn from the Chairs of all Scrutiny Committee’s. It was proposed that membership invitations also be extended to members of Audit Committee due to their expertise in this area. Members also agreed on the importance of involving outside parties in the Group.

2.3 The work of the Task and Finish Group followed an organic process; many of its recommendations were completed within the life cycle of the Task and Finish Group.

2.4 As a result of the Resources and Governance Scrutiny Committee meeting 13 October 2016, a range of recommendations were made to further implement and embed the Ethical Procurement Policy into the Council.

3.0 Progress to Date against Key Recommendations

3.1 Recommendations relating to the Ethical Procurement Policy

3.1.1 The proposed Ethical Procurement Policy was submitted to Finance Scrutiny Committee at its meeting on 15 February 2016 who endorsed the recommendation that Full Council approve the policy. The policy was approved by Full Council at their meeting in March 2016.
3.2 Promotion of the Ethical Procurement Policy

3.2.1 Awareness of the Council’s Ethical Procurement Policy including the Social Value Policy has and continues to be raised in the following key areas using various methods:

(i) SMEs and Social Enterprises raising awareness to these organisations that the Council wants to do business with them.

(ii) Business raising awareness of Manchester’s priorities and the additional social value that will need to address these priorities

(iii) Council employees raising awareness of the Council’s priorities and how the additional social value can be delivered through procurement exercises.

3.2.2 The Ethical Procurement Policy was made public on the Council’s internet site in its policies and procedures section in March 2016 following its approval by the Council. The policy has also been incorporated into the Council’s tender documents within their e-tendering portal ‘The Chest’.

3.2.3 It was agreed by the Heads of Procurement in November 2016 at their AGMA Heads of Procurement monthly meeting to adopt MCC’s Ethical Procurement Policy. It should be noted that Wigan Council has confirmed their adoption of MCC’s Ethical Procurement Policy with some minor changes to make it specific to Wigan.

3.2.4 The Head of AGMA Procurement Hub plans to submit a report during 2017, to the Greater Manchester Combined Authorities recommending the adoption of the Council’s Ethical Procurement policy across the combined authorities.

3.2.5 The Council and the Centre for Local Economic Strategies (CLES) formally launched the Ethical Procurement Policy 28th February, 2017, at a launch event held in Manchester Town Hall. The event was called ‘Procurement as a tool to enable growth and tackle poverty’. A copy of the agenda is attached (see appendix 1). CLES also produced a publication to support the event reflecting on the ten years of Manchester’s progressive procurement. The publication is titled ‘The Power of Procurement II The Policy and Practice of Manchester City Council – 10 years on’. (see appendix 2)

The event was well attended with over 60 people in the morning and over 100 people in the afternoon. Attendees ranged from Councillors, Local Authorities, Businesses, Charities, Housing Associations, Government, NHS and Voluntary Sector.

Following this event the Council issued a statement to the Local Government News. Other online news articles on the event were also issued by Capita Recruitment, CIPS Supply Chain News, Social Value in Salford News and the Guardian News. (see appendix 3)
3.2.6 A Social Value Tool Kit was also launched at the event for the launch of the Ethical Procurement Policy. The tool kit was developed by Procurement and the Works and Skills Teams to support suppliers, services providers and contractors with their tender submissions and delivering social value for the Council. A copy of the Tool Kit is attached (see appendix 4). A copy of the Tool Kit was given to every person present during the afternoon of the launch event.

3.2.7 The Social Value Tool Kit has been made accessible to the public through the Council's web site in its ‘doing business with the Council’ Section. The tool kit has been placed in the Council’s e-tendering portal so this is available for all tenderers to refer to for guidance when completing tender documents.

3.2.8 In June 2016, the policy was presented to the i-Network group, (See Appendix 5). As a result of the presentation a number of authorities from within the region are now looking to increase their social value evaluation to 20% in line with Manchester.

3.2.9 On the 27th October, 2016 at the request of Founder & CEO of ANTZ, Procurement gave a presentation on Social Value. The presentation was to 55 persons representing businesses, housing associations, charities and Community Interest Companies (CIC). The presentation was titled ‘Changes in Procurement re (CSR)’.

3.2.10 The Chamber of Commerce published an article 10 January 2017, in their Members News titled ‘The importance of Social Value’. The article gave an overview to their readers of what Manchester City Council has been doing regarding Social Value and referred to the Council’s Ethical Procurement Policy. (see appendix 6)

3.2.11 In March 2017, at request by the Policy & Strategy Team Procurement and the Works and Skills Teams gave a presentation to council staff at their regular Growth’s and Neighbourhood’s Learning Lunch under the title and description of:

‘Social Value: Given the prominence of Social Value when procuring good and services, this session will provide an overview about Social Value. We will also share with you an emerging social value tool kit, which is aimed at helping suppliers better understand what the Council is looking for when it comes to building social value into their tender submissions.’

The lunch was attended by 15 council staff.

3.2.12 New opportunities to promote the social value policy have arisen through the Local Commissioning Organisation (LCO) formed in April 2017. Representatives from procurement are attending all relevant meetings relating to procurement issues and are endeavouring to have social value recognised as a key priority and high on the agenda when tenders are to being prepared.
4.0 Ethical Procurement Policy Implementation

4.1 In November 2015, Social value weighting in tenders was increased from 10% to 20% on all tenders issued through the Procurement Group.

4.2 In June 2016 tenders were trialled with the inclusion of the options for suppliers, service providers and contractors to offer social value ‘in kind’ or ‘social fund’ set at a percentage of the contract. The trials proved successful and the inclusion of these options (where appropriate) is now fully established in the tendering process.

5.0 Review of the Ethical Procurement Policy

5.1 Since completion of the Ethical Procurement Policy the Government have made some changes which affects the policy.

5.1.1 The Modern Slavery Act 2015.

The policy refers to slavery but not to the Act. Consideration of whether this should now be included in the policy as a paragraph in its own right. The following wording is suggested for consideration to include in Section 5 of the Ethical Procurement Policy:

‘Modern Slavery Act 2015

As part of Local Government, the Council recognises that it has a responsibility to take a robust approach to slavery and human trafficking. In addition to the Council’s responsibility as an employer, it also acknowledges its duty as a City Council to notify the Secretary of State of suspected victims of slavery or human trafficking as introduced by section 52 of the Modern Slavery Act 2015.

The Council is absolutely committed to preventing slavery and human trafficking in its corporate activities and to ensuring that its supply chains are free from slavery and human trafficking. The Council requires that all direct suppliers, service providers and contractors to the Council are absolutely committed themselves to preventing Slavery within their own activities and through their supply chain which includes manufacturers, and producers.’

5.1.2 Tax Avoidance

Since the introduction of the policy there has been a reform to IR35 legislation which was introduced 6 April 2017. IR35 legislation requires the underlying nature of a worker’s relationship with a client to be considered. A crucial factor is whether the worker would have been an employee of the client if they had not been engaged via an intermediary.
Before 6 April 2017, an individual worker who would otherwise have been an employee could provide their services to a client through an intermediary. Typically the intermediary used in such circumstances was a company (commonly referred to as a service company or a personal service company).

In these circumstances, there was no contract between the worker and the client. The contract to supply the worker’s services was between the client and the intermediary, either directly or via another party, such as an employment agency. This arrangement avoided the employment income and National Insurance legislation that would normally have applied if the worker had been engaged directly as an employee of the client.

The contractual and payment arrangements described above were not subject to the provisions of the Agency legislation. By providing their services through an intermediary the worker could avoid or reduce their own tax and National Insurance liabilities. In addition, there was the opportunity for other parties in the contractual chain to avoid or reduce their National Insurance liabilities. Therefore the IR35 legislation was reformed to counter this form of avoidance and applies to income received for services performed on or after 6 April 2017.

The policy refers to Tax Evasion but not to reform of Tax Rule IR35 which is a fundamental change to off-payroll working rules.

Consideration of whether this should now be included in the policy as a paragraph in its own right. The following wording is suggested for consideration to include in Tax Evasion section of the Ethical Procurement Policy:

‘In compliance with the governments reforms of Tax Rule IR35 for off-payroll working rules in the Public Sector the Council take responsibility for ensuring that those who work for them pay the right amount of tax. The Council requires that all its direct suppliers, service providers and contractors take responsibility for ensuring that those who work for them, including off-payroll, pay the right amount of tax.’

6.0 Update on Impact of Ethical Procurement Policy / Social Value

6.1 CLES have undertaken the regular annual survey and analysis for 2015/16 relating to the impact of the wider social value indicators, which are;

- Promote employment and economic sustainability
- Raise the living standards of all residents
- Promote participation and citizen engagement
- Build capacity and sustainability of the voluntary and community sector
- Promote equity and fairness
- Promote environmental sustainability
CLES have provided a table (appendix 7) which shows the survey results from the original questions asked over the seven years of Manchester spend analysis.

7.0 **Next Steps**

7.1 **Strategy**

7.1.1 **Governance of the Social Value Fund**

Establish a Policy to Govern the Social Value Fund, including (i) how the fund is allocated and monitored and (ii) social value benefits offered by suppliers including how the cash fund will be governed, allocated and monitored to ensure benefits are fully delivered.

7.2 **Continue to Review and roll out of the Ethical Procurement Policy**

7.2.1 Evaluation of (i) the Ethical Procurement Policy’s use in the tender processes and the extent to which its principles are being actively considered and (ii) the principles and objectives of the Policy should be rolled out across the authorities of the Greater Manchester Combined Authority

7.2.2 Promote the social value toolkit and wider understanding of the opportunities presented by ethical procurement across all directorates and services in the City Council.

7.3 **Commissioning**

7.3.1 **Leakage**

Whilst just 9.3% of Manchester City Council’s overall procurement spend leaked out of Greater Manchester in 2015/16, leakage figures for certain sectors were much higher (notably manufacturing, energy, and wholesale). The Council should explore these contracts in more depth and working with the Manchester Growth Company scope whether there would be Manchester and Greater Manchester based businesses that could potentially bid for those contracts in the future.

7.3.2 **Specific challenges and public procurement of innovation**

Despite economic growth in the City Centre and South of the City, Manchester is still characterised by significant challenges around inequality and deprivation. The process of procurement can be utilised to address these challenges by encouraging potential suppliers to innovate in service and good design so that they contribute to addressing them. The key focus here could be around health inequalities, unemployed adults, over 50s, disabled adults, as well as children and young people growing up in families living in poverty, NEET and LAC young people. This however requires engagement with the
supply chain much before a procurement exercise to enable co-design with these challenges a core component.

### 7.4 Tendering

#### 7.4.1 Promote a consistent approach to social value evaluation across GM

Manchester City Council has successfully introduced a 20% social value weighting across all their procurements, together with an associated evaluation criteria and mechanism. With the Combined Authority in place and the advent of devolution, there needs to be a consistent approach to social value evaluation across Greater Manchester. The Council should share and promote their approach to social value with the Combined Authority with the view to adopting a universal approach across Greater Manchester.

### 7.5 Delivery and Monitoring

#### 7.5.1 Contract Management

Manchester City Council to embed social value and the collection of data around social value into the new corporate approach to commissioning and contract management. Development of this is by autumn 2017. In this, there would be a standard set of questions which all suppliers are asked by contract managers at the end of a contract or at the end of the financial year. The questions would be framed by the existing Greater Manchester Social Value Framework and the data collected would be independently verified and assessed by an independent body.

#### 7.5.2 Influencing the existing supply chain

The event highlighted the key work of five suppliers to Manchester City Council in undertaking social value activities which delivered economic and social outcomes for the Manchester economy and Manchester residents. This was just five suppliers and the Council should look to continue to engage with their suppliers to influence what they are doing around wider issues such as addressing unemployment or SME sustainability issues. This should focus on, but not be restricted to, suppliers based in deprived parts of the city.

#### 7.5.3 Social value impact to deprived areas

Work is currently being undertaken looking further into the impacts of the Council’s top suppliers that are based in deprived areas of the city and more specifically, the impacts within the wards that they are located. The project involves a series of meetings which will provide suppliers with information regarding key issues in the ward, the area’s priorities according to the most recent ward plan, and opportunities for the supplier to engage with and benefit the local community.
7.6 Prompt Payment to Subcontractors

7.6.1 Evaluation of Main Contractors and prompt payments to Sub-contractors

Procurement have approval from legal to include questions in Manchester City Council tenders regarding prompt payment by Main Contractors to enable contract monitoring through key performance indicators during the contract period. These questions will be used within the quality award sub-criteria on all tenders with effect from July, 2017

1. Please provide details of the payment terms that you incorporate into any contracts entered into with Sub-contractors and Suppliers?

2. Please provide details of any contracts where the payment period (from date of application to payment date) is greater than 30 days?

3. [In so far as the contracts relate to construction works, please confirm that the relevant payment terms are compliant with the requirements of the Housing Grants, Construction and regeneration Act 1996 as amended by the Local Democracy, Economic Development and Construction Act 2009.]

4. Please confirm that, subject to any legitimate dispute as to sums properly due and owing, all Sub-contractors and Suppliers are paid in accordance with the contractual payment periods.

7.6.2 Project Bank Accounts

Project bank accounts were looked at by the Task and Finish Group however the feedback that was received from service providers and banks was that these were difficult to manage. Procurement will be testing whether this is the case and the cost and impact it would have on the award and delivery of a contract. An appropriate contract which is to be tendered in 2017 will be selected where it will be a condition within the specification that the successful contractor must set up, manage and monitor project bank accounts with its subcontractors that they are using on the contract.

7.7 All of the action contained in this section are currently being progressed by officers. Future reports on progress will be presented to the committee at a time to be agreed with members.

8.0 Recommendations

8.1 The Committee is invited to note and comment on the report, and to advise on the proposed next steps.
Procurement as a tool to enable growth and tackle poverty

Tuesday 28th February 2017

Morning Session

9.00 Arrival and Registration

9.30 Welcome from the Chair
- Councillor Carl Ollerhead, Manchester City Council

9.40 Policy – Why is procurement important for Greater Manchester?
- Councillor John Flanagan – Manchester City Council
- Councillor Jean Stretton – Leader, Oldham Council
- Peter Schofield – AGMA Procurement Hub Programme Manager

10.30 Practice – What are GM suppliers doing to enable growth and tackle poverty?
- Redgate Holdings
- Softcat
- Tier 1
- Barclays
- F. Parkinson

11.10 Break

11.30 Performance – What impact are we having on enabling growth and tackling poverty?
- Matthew Jackson – Deputy Chief Executive, Centre for Local Economic Strategies (CLES)

12.00 A response from the Crown Commercial Service
- Nick Caton – Commercial Director, Crown Commercial Service

12.15 Influencing – How can other organisations deliver more progressive procurement approaches?
- Discussion

12.55 Summary from Chair

13.00 Lunch

Afternoon Session

14.00 Welcome from the Chair
- Councillor Carl Ollerhead, Manchester City Council

14.05 What is social value and why is it important?
- Peter Schofield – AGMA Procurement Hub Programme Manager
- Karen Lock – Procurement Specialist, Manchester City Council
- Bob Brown, Chief Information Officer, Manchester City Council
• Paul Marshall, Strategic Director Children and Families Directorate, Manchester City Council
• Angela Harrington, Head of Work and Skills, Manchester City Council
• Jen Pemberton – Founder and CEO, Antz Network
• Todd Holden – Director for Low Carbon, Manchester Growth Company
• Nigel Rose – Strategic Lead (Commissioning), Macc

15.15 Discussion around social value
• What are you already doing around social value?
• What is preventing you from doing more?
• What support do you need?

15.55 Summary and close
• Councillor Carl Ollerhead, Manchester City Council

16.00 End
The Power of Procurement II

The policy & practice of Manchester City Council - 10 years on
Established in 1986, CLES is the UK’s leading, independent think and do tank realising progressive economics for people and place. Our aim is to achieve social justice, good local economies and effective public services for everyone, everywhere.
The Power of Procurement II

The policy & practice of Manchester City Council: 10 years on

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Summary

Places across the UK are striving to find new ways of attracting wealth, enhancing economic growth and addressing poverty. For the Centre for Local Economic Strategies (CLES), the attraction of wealth is important; but of more importance is understanding and harnessing existing wealth for the benefit of local economies and communities.

The process of procurement is crucial to This publication reflects on work undertaken collaboratively in Manchester as it is a means through which greater over the last ten years and particularly local economic, social and environmental details: what we have done; what we benefits can be achieved for local places have achieved; what still needs to be and people. CLES are the pioneers of, and done; and key success factors. have been at the forefront of work around progressive procurement in the UK.

The publication consists of four key sections:

1. Section 1 reflects upon the policies and activities that Manchester City Council has implemented, over the past ten years, to make their procurement processes and practices more progressive.

2. Section 2 identifies the change that has been realised as a result of these policies and activities for the local authority, for the supply chain, and for the economy and residents of Manchester.

3. Section 3 details next steps for and Manchester City Council in ensuring that progressive procurement policy and practice remains part of the mainstream.

4. Section 4 explores the key success factors identified from the approach of Manchester City Council and the lessons learnt for others wishing to pursue a progressive approach to procurement processes and practice.
Introduction

Over the last ten years, Manchester City Council has been at the forefront of progressive procurement policy and practice. By progressive we mean they have challenged the largely orthodox approach to the process of procurement, whereby: the cost of buying the good or service is the key factor; the process is overly bureaucratic and complex; and risk adversity is a key barrier to change.

Whilst Manchester City Council have, of course, considered cost, compliance and risk in their policies, processes and practices; they have also been more proactive around the wider linkages between procurement and the challenges facing the City in economic, social and environmental terms, and in their relationships with the potential and existing supply chain. They have also sought to ensure that wider commissioning processes are framed by these considerations.

The progressive approach has reaped benefits for the local authority, the supply chain and importantly the residents and economy of Manchester. It has also showcased Manchester City Council as being at the forefront of exciting policy and behaviour change around procurement, much before national level legislative requirements in the form of the Public Services (Social Value) Act 2012\(^1\) and the new European Procurement Directives of 2014\(^2\); both of which have a renewed emphasis upon utilising procurement as a lever to address wider societal and economic challenges. The prevailing policy context in Greater Manchester around devolution, and more broadly around Brexit present both challenges and opportunities for a continuation of a progressive approach to procurement.

The Centre for Local Economic Strategies (CLES)\(^3\) has played a key role in the progression and change made in Manchester over the last ten years around procurement. We have worked with Manchester City Council to measure the impact of their procurement spend, to join up procurers with other departments and the supply chain, and have provided an array of advice around how social and economic considerations can be more effectively embedded into procurement. That role makes us well placed to write this publication reflecting on the power of the procurement policies and practices of Manchester City
Council over the last ten years. The work is a key component of our wider activities around community wealth building.

It is important to note that progressive procurement policy and practice is not just restricted to Manchester City Council. The Association of Greater Manchester Authorities (AGMA) and the Greater Manchester Combined Authority (GMCA) have also sought to instigate change respectively through a dedicated procurement hub and specific Greater Manchester Social Value Procurement Framework. Where appropriate, this publication also reflects upon the role of these in progressing procurement policy and practice in Manchester.
1. What has Manchester City Council done?

This section provides a chronological account of what Manchester City Council has done to progress their procurement policies and practices. Much of the activity has been driven directly by the senior team of the Corporate Procurement Department of the Council, supported by the political ethos of relevant Elected Members, the skills and knowledge of the Economic Development Unit (now Work and Skills), and the advice of CLES.

2007

1.1 Formulated a Corporate Procurement Department

The Corporate Procurement Department was formed in 2007. Prior to this, most procurements were undertaken by individual departments. This meant that different departments had different processes and protocols for purchasing goods and services, different documentation for gathering tenders and quotes from interested suppliers, different ways of awarding contracts, and in some cases different suppliers for the same products. For example, different departments had different suppliers of printing paper. This was hugely inefficient and the primary drive behind creating a new department to bring together the process of procurement into a single cross-departmental entity and to make savings and efficiencies. The Corporate Procurement Department was therefore set up and consisted of procurement specialists with a remit to design tenders with and across departments, to run procurement exercises, and to make awards on the basis of value for money. It was also driven by the purchase of a SAP system in 2006, which made visible some of the challenges around duplication.
1.2 Developed a Sustainable Procurement Policy and Statement of Intent

Whilst the remit of the Corporate Procurement Department was to draw together procurements across the Council with the objective of efficiencies; the Department also wanted to start to use procurement as a means of achieving wider outcomes. Traditionally, the procurement process has predominantly been about factors relating to cost (price), compliance (with European Procurement Law and UK level legislation), risk, and to a degree, the quality of product or service being purchased; which restricts the consideration of other factors.

In 2008, and as a result of the foresight of the Head of Procurement and colleagues (both officers and members), Manchester City Council developed a Sustainable Procurement Policy and associated Statement of Intent. This recognised the importance of traditional factors in procurement but also started to reflect that procurement could be utilised as a means of addressing a range of other issues facing the City. The Sustainable Procurement Policy and Statement of Intent therefore started to detail the importance of factors such as environmental sustainability, ethics and values, engagement with the voluntary and community sector, and job creation and skills development in the procurement process and decision. Manchester City Council particularly wanted to understand existing behaviour around these issues, and encourage more progressive practices.
1.3 Responded to the changing regeneration funding environment

2009 was a difficult time for the UK economy – recession had hit and there were consequences in terms of the sustainability of businesses and increased unemployment. In addition, places like Manchester which had been significant recipients of regeneration funding over the last 20 years were suddenly hit with the stark reality that a lot of those initiatives were being wound down and funding removed. Additionally, the emerging challenge of austerity was on the horizon.

Manchester City Council and CLES started to think about how they could address some of the challenges posed by recession and longer term issues around deprivation in a less funding rich environment. One of the key levers identified was procurement. The Council reflected that if procurement was undertaken more progressively, utilising the Corporate Procurement Department and the Sustainable Procurement Policy and Statement of Intent, then there could be benefits for the local economy which offset the losses associated with funding through regeneration initiatives. Procurement could be used as a means, for example, of stimulating local businesses and Small to Medium Sized Enterprises (SMEs), creating jobs and apprenticeships, changing the behaviour of suppliers, and reducing the distance travelled by goods and services.

1.4 Understood the existing contribution of procurement spend to the Manchester economy

With a Corporate Procurement Department and Sustainable Procurement Policy and Statement of Intent in place, Manchester City Council started the process of maximising the benefit procurement brings for the Manchester economy and its residents. Prior to doing this, they however needed to understand the existing impact that procurement spend brought for the Manchester economy. With an annual spend of some £900million at that time, Manchester City Council needed to independently verify where that money went, what happened to it once it reached the supply chain, and also what the ethos of the supply chain was when it came to local economic, social and environmental considerations.
CLES therefore undertook baseline analysis work for procurement spend in financial year 2008/09 to understand the existing contribution to the Manchester economy. The work looked at the extent to which spend with the top 300 suppliers to Manchester City Council (by value and amounting to £357million) was with organisations based in Greater Manchester, the Manchester City Council boundary, and wards and areas of deprivation within the Manchester City Council boundary. It also explored levels of spend with organisations in particular industrial sectors and by type of organisation, such as SME. The key headline figure was that 51.5% of procurement spend with the top 300 suppliers was with organisations based or with a branch in the Manchester City Council boundary.

The work undertaken by CLES also sought to explore the extent to which the top 300 suppliers re-spent back in the Manchester economy on Manchester based suppliers and resident employees of their own. The key headline figure was that suppliers re-spent 25p of every £1 back into the Manchester economy. As part of this work, CLES also visited existing suppliers based in Manchester to disseminate the drive of Manchester City Council towards more progressive procurement practice, to understand in more detail how they were already impacting on the Manchester economy, and importantly to start to influence their behaviour so that they brought further benefits for the local economy and residents.

**CLES’ KEY FINDINGS**

- **Manchester City Council spend on top 300 suppliers amounted to £357million (£900million total)**
- **51.5% of procurement spend with the top 300 suppliers spent in Manchester**
- **25p of every £1 re-spent into the Manchester economy by top 300 suppliers**
1.5 Launched ‘the power of procurement’

In 2010, Manchester City Council and CLES launched a publication in Manchester Town Hall entitled ‘The Power of Procurement: the policy and practice of Manchester City Council’. The publication reflected on each of the strategic activities detailed above, the findings of the CLES work around the existing contribution of procurement spend to the Manchester economy, and importantly detailed a set of recommendations as to how Manchester City Council could become more progressive in its procurement processes and practices and maximise the benefit of procurement for the Manchester economy and residents.

CLES’ RECOMMENDATIONS

1. Make the bidding process more straightforward
2. Embed greater cross-departmental relations for procurement delivery
3. Provide better direct advice for suppliers
4. Facilitate learning among suppliers
5. Set targets for enhanced impact
6. Understand impact at different geographical scales
1.6 Recommendations realised and range of other activities undertaken

Manchester City Council and CLES have continued to work collaboratively since the launch of ‘the power of procurement’ in 2010 to realise the recommendations and also undertake other activities related to progressing procurement processes and practices and maximising benefit. It is less straightforward to chronologise these as many have been ongoing over the last six years. They can however be split into three broad themes of activity: procurement processes; engagement with potential and existing suppliers; and enhancing impact.

**Procurement process activity**

In terms of procurement processes, Manchester City Council has:

**STREAMLINED THE TENDER PROCESS**

To encourage more Greater Manchester based organisations and SMEs to bid for procurement opportunities, Manchester City Council has reduced the bureaucracy associated with tender documents. They have reduced the volume of questioning and also made the bidding process less time consuming and more straightforward.

**LINKED PROCUREMENT TO PRIORITIES**

To make potential suppliers more aware of the wider outcomes they seek to realise through procurement, Manchester City Council have heavily promoted the Our Manchester priorities. As part of ‘meet the buyer’ events or in tender documents, they detail the Our Manchester priorities, for example: reducing worklessness; raising aspiration; and increasing private sector growth. This increases supplier awareness of Council priorities and makes them more likely to consider them in bidding for and delivering services.
Including social value considerations in procurement cannot just be left to the tender stage. It needs to be considered at all stages of the cycle, from the design of the service or good (commissioning), through to tendering, award of contract, and monitoring. To facilitate this, Manchester City Council set up a Cross Departmental Procurement Working Group to discuss embedding social value into commissioning; and subsequently established processes to ensure constant dialogue between commissioners and procurers. However, this remains a challenge.

In 2014, Manchester City Council set up a Living Wage Task and Finish Group. Its purpose was to ensure that the City Council itself and supply chain organisations paid all of their staff the Living Wage Foundation’s recommended hourly rate (now £8.45 an hour). Whilst this cannot be legally required, and recognising the challenges facing particular sectors such as social care, the City Council are now actively encouraging all suppliers to voluntarily consider the wages and welfare of their employees.

As well as the traditional weightings around cost and quality, Manchester City Council has introduced a third. Initially around sustainability and making up a minimum of 10% of the decision, this weighting has, of February 2016, increased to 20%, with an emphasis on social value. With this as part of the decision, potential suppliers are now required to address how their delivery of a good or service will contribute to delivering social value related outcomes.

In 2015 and 2016, the Council developed and implemented an Ethical (Procurement) Policy. The policy sets the context for ethical trade practices and core objectives that the council has agreed to deliver through commissioning and procurement activities. The policy includes consideration of two core themes of criminal/non-criminal conduct and human rights/environmental abuse. Importantly, Members played a key role in driving through the policy as part of a task and finish group.
Engagement with suppliers

In terms of engagement with potential and existing suppliers, Manchester City Council has:

**DEVELOPED RELATIONSHIPS WITH THE ECONOMIC DEVELOPMENT UNIT**

The Corporate Procurement Department has developed relationships with the Economic Development Unit (now known as Work and Skills) within Manchester City Council. This has served a number of purposes. First, it has sought to make procurers aware of Manchester based businesses that can potentially provide the goods and services they require. Second, it has enabled procurers to gather knowledge of the types of things that constitute social value. And third, it has enabled signposting of existing suppliers to other organisations which may be able to assist them in meeting social value outcomes.

**DEVELOPED EXISTING SUPPLIER RELATIONSHIPS**

Manchester City Council has sought to develop relationships with their existing suppliers. Often, once an organisation has been contracted to deliver a good and service they will go away and deliver it with little engagement with the commissioner. In order to ensure a more effective relationship with their supply chain and to make suppliers continuously aware of social value considerations, Manchester City Council have further developed their contract management activities and also set up a suppliers network, where existing suppliers come together to talk about particular issues, most notably social value.

**UNDERTAKEN PRE-MARKET ENGAGEMENT**

Manchester City Council has developed means of engaging with potential suppliers prior to the formal procurement process. This has included through the relationship with the Economic Development Unit as described above, and targeted engagement with SMEs and voluntary and community sector organisations and through ‘meet the buyer’ events. These see potential suppliers come together to hear more about upcoming opportunities and to understand the tender process in more depth.
ENGAGEMENT WITH SUPPLIERS IN AREAS OF DEPRIVATION

The baseline work undertaken by CLES around understanding where Manchester City Council’s procurement spend goes, identified significant levels of spend with suppliers based in areas of deprivation in the City. Manchester City Council is currently visiting each of the suppliers identified in the 2015/16 analysis as being based in an area of deprivation, to raise awareness of their surroundings and the challenges communities face, and to increase the social value they deliver through procurement.

This has compared proportions of spend in Greater Manchester, the Manchester City Council boundary, and in wards and areas of deprivation in the Manchester City Council boundary. It has also enabled leakage out of the Greater Manchester economy to be identified and particularly the industrial sectors where there is the greatest amount of leakage.

UNDERSTOOD THE IMPACT OF THE SUPPLY CHAIN IN MORE DEPTH

Manchester City Council has also sought to continue to understand the extent to which its suppliers re-spend back into the Manchester economy through their own suppliers and employees. In addition, they have utilised in the last two financial years, the outcomes detailed in the Greater Manchester Social Value Procurement Framework to explore the wider impact of suppliers across a range of indicators, including number of jobs and apprenticeships created for Manchester and Greater Manchester residents and the number of hours of volunteering provided in Manchester and Greater Manchester.

Enhancing impact
In terms of enhancing impact, Manchester City Council has:

CONTINUED TO MEASURE DIRECT SPEND

Since the initial baseline assessment of where Manchester City Council’s procurement spend goes for financial year 2008/09, CLES has undertaken analysis in each subsequent financial year up until 2015/16.
2. The change instigated

The section details the change that has been instigated as a result of the policies and activities detailed. The change relates to three stakeholder groups: Manchester City Council itself; the economy and residents of Manchester; and the supply chain.

2.1 Manchester City Council

There has been a number of key changes and impacts upon Manchester City Council as a result of the policies and activities implemented over the last ten years around procurement processes and practices.

2.1.1 Enhanced efficiency savings

The drawing together of the previously disparate nature of procurement in Manchester City Council into a single centralised Corporate Procurement Department has led to over £65million of efficiency savings.

Principally as duplication of purchasing has been significantly reduced and economies of scale have been realised through cross-departmental purchasing.

2.1.2 A corporately important function

The development of the initial Sustainable Procurement Policy Statement of Intent and the contemporary Ethical (Procurement) Policy, together with the raft of activities described earlier has made procurement a much more corporate-ly important function within Manchester City Council, both politically and in terms of service delivery. Where procurement may have previously been seen as a silo-ed function of the local authority, it is now at the heart of agendas around economic growth and public service reform, as well as being a key contributor to the achievement of Our Manchester priorities.
Manchester is seen as a UK example of best practice when it comes to progressive procurement...

2.1.3 A realisation of the cross-departmental nature of procurement

The activities detailed have enabled a realisation within Manchester City Council that procurement is not just about procurement strategy, tender processes and award of contracts. Instead, it sits across a far wider cycle, that starts with commissioning and the design of a good or service and continues through to strategy, tendering, delivery, contract management and monitoring. The progressive nature of Manchester City Council has meant that the function of procurement has become much more cyclical and cross-departmental.

2.1.4 An inherent relationship between procurement and the local economy

The policies and activities detailed earlier have enabled a more effective relationship between the Corporate Procurement Department and the Economic Development Unit (now known as Work and Skills). There is a mutual understanding that the Economic Development Unit can bring intrinsic knowledge of the Manchester business base and signposting skills; and that the Corporate Procurement Department can assist in the achievement of wider economic and social outcomes.

2.1.5 A set of progressive procurement officers

Procurement people are taught in certain ways with compliance, risk and cost embedded as three core considerations. The work undertaken by Manchester City Council and CLES has opened up the Corporate Procurement Department and its Officers to different ways of thinking about procurement, particularly the role it can play in enhancing local economies and addressing the wider challenges facing the City.

2.1.6 An enhanced profile and reputation

The policies and activities detailed earlier have enhanced the reputation of Manchester City Council and the function of procurement both internally and externally. Internally, the spend and impact analysis has been used politically, particularly by the Leader of the Council, as a way of highlighting the importance of procurement in creating and sustaining business, jobs and apprenticeships. Externally, Manchester is seen as an example of best practice in the UK when it comes to progressive procurement, with the key impacts being demonstrated through conferences in the UK and through European networks. The work has also attracted academic interest.
Manchester City Council and indeed the wider Greater Manchester Combined Authority are at the forefront of practice around social value.

2.1.7 At the forefront of practice around social value

Manchester City Council and indeed the wider Greater Manchester Combined Authority are at the forefront of practice around social value. The Greater Manchester Social Value Procurement Framework is the first such framework developed and is designed to ensure social value is embedded in all aspects of the procurement cycle, and importantly that the contribution of suppliers to a range of social value indicators is measured. In addition, the 20% weighting around social value in the procurement process is unique.

2.2 The economy and residents of Manchester

There has been a number of key changes and impacts upon the economy and residents of Manchester as a result of the policies and activities implemented over the last ten years around procurement processes and practices.

2.2.1 Increased spend with Manchester and Greater Manchester organisations

CLES has undertaken analysis of where Manchester City Council’s procurement spend has gone geographically for each of the last eight financial years. The charts overleaf indicate that the proportion of total procurement spend with organisations based in, or with a branch in Manchester has increased from 51.5% in 2008/09 to 73.6% in 2015/16 (chart A). Similarly spend with organisations based in, or with a branch in Greater Manchester has increased from 86.5% to 90.7% (chart B).
Chart A: Proportion of total procurement spend in Manchester

<table>
<thead>
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<th>Year/Code</th>
<th>Proportion</th>
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<tbody>
<tr>
<td>08/09</td>
<td>51.5%</td>
</tr>
<tr>
<td>10/11</td>
<td>53.9%</td>
</tr>
<tr>
<td>11/12</td>
<td>54.0%</td>
</tr>
<tr>
<td>12/13</td>
<td>65.7%</td>
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<tr>
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<td>61.9%</td>
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<tr>
<td>14/15</td>
<td>68.8%</td>
</tr>
<tr>
<td>15/16</td>
<td>73.6%</td>
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</tbody>
</table>

Chart B: Proportion of total procurement spend in Greater Manchester

<table>
<thead>
<tr>
<th>Year/Code</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>08/09</td>
<td>86.5%</td>
</tr>
<tr>
<td>10/11</td>
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<tr>
<td>14/15</td>
<td>88.6%</td>
</tr>
<tr>
<td>15/16</td>
<td>90.7%</td>
</tr>
</tbody>
</table>
2.2.2 A diversity of spend across wards

Four wards within the Manchester City Council boundary have always dominated in terms of having the greatest proportion of Manchester based spend within them; namely Ardwick, City Centre, Harpurhey, and Hulme. However, the highest proportion of total spend in a Manchester ward has decreased from 29.8% for Harpurhey in 2011/12 to 19% for Hulme in 2015/16. This suggests a more diverse spread of spend across Manchester’s wards, meaning enhanced impact across a wider geographical area.

2.2.3 Decreases of spend in areas of deprivation

Spend analysis has always looked at the extent to which Manchester based suppliers to Manchester City Council are located in the 1% and 10% most deprived neighbourhoods nationally, according to the Index of Multiple Deprivation. The proportion of Manchester spend in the 10% most deprived neighbourhoods has decreased from 47.6% in 2008/09 to 39.6% in 2015/16. The fact that many of the suppliers to Manchester City Council remain the same suggests that these neighbourhoods are no longer in the 10% most deprived nationally. Whilst some neighbourhoods in Manchester have improved, pockets of very deep deprivation remain, particularly in the North and East of the City – addressing this issue goes far beyond procurement and is affected by factors such as connectivity to employment opportunities.

2.2.4 Increases in spend with SMEs

As a result of the Young Review, central government and public authorities have been asked in recent years to identify means through which procurement opportunities can be more effectively opened up to enable SMEs to bid for and win contracts. Central government has a target of 33% of all contracts to be delivered or sub-contracted to SMEs by 2020. Manchester City Council is well ahead of the curve when comparing to this target, with 53.3% of direct spend with the top 300 suppliers in 2015/16 being with organisations categorised as SMEs – this has increased from 46.6% in 2014/15.

2.2.5 Increases in supplier re-spend

CLES has also in four of the last eight financial years engaged with the supply chain of Manchester City Council to understand the extent to which they re-spend back in the Manchester economy on Manchester based suppliers and resident employees of their own. The amount re-spent has increased from 25p in the £1 in 2008/09, to 43p in the £1 in 2015/16.

This suggests that the influencing activities undertaken by Manchester City Council and CLES and the social value weighting has had an impact on the behaviour of suppliers, in that they are actively bringing greater benefit for the Manchester economy.
2.2.6 Evidence of a wide array of impact

The indicators detailed in the Greater Manchester Social Value Procurement Framework have enabled Manchester City Council to evidence the wider array of impact which their suppliers bring to the Manchester economy and its residents. * It is important to note that the figures are proxies, derived from the findings of a survey of a sample of suppliers of Manchester City Council.

- **20,638** hours of volunteering & community activities
- **1,481** jobs in Manchester
- **262** apprenticeships in Manchester
- **47,875** hours of support to the voluntary & community sector
- **334** employment opportunities for ‘hard to reach’ individuals

The core findings* from the 2015/16 analysis were that in the last year, the top 300 suppliers to Manchester City Council created or offered an estimated:
2.3 The supply chain

There has been a number of key changes and impacts upon the supply chain as a result of the policies and activities implemented over the last ten years around procurement processes and practices.

2.3.1 More mature purchaser to supplier relationship

The activities detailed around developing relationships between procurement and economic development and with potential suppliers through meet the buyer events, and with existing suppliers through networks, has changed the dynamic of the purchaser to supplier relationship.

Potential and existing suppliers now have a much stronger understanding of what the Council expects when it comes to social value. Similarly, the Council now has a much stronger understanding of the barriers the supply chain face when it comes to procurement, and particularly delivering social value.

2.3.2 Significant changes in behaviour

The visiting of suppliers, and the wider influencing work undertaken by Manchester City Council and CLES, has led to significant changes to the way that suppliers to Manchester City Council think and operate. Suppliers have sought to ensure that their own activities, regardless of whether or not they are linked to their contracts with Manchester City Council, bring a range of benefits for the Manchester economy. The following presents a few short snippets of suppliers which have changed their behaviour as a result of Manchester City Council’s progressive procurement processes and practices.
Standwalk\textsuperscript{12} is a social care provider which specialises in providing accommodation and 24 hour support for adults with severe learning difficulties aged over 18. Standwalk brings community and wider benefit through a number of ways.

1. They are a Manchester based organisation delivering a key service for Manchester City Council. Being based in Manchester makes them more efficient and they are also delivering a service which potentially could and should not be delivered by the local authority.

2. Standwalk employs 170 people, the vast majority of whom are Manchester residents. The nature of the service offered in terms of 24 hour care and support means that people have to live close to their workplace.

3. Standwalk’s workforce is committed to the values and ethos of the organisation, and as such a number of workers have changed their careers to work for the organisation; meaning that they contribute towards developing the capacity of the care sector.

4. Standwalk spends over £5,000 per week on food and other ancillaries for their service users; where possible this is purchased in shops local to South Manchester, bringing a circulation of spend in the local economy.

Redgate Holdings\textsuperscript{10} is a small business providing recycling services for Manchester City Council. Based in Gorton, one of the most deprived wards in the City. Redgate have adopted the Council’s principles around enabling local economic benefit through procurement in recent years. They have adapted their supply chains to think about utilising Manchester based business for the goods and services they require. They have also focused upon Manchester and particularly Gorton residents for any potential job opportunities. In 2012, for example, they created four new jobs, all of which went to local Gorton residents. James Manley, MD of Redgate Holdings stated:

‘Manchester City Council have really changed the way in which we think about our supplier and employment choices. Thinking locally is not only beneficial for the communities which surround our depot but also for our business in accessing new service delivery contracts’.
**Daisy Communications** is a large private sector communications organisation. They offer a range of services to clients across both the public and commercial sectors around telephone installation and the management of telephone systems; data centre provision including secure facilities and servers; and the installation, maintenance and management of networks. Daisy Communications believes it brings community benefit through the procurement contracts it delivers in Manchester and Greater Manchester in three main ways.

1. It has a significant number of employees, a high proportion of whom live in Greater Manchester. These employees bring benefits to the Greater Manchester economy in terms of the spend of their wages in local shops and upon local services.

2. Daisy Communications brings community benefit through its corporate hospitality activities which include sponsorship at the Manchester Arena; which in turn brings investment in hotels and restaurants in Manchester.

3. Daisy Communications has strategic partnerships with two large telecommunications organisations (TalkTalk and Vodafone); both of whom have branches in Greater Manchester. In addition, Daisy Communications is a Living Wage employer and offers apprenticeship opportunities.

**Greenwich Leisure Limited (GLL)** provide community leisure services across Greater Manchester from eight centres which they manage on behalf of Manchester City Council. GLL offer community benefit in a variety of areas, principle of which is employment and work experience opportunities.

For example:

- There are pathways into employment through an apprenticeship programme, this is a one year programme which operates across all centres and is only open to local residents.
- Those who complete the programme are guaranteed an interview for any roles that come up and a casual position.
- In addition, the facilities operated by GLL are being transformed into hubs for community activity, for example Wythenshawe Forum has health, college, library, and meeting facilities and a hall for community use.
3. Next Steps for Manchester City Council

This section outlines what remains for Manchester City Council to do to ensure that progressive procurement processes and practice remain part of the mainstream.

These are challenging economic times as a result of austerity; but progressive procurement should remain at the forefront of agendas relating to economic growth, addressing inequality, public service reform and devolution.

It is important to note that progressive procurement activity should not just be the domain of Manchester City Council and its Corporate Procurement Department. Instead, it needs to be at the forefront of the activities of other anchor institutions based in Manchester. These institutions, which include NHS organisations and the Police will spend significant amounts through commissioning and procurement processes, and it is important that they learn from and utilise the experiences of Manchester City Council in their future procurement processes and practices. The concept of social value should be at the heart of everything anchor institutions do and particularly their activities around the design of goods and services (commissioning) and procurement.
3.1 Recommendations

The below are key recommendations from CLES as to how Manchester City Council should continue to progress its procurement processes and practices.

1. Further embed social value focused contract management

Social value considerations should not just be restricted to the tender process. Indeed, if suppliers are detailing in tender documents what they are going to do around social value, then there needs to be some way of monitoring it in the actual delivery of the service or the provision of the good. The Greater Manchester Social Value Framework and the survey work undertaken by CLES is a good starting point for Manchester City Council in terms of monitoring social value; however, Manchester City Council needs to further embed the collection of data around social value into contract management activities, to enable a fuller and more robust set of information to be collected.

2. Address leakage where possible

The supply chain analysis undertaken by CLES in 2015/16 identified that just 9.3% of procurement spend by Manchester City Council leaked out of the Greater Manchester economy (to organisations not based in or with a branch in Greater Manchester). Whilst this is not significant on the whole, there are certain sectors where leakage out of Greater Manchester is much higher. For example, 100% of spend with suppliers in the manufacturing sector leaks out of the Greater Manchester economy, with percentages of 22.4% and 21.1% for energy and wholesale respectively. Manchester City Council should look at these contracts and explore the extent to which they are potentially influenceable and whether there are Greater Manchester based firms which have the potential and capacity to bid for any future opportunities associated with these contracts, particularly in relation to advanced manufacturing.
Manchester City Council spent nearly £135million with suppliers based in Manchester neighbourhoods which are in the 10% most deprived nationally...

Think about Public Procurement of Innovation

Manchester as a place continues to face significant challenges including around family poverty and those out of work and claiming a health-related benefit. For some aspects of public procurement, there are simply not the products and services on the market which enable such challenges to be addressed.

Manchester City Council should therefore start to think about utilising new means of undertaking public procurement as advocated by the European Procurement Directives which enable innovation in the process of procurement. These include Innovation Partnerships and Public Procurement of Innovation, where-by procurers start to engage with potential suppliers long before the procurement process starts, to develop a new and innovative solution. This approach could be particularly prevalent for addressing challenges associated with social care and thus reducing demand for these types of services.

Continue to engage in areas of deprivation

In financial year 2015/16, Manchester City Council spent nearly £135million with suppliers based in Manchester neighbourhoods which are in the 10% most deprived nationally – this is significant. These suppliers are already doing work to enhance the benefit they bring for local economies and communities, with the City Council also in the process of visiting these suppliers. Manchester City Council should continue to ramp up this dialogue. There is only so much that commissioners and procurers can do to promote and embed social value in procurement processes – the real responsibility for delivering social value lies with suppliers, and as such these organisations should be pushed to enhance their social responsibility and really ensure residents benefit from the opportunities created.
4. Conclusion and Progressing Procurement - Key Success Factors

This final section draws on the findings of ten years of activity by Manchester City Council and CLES to conclude and detail the key success factors required to progress procurement processes and practice, that could be adopted by other authorities and institutions.

4.1 Concluding thoughts

The outcomes achieved by Manchester City Council around progressing procurement processes and practice have not been achieved by chance. Instead they have been framed by foresight that by harnessing the potential of procurement spend there will be a range of further benefits for local economies, for local authorities, and for local communities. Every place in the UK has significant wealth at its disposal in the form of institutions and people – the key is understanding that wealth and harnessing it, whether that comes through local authority procurement spend, the behaviour of wider anchor institutions around employment, the responsibility shown by the business community, or the social capital of communities themselves.

We are in a real opportune moment in the UK to challenge the orthodoxy of public and economic development policy. We need to understand the wealth our places have and harness that wealth more effectively and progressively. As such, procurement is just one of the levers which places have at their disposal to enhance community wealth, but as demonstrated in the case of Manchester City Council it is a hugely successful one.

4.2 Key success factors for progressing procurement

Procurement is a cycle: it flows from design of the service or good (commissioning), through to tendering, through to award of contract, through to monitoring. If authorities or other institutions are to be progressive in procurement then they need to be considerate of a number of key success factors at each of these stages of the cycle. They also need a number of overarching factors to be in place.
### KEY SUCCESS FACTORS

#### Overarching

1. Political leadership and buy-in to progress procurement;
2. Cross-departmental working between commissioners, procurers, and economic development people;
3. Foresight that procurement can address wider challenges, and approaches must go beyond the orthodoxy of cost, compliance, and risk;
4. Evidence based understanding of where procurement spend goes and its impact;

#### Procurement strategy and tender processes

9. A link between procurement strategy and wider corporate and place priorities;
10. A tender process which enables a diversity of organisations to bid for opportunities;
11. Scope for potential suppliers to demonstrate their social value credentials.

#### Decision making

12. Establishing a means of scoring social value objectively as part of a wider set of criteria including cost and quality; with consideration of organisation size and ability to enhance social value.

#### Commissioning

5. Space to innovate in the design of services; this means working with both service users and potential suppliers;
6. Understanding the challenges commissioning and procurement can contribute towards;
7. Recognition that social value should be embedded at this stage of the process;
8. An understanding of the potential supply base for the service or good being designed.

#### Monitoring

13. An ongoing relationship with suppliers post the award of a contract;
14. A means of continuously monitoring where spend goes and the impact it has through contract management.
5. About this publication

5.1 About the Manchester City Council and CLES relationship

Manchester City Council are founder members of CLES, which started operating in 1986. Over the course of the last 30 years this membership relationship has remained stable with CLES currently producing a range of think-pieces for the City Council on contemporary local economic development activities. In addition to membership activities, CLES seeks to forge long term pieces of policy advice work with local authorities; a prime example being this work around progressive procurement which has been undertaken over several years and will continue into the future.

5.2 About the Author

Matthew Jackson is the Deputy Chief Executive of CLES. Matthew’s work around progressive procurement forms a key component of CLES’ much wider work around community wealth building, of which progressive procurement is a key component. Matthew is viewed as one of the leading experts on progressive procurement policy and practice in Europe. Around the topic of procurement, he has worked with over 200 local authorities in the UK; given evidence to parliamentary select committees, and worked in Preston and Birmingham to explore the role of anchor institutions in harnessing community wealth. He is currently Lead Expert for the European Funded URBACT Programme’s Procure network which is looking to progress procurement processes and practices across 11 cities in Europe.

5.3 Acknowledgements

CLES would like to thank Manchester City Council for their continued support around work relating to procurement and local economies, with particular thanks to Ian Brown, Head of Corporate Procurement; Paul Murphy, Deputy Head of Corporate Procurement; Karen Lock, Procurement Specialist; and Angela Harrington, Head of Work and Skills. CLES would also like to thank Councillor Carl Ollerhead and the Overview and Scrutiny Committee – Ethical Procurement Task and Finish Group for involving us in the development of the Ethical (Procurement) Policy. Matthew Jackson would also like to thank the CLES Chief Executive, Neil McInroy for the time invested and support in developing this stream of work with Manchester City Council and other organisations.
5.4 Further information

For further information about the work with Manchester City Council and CLES’ wider work on community wealth building, please contact: Matthew Jackson, Deputy Chief Executive of CLES on 0161 236 7036 or matthewjackson@cles.org.uk
Endnotes

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8 Manchester City Council (2016) Ethical Procurement Policy. Available at:
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How has Manchester City Council saved £65m?

A new study by the Centre for Local Economic Strategies (CLES) reports that Manchester City Council’s new Corporate Procurement Department has made more than £65 million of efficiency savings since its introduction.

The Power of Procurement II reflected on the work the council has carried out over the past decade and hailed Manchester City Council a pioneer due to its use of progressive procurement policies to reinvest back into the local economy for the benefit of residents and businesses.

How did the council achieve these savings?

The introduction of the Corporate Procurement Department has been one of the biggest changes made by the local authority.

However, that’s not all. Manchester City Council increased its proportion of total procurement spend within Manchester, from 51.5% in 2008-09 to 73.6% in 2015-16. Actual spend with organisations in Manchester also rose, from 86.5% to 90.7%.
The council has also shown its faith in the area's small and medium-sized businesses (SMEs), spending more than half of its total procurement spend with them.

Councillor Carl Ollerhead, chair of the task and finish group responsible for the procurement policy, said that Manchester City Council is now fully focused on ensuring that all spending delivers maximum social and economic benefit.

What impact have these key changes had?

As a result of these changes in procurement, re-spend by suppliers back into the city’s economy soared from 25p in every £1 to 43p in every £1, over the past seven years.

The incredible impact of the changes made by the council has led to Manchester becoming an example of best practice for progressive procurement, and of a council and wider combined authority being at the forefront of social value practice.

Councillor Ollerhead believes that the findings of the CLES report show that the council has made excellent progress and is helping supporting thousands more jobs in Manchester.

For a wide range of local government roles across the UK, visit Capita Specialist Recruitment today
Manchester saves £65m with new procurement policy

posted by Su-San Sit in Procurement, Supply chain

Manchester City Council (MCC) is playing a “pioneering role” by reinvesting spend back into the local economy through its progressive procurement policies, according to an independent think tank.

The Power of Procurement II, published by the Centre for Local Economic Strategies (CLES), identified key changes in procurement policy and processes that had been undertaken by the city council over the last 10 years to benefit Manchester residents and businesses.

CLES, which describes itself as a “think and do tank”, worked with the city to implement the changes.
The study found establishing a new corporate procurement department had led to over £65m of efficiency savings and the proportion of total procurement spend based in, or with a branch in, Manchester had increased by 22.1% in seven years from 51.5% in 2008-9 to 73.6% in 2015-16.

It also found re-spend by suppliers back into the Manchester economy had increased from 25p per £1 in 2008-9 to 43p per £1 in 2015-16.

CLES deputy chief executive Matthew Jackson said working with MCC to make the changes had seen extensive benefit for the local economy.

“The work demonstrates the importance of understanding where procurement spend goes, linking procurement to economic development and influencing the supply chain to enhance their social value,” he said.

“The work must continue with more progressive procurement being at the heart of devolution and public service report across Greater Manchester.”

In addition the report found that last year the top 300 suppliers to MCC created or offered in Manchester an estimated 262 apprenticeships, 334 employment opportunities for hard-to-reach individuals and 1,481 jobs.

Councillor Carl Ollerhead, who chaired the task and finish group that produced the council’s ethical procurement policy, said the figures were encouraging for the area.

“As a council we are determined to ensure that anything we spend delivers the maximum social and economic benefit for Manchester—our ethical procurement policy obliges us to bear this in mind whenever we are buying goods or services,” he said.

“These figures are extremely encouraging and suggest that we are continuing to make good progress and helping to support thousands of jobs in Manchester.”

Last year the town hall budgets in Greater Manchester were cut by £160m, bringing the total amount of cuts since austerity measures were brought in 2010 to £1.9bn.
Manchester Council playing ‘pioneering role’ in progressive procurement

Manchester City Council is playing a ‘pioneering role’ in reinvesting spend back into the local economy with its progressive procurement policies, report says.

A study published today by the Centre for Local Economic Strategies (CLES) identified key changes that have been undertaken by the city council over the last 10 years.

*The Power of Procurement II* found the new corporate procurement department had led to over £65m of efficiency savings.

It also discovered the proportion of total procurement spend with organisations based in, or with a branch in, Manchester has increased from 51.5% in 2008/09 to 73.6% in 2015/16.

Spend with organisations based in, or with a branch in, Greater Manchester has increased from 86.5% to 90.7%, the report said. And 53.3% of Manchester City Council’s procurement spend is with SMEs.

It also found re-spend by suppliers back into the Manchester economy has increased from 25p in the £1 in 2008/09 to 43p in the £1 in 2015/16.

‘We are really proud to have worked in partnership with Manchester City Council for the last ten years to instigate such significant change for the benefit of local people and business,’ said Matthew Jackson, deputy chief executive of CLES.

‘The work demonstrates the importance of understanding where procurement spend goes, linking procurement to economic development, and influencing the supply chain to enhance their social value.'
‘The work must continue with more progressive procurement being at the heart of devolution and public service reform across Greater Manchester.’

Cllr Carl Ollerhead, who chaired the task and finish group which produced the council’s ethical procurement policy, said: ‘As a council we are determined to ensure that anything we spend delivers the maximum social and economic benefit for Manchester.

‘Our ethical procurement policy obliges us to bear this in mind whenever we are buying goods or services.

‘These figures are extremely encouraging and suggest that we are continuing to make good progress and helping to support thousands of jobs in Manchester.’
Salford Social Value Alliance

Salford Social Value Alliance is a partnership between the public sector, the private sector and the voluntary community and social enterprise sectors, aimed at producing more Social Value in Salford.

Manchester’s progressive procurement enables growth and tackles poverty

Manchester City Council is playing a pioneering role in reinvesting spend back into the local economy, according to a new report published today by the Centre for Local Economic Strategies (CLES) and launched at an event at Manchester Town Hall.
The Power of Procurement II, reflects on ten years of work carried out by Manchester City Council in partnership with CLES, to harness progressive procurement for the benefit of Greater Manchester’s residents and businesses.

It particularly identifies the key changes that have been undertaken in procurement policy and process, and the benefits achieved for the local authority, the supply chain, and the economy and residents of Manchester as a result.

**Key changes and impacts include:**

- The new Corporate Procurement Department has led to over £65 million of efficiency savings;
- Manchester is now seen as an example of best practice when it comes to progressive procurement in the UK;
- Manchester City Council and indeed the wider Greater Manchester Combined Authority are at the forefront of practice around social value;
- The proportion of total procurement spend with organisations based in, or with a branch in Manchester has increased from 51.5% in 2008/09 to 73.6% in 2015/16;
- Spend with organisations based in, or with a branch in Greater Manchester has increased from 86.5% to 90.7%;
- 53.3% of Manchester City Council’s procurement spend is with SMEs;
- Re-spend by suppliers back into the Manchester economy has increased from 25p in the £1 in 2008/09 to 43p in the £1 in 2015/16

**The proportion of total procurement spend with organisations based in, or with a branch in Manchester has increased by 22.1% in 7 years.**
In addition to the direct benefits, the core findings from the 2015/16 analysis were that in the last year, the top 300 suppliers to Manchester City Council created or offered an estimated:

- 20,638 hours of volunteering & community activities;
- 262 apprenticeships in Manchester;
- 334 employment opportunities for ‘hard to reach’ individuals;
- 47,875 hours of support to the voluntary & community sector;
- 1,481 jobs in Manchester;

The report goes on to detail next steps for Manchester City Council in ensuring that progressive procurement policy and practice remains part of the mainstream, and explores the key success factors identified from the approach of Manchester City Council and the lessons learnt for others wishing to pursue a progressive approach to procurement processes and practice.

Matthew Jackson, Deputy Chief Executive of the Centre for Local Economic Strategies said:

‘We are really proud to have worked in partnership with Manchester City Council for the last ten years to instigate such significant change for the benefit of local people and business. The work demonstrates the importance of understanding where procurement spend goes, linking procurement to economic development, and influencing the supply chain to enhance their social value. The work must continue with more progressive procurement being at the heart of devolution and public service reform across Greater Manchester.

Councillor Carl Ollerhead, who chaired the task and finish group which produced the council’s ethical procurement policy, said:

‘As a Council we are determined to ensure that anything we spend delivers the maximum social and economic benefit for Manchester. Our ethical procurement policy obliges us to bear this in mind whenever we are buying goods or services. These figures are extremely encouraging and suggest that we are continuing to make good progress and helping to support thousands of jobs in Manchester. We will work hard to continue, and further improve, this.’

Read *The Power of Procurement II: The policy and practice of Manchester City Council*
Local government
Public manager

One in three councils consider social value when awarding contracts

Peter Holbrook

Councils of all political persuasions are using the Public Services (Social Value) Act to boost local youth employment, community groups and small firms, the report by Social Enterprise UK finds.

Some councils use the act to support small, local firms; some support the local voluntary, community and social enterprise sector; others focus on training and youth employment. Photograph: Alamy
Despite the Public Services (Social Value) Act coming into force more than three years ago, in January 2013, no one knows how many public bodies in England take into account the social, environmental and economic impact of their commissioning.

Procuring for Good is a new report, published by Social Enterprise UK, that paints the most comprehensive picture yet about how councils in England are using the act. It analyses responses to Freedom of Information (FoI) requests submitted to 353 English councils.

We identify four categories of council: embracers (14%), adopters (19%), compliers (45%), and bystanders (22%). Broadly, embracers and adopters seem to have a positive attitude towards the act, viewing it as a measure that affords them greater flexibility in commissioning and procurement. Compliers and bystanders see the legislation as placing a duty or an obligation on them.

We found embracer councils across the political spectrum and involving every tier of local government. What comes across strongly is that some (political and administrative) leaders are simply bolder than others, irrespective of party affiliation. Some councils are more prepared to take risks than others.

Dissemination of best practice, training and support, and time, are needed to shift compliers into the adopter column and transform adopters into embracers. With a third of councils (embracers plus adopters) using the act frequently, consideration of social value is not just a niche activity, even if it is not quite yet mainstream.

District councils are far less likely to embrace social value than other tiers of local government, and far more likely to be bystanders. This was unexpected: aren’t district councils closer to the communities they serve than the municipal giants? What appears to be the case is that they tend to make a literal interpretation of statute. The act places a duty to consider social value in contracts above the Official Journal of the European Union threshold of €209,000 (£159,388) for services. What the responses to the FoI requests suggest is that so few district councils regularly issue tenders at this level, they have not devoted valuable officer time developing social value policy. Given that the Department of Communities and Local Government revised Best Value Guidance strongly encourages councils to consider social value below the threshold and wider than services, it appears that guidance has limited effect. This suggests that only legislative change, rather than guidance, will encourage bystanders to make use of the act.
The diversity of ways in which the act is being used is striking. Some respondents consider social value for each contract and see what additional benefits (for instance apprenticeships) they can extract from the contract by inserting clauses. Some have policies aimed at supporting small, local firms; some support the local voluntary, community and social enterprise sector, others have a focus on training and employing young people.

No council has yet published a formal cost-benefit analysis of their use of the act. A few provided us with copies of their annual procurement review, but there is a bit of a vacuum of hard evidence in respect of the financial effect of considering the act. Encouragingly, those that make most use of the legislation said that is it either cost neutral and has resulted in additional benefits, or has resulted in savings. This tells us that the more councils use the Social Value Act, the more they like it.

Among those using it are Labour-run Manchester city council, a metropolitan borough council, which has adopted both a sustainable procurement policy and the Greater Manchester social value policy. It applies social value across all contracts. Initially social value was given a minimum of 10% of the overall normalised weighting when scoring tenders, but that was increased in November to a minimum of 20% of the overall weighting.

Bristol city council - a unitary authority embracing social value - has adopted a social value policy and toolkit. Social value is considered in relation to all of its commissioning and procurement activity. Where it is possible to identify in the commissioning process that additional social value outcomes are relevant and appropriate to specific contracts, 10% of the quality element of the price-quality ratio is allocated to social value. The council’s social value was developed under the previous independent mayor, demonstrating that social value goes beyond party politics.
Social Value Toolkit for Suppliers 2017
Introduction
This document outlines what the Council is seeking to achieve for Manchester’s residents and neighbourhoods through Social Value.

Its intention is to provide guidance, information and contact details as a support to suppliers when considering their ‘offer’ and delivery of social value when engaging in a Manchester procurement tender and the successful award of a contract.

‘Our Manchester Strategy’

The Our Manchester Strategy sets out the vision for the city for the next ten years, from 2016 to 2025. It is the City’s strategy, and has been developed together with residents, businesses, public services and voluntary and community organisations. There has never been a clearer picture of what matters to people who live and work in Manchester.

The vision set out in the strategy is for a city that will:

- have a competitive, dynamic and sustainable economy that draws on our distinctive strengths in science, advanced manufacturing, culture, and creative and digital business – cultivating and encouraging new ideas
- possess highly skilled, enterprising and industrious people
- be connected internationally and within the UK
- play its full part in limiting the impacts of climate change
- be a place where residents from all backgrounds feel safe, can aspire, succeed and live well
- be clean, attractive, culturally rich, outward looking and welcoming.

To help us achieve this vision the strategy sets out objectives under five themes:

- A thriving and sustainable city
- A highly skilled city
- A progressive and equitable city
- A liveable and low carbon city
- A connected city.

The full strategy can be downloaded here:

The Manchester Strategy

www.manchester.gov.uk/downloads/download/6426/the_manchester_strategy
Greater Manchester Combined Authority (GMCA)

The Greater Manchester Combined Authority (GMCA) is made up of the ten Greater Manchester councils, which includes associate members and Manchester Partners of the Association of Greater Manchester Authorities (AGMA), and a Mayor, who work with other local services, businesses, communities and other partners to improve the city-region.

The ten councils (Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford and Wigan) have worked together voluntarily for many years on issues that affect everyone in the region, like transport, regeneration, and attracting investment.

Associate members, and Manchester Partners to the Association of Greater Manchester (AGMA) and GMCA include Blackburn Darwen BC, Blackpool, Cheshire East, and Warrington Councils, Greater Manchester Fire and Rescue Authority, Greater Manchester Police Authority, Greater Manchester Waste Disposal Authority, Manchester Central Convention Complex, Commission for New Economy, Greater Manchester Passenger Transport Executive Transport for Greater Manchester (TfGM), and the Integrated Transport Authority.

The GMCA gives local people more control over issues that affect their area. It means the region speaks with one voice and can make a strong case for resources and investment. It helps the entire north of England achieve its full potential.

The GMCA is run jointly by the leaders of the ten councils and the interim Mayor of Greater Manchester. In 2017 it will have a fully elected mayor with more powers and responsibilities.

A variety of boards, panels and committees look specifically at areas like transport, health and social care, planning and housing.

The ambitious vision for a prosperous, self-reliant Greater Manchester will be achieved by collaborating with a range public, private and voluntary partner organisations.
Procurement and Social Value

Manchester City Council (MCC) recognises the positive impacts that our suppliers bring to the communities of Manchester. It is hoped that through our supply chain further positive impact can be made through use of this tool kit.

The Council is keen to make sure that our supply chain contributes as much as possible to the overall wellbeing of our residents and we therefore include social value as part of the procurement process. In 2015 the Council increased its weighting for social value considerations from 10% to 20%, meaning that all companies and organisations bidding for MCC contracts have to give social value serious consideration when putting tenders together.

When tendering to supply goods, services or works potential suppliers will be asked to provide details and evidence of how they meet the Council’s six social value objectives (see page 4 under the heading Social Value).

Potential suppliers will be scored on their ‘offer’ back to Manchester’s residents which can be either as:

- ‘Social Value in Kind’. Depending on the size and nature of the contract this could range from offering a work experience placement to a high school student to agreeing to take on a number of apprentices as part of a large scale construction programme.

Or where suitable

- ‘Social Value Fund’. Offering cash contribution in lieu of offering ‘Social Value in Kind’. Examples of what social value opportunities this fund may be used for can be found in the section on page 8.

We will continue to encourage companies and organisations to provide opportunities directly where they can make an impact and have a contract of the longevity and scale to deliver. However, the introduction of the ‘Social Fund’ provides flexibility for companies and organisations and an opportunity for those who are successful to make a contribution to social value where the size of contract would otherwise prevent it. This may be more deliverable for some organisations.
The Council’s Ethical and Social Value Objectives

Ethical Procurement Policy

The Council is committed to ensuring a high standard of ethical trade practices across its commissioning and procurement activities. In accordance with this Policy the Council expects its suppliers, service providers and contractors to observe the policy’s provisions and to demonstrate a similar commitment to an ongoing programme of ensuring and, where necessary, improving ethical practices locally and globally.

All suppliers, service providers and contractors to Manchester City Council must commit to employing the highest ethical standards in every area listed in all sections of the policy, in their own operatives and those within their supply chain. In addition, social value principles and practices apply to suppliers, service providers and contractors and their supply chain as required in the Council’s Social Value Policy, ensuring that maximum benefits are gained to improve economic, social and environmental well-being.

The full policy can be found via the following link:
Ethical (procurement) policy - Manchester City Council
www.manchester.gov.uk/directory_record/160214/ethical_procurement_policy

Social Value Policy

MCC’s social value objectives are found in the GMCA Social Value Policy. These are:

- Promote employment and economic sustainability – tackle unemployment and facilitate the development of residents’ skills
- Raise the living standards of local residents – working towards living wage, maximise employee access to entitlements such as childcare and encourage suppliers to source labour from within Greater Manchester
- Promote participation and citizen engagement - encourage resident participation and promote active citizenship
- Build the capacity and sustainability of the voluntary and community sector – practical support for local voluntary and community groups
- Promote equity and fairness – target effort towards those in the greatest need or facing the greatest disadvantage and tackle deprivation across the borough
- Promote environmental sustainability – reduce wastage, limit energy consumption and procure materials from sustainable sources

The full policy can be found via the following link:
GMCA Social Value Policy - November 2014 | GMCA
Environmental strategy

Manchester is a city committed to action on climate change. In 2009 residents and businesses came together to produce the city’s first ever climate change strategy, *Manchester: A Certain Future*. In January 2016, just one month after the Paris Agreement, we committed to 'become a zero carbon city by 2050'.

You can find out about our plan for becoming zero carbon, how we are doing, and how you can get involved on the web address below:

[Manchester Climate](http://www.manchesterclimate.com)

Manchester’s great outdoors – a green and blue infrastructure strategy

Our green and blue spaces (Green Infrastructure or GI for short) have been the focus of an exciting, innovative and extensive new strategy that aims to highlight their incredible value and functionality.

Gardens, golf courses, parks, allotments, woods, ponds and canals - Manchester’s great outdoors has something for everybody, and will play a huge role as the City grows and thrives over the coming years. These spaces will provide a kind of life support system for the City. They are great places for health and recreation, havens for wildlife, a backdrop for investment and so much more.

Working together with a range of partners and employing cutting edge technology backed up by an extensive evidence base, for the first time ever we have started to qualify and quantify the extent and value of the City’s Green Infrastructure.

We have developed a long term vision that will be realised over the next ten years; a vision that will see Manchester as a truly Green City with Green Infrastructure at its heart. View the action plan by following the link below.

[Green and blue strategy and action plan](http://www.manchester.gov.uk/downloads/download/6314/manchester_green_and_blue_strategy)
Work and Skills Priorities for Manchester City Council

Manchester’s Work and Skills Strategy 2015-2020 is closely aligned with the ‘Our Manchester Strategy’ (mentioned previously) and sets out its vision:

“Manchester’s vision is to be in the top flight of world class cities, a thriving and sustainable city, as competitive as the best with an internationalised, dynamic and sustainable economy comprising highly skilled, enterprising and industrious people.”

The Manchester Work and Skills Board leads on the development of a work and skills system which meets the growth needs of all businesses and enables residents from all backgrounds to obtain the skills and attributes employers require. New and existing businesses will benefit from a growing pool of local talent, whilst residents will be much better equipped to compete within the local labour market. Increasing numbers of residents will be able to access sustainable and healthy work with opportunities for in work progression, resulting in a fairer and more equal city.

Our priorities are built on three areas of the Our Manchester Strategy:

- Business & Enterprise
- Resident Skills
- Addressing Inequality

Social Value can play a significant role in Manchester achieving its objectives to make this a thriving and prosperous city.

Business & Enterprise

- Maximise employment opportunities for local people
- Increased employer investment in current & future workforce
- Skills are no longer perceived as a barrier to growth
- Businesses able to retain local talent

Examples could be:

Supporting young people to develop enterprise skills

Upskilling existing staff

Recruiting a graduate trainee or offering a supported internship/placement

Mentoring a small business

Offer support to a charity or community group such as volunteering your staff time to sit on a Board or act as a school governor or providing pro-bono advice or support.
Resident Skills

- Prioritise resources into higher level & technical skills that meet demand of growing sectors
- Embed teaching of skills required by growing sectors into education.
- Improved careers advice.
- Support and promote quality jobs with training with a focus on Apprenticeships

Examples could be:
Offering jobs with training such as recruiting apprentices
Offering to work with school(s), colleges and training providers to provide information about your industry or sector
Providing quality placements to people with recent work experience
Hosting school visits at your premises

Addressing Inequality

- Early intervention/prevention of young people Not Engaged in Employment or Training.
- Reduce gap between resident & workplace wage
- Support more residents into work which provides a good standard of living via the real living wage and healthy work principles

Examples could be:
Offering work experience placements for young people not engaged in employment, education or training
Tap into the support agencies that can link you with young people such as career connect.
Consider offering support or mentoring to young people leaving care or a young offender to help turn their lives around.
Promote healthy work and support people with health conditions and disabilities into work
Employ an unemployed resident
Offering work experience for residents who have been out of work for a long time
Ensure staff terms and conditions are fair and that staff are paid the real living wage.

In order to deliver these priorities there are a range of organisations and initiatives you could link into – please see information within this toolkit on useful contacts - support for suppliers.
How your business can be successful in adding social value to your bid and delivery of contracts.

The following pages provides guidance using the Council’s social value framework and a number of examples of activities that your business could get involved with to add social value to your bid.

This list is not exhaustive and you might have your own ideas about things that you can do or get involved in.

We are always open to new ideas and innovation.

If you would like to talk to someone about the activities suggested or about anything else that you think your business could offer please contact the Work and Skills team:

workandskillsadmin@manchester.gov.uk

Or call 0161 234 1515
# Social Value Framework

## Manchester Guidance for Suppliers

<table>
<thead>
<tr>
<th>Objective</th>
<th>Examples of what you could offer</th>
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<tbody>
<tr>
<td><strong>Promote Employment and Economic Sustainability</strong></td>
<td></td>
</tr>
<tr>
<td>Creation of new jobs in the local economy and access for Manchester residents into these jobs</td>
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<tr>
<td>Creation of traineeships for local residents</td>
<td></td>
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<tr>
<td>Creation of apprenticeships for local residents</td>
<td></td>
</tr>
<tr>
<td>Deliver meaningful work experience for local residents</td>
<td></td>
</tr>
<tr>
<td>Support people back into work – Deliver mentoring</td>
<td>Provide career mentoring for job clubs: mock interviews, CV advice, careers guidance</td>
</tr>
<tr>
<td>Support young people into work – Deliver employability support to:</td>
<td>Provide mock interviews, CV advice, careers guidance</td>
</tr>
<tr>
<td>• schools</td>
<td>Deliver or support mentoring projects</td>
</tr>
<tr>
<td>• college students</td>
<td></td>
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<tr>
<td>• ex-offenders</td>
<td></td>
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<tr>
<td>• others who typically face additional challenges in competing in the labour market</td>
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<tr>
<td>Support new business start-ups</td>
<td>Run practical workshops with enterprise</td>
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<tr>
<td>Support the local economy through expenditure in the local supply chain</td>
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<tr>
<td>Support the local supply chain with expenditure within the Manchester area</td>
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<tr>
<td>Attract inward investment into Manchester</td>
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<tr>
<td>Support fair and ethical trading in the supply chain</td>
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<tr>
<td>Secure investment in, or in-kind contribution to fuel poverty and /or family poverty initiatives in Manchester</td>
<td></td>
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</tbody>
</table>
### Objective

**Raise the living standards of local residents**

*And*

**Promote equity and fairness**

#### Examples of what you could offer

- Pay staff the Manchester Living Wage of £8.25ph
- Increase rates of pay for lowest-paid staff
- Improve skills levels of existing staff
- Improve health, wellbeing and support for staff
- Flexible working practices for staff who are carers
- Work alongside residents and organisations in parts of the City that are particularly disadvantaged, with a view to improving outcomes

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### Objective

**Promote participation and citizen engagement**

#### Examples of what you could offer

- Support to self-help service users
- Reduce isolation for older people - coordinate and run a befriending scheme

---

### Objective

**Build capacity and sustainability of the Voluntary and Community Sector**

#### Examples of what you could offer

- Deliver an employer supported voluntary scheme – offer employment opportunities and staff engagement within business and actively support employee volunteering.
- Contribute a number of hours to voluntary and community organisations for:
  - business support
  - financial advice
  - legal advice
  - HR advice
- Provide facilities for use by community and voluntary organisations (number of hours or days per year)
- Create/support new volunteering opportunities in Manchester
- Support local third sector organisations through the supply chain by spending with community and voluntary sector providers and Social Enterprises in Manchester
Contribute to, or fundraise for Manchester charities. Examples include: We Love Manchester, Young Manchester, or support to the Homelessness Charter.

<table>
<thead>
<tr>
<th>Objective</th>
<th>Examples of what you could offer</th>
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<tbody>
<tr>
<td>Promote environmental sustainability</td>
<td>Reduce waste</td>
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<td></td>
<td>Reduce amount of waste sent to landfill</td>
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<td></td>
<td>Reduce carbon emissions</td>
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<td></td>
<td>Reduce energy and water consumption</td>
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<tr>
<td></td>
<td>Increase use of renewable energy or community generated renewable energy</td>
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<td></td>
<td>Support households to better manage their energy demands</td>
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<tr>
<td></td>
<td>• Improvements in the fabric of their homes</td>
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<tr>
<td></td>
<td>• bringing them out of fuel poverty</td>
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<td></td>
<td>• contributing to climate change goals</td>
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</tbody>
</table>
Useful Contacts
### Apprenticeships and Internships

| Recruit an apprentice | There are many business benefits of growing your own talent. Recruiting an apprentice is easier than many businesses think and there is a range of support available to employers thinking about taking on an apprentice. | Employing an apprentice  
www.gov.uk/take-on-an-apprentice/overview  
GM Apprenticeship Hub  
http://theapprenticeshiphub.co.uk |
|----------------------|-------------------------------------------------------------------------------------------------|------------------------------------------------------------------|
| Recruit a Supported Intern | Supported Internships are employment based courses for students with Special Educational Needs, Learning Difficulties or other health needs to develop employability skills. Both the employer and student can access a range of support to make the placement a success. | Supported Internships  
www.pureinnovations.co.uk/what-we-offer/independence/supported-internships |
| Share an apprentice | GM Chamber of Commerce Apprentice Share (formerly known as the GTA) is the Shared Apprenticeship Programme in the North West managed by Greater Manchester Chamber of Commerce. The Shared Apprenticeship scheme enables organisations to pool their projects into programmes making more sustainable training opportunities for Apprentices. The Apprentice Share will recruit and directly employ an Apprentice and place them on site with you for the length of time you are on the job. When you finish on site you have the choice to keep the Apprentice or return them for Apprentice Share to place on another site to continue their Apprenticeship. | Apprentice Share  
www.gmchamber.co.uk/service_brands/gm-apprentice-share |
| Apprenticeships Grants | The National Apprenticeships Service can offer a grant of £1,500 to recruit 16 to 24 years olds into apprenticeships. | Grants for employing young people - Manchester City Council  
www.manchester.gov.uk/info/827/growing_and_maintaining_a_business/4894/financial_incentives_for_employing_young_people |
### Apprenticeship Ambassador

If your organisation already employs an apprentice, they could become part of the apprentice ambassador programme and share their experiences with other people considering a similar career choice.

### Recruitment

#### Recruit local residents

The Employer Suite is a free recruitment service that matches Manchester residents to your vacancies, provides professional space for open days and interviews and offers advice on other support to recruit e.g. recruitment of ex-offenders or people with disabilities. The service is used by a wide range of organisations, from nationally and internationally recognised brands to local SMEs.

#### Graduate recruitment

For employers that want to recruit graduates from Manchester Metropolitan University (MMU) or The University of Manchester. Free job advertising, candidate short-listing, pre-recruitment training and interview space.

**Manchester Metropolitan University**
T. 0161 247 3485

**The University of Manchester**
T. 0161 275 2828

Additional resources can be found at:

- [Apprenticeships](www.manchester.gov.uk/info/827/growing_and_maintaining_a_business/4895/apprenticeships_meeting_the_skills_needs_of_your_business)
- [The Employer Suite](www.manchester.gov.uk/info/827/managing_a_business/5024/free_recruitment_supportsuite_a_free_recruitment_service)
- [MMU Employers and Recruiters](www2.mmu.ac.uk/careers/employers-and-recruiters)
- [The University of Manchester Recruiters](www.employers.manchester.ac.uk)
## Local Business

| Use local suppliers | Find local suppliers using industry standard databases of the Library’s Business Information Service or the directory of third sector organisations in Manchester. Local supplier databases can be accessed in person at the Central Library Business and Intellectual Property Centre. The directory of third sector organisations can be accessed online through the Manchester Community Central website. | Manchester Community Central  
www.manchestercommunitycentral.org/directory |
|---------------------|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| Mentor a business   | The Business Growth Hub is recruiting mentors that can help new and existing businesses grow. Mentors will receive initial training and ongoing support. | Business Growth Hub Mentors  
www.businessgrowthhub.com/business-from-start-up-to-expansion/mentoring |
| Corporate Social Responsibility | Many areas in Manchester have their own Corporate Social Responsibility (CSR) networks to help businesses meet their CSR aims in their neighbourhoods. Joining or supporting these networks is a great way to give back to the community. | t.van.rooij@manchester.gov.uk  
r.tracey@manchester.gov.uk |
| Inward investment and re-location support | Midas - Manchester Growth Company  
For investors and businesses that want to (re)locate in Manchester. Support with property searches, recruitment, introductions to key stakeholders | Invest in Manchester  
www.investinmanchester.com/property-search |

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**Item 7 - Page 76**
<table>
<thead>
<tr>
<th>Investment and Premises</th>
<th>Technology, Finance &amp; Premises (Manchester Tech Trust)</th>
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<tbody>
<tr>
<td></td>
<td>For technology and digital businesses looking for investment and premises Managed introductions to potential investors</td>
</tr>
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</table>
|                                         | **Manchester Tech Trust**  
|                                         | www.manchestertechtrust.com/our-directory |

| Volunteering                             | Enrol as a volunteer on the Manchester Volunteer Inspire Programme. There are so many different opportunities for people from all backgrounds and areas of the community, whether it's supporting sports events in Manchester, coaching in your local club, school or community. |
|                                         | **Manchester Volunteer Inspire Programme**  
|                                         | http://mcrvip.com |

| Volunteering                             | Homelessness is a growing concern in Manchester. Pledges could include financial contributions, donating in-kind resources such as volunteers, products, skills or expertise, or supporting employment projects by offering entry level jobs, with the aim of working together to reduce homelessness and ultimately to eliminate it. Alternatively pledges could include a commitment to join one of a number of ‘action groups’ being set up to look at specific priority issues that have been identified as presenting the greatest problems to those who are homeless. |
|                                         | **Homelessness Charter Manchester City Council**  
|                                         | www.manchester.gov.uk/news/article/7445/homelessness_charter_marks_new_approach_to_tackling_homelessness_in_manchester  
|                                         | Mustard Tree - Get Involved  
|                                         | www.mustardtree.org.uk/about-us  
|                                         | Shelter - GROW Traineeships  
|                                         | http://icmblog.shelter.org.uk/tran sition-from-peer-mentor-to-a-grow-trainee |

| Volunteering                             | Find volunteer opportunities in Manchester - information, support and training for residents who want to volunteer. |
|                                         | **Volunteering in the Community - Manchester City Council**  
|                                         | www.manchester.gov.uk/info/201/101/voluntary_organisations/5787/volunteer_to_get_more_experience |
## Environment

| ENWORKS has been helping businesses of all sizes and sectors in the North West of England to improve their environmental performance. Their support focuses on making economic and environmental savings by using resources such as energy, water and materials more efficiently, and managing residual waste. | Green Intelligence  
http://enworksinabox.com |
|---|---|
| The Green Growth Pledge is a new initiative from the Business Growth Hub that allows you to commit to a range of actions – from simple first steps to wholesale changes – that will reduce environmental impact and help you grow at the same time. Green Growth is designed to help you increase your profitability by reducing your environmental impact and taking advantage of the growing market for low carbon and environmental goods and services. Part of the Business Growth Hub, the services are built on the internationally recognised ENWORKS support service. | Green Business Growth Pledge - Business Growth Hub  
‘Social Fund’ Opportunities

There are many activities across the City where the ‘Social Fund’ will be used to achieve a positive impact on social value outcomes. The following pages have been included to give suppliers examples of some of these activities the ‘Social Fund’ might be used for.

<table>
<thead>
<tr>
<th>Title and description of activity</th>
<th>Linked to GMCA Social Value Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>My-Future ILM scheme.</strong></td>
<td><strong>Outcome 1: More local people in work</strong></td>
</tr>
</tbody>
</table>
| Programme provides a 3 month paid work experience with additional employability support for young people not in employment, education or training (aged 16-24). | • Create traineeships (including apprenticeships) for local residents  
• Provide meaningful work experience for local residents |

| **Manchester Work Club Network** | **Build capacity and sustainability of the Voluntary and Community Sector –** |
| Funding for the ongoing support to Work Clubs across Manchester which deliver employment support, training and jobs. | **Outcome 6: An effective and resilient third sector**  
**Outcome 1: More local people in work** |
| | • Support people back to work by providing career mentoring for job clubs, including mock interviews, CV advice, and careers guidance  
• Support young people into work by delivering employability support |

| Funding for basic skills provision within local communities to add value to local Neighbourhoods. | **Outcome 1 More local people in work** |
| | • Support people to learn English making them more competitive and bring them closer to the labour market |
“Our Manchester” start-up loans – seed funding to support Manchester residents set up their own business or become self-employed.

<table>
<thead>
<tr>
<th><strong>Outcome 2: Thriving local businesses</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Support x number of new business start-ups by running practical workshops with enterprise clubs</td>
</tr>
</tbody>
</table>

Crowdfunding pledge pots around youth enterprise projects.

<table>
<thead>
<tr>
<th><strong>Outcome 2: Thriving local businesses</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Support new business start-ups by running practical workshops with enterprise clubs</td>
</tr>
</tbody>
</table>

Social enterprise support (to develop a social value supply chain that developers/construction companies can readily utilise).

<table>
<thead>
<tr>
<th><strong>Outcome 6: An effective and resilient third sector</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Support local third sector organisations through the supply chain by spending a percentage of total expenditure with community and voluntary sector providers based in Greater Manchester</td>
</tr>
</tbody>
</table>

Please note that these examples are for illustrative purposes only and serve to highlight the sort of activity that the Social Value Pot might deliver. Approved projects/activity have not yet been decided.
Connected Procurement: Devolution, reform and procurement

Thursday 30 June 2016, 1pm - 4pm with a light lunch from 12:30pm

Venue: Committee Room 2, Manchester Town Hall, M2 5DB
(http://www.manchester.gov.uk/townhall/info/10/contact)

AGENDA

1pm Opening welcome, introductions and Awards
Ian Brown, Head of Procurement, Manchester City Council

1.10pm Devolution and service reform
Peter Wilding OBE, Greater Manchester Public Service Reform Team (TBC)

1.40pm Roundtable discussion: Perspectives and priorities
• Devolved budgets and shared priorities
• Fragmentation of the delivery landscape
• Scale versus flexibility
Phil Swan, iNetwork and GM-Connect

2.10pm BREAK

2.30pm Ethical procurement: A public sector approach
Karen Lock, Procurement Manager – Operations, Manchester City Council
https://prezi.com/f3kjf4kpehdl/ethical-procurement-policy/

2.50pm Accessing commercial skills, specialist vehicles and coming events
Wendy Clarke, YPO

3.15pm Roundtable session: What do we want from Connected Procurement?
Phil Swan, iNetwork and GM-Connect

3.40pm National Advisory Group Update and AOB
Peter Schofield, Programme Director, AGMA Procurement

3.55pm Close
Member News: The Importance of Social Value

Over the course of the last ten years, Manchester City Council has been at the forefront of progressive policy and practice around procurement. With an annual spend of over £600million, Manchester City Council has sought to ensure that every procurement decision it makes brings maximum benefit for the economy of Manchester and its residents. This means working with and utilising Manchester businesses to provide goods and services and ensuring that organisations providing goods and services (regardless of where they are based) bring social value including through creating jobs and apprenticeships, creating volunteering opportunities and reducing carbon footprint.

The work of Manchester City Council around procurement has involved a number of activities. First, they have developed a procurement policy statement which not only considers traditional factors such as cost and quality, but also ensure bidders for contracts consider social value. Second they have embedded the city’s corporate priorities into the procurement process, so that suppliers are actively encouraged to contribute towards achieving them.

Third, through work with the Centre for Local Economic Strategies (CLES), they have actively measured where their procurement spend goes in geographical terms, and what wider impact it has on Manchester in economic and resident terms. As part of this work there has been a focus on monitoring and increasing spend with SME’s which reached £246m in 2015/16 and equates to 56.5% of spend with the Council’s top 300 suppliers. This compares with the government’s most up to date figures of 27% in 2014/15. And fourth, they have undertaken an array of work with Manchester based business to increase their skills and capability to bid for opportunities and also ensure their provision of goods and services brings maximum benefit. This has included: simplifying documents, hosting meet the buyer events, developing supplier networks, and visiting suppliers in areas of deprivation to promote the importance of social value.

The work described above and much more has impacted on the behaviour of procurement officers, the relationship of the City Council with business in Manchester, and has ultimately increased levels of investment with Manchester based business. The work around progressive procurement by Manchester City Council is far from done – procurement decisions are made with a minimum of 20% of the contract award score allocated to social value and Manchester City Council has recently launched an Ethical Procurement Policy.

Links to the Social Value and Ethical Procurement Policies are provided below.
GMCA Social Value Policy

Ethical Procurement Policy

The Council advertises its tendering opportunities on the Chest electronic procurement portal. It is free of charge to register and use. Registered suppliers will receive automatic alerts to opportunities in areas of work and from local authorities of their choosing. Please follow the link to register: https://www.the-chest.org.uk/.
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Spend with top 300 suppliers</td>
<td>£357,382,215.09</td>
<td>£547,396,305.79</td>
<td>£431,775,531.72</td>
<td>£361,228,117.80</td>
<td>£418,368,520.74</td>
<td>£407,347,358.90</td>
<td>£462,700,145.99</td>
</tr>
<tr>
<td>Proportion of total spend in Manchester</td>
<td>51.5%</td>
<td>53.9%</td>
<td>54.0%</td>
<td>65.7%</td>
<td>61.9%</td>
<td>68.8%</td>
<td>73.6%</td>
</tr>
<tr>
<td>Proportion of total spend in Greater Manchester</td>
<td>86.5%</td>
<td>90.9%</td>
<td>85.5%</td>
<td>86.5%</td>
<td>84.9%</td>
<td>88.6%</td>
<td>90.7%</td>
</tr>
<tr>
<td>Proportion of Manchester spend in 10% most deprived LSOAs</td>
<td>47.6%</td>
<td>52.6%</td>
<td>53.1%</td>
<td>59.7%</td>
<td>39.5%</td>
<td>39.5%</td>
<td>39.6%</td>
</tr>
<tr>
<td>Proportion of Manchester spend in 1% most deprived LSOAs</td>
<td>6.1%</td>
<td>27.7%</td>
<td>24.8%</td>
<td>16.2%</td>
<td>7.9%</td>
<td>10.6%</td>
<td>7.7%</td>
</tr>
<tr>
<td>Ward with highest proportion of total spend in Manchester</td>
<td>Ardwick 23.5%</td>
<td>City Centre 23.3%</td>
<td>Harpurhey 29.8%</td>
<td>Hulme 23.3%</td>
<td>Hulme 21.7%</td>
<td>City Centre 23.5%</td>
<td>Hulme 19.0%</td>
</tr>
<tr>
<td>Capital (top) and Revenue (bottom) spend as a proportion of total spend</td>
<td>50.0%</td>
<td>55.4%</td>
<td>44.7%</td>
<td>32.9%</td>
<td>21.1%</td>
<td>24.0%</td>
<td>28.2%</td>
</tr>
<tr>
<td></td>
<td>50.0%</td>
<td>44.6%</td>
<td>55.3%</td>
<td>67.1%</td>
<td>68.9%</td>
<td>76.0%</td>
<td>71.8%</td>
</tr>
<tr>
<td>Proportion of total spend with SMEs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>46.6%</td>
<td>53.3%</td>
</tr>
</tbody>
</table>