

Strategic Review of Social Value

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Purpose and Recommendations

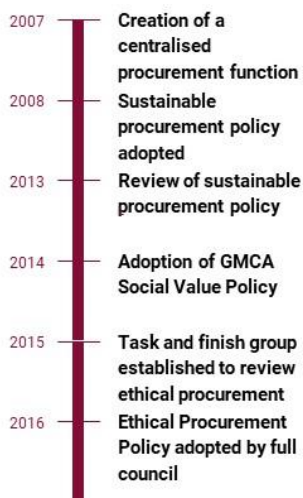
- Summarise Manchester’s approach to social value to date & its impact
- Suggest changes to our approach to ensure consistency & to support the city’s recovery from COVID-19 & other priorities such as climate change.
- Decisions requested on the following recommendations:
 - **Priority cohorts** - agree addition of Black, Asian and Minority Ethnic residents
 - **Priority actions** - agree focus on employment and training (including good employment) and local spend, and aligning Social Value Fund to new priorities
 - **Environment 10%** - agree to formalising its application following pilot phase
 - **Influencing** - agree to resume Anchors network, with a strategic focus on the above priority areas using the Our Manchester Forum as a key network
 - **Links into GM** - agree to not change the Council’s policy to match the GMCA Framework but to continue to liaise with their position
- The above changes reflect the city’s current priorities but will not be permanent & should be reviewed every 6 months.

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1. A decade of tangible benefits



Economic impact in 2018/19

- £461m spend with top 300 suppliers - £322m Manchester based (69.9% up from 51.5% in 2008/09)
- 50.5% of spend with SMEs
- 561 apprentice opportunities created
- 1,579 jobs created by suppliers
- 7,730 opportunities created for hard to reach residents in GM

Existing commitments:

- MCC has signed up to a number of national covenants and is a Living Wage employer. These commitments are embedded within the Council's approach to Social Value.



2. Current approach, governance & case study

- Focus on driving social value through procurement in all Directorates & Capital Programmes where MCC is the client.
- Commissioning services & officers responsible for driving social value from their own contracts. Some guidance & support is provided centrally.
- “Asks” will often be tailored to the commissioning service & the types of business likely to undertake a contract or deliver a service.
- The Work & Skills Team also apply a social value approach with developers & tier one contractors using a local labour condition via the planning process
- Recent review of governance leaving the following two groups:
 - **Social Value Governance Board:** Chair - Carol Culley. Attended by senior leaders and provides strategic leadership and oversight.
 - **Social Value Contractors and Commissioners Group:** Chair - Mark Leaver. Established to ensure a consistent organisational approach (nb the group previously chaired by Paul Marshall has been incorporated into this group)
- Reporting to Resources & Governance Scrutiny Committee with the Ethical Procurement & Contract Management sub group scrutinising in greater detail

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Case study: Our Town Hall

- Achieving social value included as an objective for the project (not just a procurement outcome) & embedded from the start.
- Social value supported by senior leadership & the project management office
- Clear performance management framework, KPIs & incentivisation model
- A procurement process that considered social value in all (relevant) areas, not just the social value section, and encouraged the right behaviours and management as well as commitments against KPIs.



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3. Opportunities to maximise impact

- **Prioritisation of high impact ‘Manchester First’ interventions:** Response to COVID-19 must ensure that offers & interventions that will have the greatest impact on the city are prioritised.
- **Further promote social value (and in particular zero carbon aims)** in procurements through a minimum 30% social value weighting, including explicit weighting for environment.
- **Creating opportunities for our anchor institutions and major employers to follow the same approach:** Another way to add value would be by encouraging major employers in the city to take a similar approach & to connect them into activities within our own supply chain.
- **Creating better connections between contractors, suppliers & MCC:** At present individual organisations within our supply chains are generally siloed with no visibility of offers across the entire supply chain. This can result in missed opportunities to add value by connecting offers e.g. a work experience placement from one contract leading to employment on another.
- **Better management of demand for interventions:** At present there is no coordinated management of demand which can create an over-supply of certain types of offers, stifle innovation or result in offers that are well-meaning but ultimately not appropriate.

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4. Prioritisation of high impact ‘Manchester First’ interventions

A: Targeting social value effort towards those in the city with most to gain from it

Current policy

In 2017 Executive Members agreed a number of priority groups - groups that are relatively more disadvantaged than the population as a whole & where interventions could have the greatest impact:

- Children and young people, specifically: looked after children and care leavers; young people who are Not in Employment, Education or Training (NEET) or at risk of becoming NEET; and young people involved in or at risk of being involved in the criminal justice system;
- long-term unemployed with an underlying health condition or complex needs;
- disabled people;
- older people; and
- vulnerable adults overcoming a crisis or, domestic violence and abuse, rough sleepers.

Proposal

- Black and Ethnic Minority residents are added as an additional priority group.
- For all groups, there should be a focus on paid work within occupational areas with good post-COVID prospects and high quality training relevant to future job growth.

This follows economic research undertaken by *Think!* (presented to Executive on 29 July 2020), which stressed the need to focus on paid work within occupational areas with good post-COVID prospects & high quality training relevant to future job growth. Black, Asian and Minority Ethnic residents, young people, particularly those leaving full time education and the over-50s were all identified as being disproportionately affected by the economic impact of COVID-19:

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4. Prioritisation of high impact ‘Manchester First’ interventions

B: Prioritise particular actions to support Manchester’s recovery

Current policy

At present, commissioners have freedom to choose priorities that are relevant to their service within the framework of the Our Manchester Strategy and the social value guidance and training made available to officers.

The same priorities are communicated to contractors / suppliers via the social value toolkit.

This means that the “ask” of contractors can be highly variable depending on what individual services or officers judge to be most appropriate; it can also end up stifling innovation.

There is also the SV Fund option. Further work is needed to release current funds (£205k) to priority areas.

Proposal

Focus actions, for the medium term, to meet the challenges presented by the economic impact of COVID-19:

- Maximise new job creation, increasing overall labour demand in the city, and ensure residents are supported into these opportunities.
- Support unemployed Manchester residents to re-enter work as quickly as possible - especially priority cohorts
- Support and strengthen organisations that make a positive contribution to Manchester and retain money in the local economy
- Support Manchester’s transition to a zero carbon city.
- Ensure ‘good employment’ (e.g. Living Wage) is centre to any opportunities
- Focus charitable giving on We Love MCR, Young Manchester and Big Change
- Facilitate donations of surplus food through the Food Response Team & Council’s website to ensure food can be distributed to those who need it & reduce food waste.
- Establish the required processes to make use of the Social Value fund and realign to the priorities

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5. Social Value and Environmental Weighting

Current approach

A minimum 20% social value weighting is applied to evaluation of tenders.

Recently introduced consistent questions specifically on the environment and zero carbon to all Invitation to Tenders.

Also trialled an additional 10% social value weighting (so total 30% weighting) specifically for environment action to help us reach the city’s zero carbon 2038 target. Findings were that it has a positive impact on contracts such as Highways and Construction but it could be more challenging on contracts with less scope for environmental benefits.

There is now an opportunity to formalise the additional 10% following the pilot period and a decision is required on whether to include for all contracts or whether it should be applied flexibly where most relevant.

Proposal

To follow a pathway moving, over time, to a 30% weighting to all contracts (i.e. 20% SV and 10% environment). The pathway approach will give initial flexibility on the percentage for the environment depending on the potential to deliver meaningful environmental benefits. As with any increases to a social value weighting, there are potential risks such as increased challenge from unsuccessful bidders or price / quality not receiving sufficient consideration. There are actions that can be taken to mitigate some of these, as will the flexibility that is built into the pathway approach (i.e. not moving to 30% across all contracts straight away).

In the longer term, the 10% environment weighting may ultimately be a temporary measure - over time, the aim is for zero carbon to be integral to specifications such that a dedicated weighting may not be needed.

To help identify the contracts to target a higher zero carbon weighting to, a task and finish group is currently categorising council contracts, as recorded in registers, by type (e.g. transport services, construction works, home-based care and support services) and will then overlay the known, or estimated, environmental impact of each category.

Officers are also looking at further mechanisms for monitoring delivery of environmental commitments.

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6. Anchor Institutions

Current approach

Links to Family Poverty Strategy and Our Manchester Business Forum:

- Anchor institutions roundtable event March 2019 - asked to commit to priorities which would support young people to get the right careers support
- Inclusive growth breakfast session September 2019 - promoted best practice of embedding social value in procurement to a range of businesses, & identified areas for collaboration to ensure social value targets our residents most in need
- Further anchors event planned for spring 2020 but cancelled due to COVID-19

CLES and Social Value 2020: People Place and Planet Event Feb 2020:

- Annual social value event, with a focus on suppliers and buyers embedding social value, and how to use procurement to address zero carbon targets

Work with the construction sector:

- While not strictly "anchors", significant progress has been made with construction sector contractors where MCC is a client / major stakeholder but also via the planning process for private developments.

Proposed approach

It is recommended that the work with anchor institutions across the organisation is better aligned going forwards, builds on the proposed priority cohorts and actions, and is scaled up where possible. This should be a major priority for the Our Manchester Forum.

Opportunity to run targeted social value pilot with anchors, with results to inform future Family Poverty work

Need to be mindful that many anchors now find themselves in economic difficulty so pilot needs to be focused on a sector that can deliver - propose pilot focuses on construction (and related sectors like facilities management) and enabling residents from priority cohorts and neighbourhoods (most deprived) to access employment opportunities

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7. GM Social Value Framework

- Proposed new framework replacing 2014 GM Social Value Policy in light of COVID-19, the GM Good Employment Charter and GM Co-operative Commission
- Build around six objectives; long-term plan with objectives, targets and metrics will be created for each:
 - Provide the best employment that you can
 - Keep the air clean in Greater Manchester
 - Create the employment & skills opportunities that we need to Build Back Better
 - Be part of a strong local community
 - Make your organisation greener
 - Develop a local GM-based and resilient supply chain
- GMCA to establish central website for Framework
- LAs expected to use to develop their own procurement & commissioning strategies

Recommendation: That the Council does not change our social value policy to match the new framework. Our policy already supports the GMCA framework but is more bespoke to Manchester's challenges. A statement demonstrating our strategic alignment with the GM Framework will be developed and published on the Council's website to provide clarity to partners & suppliers.

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8. Strategic Alignment

- A number of strategies and plans are currently in development or due for refresh in the next 18 - 24 months. Of particular note for social value are:
 - *Our Manchester Strategy 2016- 2025 reset* - overarching strategy for city so any work needs to seek to deliver its priorities (adopted by Full Council March 2021)
 - *Economic Growth Plan* - launch early October 2020
 - *Our Healthier Manchester Locality Plan* - refresh underway
 - *MCC Corporate Plan* - in line with corporate budget planning process 2021/22
 - *Work and Skills Strategy* - to be refreshed 2021 (following OMS)
 - *Family Poverty Strategy* - reprioritisation to consider COVID-19 over next 12 months; to be refreshed 2021 (following OMS)
 - *Children's Commissioning Strategy*
- Budget impact also important: need to understand SV impact of service reductions; Anchor institutions role even more important in context of reduced public sector budgets.
- Also need to consider alignment to work at GM level, including GM Spatial Framework and the renewed GM Strategy and updated GM Good Employment Charter
- Further details of alignment and timescales can be found [here](#)

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9. Summary of recommendations

- Decisions requested on following recommendations:
 - **Priority cohorts** - agree addition of Black, Asian and Minority Ethnic residents
 - **Priority actions** - agree focus on employment and training (including good employment); local spend; charitable giving; donation of surplus food and align the Social Value Fund to new priorities
 - **Environment 10%** - agree to increase weighting to 30% with flexible use of the environmental element depending on scope for environmental benefits
 - **Influencing** - agree to resume Anchors network, with a strategic focus on the above priority areas
 - **GM Framework** - agree to retaining a bespoke Manchester Social Value Policy but continuing to liaise closely with the GMCA's position
- Changes recognise Manchester's current position in relation to COVID-19 but will not be permanent and will be reviewed every 6 months.

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