

Manchester City Council Report for Resolution

Report to: Resources and Governance Scrutiny Committee – 9 March 2021
Executive - 17 March 2021

Subject: To consider the proposed refresh of the Council's Social Value Policy and what Social Value has been derived during Covid-19 lockdown

Report of: Deputy Chief Executive and City Treasurer

Summary

This report provides a summary of the impact that the Covid-19 pandemic has had on social value delivery, drawing on contract examples.

The pandemic has also shaped the thinking about the role social value can play in supporting the city's recovery. Manchester City Council already has a well-established set of social value priorities and approach for promoting social value, particularly through its procurement. It has continually looked to refine and update this approach, introducing innovations that have in some cases led the country, such as the introduction of a minimum 20% weighting for social value in the evaluation of tenders.

This paper proposes further refinements to the council's approach, as set out in the recommendations below. The proposals reflect the impact of the pandemic has had on the city and the role social value can play in supporting the economic recovery. They also aim to further promote the city's wider priorities, as set out in the Our Manchester Strategy reset, particularly the zero-carbon ambition.

The proposals are also consistent with the recently updated social value framework established across Greater Manchester, which similarly is focused on supporting the local economy and a cleaner environment but the Manchester policy is more focussed on actions that will specifically benefit the City.

Recommendations

The Scrutiny Committee is invited to comment on the report and endorse the Executive proposals below.

The Executive is asked to consider and agree the following proposals:

- (i) To focus social value efforts on supporting a green, inclusive economic recovery
- (ii) To expand the priority groups to include Black, Asian and Minority Ethnic populations, who have been disproportionately impacted economically by the pandemic.
- (iii) To move as quickly as practicable to a 30% social value weighting to all contracts as standard (i.e. 20% social value and 10% zero carbon).

- (iv) To adopt the new social value policy (a draft is attached in appendix 3 to this report)
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Wards Affected: All

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city

The report includes a specific proposal to add zero-carbon consideration in the evaluation of tenders. Drawing on experience to date where the council has tested this, the proposal will help to deliver measurable commitments from bidders.

Our Manchester Strategy outcomes	Summary of how this report aligns to the OMS
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The proposals in this report aim to focus social value efforts on supporting Manchester's economic recovery following the pandemic, with a particular priority on jobs creation.
A highly skilled city: world class and home grown talent sustaining the city's economic success	Social value priorities will continue to promote local employment and local supply chains, helping to keep talent in Manchester.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The social value policy targets on priority groups – groups that are at more of a disadvantage compared with others.
A liveable and low carbon city: a destination of choice to live, visit, work	The social value priorities are closely aligned with the goal of a liveable, low-carbon city.
A connected city: world class infrastructure and connectivity to drive growth	The social value priorities are about driving growth of Manchester following the pandemic.

Contact Officers:

Name: Peter Schofield

Position: Head of Integrated Commissioning and Procurement

Telephone: 0161 234 1662

E-mail: peter.schofield@manchester.gov.uk

Name: Mark Leaver

Position: Strategic Lead, Integrated Commissioning

Telephone: 0161 234 5235

E-mail: mark.leaver@manchester.gov.uk

1. Introduction

- 1.1. This report provides an update on the effects on the delivery of Social Value by the council's suppliers resulting from the pandemic.
- 1.2. The report also sets out proposals to reprofile the council's priorities for the delivery of Social Value and the revised draft Social Value Policy is appended to this report. In particular the paper proposes to more closely align the social value priorities to supporting the city's economic recovery and introduce further measures that will ensure that the commitment to addressing the climate crisis is reflected by the council's suppliers.

2. The Council's approach to Social Value

- 2.1. The council has a long history of promoting social value in Manchester through its procurement, its wider influence with external organisations and through its own operations.
- 2.2. The concept of social value refers to the wider value to Manchester residents and communities that organisations can generate beyond the direct value accrued by that organisation and its customers or end-users. An example is a company that employs people from disadvantaged backgrounds, who face greater barriers to work. The company benefits from the skills and labour provided, but there is also additional value generated to society from having fewer people who may otherwise be out of work and the economic and social benefits that come with that.
- 2.3. Social value outcomes can be economic, social and environmental in nature and they are a priority for the council. Since 2015 the council has applied a minimum 20% weighting to social value when evaluating tenders for council contracts. At the time this was, and remains to our knowledge, the highest weighting for social value in the country.
- 2.4. The council has also introduced a range of measures within our own organisation to promote social value and ethical employment. For example, in addition to becoming accredited as a Living Wage Foundation living wage employer in 2020, the council has signed up to the following initiatives, and encourages suppliers and partners to similarly support:
 - Care Leavers Covenant
 - Armed Forces Covenant
 - Unite Construction Charter
 - Unite Charter for Ethical Employment Standards in the Voluntary and Community Sector
- 2.5. In terms of impact, whilst the council's approach to including social value in tenders has been exemplary, there is an ongoing need to ensure that the delivery of social value takes place throughout the contract. The Integrated Commissioning and Procurement Unit has taken a leading role in development of a consistent and clear approach to contract management and, as this is

supplemented by an ICT based system over the next 12 months, one of the objectives of this will be to ensure that monitoring the delivery of social value is given the same priority to the core deliverables of any contract.

2.6. The council has engaged the Centre for Local Economic Strategies (CLES) for over 10 years to carry out an independent evaluation of the local economic impact of the council's spend. The first piece of research collaboration between CLES and the council took place from August 2009, with research and analyses produced regularly since. Research on the spend for last financial year (2019/20) is due to be published soon so the most recent figures are from 2018/19. Headline figures include¹:

- £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

2.7. The Manchester / CLES collaboration has been used to help share learning both in Manchester and beyond and has led to similar work being undertaken by CLES with other authorities – for example in Preston and various London Boroughs. The collaboration with CLES includes an annual social value conference that a wide range of partners and suppliers attend.

2.8. Two major developments have impacted the role of social value in Manchester. The first of these is Manchester's zero carbon ambition, which requires suppliers and partners to play their part in supporting the City to become a zero carbon city by 2038 or before. The February 2021 Neighbourhoods and Environment Scrutiny received a report which sets out in detail steps the council, suppliers and wider partners are taking in relation to zero carbon.²

2.9. The second major development has been the Covid-19 pandemic, which has both influenced social value delivery on the ground over the last 11 months – positively and negatively – and has also shaped how we look at our future social value priorities in the context of supporting a green, inclusive, economic recovery.

3. How the pandemic has affected social value

3.1. The pandemic has impacted our contracts and the social value commitments within them in a number of different ways. In the main, social value has continued to be delivered and suppliers have been flexible adapting their social value delivery, including supporting covid relief efforts. However, some social value delivery however has had to be paused, for example because the commitments cannot be carried out (e.g. work in schools) or because the

¹ <https://cles.org.uk/publications/manchester-city-council-spend-analysis-2018-19/>

² *Manchester City Council Climate Change Action Plan 2020-25*, Neighbourhoods and Environment Scrutiny 10 February 2021

contract itself has had to significantly reduce or stop altogether, (e.g. Public Health contracts where staff were redeployed to support the Covid-response).

- 3.2. Some examples of the different impacts the pandemic has had are set out below with more detail in Appendix 1.

Examples where the delivery of social value has continued

- 3.3. Social value has continued to be delivered within many construction and highways projects. In addition, in contracts let by Neighbourhoods covering services provided in Parks, and in the small value construction works framework where the contracts are lower in value, there is an option for social value to be accrued based on time allocated by suppliers to carry out small community related projects.
- 3.4. For highways works, a number of contractors came forward to support during the first lockdown of Covid-19. The main effect in terms of reduced social value was in relation to community events and schools due to the restrictions. When schools reopened, the measures taken to support social distancing reduced opportunities to allow non-essential access into school and the uptake has not yet recovered. However social value has continued to be delivered in a number of areas and the pandemic has encouraged suppliers to think outside the box. For example, contractors supplied and loaned barriers to schools to support social distancing measures once reopened and since the first lockdown they have learned to look at alternative methods (e.g. delivering work experience and mentoring “virtually”). One supplier, Colas, produced a video to promote careers in construction and this is going to be circulated to schools digitally. Some further examples of social value delivery in Highways in below in the Annex.
- 3.5. Similarly, Capital Programmes continued to see social value delivered and providers too came forward with support offers in relation to the first lockdown.
- Overall, North West Construction Hub (NWCH) data on social, economic and environmental value generated in Manchester for the period 27 July 2020 to 20 January 2021 highlights an estimated £466,000 monetised value of local jobs and local spend created (this is described as local economic value) and a further estimated £365,000 social value created, including from apprenticeships and career support sessions.
 - NWCH providers met in June to update on the social value being delivered in light of the lockdown and pandemic. Providers in many cases adapted delivery, for example by providing virtual work experience placements, and virtual learning.
 - Contractors also came forward with offers of support to assist with the first lockdown, principally offering deliveries, PPE and materials and project management support. Contractor staff also collected donations for relief efforts. For example the New Victoria team and subcontractors collected £1,400 to help support the Manchester Central Food Bank.
 - Looking at specific contracts the Town Hall refurbishment is one example, where a number of early steps were taken (specifically around school,

college and university engagement) which helped to mitigate against Covid-19 restrictions and, although the project has seen a reduction in overall Social Value activity over the period, the majority of KPIs remain on track. Apprentice learning was moved online; contractors provided engineering, IT and manufacturing services to the establishment of the Nightingale hospital; and the onsite Covid secure recruitment brokerage with DWP, Procure Plus and The Works was created to ensure new apprentices and employment roles continued to be created and linked to Manchester residents. The latter has been in place from September 2020 and has been a great success, having recruited 34 New Jobs and 18 New Manchester resident apprentices.

- More recently, Capital Programmes and the Work and Skills Team are working together to look at upcoming major projects and how employment, training and skills commitments can support the economic recovery in Manchester.

3.6. Examples of where social value continues to be delivered in non-works contracts are set out below.

3.7. Home to School transport:

- A new apprentice mechanic position has been created for one of our Care Leavers.
- Work is underway with two providers who are looking to establish apprenticeships for business administration roles.
- One provider has partnered with Mustard Tree and is donating through a monthly direct debit scheme to support vulnerable people.
- One provider supported the Mutual Aid Hub and food parcel delivery scheme providing vehicles and driver

3.8. In Adults, Age UK Manchester responded to three of their day centres being closed by delivering a new 'home visiting' and support service for all the day centre attendees. This involved the provision of a daily hot meal, activity kits and doorstep entertainment. In addition, Age UK took referrals from Adults where a vulnerable older person needed food support or daily contact over and above the day centre cohort. They have worked collaboratively to complement the MCC helpline and food support and medication offer. During the recent South Manchester floods, Age UK also deployed 3 minibuses and visited older/vulnerable people, offering them the chance to relocate in a kind and concerned manner. This was done at no additional cost to the council.

3.9. The Integrated Alcohol and Drug Early Intervention and Treatment service with CGL, have continued to meet their social value environmental commitments. In one month in Quarter 2 they prevented 2.58 tonnes of waste from going to landfill and avoided emitting a combined 1,293 Kg of Methane and Carbon Dioxide by reducing the bacterial anaerobic decomposing process. This waste would have occupied up to 7.92 cubic metres of landfill.

Examples where contractors have had to significantly adapt or pause their social value provision in light of the pandemic

3.10. With the recycling contract the social value related additional employment and training has not been able to take place. Instead the contractor has supported the relief efforts from April to August last year, providing two people per day, seven days a week to collect and deliver food parcels. In total the contractor provided over 1,000 hours of volunteering and delivered over 3,000 meals.

3.11. The waste collection contract with Biffa has had to pause its formal apprentice programme, although other elements of its social value programme remain ongoing. The contract overall comprises three broad social value areas: social value investment (I.e., Resources provided in-kind to deliver social value); engagement with residents and communities; and recruitment. Taking these in turn:

- Biffa commits each year to provide services that are not covered in the contract and provide social value to residents, such as clean ups, bin emptying for community groups etc. This has continued throughout the year.
- The contract provides full time engagement staff working with residents and communities. They have continued to work throughout the pandemic and find ways to engage with residents that are consistent with social distances and other relevant guidelines.
- Covid-19 restrictions have meant recruitment is challenging as training rooms and numbers allowed indoors have been significantly scaled back. Colleges have also scaled back their supporting programmes and so Biffa have had to pause any planned formal apprentice programmes. However, standard recruitment is ongoing and has been throughout the pandemic. Biffa plan to revisit the apprentice programme as soon as viable and restrictions allow. Recruitment tends to be from residents local to the depots - approximately 85% are Manchester residents.

3.12. One of the areas closest to the pandemic efforts is public health, where some contracts have seen staff redeployed to work on Covid-19 and/or the contracts themselves have had to be paused completely (examples include some contracts delivered by Manchester University NHS Foundation Trust). Contract and social value monitoring in these cases was temporarily suspended. Commissioners are working with services to restart these services and the contract monitoring. However there are still a number of examples, where providers have used social value to help free up resources within the wider health care system to support efforts to help those worst affected by the pandemic. Examples include:

- Manchester Action on Street Health (MASH), are providing a strategic leadership contribution that is above and beyond the contractual obligations to leverage social value for the wider homeless/substance misuse/sex worker provision. MASH staff working on Public Health contracts also worked closely with homelessness and took on chairing responsibilities of the Homelessness Partnership Strategic Group

- George House Trust (GHT) and MASH have also used their resources to provide additional support for those in financial crisis during the pandemic including crisis loans, food parcels etc
- Increased volunteer base to support additional demand for services. For example BHA , GHT and the LGBT Foundation have seen increased need for support as a result of the pandemic (including support for social isolation, mental health, and domestic abuse) and more recently by the channel 4 series It's a Sin. Volunteers have been central to their ability to flex and evolve services. Providers have grown their volunteer base and utilised volunteers to provide more contact and buddying (GHT, LGBTF) with vulnerable clients.

3.13. There are also examples where there have been new social value offers from companies and organisations who are not current suppliers to the council to support covid-relief efforts. For example, by June over 100 offers of support had come forward, offering a diverse range of support from logistics, construction, food, storage facilities and donations to the We Love Manchester Covid-19 Response Fund.

3.14. Looking ahead, we expect to see increasing social value opportunities. New procurements have not noticeably changed over 2020 and social value commitments continue to be captured in bids, not least in terms of the environment. Furthermore, older contracts still form a significant part of the contracts portfolio, particularly in relation to social care, and these tend to be less sophisticated in terms of social value commitments. As we look to re-procure these the social value commitments should increase.

4. Updating the social value priorities in the context of the city's recovery

- 4.1. Social value has become even more of a priority in light of the coronavirus pandemic and the economic and social impacts it has had on Manchester.
- 4.2. Research shows that the impact has fallen particularly hard on certain groups. For example, the direct health impacts from coronavirus have been felt acutely, but by no means exclusively, by older residents and residents with underlying health conditions. But economically too, certain groups have been disproportionately affected. These include young people, especially those with low or no qualifications, who face significant barriers to a very challenging labour market, and Black, Asian and Minority Ethnic populations.
- 4.3. Social value has a more important role than ever in supporting an inclusive, green economic recovery in Manchester. This is acknowledged by national government and locally within Greater Manchester.
- 4.4. Nationally the government released guidance in September reinforcing the importance of securing social value in contracts. It is also currently consulting on a green paper on reforming public procurement in the longer term as well as interim guidance to be issued in the near future which sets out proposals for supporting local economies via social value.

5. New Social Value Policy for Manchester City Council

5.1. In light of the developments over the last year, the council's zero carbon ambition and the council's ongoing experience in relation to delivery of social value, officers have drafted an updated social value policy. Specifically, the policy:

- Prioritises actions to support Manchester's recovery
- Expands the priority groups for social value to reflect groups disproportionately impacted by the pandemic.
- Adds a dedicated social value weighting to support the zero carbon ambition in the evaluation of tenders.

5.2. These are set out further below. Appendix Two provides further information on how these changes compare with the current policy.

Priority actions to support Manchester's recovery

5.3. Social value priorities up to now have been intentionally broad in terms of scope, reflecting the diverse forms of social value. These priorities are communicated to suppliers and stakeholders via toolkits.

5.4. As the council's approach to social value has matured, the council is able to be more specific about social value outcomes and that specific priority should be given to supporting the recovery in Manchester. This does not mean that other social value offers from organisations would be disregarded; rather organisations would be steered to consider certain actions in the first instance.

5.5. It is proposed that these priority actions are:

- 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 recovery priorities

Expanding our priority groups

- 5.6. Since 2017 Manchester has looked to target social value efforts that benefit priority groups – groups that are relatively more disadvantaged than the population as a whole and where interventions could have the greatest impact. The identified groups are as follows:
- Children and young people, specifically:
 - looked after children and care leavers
 - young people who are Not in Employment, Education or Training (NEET) or who are at risk of becoming NEET
 - 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
 - vulnerable adults overcoming a crisis or, domestic violence and abuse, rough sleepers
- 5.7. In light of the impact the pandemic has had, and wider work within the council around equality and diversity, this paper proposes to add a further priority aimed at addressing inequalities faced by Black, Asian and Ethnic Minority residents.
- 5.8. Furthermore, across 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.

Environmental scoring in the evaluation of tenders

- 5.9. The environment is a longstanding social value priority in Manchester. For example, bidders have been asked questions specifically on the environment and emissions in all Invitations to Tender put out by the council since 2014. The zero carbon ambition has reinforced this, and over the last year the council began testing an additional 10% environment weighting in the evaluation of tenders where appropriate. This meant that, in addition to the standard minimum 20% social value weighting an additional 10% of the total score was applied to carbon reduction proposals of bidders. The “pilot” was applied to 4 Highway contracts, the Council’s large format advertising contract and the Repairs and Maintenance Contract for housing stock currently managed by Northwards.
- 5.10. A summary report of the learning from this was presented to the Social Value Governance Board. Overall the trial has proved successful in emphasising the significance of zero carbon and increases the likelihood of appointing suppliers that share this ambition.
- 5.11. This paper proposes moving as quickly as practicable to a 30% social value weighting to all contracts as standard (i.e., 20% social value and 10% zero carbon).

- 5.12. Recognising that some sectors are more developed in terms of measuring their carbon footprint than others, and that the potential to deliver meaningful environmental benefits varies, the approach will give some flexibility on the percentage for the environment. The base assumption is that 10% Zero Carbon will be the default position. As the expertise builds and levels of carbon literacy increase amongst commissioners this will lead to the development of specifications for contracts that more directly contribute towards realising the city's zero carbon ambitions.

Updated social value policy

- 5.13. The above proposals have been included in a draft updated Social Value Policy, which is attached at Appendix Three. Members of the Committee are invited to comment on the Policy which is due to go to Executive later in March. The precise wording of the document, such as narrative and style may change over time, for example to take on board supplier and stakeholder feedback or new emerging priorities.
- 5.14. The policy is also consistent with the recently refreshed Greater Manchester Combined Authority social value framework, which sets out high level principles focused around rebuilding our economy and society following the crisis caused by Covid-19. The two documents are complementary – the GM framework sets out the overarching outcome themes and the Manchester policy provides more depth as to what Manchester expects to see in social value commitments for the City, building on the relatively long experience Manchester has had in this space.
- 5.15. As well as the policy document, new toolkits for suppliers and commissioners, contract staff and wider stakeholders are also being developed to reflect the updated policy.

6. Expected impact of the updated priorities

- 6.1. Overall, these changes will help to deliver: (i) more specific, measurable commitments from suppliers both in relation to the economic recovery and in relation to climate change; and (ii) a strengthened focus on priority groups.
- 6.2. The impact will be monitored on a number of levels.
- First, contract managers will continue to monitor social value delivery at a contract level, and we have been introducing or piloting new tools (e.g., Social Value Portal in Highways) which support with this.
 - The Integrated Commissioning and Procurement Team are currently co-developing social value KPIs, to help standardise and improve monitoring. This is building on learning from Capital Programmes and Highways which use the national TOMS measures.
 - There is also a monthly operational officers group comprising social value and contracts leads with representatives from different parts of the council, which will be sharing learning and best practice.

- Directorates themselves have also established controls and reporting arrangements specifically on social value – for example Children's have set out how they will incorporate social value into their commissions.
- The Integrated Commissioning and Procurement team will also monitor overall impact and emerging themes, particularly from the proposed zero-carbon weighting, reporting to the Social Value Governance Board, chaired by the Deputy Chief Executive.

7. Recommendations

7.1. The recommendations are detailed at the front of the report