

Appendix Three

Manchester City Council's Social Value Policy 2021

Introduction

In Manchester, we encourage organisations to operate and provide goods and services in such a way that offers maximum social, environmental, and economic benefit to Manchester residents and communities.

As we rebuild our economy and society following the crisis caused by Covid-19, we will look to use social value to tackle the inequalities around us and make the things that we do, good, fair, and sustainable. We want to partner with organisations and suppliers that share our values, that look at the wider value they can offer to society, and that will contribute to Manchester's ambition to be zero-carbon by 2038.

We and our partners across Greater Manchester share the six overarching areas of focus for social value articulated in the refreshed 2020 [GMCA Social Value Framework](#), aimed at supporting a green, inclusive economic recovery for the city:

- *Create the employment and skills opportunities that we need to build back better*
- *Provide the best employment that you can*
- *Be part of a strong local community*
- *Develop a locally based and resilient supply chain*
- *Keep the air clean*
- *Make your organisation greener*

Since the Social Value Act was implemented in 2012, Manchester City Council has led in generating social value through procurement and also sought to deliver it through its own operations and its wider influence with organisations across the city.

Examples include:

- Steps the council takes to create employment opportunities for people from disadvantaged backgrounds.
- The setting of the zero-carbon ambition and accompanying programme which includes workstreams to reduce the council's own emissions and those of the supply chain to reduce its carbon footprint and make the council greener.
- Becoming a Real Living Wage accredited employer
- Signing up to the Care Leavers and Armed Forces covenants, along with similar initiatives, aimed at creating employment and other opportunities for people who are disadvantaged.
- Well established volunteering and charitable giving programmes, supporting Manchester communities.
- Social value commitments from developers in planning applications.
- Networks of organisations across the city that the council works with to help create value for the residents and communities of Manchester; and
- The council's procurement – the goods, services, and capital works that the council buys. The council has a well-established approach, developed over more than a decade, to driving social value through its supply chain.

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. 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.

Background

The Public Services (Social Value) Act 2012 placed an obligation on local authorities and other public bodies to consider the social good and wider impact that could come from the procurement of services before they embark upon it. The effect of the Act has been to alter the commissioning and procurement processes by ensuring that councils give consideration of social value in all purchasing and disposal procedures. For over a decade Manchester City Council has been at the forefront of promoting social value within its supply chain, and the impacts of this have been externally assessed by the Centre for Local Economic Strategies.¹

Over the years we have continually looked to refine and improve our approach, including most recently where we have tested new ways to evaluate environmental commitments in tenders. National procurement policy is also changing, pointing towards increased flexibility for authorities to commission for social value and use their buying power to support local recoveries.

Definition

The concept of social value refers to this wider value to society that organisations can generate, i.e., value generated beyond the direct value that the organisation and its customers or end-users receive. An example is a company who has put in place environmentally friendly operations, which the customer does not *directly* benefit from, but society does (e.g., cleaner air). Another example is an organisation that looks to employ people from disadvantaged backgrounds, who face greater barriers to work. The organisation 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 costs that come with that.

There is a technical definition that formally captures this concept from the UK Sustainable Procurement Taskforce:

Social value is a process whereby organisations meet their needs for good, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and economy, whilst minimising damage to the environment.

Why we are doing this

Social Value has the potential to release millions of pounds of public money for community benefit and support the city's recovery. It encourages smarter spending to not only deliver a proposed service but also address social, economic, and environmental issues in the local community.

We want our policy to;

- Encourage a diverse range of suppliers to work with us, including the participation of small and medium sized enterprises (SME's) and 3rd sector organisations, and local suppliers in general.
- Promote fair employment practices: Ensuring workforce equality and diversity within supply chains.
- Offer a range of apprenticeship, training, and skills development opportunities as well as employment opportunities.
- Maximise opportunities for Manchester organisations to participate in the council's supply chains and encourage suppliers to make a social contribution to the local area.
- Ensure ethical sourcing practices, including compliance with UK, and international standards, promoting fair trade and fair pricing policies, tackling corruption, child/slave labour, blacklisting of union members and similar social issues.
- Promote greater environmental sustainability: Minimising waste and pollution, supporting carbon reduction initiatives, furthering energy efficiency and other sustainability programmes.

Our social value priorities

Greater social value can be achieved if we and our partners focus efforts that benefit people who are more likely than most to be at a disadvantage. For example, we know care leavers or young people not in education, employment or training are more likely to find it harder to get the breaks in life that others may have. New employment opportunities for these groups reduces the risk of longer-term unemployment, adding value to Manchester overall, beyond the direct benefit to the individuals employed and to the employer.

As such, we particularly prioritise the following groups for actions aimed at creating social value (these are not in any priority order):

- 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, including, the over 50s who have, on average, been hit harder economically by the Covid-pandemic.
- Promoting quality for Black, Asian and Ethnic Minority residents, who research shows have been disproportionately impacted by the Covid-pandemic.
- disabled people.
- older people; and
- vulnerable adults overcoming a crisis or, domestic violence and abuse, rough sleepers.

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.

Priority actions are to:

- 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

Our approach is to:

- work with suppliers and markets to raise awareness and understanding of social value and, in particular the social value priorities for Manchester. This includes development of toolkits for suppliers, supplier engagement events and pre-procurement briefing events.
- work with council and partner staff to develop our own knowledge and understanding of social value and identify further opportunities to support the city's green and inclusive recovery through our supply chain.
- incorporate social value outcome objectives, aligned with the priorities described above, as a core part of specifications for contract opportunities that go through a tender or similar exercise. Specifications may focus on particular social value outcomes, for example, if certain outcomes are especially suited to the contract.
- provide an option for suppliers to make a cash contribution in lieu of offering 'Social Value in Kind,' where this is considered to be appropriate to the contract.
- emphasise to bidders our priorities for ethical working practices, including the priority the council places on suppliers paying staff at least the Real Living Wage.

Evaluation and Weightings

We evaluate social value proposals in tenders as follows:

- Invitation to Tenders issued by Manchester City Council have dedicated questions on the social value outcomes the bidder will deliver, and how they will deliver and monitor this. Normally 20% of the score applied in tenders will be allocated to Social Value. Tenders include dedicated questions on how bidders will reduce their carbon emissions and become greener. There is an emphasis on seeking 'SMART'² commitments from bidders that can be tracked through contract monitoring.

- To reflect the Council's commitment to achieving zero carbon by 2038, all procurements will allocate an additional 10% of the evaluation score to a supplier's contribution to carbon reduction within their own operations. In limited circumstances where this is not considered practicable, this score may be revised for an individual tender.
- Social value commitments (including Key Performance Indicators) are recorded in Contract Award reports submitted for approval.
- Contract managers monitor delivery of social value as a core part of their contract monitoring.

Governance and Oversight

A Social Value Governance Board, comprising senior officers, oversees the development and implementation of social value throughout the council. This is supported by a working level Social Value, Commissioning and Contracts Leads group, which aims to share and embed good practice.

Zero carbon has its own dedicated Programme, overseen by Members and senior officers.

Externally, the council will continue to work with external partners like the Centre for Local Economic Strategies to monitor progress and co-develop further social value innovations.

Officers will also further develop social value Key Performance Indicators, building on the experiences from departments like Highways, that use the national TOMS framework.

Review

The Social Value Governance Board in collaboration with other Greater Manchester Authorities will review this policy in line with changes to procurement rules and future legislation and the currency of the priorities. Specifically, we will review the effectiveness of electronic tools for monitoring social value delivery, which are already in use in Highways and Capital Programmes and the potential to expand them to other areas.