

Manchester City Council Report for Information

Report to: Resources and Governance Scrutiny Committee – 22 June 2023

Subject: Social Value

Report of: Head of Integrated Commissioning and Procurement
Strategic Lead Commissioning

Summary

This report sets out the Council's approach to social value.

Recommendations

The Committee is recommended to:

- (1) Note the content of the report and comment / question the information presented to the Committee as appropriate.
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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

Manchester's social value priorities include zero carbon and wider environmental priorities.
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Equality, Diversity, and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments

Equality, diversity, and inclusion – in particular creating value and opportunities for Black, Asian and Minority Ethnic residents – is reflected in the council's social value priorities.

Manchester Strategy outcomes	Summary of how this report aligns to the OMS/Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Manchester's social value priorities align closely with the Manchester Strategy outcomes.
A highly skilled city: world class and home-grown talent sustaining the city's economic success	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	
A liveable and low carbon city: a destination of choice to live, visit, work	
A connected city: world class infrastructure and connectivity to drive growth	

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

There are no direct consequences arising specifically from this report.

Financial Consequences – Capital

There are no direct consequences arising specifically from this report.

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 Commissioning
Telephone: 0161 234 5235
E-mail: mark.leaver@manchester.gov.uk

Background documents (available for public inspection):

The following documents disclose key 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.

- Paper submitted to the Economy Scrutiny Committee in January 2023 to update on the employment and skills opportunities created from Manchester City Council's major capital investment programmes, with a key focus on the Our Town Hall and The Factory projects
<https://democracy.manchester.gov.uk/documents/s37714/Employment%20and%20Training%20Opportunities%20from%20Major%20Capital%20Programmes.pdf>
- The Highways Asset Management State of the City Annual Report 2021/22, which was also presented to the Economy Scrutiny Committee in January 2023, provides some further detail on social value approach in Highways and case studies from specific projects. [Microsoft Word - Highways Asset Management Annual Report 2021-22 v1 \(1\) \(manchester.gov.uk\)](#)

1. Background

1.1. Social value refers to the wider value to Manchester residents and communities that organisations can generate beyond the direct value to that organisation and its customers or end-users. Social value can be generated in a variety of ways, from creation of new job opportunities for residents currently unemployed, through to support for local voluntary, community and social enterprise (VCSE) organisations and reducing carbon emissions. Manchester, along with the rest of Greater Manchester, summarises the priorities into six themes:

- 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

1.2. Social value is greater when efforts are targeted towards those who are more disadvantaged, such as creating new job opportunities for residents who are currently long-term unemployed, or Not in Employment, Education, or Training (NEET). Manchester therefore has for many years now promoted 'social value' priority groups, as set out in its Social Value Policy, which is available on the Council's website. These priority groups are intentionally broad in scope, since many residents will face greater inequalities – an observation reinforced by the Covid-pandemic:

- 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 equality 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.

1.3. This report, given the wider theme for this month's Scrutiny Committee, focuses particularly on how the Council promotes social value through its commissioning and procurement. It has a long history in this regard, with the Council promoting social value in its procurements for 15 years. It pioneered dedicated social value weightings in procurement evaluations, which at 20% for social value and a further 10% for zero carbon and the environment, are the largest dedicated weightings that we are aware of in the country. It has

also worked with the Centre for Local Economic Strategies (CLES) over the last decade in understanding the impact of the council's procurement in terms of social value.

- 1.4. Social value though, while often associated with the realm of procurement (in part because there is the Public Services (Social Value) Act 2012 which specifically relates to procurement), is wider in scope and the Council looks to drive social value in its own operations (e.g. in how it recruits and employs staff), through new planning / development proposals and through its influence with partners and stakeholders in the city.
- 1.5. This is reflected both in the Council's governance arrangements overseeing the social value work, and in its refreshed programme of work, which comprises workstreams involving multiple different teams across the council. This programme aims to achieve a step change in driving social value. Both of these are set out further in the section below.

2. Social value governance and programme

- 2.1. Social value is overseen by the Social Value Governance Board, which was re-established in September 2022 and meets quarterly. It is chaired by the Deputy Chief Executive and City Treasurer and its terms of reference are attached in the Appendix 1 at the end of this paper.
- 2.2. Reporting to the Board is a Social Value Task and Finish Group which is a programme of work to drive forward action on social value. Whilst the Council has a long track record on social value delivery, the Board wanted a programme of work to deliver a step change. The Council commissioned a report from the organisation CLES, who are long-time partners on developing and measuring social value impact in Manchester, setting out options to deliver that step change, which in turn led to Governance Board establishing the Task and Finish programme of work. The programme consists of 5 workstreams, of which commissioning and procurement is one workstream, with others focused on workforce training and development; brokerage; communication and influence and bespoke strategic approaches for spatial areas (such as the North Manchester development). A programme overview is attached in Appendix 2 for reference. Workstream Highlight Reports are provided to each Governance Board.

3. Overview of social value in commissioning and procurement

- 3.1. Manchester City Council has promoted social value in its procurements for 15 years and there are clear links between social value priorities and wider city priorities like the Our Manchester Strategy, Building Back Fairer, Our Year in 2022 (and now Child Friendly City), the Climate Emergency etc. Whereas social value might have been seen by some a few years ago as an 'add-on' (an observation that was common across authorities), it's increasingly embedded in everyday practice.

3.2. This is having a real, positive impact on resident's lives. The direct impact is most evident in larger contracts due to their nature - construction and works contracts being prime examples. The scale of investment in some of these projects, such as Our Town Hall and the Factory, has enabled the Council to be ambitious and provide a level of challenge to maximise outcomes for Manchester residents and businesses. The January 2023 report to the Economy Scrutiny on employment and skills opportunities from major capital projects (see 'Background Documents' above) provides a detailed overview, but the following excerpt from the report, Table 1 below, gives a sense of the scale of social value delivered on the Our Town Hall project alone. The Economy Scrutiny report provides further information on this, and on the wider portfolio of major contracts, including the Factory and Gorton Hub.

Table 1 – Social Value KPI Targets and Actuals to Date on the Our Town Hall project

KPI Ref	KPI Summary	Project Base Target	Project Actual To Date
SV1	Local Employment	30%	47.00%
SV2a	MCR Spend	40%	57.25%
SV2b	GM Spend (including MCR)	50%	71.00%
SV3	New jobs created	45	239
SV4	New qualifications achieved	50	136
SV5	New professional memberships achieved	20	42
SV6	Progression in professional memberships	20	28
SV7	School/college careers/employment sessions	50	156
SV8	School/college STEM sessions	50	28
SV9	Higher Education students supported with employment, skills or subject/research work	1500	1025
SV10	Higher Education research projects supported	35	35
SV11	Work placements 14-16 yrs	50	75
SV12	Work placements 17+ yrs	50	215
SV13	New apprentices up to level 3	100	84
SV14	New apprentices level 4+	50	54
SV15	Manchester resident apprentices (Lendlease and Lendlease Supply Chain)	100%	100.00%
SV16	Existing apprentices employed	100	17
SV17	Completing apprentices	100	25
SV18	Volunteer hours spent	10,000	6620.35
SV19	Compliance with MMW	100%	100.00%
SV20	Compliance with Ethical Procurement Policy	100%	100.00%

3.3. Even larger in scale are the plans for Government investment into the North Manchester General Hospital site, together with the residential-led Victoria North development and renewal programme. These developments present a major opportunity to deliver a holistic place-based programme of inclusive growth. The North Manchester Social Benefit Framework has been specially developed for the developments. It articulates the key priorities, opportunities, and the outcomes to which activities related to the Victoria North and North Manchester Health Campus programmes could contribute towards. These outcomes, co-produced through consultation and engagement with a wide range of stakeholders, align with the broader

strategic aims of the city, for which detailed strategies have been implemented. The outcomes, aligned to a clear set of priorities under each key strand, are intended to support the tailoring of social value activities that could be delivered through/supported by the respective transformation programmes.

3.4. The Framework's five themes are:

- Theme 1: Education, Employment and Skills, with a vision to take advantage of the scale and duration of the Victoria North and North Manchester General Hospital development pipeline to create joined-up pathways that support Manchester residents towards and into sustainable employment and training opportunities.
- Theme 2: Health and Wellbeing, with a vision to take advantage of the scale and duration of the Victoria North and North Manchester General Hospital development pipeline to create joined-up pathways that support Manchester residents towards leading healthier lives.
- Theme 3: Community Resilience, with a vision for the neighbourhoods of Victoria North and the North Manchester Health Campus to be cohesive, resilient communities where people are enabled and supported to live long and healthy lives. Through the creation of liveable and inclusive places, where people are involved in decision making and engaged in the work we do, people will get together and feel happy, empowered and a strong sense of belonging. Community groups in north Manchester will be empowered to grow and support the communities in which they work. They will have the skills and governance in place to take advantage of the support and funding available to them, making their groups more sustainable and more resilient. A coherent, strategic approach to the distribution of information in north Manchester will help bring together residents, organisations and partners, building on local pride and fostering an environment of understanding and collaboration.
- Theme 4: Digital, with a vision to take advantage of the scale and duration of the Victoria North and North Manchester General Hospital development pipeline to address the inequalities that are prevalent in north Manchester, including access to digital infrastructure.
- Theme 5: Zero-Carbon 2038, with a vision to take advantage of the scale and duration of the Victoria North and North Manchester General Hospital development to help the city meet its targets in relation to zero-carbon.

3.5. Outside of capital programmes and development, Highways are the other major area that commissions works contracts. The Highways' Asset Management State of the City Report, which was also presented to the Economy Scrutiny Committee in January 2023, includes an overview of the approach Highways take to social value along with some case studies, which are reprinted in this report in Appendix 3. These case studies are qualitative in nature, but Highways track a range of social value outcomes through its use of the Social Value Portal.

- 3.6. Although larger construction and works contracts may often be viewed as the 'flagships' for social value, social value is promoted across the contracts portfolio with examples across services of suppliers committing and delivering social value for Manchester. Integrated Commissioning are currently working with contracts leads to develop a suite of case studies to demonstrate to external and internal stakeholders how we can maximise our purchasing power to attain additional social benefits for Manchester residents. One example is the End User Device project in ICT, where the supplier relocated their principal office to Manchester City Council, developed a Manchester graduate programme and donated £20,000 (to date) to local charities. Equipment was also sourced that would align with the Carbon reduction strategy of the council, with important consideration given to product energy efficiency, post-consumer recycled content and bulk packaging in the choice of devices purchased and with new devices & computer monitors using just over half as much energy as the previous desktop devices consumed.
- 3.7. In addition to the above, there are wider impacts that suppliers are making in Manchester, beyond the contracts they have with the council. To understand these impacts further, over the last decade Manchester has worked with the Centre for Local Economic Studies (CLES) to survey the council's top 300 suppliers, asking suppliers about their wider social value impact they are making in the city. CLES analyses the returns, producing a detailed report for the council and one-page highlight summaries which are freely available on the CLES website. Last year a survey wasn't conducted because the Council and CLES were taking stock of how social value could be further boosted in the city. A new survey however is now being prepared (see Section 4 on next steps) and will include new questions, including on the steps suppliers are taking to promote equality, diversity, and inclusion in their organisation.
- 3.8. Fostering a social value culture both within the organisation and with suppliers, has been a long-term effort and remains ongoing. Particular observations and highlights over the last year include the following:
- Internal Audit reviewed social value last year and gave an overall 'Reasonable' assurance opinion. The report stated "To inform our review we requested evidence of social value monitoring activity from a range of services covering all directorates. We reviewed some good examples of monitoring activity where this was clearly embedded within the contract management arrangements. These examples provided assurance that social value commitments made in tenders were being monitored regularly and there were robust records to support monitoring activity." The report also noted areas for development, particularly around systems which is discussed further in Section 4 of this paper.
 - Integrated Commissioning have delivered, at the request of services, separate social value workshop sessions with Children's Commissioning team, with Adults Social Care Contracts and Commissioning Officers and with ICT Project Managers. These sessions included an overview of the Council's Priorities and Objectives, giving a context of the need of Social Value as part of service delivery; an understanding of how to design social value into contracts during service specification and tendering stage; how

to engage with the market to consider the limitations and opportunities; the process of negotiating social value into existing contracts and the process of monitoring Social Value delivery in the duration of the contract. The training sessions received positive feedback, especially around the way to evaluate the social value responses and how to ensure suppliers deliver their social value offers.

- Additionally, the Council has worked with an external company to delivery dedicated zero carbon training for contract managers and commissioners, complementing the carbon literacy training for staff. This training also received positive feedback, which is discussed further in a report to the May 2023 Environment Scrutiny (available on the Council's website).
- Market engagement is an ongoing priority. Some services hold supplier days (i.e. non-contract specific) and Integrated Commissioning and Procurement have led social value discussions at these (e.g. ICT Supplier Day, MLCO Innovation Lab). Services themselves hold various pre-market engagement events too in relation to specific contracts. One of Integrated Commissioning's focus over the coming months will be to work with services on pre-market engagement on upcoming major contracts, which are set out in the accompanying paper to this.
- The group of Social Value and Commissioning Leads, facilitated by Integrated Commissioning and Procurement has grown in membership and continues to share learning and current issues. Practical issues relating to social value are being shared (such as what effective questions to use in procurements, what monitoring arrangements contract managers use).

4. Issues and Next steps

- 4.1. In 2022, the council asked CLES to propose options for how the Council might take social value to the next level, "putting more oomph" into social value to use CLES' terminology. Options ranged from relatively quick wins such as the development and dissemination of case studies through to developing improved brokerage arrangements between suppliers and the voluntary, community and social enterprise sector.
- 4.2. Those options have actively shaped the Task and Finish Group, established by the Social Value Governance Board, as set out in Appendix 2. With regards to the commissioning and procurement workstream, Integrated Commissioning and Procurement initiated a project group in May to progress social value work with directorates. Key priorities include reviewing internal and external-facing social value guidance; refining the measurement framework for social value; refreshing of the Social Value Case studies library described above; implementation of monitoring systems, and (working with HR), further staff engagement and training (in conjunction with workstream2); and market engagement, particularly in relation to major contracts (as referred to above).
- 4.3. The systems and measurement elements of the work are a particular priority, but they have also been a longstanding challenge – something highlighted by Internal Audit in their report. Highways earlier this year completed a successful pilot of a dedicated social value monitoring tool – the Social Value Portal – and

has confirmed that it will continue to use this tool for its contracts. Officers are reviewing options for extending the system, or an alternative tool, for use more widely across the council for major contracts. Major contracts by their nature will have some of the largest potential for social value, which is where a dedicated social value tool could really help. A business case for capital funding is being prepared as it would require additional budget.

- 4.4. Another step forward is that the council is currently implementing a new contract management system, which will have functionality to capture social value contractual commitments. For many contracts, this will be the default way of systematically capturing social value, along with other contractual commitments. This will include capturing commitments to the social value fund, helping to ensure that commitments made in the procurement are followed through.
- 4.5. Intertwined with the work on systems is work on measurement, particularly at the detailed Key Performance Indicator (KPI) level. The Council already has, in addition to its social value priorities, a more detailed breakdown of the different impacts that could be made under each priority. But with new systems, we are looking to drive further consistency down to KPI level. The Social Value Portal used in Highways and the North West Construction Hub uses what is called the Themes, Outcomes and Measures (TOMS) framework, which is a framework for capturing consistent KPIs, defining what is meant by long-term unemployed, for example. There are other measures though (the government has its own Social Value Model, for example).
- 4.6. Another area, related to measurement and impact, will be working with CLES on a renewed survey of top suppliers. This had been delayed for a year due to factors including resourcing issues within Procurement, but there is budget for the Council to continue working with CLES this year.

5. Recommendations

- 5.1. The Committee is recommended to note the content of the report and comment / question the information presented to the Committee as appropriate.

6. Appendices

Appendix 1 – Social Value Governance Board Terms of Reference
Appendix 2 – Social Value Task and Finish Group Programme
Appendix 3 – Highways Social Value Case Studies