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| September 2017 |
| creating a good local economy through procurement |
| Case Study 6 – Greater Manchester by |
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| Presented to |
| Procure network partners and URBACT |



# case study 6 – MONITORING IMPACT – greater manchester

## Introduction

The sixth transnational meeting of the Procure network took place in in [Koszalin,](https://en.wikipedia.org/wiki/Koszalin) Poland[[1]](#footnote-1) on Tuesday 12th and Wednesday 13th September 2017. The focus was upon the thematic area of monitoring impact and particularly the methodologies which cities can utilise to measure the local economic, social and environmental impacts of their procurement spend and decisions. The thematic element of the meeting looked to address six key questions (these have been previously identified by the partners as part of the baseline study):

* What key performance measures should impact be monitored against?
* What tools should be used to measure impact?
* What timeframe should impact be measured over?
* Who undertakes impact monitoring?
* How should the findings of impact monitoring be used?
* What types of contracts should impact monitoring be utilised for?

The findings of this have been written up into a post meeting briefing note. To supplement the briefing note, this case study looks specifically at a presentation undertaken in Koszalin by Peter Schofield of the Greater Manchester Combined Authority (GMCA) about the Greater Manchester Social Value Procurement Framework and associated means of monitoring impact.

## The Greater Manchester story

Peter Schofield’s presentation in Koszalin sought to talk through the journey undertaken in Greater Manchester (GM) to make procurement processes and practices more progressive, of which monitoring impact is a core component. Peter’s presentation focused on six things:

* Procurement in the UK;
* The Greater Manchester landscape;
* Why a social value policy was developed;
* The GM Social Value Policy in practice;
* The future evolution of the policy;
* Tips for the Procure Network based on the GM experience.

### Procurement in the UK

Procurement policy in the UK has evolved over the course of the last 30 years. Whilst always driven by the provisions of the European Directives, there have been a number of reviews and pieces of supplementary legislation which have framed procurement practice at central and local levels. This commenced with the emphasis upon compulsory tendering in the 1980s and concluded with the National Procurement Strategy in 2013. In between, there have been a number of reviews and policies which have had a dual focus upon procurement making efficiencies (saving money) and enabling effectiveness (using procurement to assist in addressing wider challenges).

### The Greater Manchester Landscape

Greater Manchester consists of ten local authority areas (Manchester, Salford, and Stockport, for example) and has a population of 2.7 million people. Despite the ten local authorities having their own responsibility for the delivery of services, and different political leadership, there has always been a degree of collaborative working across authorities; epitomised by the development of the Association of Greater Manchester Authorities (AGMA) in 1986.

In recent years, this collaborative working has been put on a more formal footing with the Greater Manchester Combined Authority becoming England’s first in 2011. Since then Greater Manchester has focused upon two things. First, it has focussed upon growing the economy of Greater Manchester through a focus upon growth, infrastructure development, and inward investment, framed by the Greater Manchester Strategy: Stronger Together. Second, it has focused upon taking responsibility and power for activities previously the responsibility of central government, through a devolution agreement with a particular focus on health and social care.

Greater Manchester is an area of contrast. Where some parts are growing economically in terms of Gross Value Added (GVA), others are characterised by significant inequality around: unemployment, skills, health, and business sustainability, for example. Greater Manchester also has a significant challenge in terms of the gap between what it raises through taxation and what it spends on services. It currently spends £5bn more on services than it raises through taxation. As of May 2017, Greater Manchester also has a Directly Elected Mayor.

### Why a social value policy was developed?

Progressing the process of procurement has been a priority of Greater Manchester since around 2007. The AGMA Procurement Hub was initially set up with a dual focus of producing savings through aggregating fragmented spend, for example; and upon developing a spend analysis tool for use by a range of public institutions. The Hub was mainstreamed in 2012 with a further remit to facilitate improvements in procurement through collaboration. The Hub operates on a ‘hub and spoke’ model with AGMA acting as the facilitator or strategist and the local authorities leading on particular procurement exercises.

Since 2012 and the advent of the nationally defined Public Services (Social Value) Act, Greater Manchester has sought to really progress the way in which it thinks about and undertakes procurement. The Act requires ‘public authorities to have regard to economic, social and environmental well-being in connection with public service contracts, and for connected purposes’. Greater Manchester has gone beyond this and has sought to ensure that social value is a consideration across all procurement exercises, regardless of scale or whether they are goods, services or works.

The Greater Manchester Social Value Policy was therefore formalised in November 2014 and is framed by wider strategy and a recognition that social value needs to sit across the procurement cycle (from design to tendering to delivery). The Policy seeks suppliers to contribute towards six outcomes:

* Promote employment and economic sustainability;
* Raise the living standards of local residents;
* Promote participation and citizen engagement;
* Build the capacity and sustainability of the VCS;
* Promote equality and fairness;
* Promote environmental sustainability.

### The GM social value policy in practice

The GM Social Value Policy has been operational since 2014 with an expectation that public authorities consider it in tendering. Since 2015, the AGMA Procurement Hub has been working with the Centre for Local Economic Strategies (CLES) to monitor achievements against the outcomes of the GM Social Value Policy. In this, CLES has measured both the extent to which the ten local authorities spend with Greater Manchester based suppliers and SMEs; and additionally, the extent to which suppliers contribute towards the six outcomes. Below, we outline some of the core findings from the 2014/15 and 2015/16 analysis:

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| Indicator | 2014/15 | 2015/16 |
| Spend by value with suppliers based or with a branch in GM | 85% | 84.8% |
| GM authorities spend by value with SMEs | 48.5% | 48.1% |
| Suppliers creating new jobs in the last year | 89% (5288 jobs) | 93% (6756 jobs |
| New apprenticeships created in the last year by suppliers | 69% (1413 apprenticeships) | 86% (1651 apprenticeships) |
| Percentage of suppliers who paid all staff a Living Wage and lowest paid employee average hourly earnings | 50% (£7.66) | 50% (£8.41) |
| Suppliers that actively encouraged volunteering and community activities and estimated hours offered in Greater Manchester | 64% (10,159) | 73% (19,461) |
| Suppliers that measure carbon emissions | 32% | 38% |

### The future evolution of the policy

Procurers across Greater Manchester are increasingly beginning to utilise the GM Social Value Policy; it is however far from mainstream, and as such CLES provided AGMA with a number of recommendations as to how social value could become further embedded. Those recommendations were as follows:

* Ensure social value is considered as a matter of course;
* Develop a process for continuous monitoring of social value;
* Explore leakage out of the Greater Manchester economy;
* Influence the behaviour of the supply chain;
* Provide signposting for suppliers.

Greater Manchester is also increasingly seeking to embed social value into agendas around devolution and health and social care.

### Tips for the Procure network based on the GM Policy

Peter concluded his presentation with some tips for how Procure network partners can utilise the principles of the GM Social Value Policy in their cities. First, partners need to ensure that the outcomes that form part of any framework link directly to local priorities. Second, partners should look to embed considerations of social value across all aspects of the procurement process from the design of services to monitoring – it is a cyclical process. Third, partners should ensure that awareness of social value is raised across a range of stakeholders including: suppliers, procurers, voluntary sector organisations, and contract managers. Fourth, partners should look to build up case studies of good practice of procurers and suppliers delivering social value. And finally, partners should sustain the ULG’s developed through the Procure Network and use them to frame future delivery of social value focused actions in their IAPs.

1. <https://en.wikipedia.org/wiki/Koszalin> [↑](#footnote-ref-1)