



Report to: STAR Joint Committee
Date: 15th September 2021
Report for: Decision
Report of: Director of STAR

Report Title

STAR Procurement and Social Value

Summary

The purpose of this report is to update STAR Joint Committee on progress to date on Social Value through procurement and next steps for STAR, its partner organisations, and within the Greater Manchester Region.

Recommendations

The recommendation of this report is that the Joint Committee:

- Recognise the progress to date.
- Approve the Twelve Next Steps for Social Value.
- Consider how we approach Social Value across the Twelve Next Steps within STAR, our partner organisations, and across Greater Manchester.

Contact person for access to background papers and further information:

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Financial Impact:	None
Legal Impact:	None
Human Resources Impact:	None
Asset Management Impact:	None
E-Government Impact:	None
Risk Management Impact:	None

Health and Safety Impact:	None
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Consultation

No public consultation required.

1. Background

1.1 Legislation and Policy Drivers around Procurement and Social Value:

1.1.1 We are currently specifically subject to Public Contract Regulations (PCRs) 2015, Public Services (Social Value) Act 2012 and there is a National Procurement Strategy which was produced by the Local Government Association (LGA) in 2018.

1.1.2 The Government issued a Green Paper earlier this year for consultation in relation to the PCRs 2015. We consulted and responded collectively with procurement colleagues across Greater Manchester (GM). We expect to see some guidance later into 2021 but don't have clarity yet as to when the current regulations will be replaced. The Government has issued a Procurement Policy Notice (PPN) 5/21 which contained a new National Procurement Policy Statement (NPPS) as a 'prelude' to the new regulations. The NPPS has some key messages:

- 'Have regard to' the NPPS. We have RAG rated this to create an action plan ahead of any legislation changes
- Links to the Green Paper and the need for Government to bring forward new legislation for procurement. We are not sure this will actually happen as it has been said it may be as far away as 2023, but we are using the NPPS to progress further improvement in STAR
- Some key focus on: Creating New Businesses, Supplier Diversity, and Climate Change etc.
- Social Value importance and not just focussing on the 'lowest price'. We are extremely developed with our approach to this.
- More shared and joint working, which we are an exemplar nationally.

1.1.3 The LGA are also reviewing the National Procurement Strategy 2018 for Local Government and plan to refresh/relaunch in 2022. The three key themes within this current document are:

- Showing leadership
- Behaving commercially
- Achieving community benefits

STAR will be participating in a National Procurement Strategy diagnostic/benchmarking process that will be launched by the LGA early September.

1.2 Social Value Definitions:

1.2.1 Social Value can be described as, 'Social, Environmental, and Economic benefits'. Other descriptors used are; inclusive economy, community benefits, and community wealth building. For our purposes we intend describing Social Value as:

- Social, Environmental, and Economic (SEE) Community Benefits.
This will be referred to in the context of added value through procurement and engaging and supporting the social economy to ensure we contract with organisations that represent our values and ambitions individually and across GM.

1.3 STAR Approach

1.3.1 Within the STAR Business Plan 2021-24 we have five key objectives; two of these are directly relevant to the focus of Social Value through procurement which are: Supporting Communities and Building Collaboration.

1.3.2 STAR has a track record of delivering demonstrable Social Value through procurement and the wider improvement of local spend and SME/VCSE engagement.

2. **STAR Performance to Date**

Local spend (GM) % (£25K spend upwards):

Increased from 42% in 18/19 to 53.9% in 20/21 within the STAR Partners Boroughs

77% of the total spend was retained within GM.

Social Value as a % in Evaluation (Contracts above £25K):

20% average delivered in 19/20 & 20/21

Social Value Secured (As a % of contract value for above £50K contracts):

£60M+ secured across two years 19/20 & 20/21.

In 20/21 this increased (from 25%) to represent 28% of the contract value

STAR recorded engagement from SMEs and VCSEs in 20/21:

11.5% VCSEs and 20% SMEs bidding for contracts.

STAR recorded winning contracts from SMEs and VCSEs in 20/21:

VCSEs 9% and SMEs 4.9%

The STAR approach to date included:

- Social Value applied to all procurement over £25K
- Social Value to form part of the evaluation model with quality and price and to ensure, on average, a minimum weighting of 20%
- Use of National TOMs (Themes Outcomes and Measures)
- Secure a minimum return of 25% of the contract value as Social Value
- Use of the Social Value Portal (SVP) for above £50K activity to capture, secure, contract manage, and report on Social Value from winning contractors.
- COVID response “plug-in” to secure Social Value through COVID crisis (10 point plan)
- Targeted market engagement protocol and Meet the Buyer
- ‘Match Fit’ training and more
- Simplified processes and use of Risk Based Sourcing

3. **Next Steps for STAR:**

3.1. STAR has been recognised nationally as leaders in embedding Social Value in procurement. But as part of our continuous improvement method, we have now reviewed where we can take this next.

3.2. The following 12 steps have been identified as the key themes needed to further embed Social Value and to support our partners organisations to achieve their corporate objectives and contribute to the GM Priorities:

Support ‘Better Bidders’ to be ‘Match fit’ to Tender	Use the Policies and Law (NPPS and New Regulations) to direct change	Grow the engagement of Social Economy Organisations, and Remove Barriers	STAR Partners to Become Social Value Organisations
Increase Local Spending within STAR Boroughs and GM	Refresh STAR Social Value Strategy/ Responsible Procurement Strategy	Target Social Value to GM Key Priorities e.g. Sustainability/Carbon Neutral 2038 etc.	STAR Partners to Produce an Annual Social Value Statement
Challenge Social Value through the Supply Chain	Target Social Value TOMs to our desired Outcomes within STAR Boroughs and GM	Review our approach to Measuring, Reporting and Delivery of Social Value Outcomes across GM	Develop a ‘Place-based’ approach within STAR Boroughs and GM (Influence Anchor Institutions)

- **Support ‘Better Bidders’:**

Better bidders bring better contractors, and in particular we need to support and educate our local supply chain to understand public sector

procurement, to respond to Social Value in procurement, and to demonstrate how they are working towards being a social organisation e.g. address sustainability and responding to our values and ambitions within our organisations and across GM.

- **Increase Local Spending:**

STAR have made a significant impact over recent years and we want to build on this by targeting and ring-fencing bidders from GM, using PCRs compliantly but opening up local markets. A deep dive into our spend data will help to focus priorities. We will also work with other organisations to support under-represented groups, as well as social organisations. STAR also intends considering the spend activity below £50K to identify further opportunities for capturing Social Value through procurement.

- **Challenge Social Value through the Supply Chain:**

This will focus on the local supply chains beyond Tier 1 suppliers to deliver more Social Value. Through proactive contract management, we can also ensure Social Value is secured and delivered through existing contracts. STAR is undertaking a commercial contract management pilot to challenge and negotiate on existing contracts which may secure further savings but also additional Social Value. STAR also wants to influence the supply chains and broker relationships locally.

- **Use Policies and the Law to direct change:**

The recent Green Paper outlined the proposed changes to the PCRs and was supported by the release of the National Procurement Policy Statement (NPPS). STAR have reviewed and RAG rated the elements of the NPPS in order to prepare ahead of the new regulations being released. The new regulations provide a number of opportunities including:

- Delivery of a Social Value Statement;
- Net carbon initiatives and carbon reductions in contracts;
- National Priority Outcomes incorporated into procurement processes and;
- Creating a clear link and governance from the development of strategies and business cases for programmes and projects through to procurement specifications.

- **STAR Social Value Strategy and Responsible Procurement Strategy:**

Both to be refreshed and finalised to reflect recent changes and plan for potential changes in law. These two strategies need to also reflect GM refreshed strategies and frameworks as well as link any local or regional

ambitions e.g. Good Employment Charter, Care Leavers Covenant, Climate Emergency declarations etc.

- **Targeted Social Value TOMs to Deliver our Desired Outcomes:**
What sits at the heart of all we do is to give the very best to our communities in a targeted way. Real benefits to real people. STAR will work with our partner organisations to ensure we drive our Social Value through procurement that is meaningful and impacts locally delivering social, economic and environmental (SEE) Community Benefits.
- **Grow the Engagement of Social Economy Organisations and Remove Barriers:**
Through the work we have done to date, we have already seen increasing bids from these local and social organisation cohorts. Linking in with local supply chains we want to drive this further to ensure we simplify all that we do and demonstrate an increase from these sectors in winning contracts and or as sub-contractors/part of the supply chain. We will focus on GM organisations and those that reflect the diversity of our region and represent our values and ambition.
- **Targeted Social Value to our GM Key Priorities e.g. Sustainability/Carbon Neutral 2038:**
In order to deliver to individual organisational and regional strategies and commitments we need to review how this can be embedded into our procurement practices legally, transparently and fairly but ensure this doesn't not create further inequality to our local social economy (SME/VCSE sector etc.).
- **Review our Approach to Measuring, Reporting, and Delivering Social Value across GM:**
We have contracted with the Social Value Portal (SVP) for three years which is expiring in 2022. We are reviewing the contract terms and performance as well as conducting due diligence and options appraisal on alternative solutions. STAR wants to work with wider GM partners to explore the 'art of the possible' and to review the wider requirement of a portal with respect to brokering sectors to work together to deliver better contracts and boosting the local and social economy. STAR want to work with GM partners to drive a cohesive approach to Social Value through procurement, as public organisations and to engage with organisations/contractors that truly represent our values and ambitions.

- **STAR Partners to become Social Value Organisations:**

Social Value is 'Everyone's Business' and to further embed Social Value in our partner organisations, each organisation needs to consider how they can take Social Value through the core of all business activity. STAR will support its partners to develop this concept and link in with national developments, work groups and pilots. STAR is progressing the support across STAR partners to undertake a review using the Social Value Maturity Index (SVMi) which creates an action plan. This SVMi is also under review by the National SV Taskforce to make it 'less procurement focussed' so it can be used to create a whole organisational action plan to enable all to become SV Organisations.

- **STAR Partners to consider creating an Annual Social Value Statement:**

This idea has been developed within the National Social Value Taskforce. A template has been created and there are a few pilots underway. This is considered as a 'public declaration' by organisations to share its progress and to be accountable for driving improvement in Social Value.

- **Develop a Place-Based Approach:**

In order to create a 'ground swell' it is key to encourage other local anchor institutions to commit to Social Value through procurement and through their organisations and who they contract with. STAR is already sharing its approach through procurement regionally and nationally to other organisations and wants to focus more so within our four Boroughs and GM. In terms of the four Boroughs, we need to work with our four partners to engage with the wider anchor institutions to share experiences and approaches to procurement. This will drive a collective approach and will benefit local supply chains and our communities.

4. A Wider GM Approach:

4.1. STAR leads procurement for its six partners, four Councils and two clinical commissioning groups (CCGs); it has a reach across GM as it leads approximately 75% of the GM collaborative procurement. STAR also undertakes commissions regionally for neighbour organisations such as GMCA as well as delivering national commissions. Therefore STAR is in a strong position to share and influence others to work more effectively in delivering Social Value through Procurement and beyond.

4.2. The result of a vigorous approach over the past two years has exceeded our own expectations as well as what was expected by the National Social Value

Taskforce. What STAR needs to do is to find ways to increase pace and widen the impact by engaging strategically with the wider GM Councils and GMCA and its partners to develop a strategic commitment to this agenda. We are developing relationships already with GMCA and NHS colleagues. If STAR can secure £60M of Social Value within two years, what could we achieve across GM organisations?

- 4.3. We need to focus on some key themes ensuring our Leaders across STAR partners promote the need for 'Sponsorship' from Leaders/CEOs across GM and GMCA in order to:
- Encourage the consideration of a GM approach to targeting Social Value (e.g. Create GM TOMs) links to GM SV Framework
 - Drive the importance of a GM 'Place-Based' Approach (all anchor institutions)
 - Consider establishing a GM Strategic Regional Social Value Task Force
 - Challenge and simplify ALL that we do to tackle bidder inequality from our social economy to ensure we contract with organisations that represent our ambitions and values
 - Review of our collective GM approach to Social Value contract management, measurement and reporting
- 4.4. A GM-wide approach will help to ensure maximum possible benefits are secured for our residents and business communities. Partner spend is not limited to each Borough as the lack of business diversity may not enable this plus we have to recognise that people and businesses function across Local Authority boundaries in many different ways. Therefore a GM-wide approach would to ensure maximum possible outcomes are delivered for all within GM.
- 4.5. Additional benefits for STAR of engaging on a wider GM footprint includes:
- Become a true regional leader and GM being recognised nationally as a 'success story'
 - Share our expertise for the benefit of all GM residents and business communities
 - Provide a consistent approach that drives change to benefit our supply chains
 - Deliver real outcomes for all of GM
 - Create opportunities to secure investment into our region and to develop our social economy
 - Potential growth opportunities for STAR

5. Recommendations

It is recommended that STAR Joint Committee:

- Recognise the progress to date.
- Approve the Twelve Next Steps for Social Value.
- Consider how we approach Social Value across the Twelve Next Steps within STAR, our partner organisations, and across Greater Manchester.