



P R O C U R E M E N T

Report to: STAR Joint Committee
Date: 20th July 2016
Report for: For Discussion
Report of: Head of Strategic Procurement

Report Title

Social Value Current Position and Future State

Summary

The purpose of this report is to:

- Provide a summary of current Social Value implementation across Greater Manchester (GM) via independent review by the Centre for Local Economic Strategies (CLES)
- Provide a summary of current Social Value implementation at STAR
- Provide summary of further actions

Recommendations

The recommendation of this report is that the Joint Committee:

- Note current GM and STAR approach to Social Value
- Note the proposals for further rollout of Social Value
- Joint Committee approve 10% SV weighting to be included in a tender where it is relevant and proportionate

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Background

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

Consultation

No public consultation required.

Reasons for Recommendation(s)

The report provides a summary of work undertaken to date on Social Value. It also includes a number of proposals for the further roll out of Social Value, to ensure we maximise the opportunities available to secure Social Value through our contracts and commissioning processes. The recommendation is that Joint Committee approve 10% SV weighting to be included in a tender where it is relevant and proportionate

1. Social Value Background

1.1 Social Value (SV) is the additional community benefit that can be obtained from suppliers when the council is spending its money to buy the goods and services that it needs in order to function and deliver its obligations. SV is not what is bought by the contracts put in place, but what the suppliers can add, free of charge, in addition to these services, for the benefit of the community

2. Current GM Approach to Social Value

2.1 The Greater Manchester Combined Authority (GMCA) is an association of all 10 Greater Manchester councils working together for the benefit of the region. It has published a [SV Policy](#) in response to the Public Services (Social Value) Act 2014. The Policy sets out how councils can increase the prosperity of their local communities through procurement activity.

2.2 The benefits from a common approach are:

- Ability to benchmark
- Simplified for suppliers
- Able to understand link between policy and achievements

2.3 The SV Policy was approved by GMCA in November 2014. It was proposed that GM should carry out a review Autumn 2015 to establish the baseline position. Further the consensus amongst procurement leaders in GM that external verification would be the most suitable way to create this baseline. CLES (Centre for Local Economic Strategies) are a think- tank which specialises in procurement and local economy issues and was commissioned to complete this piece of work.

2.4 The GMCA policy is currently being refreshed to ensure it reflects the priorities of Health, so they can also adopt the policy as part of the devolution agenda. Work is also underway at a GM level to identify the most appropriate and relevant way to monitor and report SV outcomes. This work is being done as a result of the recent Lord Young Review and the CLES Benchmarking Report (Attached at Appendix 1).

- 2.5 A report has been issued by Social Enterprise UK titled 'Procuring for Good – How Social value Act is being used by Local Authorities'. This report includes a number of recommendations which reflects STAR's current or planned activity. A copy of the report is included in Appendix 2.

3. STAR Approach to Social Value

- 3.1 All STAR Councils have **adopted the GMCA SV Policy**. The policy is promoted via the STAR Website for suppliers and buyers.
- 3.2 SV is considered in all Requests For Quotation's and Tenders over £5k, and STAR recommends that it is **10% of the evaluation score**. The evidence of the consideration is included in the Procurement Initiation Document (PID) and the outcomes are reported through the Award Reports. SV is not included if it is deemed inappropriate or when existing framework agreements do not allow for its inclusion.
- 3.3 **Training has been rolled out to suppliers, commissioners and the STAR team**. This has been practical training which has focussed on how to implement and deliver, and top tips for both suppliers and buyers. **Top tips for suppliers** is available on the STAR website.
- 3.4 STAR staff have been delivering **SV on behalf of STAR Councils** including:
- Volunteering support for the Young Enterprise programme
 - Naming partner agencies in framework agreements at nil cost
 - Ensuring commissioners consider SV and advocating inclusion at 10% of evaluation score
 - Currently reviewing the option to support an Action for Blind placement within the team

4. CLES Independent Review Findings & Recommendations

- 4.1 The study included a desktop analysis of spend data plus a survey of the top 300 suppliers across GM. They identified influencable spend with the top 30 suppliers for each authority producing a study which relates to top 300 suppliers across GM.
- 4.2 It should be noted that the data listed in the report cannot and should not be compared to existing data of a similar nature, this is because the data produced as a result of the survey only relates to the top 300 suppliers (by spend value) rather than the total spend data from each Council. The intention of the report is to create a common baseline against which trends and direction of travel can be compared in coming years.
- 4.3 The high level findings were as follows:
- 4.3.□.1 **Promote Employment and Economic Sustainability**

- 84.8% of the direct spend (£1bn) with GM based suppliers
- £487 million (48.5%) of total spend with SMEs
- 57% of suppliers' employees are resident in GM
- 93% of suppliers created 1060 jobs
- 69% of suppliers created 195 apprenticeships

4.3.□.2 **Raise living standards of GM residents**

- 50% of suppliers paid all staff the Living Wage Foundation rate of £7.85 per hour (this is now £8.25)
- Lowest paid member of staff average £7.66 per hour
- 93% of employees are employed on a permanent basis

4.3.□.3 **Participation and Citizen Engagement**

- 64% of suppliers encouraged staff participation in volunteering and community activities
- 14,051 hours of staff time were offered in GM

4.3.□.4 **Capacity and Sustainability of the VCS**

- 64% of suppliers actively provide support to the VCS
- 10,159 hours in GM e.g. logistical support such as the provision of office space, provision and improvement of community facilities, employment support, such as work experience and CV and interview workshops

4.3.□.5 **Equality and Fairness**

- 71% of suppliers created employment opportunities for individuals described as "hard to reach"
- 185 employment opportunities in Greater Manchester

4.3.□.6 **Environmental Sustainability**

- 32% of suppliers actively measure carbon emissions
- 82% have an environmental management strategy, of which:
- 96% includes creating recycling, 89% include energy use, 60% include carbon emission reduction, 56% have transport type included, 80% have waste minimisation included and 40% having a cycle to work or walk to work scheme

4.4 **Recommendations**

4.4.□.1 It is intended to use this for future benchmarking of performance against SV and recommendations from the report, agreed with the AGMA Heads of Procurement were:

- Ensure SV is considered as a matter of course and raise awareness in Pre-procurement
- Develop a process for continuous monitoring of SV
- Explore leakage out of the Greater Manchester economy
- Influence the behaviour of the supply chain
- Provide signposting for suppliers

5. **STAR Performance**

- 5.1** The Balanced Scorecard sets out the SV objectives for STAR. All targets in 2015/2016 have been met or exceeded.
- 5.2** STAR have taken learning from the 15/16 scorecard and in conjunction with the STAR Board and Joint Committee agreed enhanced the performance and reporting requirements for 16/17.
- 5.3** STAR will accommodate the recommendations agreed by AGMA Heads of Procurement referenced in item 4.4.1

6. STAR Proposals for Further Action

- 6.1** In order to maximise the rollout of SV a number of proposals have been considered:

6.1.□.1 Proposal 1: For Agreement by JCM

10% SV Weighting – there is some resistance from commissioners to allocate a full 10% weighting to Social Value. At present this is a recommendation and there is no mandated requirement to adhere to this value and there is no reference to this in Contract Procedure Rules. For purposes of context, Manchester City Council have moved to a mandated 20% (as long as it is relevant and proportionate to the contract as specified by Public Contract Regulation 2015). Salford also encourage up to 20% weighting. It is recommended that the Joint Committee agree that commissioners should include 10% SV weighting, where it is appropriate and relevant to do so.

6.1.□.2 Proposal 2: Council-specific Guidance - for Information

Trafford Council are currently working with STAR procurement to develop Trafford-specific supporting documentation for Social Value. Trafford Council have taken each of the objectives of the SV Policy and mapped against that where the need exists and what current programmes are in place that potential bidders can support. The aim is to ensure that SV proposals do not replicate schemes that are already in place, that support is offered to existing initiatives, and that proposals are targeted on the areas of need for Trafford. The document also includes key contact information for the partnerships and Communities Team so bidders can contact them to discuss options. This is going to be trialled for Trafford and if successful, it is proposed that it is rolled out to the other STAR Authorities.

6.1.□.3 Proposal 3: Include SV as a consideration in modifications and exemptions - for Information

Currently SV is not included on the exemption and modification forms. These both provide opportunities to extract SV from providers as they are either being awarded a contract with no competition or we are negotiating a change in the scope of the contract. It may not be possible to secure this every time, but the modification and exemption forms could be updated to ensure the commissioners and STAR consider SV at this stage.

6.1.□.4 Proposal 4: Collection of case studies to be developed – for Information In order to help commissioners, STAR officers will collate SV case studies so that they can be promoted via the STAR website. This would help to provide a diverse range of SV case studies and highlight how this can be done in a practical and proportionate way. This will also help to promote the SV work that is already taking place through STAR procurement and provide commissioners with real world examples of value which can be derived. An example of how local market knowledge can support the inclusion of local businesses is included in Appendix 3.

6.1.□.5 Proposal 5: STAR SV Volunteering Policy – for Information As stated above, there is already some volunteering taking place by STAR staff to support our communities. The proposal is that a more formalised policy is developed which may include our approach to staff leave to enable volunteering and options for STAR team away days that include volunteering. The policy should support the existing Trafford Volunteering Policy, but ensure that the benefit (days) are applied across STAR Authorities proportionately.

6.1.□.6 Proposal 6: Develop Proposals for Contract Management & Monitoring – for Information Further work is required with STAR staff and commissioners to equip them to implement, manage and report KPI's for Social Value. The case studies will help support this but more detailed work will be required to support this activity and agree reporting processes. This will also be supported by the work that is being undertaken at a GM level on monitoring and reporting of SV outcomes.

7. Recommendations

7.1 It is recommended that:

- Note current GM and STAR approach to Social Value
- Note the proposals for further rollout of Social Value
- Joint Committee approve 10% SV weighting to be included in a tender where it is relevant and proportionate

Report Appendices

1. CLES Benchmarking Report
2. Social Enterprise UK 'Procuring for Good – How Social value Act is being used by Local Authorities'.
3. Example Case Study

Appendix 1: CLES Benchmarking Report



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summary document.d

Appendix 2: Social Enterprise UK 'Procuring for Good – How Social value Act is being used by Local Authorities'.



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Appendix 3: Example Case Study



Case Study.docx