

Report to: STAR Joint Committee
Date: 15th March 2023
Report for: Discussion
Report of: Lorraine Cox, Director

Report Title

FSB Report – Public Sector Procurement in Greater Manchester

Summary

The purpose of this report is to update STAR Joint Committee on the content of this report and the current position of STAR against the key recommendations.

Recommendations

STAR Board recommended to:

- Acknowledge the FSB report and key recommendations position statement for STAR
- Acknowledge next steps for STAR to drive more local winners and diversity in the supply chain from contract awards

Contact person for access to background papers and further information:

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Background

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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 |

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| Health and Safety Impact: | None |
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Consultation

No public consultation required

1. Background

- 1.1 The Federation for Small Businesses (FSB) produced and circulated this report in December 2022. It collates a small representative view of small businesses on public sector procurement within Greater Manchester. Within this report it outlines seven key recommendations.
- 1.2 STAR Director has been in contact with FSB on several occasions since the publication of this report to review its content and to discuss and explore STAR’s position to these key recommendations and future. STAR and the FSB have participated jointly with two Greater Manchester Roundtables to explore these perceived barriers more closely to find solutions.
- 1.3 STAR has worked over recent years to drive improvement in the increase of contracts being awarded within the Greater Manchester Region as well as monitoring the location of such businesses within the Boroughs of the four STAR Councils. We have seen some good improvements. Performance to date for STAR in 21/22 was 50.9% local spend retained within the four STAR Council Boroughs and 78.1% retained within the GM Region.
- 1.4 In 2022 STAR created - 12 STEPs to Social Value which underpins some key priorities:

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|--|---|--|---|
| Support ‘Better Bidders’ to be ‘Match fit’: Tender Ready and Social Value Organisations | Use the Policies and Law (NPPS and New Regulations) to direct change | Grow 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 | Develop a ‘Place-based’ approach within STAR Boroughs and GM (Influence Anchor Institutions) |

- 1.5 STAR have work streams established to drive improvement as outlined below and linked to this FSB report STAR is focussing on 'Support better bidders' and 'increase local spending'. Actions underway:
- Pre engagement protocol in place which applies to all procurement but also ensures that all local businesses are targeted for the below threshold value contracts (i.e. goods and services £213,477 and works £5,336,937)
 - Risk Based Sourcing (RBS) this is where we target below threshold contracts to ensure we only ask the relevant risk questions in the supplier questionnaire to enable a more simplified approach to procurement which helps businesses and brings efficiencies internally. This has shown some good improvement, but we are currently reviewing our practices and processes further to drive more streamlining and efficiencies that will benefit businesses and also officers undertaking procurement.
 - STAR has an audit programmed in the current joint audit plan to review RBS.
 - STAR is developing its recording of the business 'type' both bidding and winning contracts to establish a baseline and to monitor areas for improvement.
- 1.6 Wider GM priorities were outlined in a GMCA report in March 2022 – Improving Social Value through GM Public Procurement. This report outlines some key priorities which include increasing local spend, creating a more diverse contract base i.e. SMEs/VCSEs, encouraging bidders to have a commitment to drive our 2038 commitment to make GM carbon neutral and to encourage bidders who are Real Living Wage employers and are willing to be supporters of GM Good Employment Charter.
- 1.7 STAR is currently starting to ask bidders:
- Do you have a carbon action plan
 - Are you a Real Living Wage employer (linked to those Councils moving towards RLW Accreditation)
 - Are you willing to be a supporter of the GM Good Employment Charter
- 1.8 The purpose of this is the signal to the market that we are serious about contracting with local/GM 'good' businesses who can demonstrate a commitment to being a good employer and to support GM with becoming carbon neutral. As we move forwards and more of the ten GM Councils become RLW Accredited, the requirement of our supply chain with this regard will be even more important. And as we move towards 2038, we need our contractors to be actively helping us with this goal.
- 1.9 STAR is collating a baseline of bidders and winners of contracts from the SME/VCSE sector. This will enable a focus on areas for improvement.

1.10 As part of our approach to social value we are seeing bidders offer what social value they wish to offer, and we are moving towards a more bespoke approach to ensure the social value secured from procurement is linked to our Corporate Priorities for our four STAR Councils. We hope that the use of social value will start to enable more local bidders to win contracts as they are more easily able to deliver to our local priorities. The National Themes, Outcomes and Measures (TOMs) we use for social value will also allow us to target and bespoke our TOMs to ensure we get more social value linked to key priorities such as employment and carbon reduction etc.

2. Recommendations

STAR Joint Committee recommended to:

- Acknowledge the FSB report and key recommendations position statement for STAR
- Acknowledge next steps for STAR to drive more local winners and diversity in the supply chain from contract awards

Appendices

1. STAR Key Recommendations Position Statement