

Item 6b Greater Manchester Combined Authority Social Value Policy and Framework

Introduction

The Greater Manchester Combined Authority (GMCA) has approved a Social Value Framework.

This framework was established through joint working of procurement leaders across GM which included:

- STaR
- Manchester
- Oldham
- Salford

Enworks, through the Environmental Sustainability Technical Assistance (ESTA) project, has been able to allocate resources to support the development of the framework.

Objectives

The framework was established to provide a consistent approach to embedding Social Value in procurement processes across GM. It also looks to provide a set of common key objectives which procurers, commissioners and the market can use to identify and deliver Social Value outcomes.

The six objectives are listed below:

Objective 1 - promote employment and economic sustainability;

Objective 2 - raise the living standards of local residents;

Objective 3 - promote participation and citizen engagement;

Objective 4 - build the capacity and sustainability of the voluntary and community sector;

Objective 5 - promote equity and fairness;

Objective 6 - promote environmental sustainability;

Implementation

STaR is the first procurement team in GM to receive specific training regarding the new policy and will be looking to embed the framework into procurement activity going forward.

A workshop was delivered to the full team on 10th January 2015 giving them the opportunity to understand and work through live examples of how the framework can be applied in practice. The training was very well received with all participants stating that it was good or excellent and that it was highly relevant to their job. This format will now be used to roll out to other Councils in GM.

There will be further consideration of how commissioners as well as procurers are engaged in an awareness raising and training programme.

GREATER MANCHESTER COMBINED AUTHORITY

Date: **28 November 2014**

Subject: **SOCIAL VALUE PROCUREMENT FRAMEWORK**

Report of: **THERESA GRANT**

PURPOSE OF REPORT

Following a previous report to the GMCA in September 2013, the CA endorsed the use of a procurement evaluation framework to be used for all tenders let for the Low Carbon Hub and also agreed that the evaluation framework should be disseminated to all local authority procurement teams for consideration beyond Low Carbon Hub Investments. The CA also requested a 6 month update on progress made on that dissemination.

The progress report in June 2014 recommended the following work; to:

- Develop a template Social Value Procurement Policy to be adopted by commissioning authorities which can be modified to be specific to each authority;
- Develop a legally robust wider social value evaluation framework which looks to encompass GM wide polices and bring this back to the CA for approval. Such a framework would be designed to enable local priorities to be identified and be based on the work undertaken by Oldham;

As a result the CA **AGREED:**

- That further work would be undertaken by the AGMA authorities to incorporate appropriate social value outcomes into procurement process and that the approach is standardised as far as possible.

This report provides feedback from the GM procurement teams on their approaches to social value and asks the GMCA to consider the adoption of a GM Social Value Policy and Framework that can be used as a template for GM Authorities.

RECOMMENDATIONS:

GMCA is recommended:

- To adopt the GM Social Value Policy and Framework (See Annex 1);
- To note the work being undertaken to further develop and build the case study resources available through the GM Social Value Framework;
- To consider a proposal that further work be undertaken by the AGMA Authorities, in conjunction with the AGMA Procurement Hub, to incorporate appropriate social value outcomes into procurement processes and that the approach is standardised as far as possible.

BACKGROUND PAPERS:

TRACKING/PROCESS		
Does this report relate to a Key Decision, as set out in the GMCA Constitution or in the process agreed by the AGMA Executive Board		Yes Low Carbon Hub on 6th September and GMCA September 2013 & June 2014
EXEMPTION FROM CALL IN		
Are there any aspects in this report which means it should be considered to be exempt from call in by the AGMA Scrutiny Pool on the grounds of urgency?		None
AGMA Commission	TfGMC	Scrutiny Pool
Low Carbon Hub on 6 September 2013		

1.0 BACKGROUND

- 1.1 This work takes place within the context of the Greater Manchester Strategy 2013-20 – Stronger Together, recognising the aspiration for Greater Manchester to close and then eliminate the £5billion ‘cost centre’ deficit to become a net contributor to the national economy.
- 1.2 This report provides an overview of the work to date, the initial findings, the developing core policy and social value framework to support work in this area. It also develops the scope of the project and the prospective work programme to develop and culturally embed social value approaches across Greater Manchester.
- 1.3 ENWORKS, through the Environmental Sustainability Technical Assistance (ESTA) project, has been able to allocate some resources to take these next steps forward and working closely with the AGMA Procurement Hub, a review of existing approaches across AGMA has been carried out to identify the common threads and linkages with best practice from other regions.
- 1.4 To enable social value outcomes to be incorporated into procurement there needs to be a “golden thread” showing a clear link between the commissioning body’s strategic objectives, a procurement evaluation framework which links the

objectives to outcomes, a compliant procurement process and contract monitoring against the social value deliverables.



1.5 The Draft Social Value Policy for the CA sets out six objectives which all have a clear strategic link to the Greater Manchester Strategy:

Objective 1 - promote employment and economic sustainability;

Objective 2 - raise the living standards of local residents;

Objective 3 - promote participation and citizen engagement;

Objective 4 - build the capacity and sustainability of the voluntary and community sector;

Objective 5 - promote equity and fairness;

Objective 6 - promote environmental sustainability;

2.0 PROGRESS UPDATE

2.1 Peter Schofield (Programme Manager of AGMA Procurement Hub) is leading on this work supported by Ian Brown, (Manchester CC, Head of Procurement), and a small working group consisting of Todd Holden (Growth Hub for the GM Low Carbon Hub), Sharon Robson, (Director of Procurement, STaR), Anne Lythgoe (Health and Wellbeing Board Strategy Manager, Salford CC,) Karen Lowes (Head of Procurement, Oldham MBC) and Michael O'Doherty (Assistant Director, GM Environment Team, Manchester CC).

2.2 The following initial activity has been undertaken:

- Review meetings with relevant procurement staff and interested parties across Greater Manchester.
- A desk review of other Social Value (SV) policies frameworks and research materials.

- 2.3 There has been a broad spectrum of responses to the provisions of the Public Services (Social Value) Act 2012 across Greater Manchester. Some have taken the opportunity to review and develop their policies so that they are overtly focused on SV, reflecting core Council policies and strategies. Others have embraced the principles of the Act but have incorporated SV issues within their existing approaches and policy, whilst some have addressed SV issues on a case-by-case basis, reflecting the 'light touch' approach that the Act facilitates.
- 2.4 All authorities have procurement policies/frameworks that would allow and encourage the development of social value to be considered and promoted through procurement exercises. All have welcomed the prospect of a simple GM wide SV policy that can be 'topped and tailed' and adopted for use by individual authorities.
- 2.5 There is general consensus that SV should be embedded within procurement activities at all scales and for both services and capital purchasing. Furthermore there is agreement that the commissioners of goods and services have a central role in designing in social value aspects at the earliest stages of the procurement exercise. It is believed that at that point, full consideration can be given to the opportunity the procurement exercise can offer towards SV and the scoring weighting that could be attached to the SV element.
- 2.6 This has been and will continue to be an area of further discussion at the heads of Procurement Meetings on this issue to establish commonalities in the approaches authorities take to determining the scoring for different types and scales of procurement exercises.
- 2.7 A broad range of SV themes have emerged across GM. Whilst these fall broadly into three categories; Economic (local jobs and growth), Social (resilience and strong VCS), Environmental (clean and protected environment) the spectrum of potential activities and measures is wide and varied, reflecting individual authorities priorities and to some extent the resources they may have to support this work. There is also a fourth overarching theme relating to Public Sector Reform (demand management and prevention), to which the other three contribute directly.
- 2.8 Following a workshop with the Heads of Procurement a set of six objectives have been developed which provide a framework for the themes that have emerged through the review (See para 1.5).
- 2.9 The assessment of suggested SV activities and the measurement of SV outcomes continue to be raised as difficult and contentious areas where support maybe required.

3.0 NEXT STEPS

- 3.1 In recognition that there is a strong commitment amongst the AGMA Heads of Procurement but acknowledging that resources are limited, it is proposed that the next steps in the development of a Greater Manchester Social Value approach include engagement with internal and external stakeholders to raise awareness and capture innovative approaches and ideas that can be shared

across the GM region.

3.2 Subject to the GMCA's agreement of the recommendations, the proposed next steps are:

1. Invite comments and views from suppliers in all sectors on the Social Value Policy for the GMCA.
2. Work with partners involved in the delivery of the PSR objectives to apply the Greater Manchester Social Value Framework to all appropriate procurement activity.
3. The Greater Manchester Social Value Framework will be a constantly evolving tool and it will continue to be developed to include case studies / and the 'art of the possible' examples that can assist in the discussions and innovations around social value at the pre-procurement stage.
4. Continue to develop and investigate appropriate social value measurement and benchmarking methodologies with a view to the adoption of a common approach across GM.
5. The AGMA Procurement Hub will continue to lead on the development of the SV Policy and Framework and will develop activity that will support authorities with suitable training and technical assistance. This work will aim to develop capacity and understanding to embed consistent and effective approaches to SV across GM.
6. Peter Schofield will continue to feed information on the SV work to the AGMA I&E Leadership Group who will then consider how the results will be presented to the Wider Leadership Team.

3.3 Manchester CC, through a Civil Service Fast Stream secondee, has staff resources which it can deploy to take these next steps forward, with the support of those individuals referenced in this paper.

4.0 REVIEW OF THE PUBLIC SERVICES (SOCIAL VALUE) ACT 2012

4.1 On September 26th 2014 the Cabinet Office announced a review of the Public Services (Social Value) Act 2012. The Act currently applies only to service contracts over the EU threshold, at the pre-procurement stage.

4.2 Lord Young, the Prime Minister's Adviser on Enterprise, will lead the review, supported by:

- the Federation of Small Businesses
- Chris White MP
- Hazel Blears MP
- Michael O'Toole (Crown Representative for the Voluntary Sector and shortly to be Chief Executive Officer of Mentor UK)

4.3 The review will help to decide:

- if the Act should be extended, for instance, to cover contracts for goods and works as well as services
- how it might be extended in a way that continues to support small businesses and voluntary, charity and social enterprise (VCSE) organisations to bid for public contracts

4.4 The review team will consider a range of evidence and aims to report on findings in early 2015. We will publish more information about how to contribute views to the review on later in the year.

4.5 As the development of the proposed GMCA Social Value Policy and Framework is in line with the thrust of the terms of reference of the Review, it is proposed that the work programme should continue and take on board the findings of the review as they emerge. Consideration will also be given to ensuring the work undertaken across GM, as well as the Policy and Framework is fed into the Review process.

4.6 More information on the review of the Act can be found at:

<https://www.gov.uk/government/consultations/social-value-act-review>

ANNEX 1 –

DRAFT Social Value Policy for the GMCA

1.0 Purpose

The aim of this Policy is to set out how the Combined Authority (and its members) will deliver social value through their commissioning and procurement activities and to set the Authority's priorities in relation to social value.

2.0 Background and Scope

The Public Services (Social Value) Act 2012 came into force on 31st January 2013*. It is now a legal obligation for local authorities and other public bodies to consider the social good that could come from the procurement of services before they embark upon it. The aim of the Act is not to alter the commissioning and procurement processes, but to ensure that, as part of these processes, councils give consideration to the wider impact of the services delivery. It allows authorities, for example, to choose a supplier under a tendering process who not only provides the most economically advantageous service, but one which goes beyond the basic contract terms and secures wider benefits for the community. It could be argued that this type of approach has been adopted as good practice across Greater Manchester Authorities before the Act came into force. However, together the Act and this policy provide an opportunity to deliver a cohesive yet flexible and innovative approach to generating social value through public procurement.

Statutory requirement of the Act only apply to public service contracts above EU thresholds, however in order to incorporate the good practice associated with Social Value into mainstream commissioning and procurement practice, it is the intention of the Combined Authority to embed this policy and associated Great Manchester Social Value Framework within all commissioning and procurement activity wherever proportionate and practicable. This policy statement sets out the Combined Authority's aims in this regard. In particular it seeks to:

- Set out a definition of Social Value for Greater Manchester
- Sets out the policy context for Social Value in Greater Manchester
- Set out the priority policy objectives
- Sets out a Greater Manchester Social Value Framework

3.0 Defining Social Value

The Act does not define what is meant by 'social value'. Therefore the Combined Authority will adopt the definition of social value as set out by the Sustainable Procurement Taskforce. Social Value is defined as:

A process whereby organisations meet their needs for good, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and economy, whilst minimising damage to the environment.

4.0 Policy Context

The Greater Manchester Strategy 2013-20 – 'Better Together' sets the overarching strategic framework for this policy.

The strategy recognises that despite the recession, Greater Manchester's economy has been shown to be more robust than most of the rest of the UK economy. Greater Manchester generates £48 billion GVA, a 4% share of the national economy. However, given the size of the GM economy, it is recognised that we should be achieving more. The Strategy outlines that we are currently a 'cost centre' for the UK, requiring £22 billion of public spending but only generating £17 billion in taxes. The aspiration is for Greater Manchester to close and then eliminate that £5 billion deficit to become a net contributor to the national economy.

This Public Service Reform agenda sets out a collaborative and ambitious programme with two linked aims:

- to re-design public services to build the independence and self-reliance of GM's residents; and,
- to collaboratively invest in public service interventions to help all GM partners sustainably reduce demand for their services.

These reforms are expressly designed to encourage families, individuals and communities to lead more productive and fulfilling lives. This Social Value Policy, the Greater Manchester Social Value Framework that supports it and the Social Value activities that it generates will form a key element in the delivery of Public Sector Reform.

5.0 Objectives

The objectives of this policy reflect the Combined Authority's definition of Social Value (set out in Section 3.0) and are as follows:

- promote employment and economic sustainability – tackle unemployment and facilitate the development of skills
- raise the living standards of local residents – working towards living wage, maximise employee access to entitlements such as childcare and encourage suppliers to source labour from within Greater Manchester
- promote participation and citizen engagement - encourage resident participation and promote active citizenship
- build the capacity and sustainability of the voluntary and community sector– practical support for local voluntary and community groups
- promote equity and fairness – target effort towards those in the greatest need or facing the greatest disadvantage and tackle deprivation across the borough
- promote environmental sustainability – reduce wastage, limit energy consumption and procure materials from sustainable sources

DRAFT Greater Manchester Social Value Framework – v.1.0 6/10/14

Theme	Outcomes: What are we trying to achieve?	What could this mean for suppliers? What could they deliver (Examples Only – this is NOT and exhaustive list)	Case Studies / the art of the possible – ideas to initiate discussions / innovations
a) Promote Employment & Economic Sustainability	Outcome 1: More local people in work	<ul style="list-style-type: none"> • Create x number of new jobs in the local economy • Create x number of traineeships (including apprenticeships) for local residents • Provide x number of days of meaningful work experience for local residents • Support x number of people back to work by providing career mentoring for job clubs, including mock interviews, CV advice, and careers guidance • Supporting young people into work by delivering employability support (e.g. CV advice, mock interviews, careers guidance) to x number of school and college students • Employ x number of ex-offenders (or other group of people who typically face additional challenges in competing in the labour market) 	
	Outcome 2: Thriving local businesses	<ul style="list-style-type: none"> • Support x number of new business start-ups by running practical workshops with enterprise clubs • Support the local economy by spending x% of total expenditure in the local supply chain - this could be measured with tools such as LM3 • Support the local supply chain by spending x% of total expenditure in a xx-mile radius of / within Greater Manchester 	
	Outcome 3: Responsible businesses that do their bit for the local community	<ul style="list-style-type: none"> • Attract £x worth of inward investment into the borough • Secure positive profile for the Greater Manchester through x number of positive stories in the national media • Support the Fairtrade status 	

		<p>by ensuring that x% of food products in the supply-chain is Fairtrade</p> <ul style="list-style-type: none"> Secure £x-worth of investment in, or in-kind contributions to, fuel poverty initiatives in Greater Manchester 	
b) Raise the living standard of local residents	Outcome 4: A Local workforce which is fairly paid and positively supported by employers	<ul style="list-style-type: none"> Work towards paying staff the Living Wage Increase rates of pay for lowest-paid staff by x% Improve the skills levels of existing staff by training x% of the workforce to Level 2/3/4 (for example) Reduce average sickness absence by x% through an improved health, wellbeing and support package for staff Identify all staff who are carers and ensure flexible working practices are implemented to support these responsibilities within x weeks of contract start date 	
c) Promote Participation and Citizen Engagement	Outcome 5: Individuals and communities enabled and supported to help themselves	<ul style="list-style-type: none"> x% of service users supported to self-help Coordinate and run a befriending scheme to reduce social isolation (and thus prevent the consequences of social isolation) for x number of older people 	
d) Build capacity and sustainability of the Voluntary and Community Sector	Outcome 6: An effective and resilient third sector	<ul style="list-style-type: none"> Contribute x number of hours of business planning support / financial advice / legal advice / HR advice to community and voluntary organisations through an Employer-Supported Volunteering scheme Provide facilities for use by community and voluntary organisations for x number of hours per year Work with community and voluntary organisations to create x number of new volunteering opportunities in the Greater Manchester Support local third sector organisations through the supply chain by spending x% of total expenditure with community and voluntary 	

		sector providers based in Greater Manchester	
e) Promote Equity and Fairness	Outcome 7: A reduction in poverty, health and education inequalities.	<ul style="list-style-type: none"> • Work towards paying staff the Living Wage • Increase rates of pay for lowest-paid staff by x% • Reduce average sickness absence by x% through an improved health, wellbeing and support package for staff • Identify all staff who are carers and ensure flexible working practices are implemented to support these responsibilities within x weeks of contract start date • Supporting young people into work by delivering employability support (e.g. CV advice, mock interviews, careers guidance) to x number of school and college students 	
	Outcome 8: Acute problems are avoided and costs are reduced by investing in prevention.	<ul style="list-style-type: none"> • x% overall spend disinvested from acute interventions and reinvested in prevention • Support prevention by running education and publicity campaigns with specific targets (e.g. support x number of staff / residents / service users to stop smoking / increase their physical activity / access money advice) 	
f) Promote Environmental Sustainability	Outcome 8: We are protecting our physical environment and contributing to climate change reduction.	<ul style="list-style-type: none"> • Reduce the amount of waste generated by x% compared to previous contract • Reduce the amount of waste sent to landfill by x% compared to previous contract • Reduce carbon emissions by x% per year • Reduce overall energy consumption / water consumption by x% per year • Increase the use of renewable energy / community generated renewable energy as a proportion of total energy consumption by x% over the lifetime of the contract 	

		<p>(without increasing overall energy consumption)</p> <ul style="list-style-type: none">• Support x number of households to better manage their energy demands through improvements in the fabric of their homes, bringing them out of fuel poverty and contributing to climate change goals	
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