

Appendix 3b CLES Benchmarking Analysis Summary

Table 1: Percentage of direct spend with Greater Manchester suppliers

| Authority | Total spend with top 30 suppliers (£) | Spend with suppliers based or branched in own boundary (£) | Percentage of spend with suppliers based or branched in own boundary (%) |
|------------|---------------------------------------|--|--|
| Bolton | £68,330,289.71 | £31,179,554.05 | 45.6% |
| Bury | £38,026,372.58 | £10,810,750.81 | 28.4% |
| Manchester | £235,031,744.89 | £186,687,585.67 | 79.4% |
| Oldham | £133,590,437.30 | £91,644,381.53 | 68.6% |
| Rochdale | £70,793,775.84 | £30,995,001.50 | 43.8% |
| Salford | £143,909,248.95 | £90,276,813.00 | 62.7% |
| Stockport | £126,771,768.29 | £82,563,092.39 | 65.1% |
| Tameside | £45,117,493.41 | £22,863,548.01 | 50.7% |
| Trafford | £41,171,484.94 | £15,062,797.86 | 36.6% |
| Wigan | £101,115,819.30 | £57,568,701.76 | 56.9% |
| Total | £1,003,858,435.21 | £619,652,226.58 | Average 53.8% |
| Blackpool | £38,298,252.35 | £14,912,671.29 | 38.9% |

| | | | |
|---------------|-----------------|----------------|-------|
| Cheshire East | £142,693,938.72 | £56,321,917.66 | 39.5% |
|---------------|-----------------|----------------|-------|

Conclusion and Recommendations

This final section of the report presents some concluding commentary on the analysis detailed in previous sections before proffering recommendations for the Association of Greater Manchester Authorities.

Concluding commentary

This research and report has sought to do two things in relation to a baseline position for the Greater Manchester Social Value Procurement Framework. First, it has sought to understand the extent to which the ten Greater Manchester authorities spend with suppliers based or with a branch in the Greater Manchester boundary (together with an understanding of Blackpool and Cheshire East Councils in their own respective boundaries). Second, it has sought to understand the social value of suppliers to the ten Greater Manchester authorities and those of Blackpool Council and Cheshire East Council across a range of indicators. The work has enabled us to understand that:

- ❑ The ten Greater Manchester authorities spend 84.8% of their procurement spend (the top 300 suppliers by value) with suppliers based or with a branch in Greater Manchester. Blackpool Council spend 38.9% of their procurement spend (the top 30 suppliers by value) with suppliers based or with a branch in Blackpool, Fylde & Wyre;
- ❑ The ten Greater Manchester authorities spend 48.5% of their procurement spend (the top 300 suppliers by value) with SMEs. Blackpool Council spend 57.7% of their procurement spend (the top 30 suppliers by value) with SMEs;
- ❑ 57% of the employees of suppliers to the ten Greater Manchester suppliers are resident in Greater Manchester. 66% of the employees of suppliers to Blackpool Council are resident in Blackpool, Fylde & Wyre;
- ❑ 93% of the suppliers to the ten Greater Manchester authorities created new jobs in the last year, with an estimated 6,756 created. 71% of the suppliers to Blackpool Council created new jobs in the last year, with an estimated 95 jobs created;

- ❑ 69% of the suppliers to the ten Greater Manchester authorities created new apprenticeship jobs in the last year, with an estimated 1,413 created. 57% of suppliers to Blackpool Council actively supported the need to create new apprenticeship jobs in the last year, although there was insufficient data in the study to estimate the actual number of apprenticeships created;
- ❑ 50% of the suppliers to the ten Greater Manchester authorities paid all their staff a Living Wage, with the lowest paid employee on average earning £7.66 per hour. 83% of suppliers to Blackpool Council paid their staff a Living Wage of £7.85 per hour. On average across responding suppliers, the lowest paid employee was on £8.38 per hour.
- ❑ 93% of the employees of suppliers to the ten Greater Manchester authorities were employed on a permanent basis. 95% of the employees of suppliers to Blackpool Council were employed on a permanent basis;
- ❑ 64% of the suppliers to the ten Greater Manchester authorities actively encouraged volunteering and community activities, with an estimated 150,443 hours offered in Greater Manchester. 60% of suppliers to Blackpool Council actively encouraged volunteering and community activities, with an estimated 1,735 hours offered in Blackpool;
- ❑ 64% of the suppliers to the ten Greater Manchester authorities actively provided support to the voluntary and community sector, with an estimated 378,944 hours offered in Greater Manchester. 60% of suppliers to Blackpool Council actively provided support to the voluntary and community sector, with an estimated 3,236 hours offered in Blackpool;
- ❑ 71% of the suppliers to the ten Greater Manchester authorities create employment opportunities for those described as 'hard to reach', with an estimated 1,640 created in Greater Manchester. 80% of suppliers to Blackpool Council create employment opportunities for those described as 'hard to reach', with an estimated 82 created in Blackpool;
- ❑ 32% of the suppliers to the ten Greater Manchester authorities measure carbon emissions, with an average emission of 1.21 of CO2 per employee. 33% of suppliers to Blackpool Council measure carbon emissions, there was insufficient data in the study to calculate an average emission of CO2 per employee;
- ❑ 82% of the suppliers to the ten Greater Manchester authorities have an environmental management strategy. 67% of suppliers to Blackpool Council have an environmental management strategy.

Recommendations

Recommendation 1 - ensure social value is considered as a matter of course

Greater Manchester now has in position a Social Value Procurement Framework and a baseline position for social value for its top 300 suppliers (by value). There remains a challenge in operationalising the Framework at the various stages of commissioning of services, pre-procurement and market engagement, procurement, and during delivery of services. CLES recommends the following to address these challenges. In the commissioning of services, the Association of Greater Manchester Authorities and the individual authorities need to develop a matrix of social value activities which they would encourage suppliers to deliver upon. These would be both generic activities across all opportunities and specific activities relating to specific service areas. In pre-procurement and market engagement they should be raising awareness of the Social Value Procurement Framework with interested organisations and making them aware of the types of social value expected in bids. In procurement they should be thinking about the the proportion of tender criteria which is applied to social value. In delivery, they need to be monitoring the achievement of social value as part of contract management.

Recommendation 2 – Develop process for continuous monitoring of social value

This research has supplemented the development of the Greater Manchester Social Value Framework by developing an associated set of indicators and questions to accompany the framework of outcomes. These indicators and questions have been used to derive a baseline position for social value for a sample of 300 suppliers to the ten Greater Manchester authorities and 30 for each of Blackpool Council and Cheshire East Council. This does however not cover the entirety of the supply chain and the work has used proxies from responding suppliers to estimate for those not responding.

CLES recommends two things going forward in relation to the Greater Manchester Social Value Procurement Framework. First, the baseline position for the suppliers is updated in 2016 in order to assess any change in behaviour from the baseline position. Second, and in the longer term, the indicators and questions utilised in this report are embedded into contract management arrangements for suppliers to the ten Greater Manchester authorities and Blackpool and Cheshire East. This way, it becomes a requirement of the supply chain to provide responses to the questions rather than responding to a survey. This would enable a mature understanding of the social value of the supply chain.

Recommendation 3 – Explore leakage out of the Greater Manchester economy

This research has identified that 84.8% of the spend of the ten Greater Manchester authorities is with suppliers based in or with a branch in the Greater Manchester boundary, with the respective figures for Blackpool and Cheshire East being 38.9% and 39.5% in their own boundary. This means that there is leakage of direct spend out of local economies. CLES recommends that the Association of Greater Manchester Authorities encourages each individual authority to explore the leakage from the local economy. This should be done by sector and using SpendPro and identify spend which is leaking which is potentially 'influenceable'. By this we mean spend which

is not tied up in national frameworks or products and services which are unlikely to be sourced locally (such as energy); but products and services which can be sourced in the local economy.

Once this identification of 'influenceable' spend has been undertaken, CLES recommends that commissioners and procurement officers work with economic development officers to identify Greater Manchester or Blackpool and Cheshire East organisations which can potentially provide those activities in the future. CLES then recommends as those contracts come up to renewal that early pre-market engagement is undertaken to develop the capacity of these organisations to potentially bid for and deliver the service.

Recommendation 4 – Influence the behaviour of the supply chain

This research has identified the baseline position of suppliers to the ten Greater Manchester authorities and Blackpool and Cheshire East Council across a range of indicators associated with social value. There are a number of indicators where suppliers are clearly bringing benefits in economic, social and environmental terms notably around job and apprenticeship creation. However, there are some indicators where benefit is not as prevalent. This is particularly relevant to indicators relating to the Living Wage and the measurement of carbon emissions and other environmental factors. CLES therefore recommends that the Association of Greater Manchester authorities and the individual authorities look to influence the behaviour of the supply chain. This can be done both voluntarily through an ongoing dialogue with suppliers about their behaviour around economic, social and environmental benefit, or formally through the tender process in the form of requirements and clauses.

Recommendation 5 - provide signposting for suppliers

This research has identified that some suppliers are providing economic, social and environmental benefit alongside the delivery of goods and services and often as a result of their ethos. However, there are a number of suppliers which are not providing social value. Alongside the influencing activity detailed in recommendation 2, the Association of Greater Manchester Authorities and the individual local authorities should provide signposting to suppliers as to how they can be assisted to achieve social value. This could include: advice and support as to how they create apprenticeship opportunities (through the National Apprenticeship Service, for example); advice around how they link job opportunities to the unemployed (through JobCentre Plus and the Work Programme providers), for example; advice around how they become accredited Living Wage employers, through engaging with the Living Wage Foundation; advice upon how to measure carbon emissions (through the Carbon Footprint website (<http://www.carbonfootprint.com/calculator1.html>) for example); and advice upon how their employees can become trustees of voluntary and community sector organisations (through working with infrastructure organisations, for example)