

MANCHESTER CITY COUNCIL SPEND ANALYSIS

2016/17

This analysis demonstrates the wider contribution that procurement can make to a local economy and how it can support the achievement of wider outcomes. The analysis was conducted by the Centre for Local Economic Strategies for Manchester City Council as part of a 10 year partnership.



£445.6 million

Amount spent by Manchester City Council with its top 300 suppliers in financial year 2016/17.



£319.5 million

Procurement spend with Manchester based organisations in 2016/17 was £319.5 million, 71.7% of the total spend with the top 300 suppliers. It was 51.5% in 2008/09.



59.4%

Proportion of procurement spend with SMEs has increased from 46.6% in 2014/15 to 59.4%.



£133.7 million

Estimated that suppliers re-spent nearly £134 million back in the Manchester economy on local employees and suppliers of their own.



1,160 jobs

Suppliers to Manchester City Council created an estimated 1,160 jobs in Manchester in 2016/17.



705 apprenticeships

Suppliers to Manchester City Council created an estimated 705 apprenticeships in Manchester in 2016/17.



423 opportunities

Suppliers to Manchester City Council created an estimated 423 employment opportunities for 'hard to reach' individuals in 2016/17.



68,862 hours support

Suppliers to Manchester City Council provided an estimated 68,862 hours of support to the voluntary and community sector in 2016/17.

Background

Over the past ten years, the Centre for Local Economic Strategies (CLES) has worked closely with Manchester City Council to transform the way it undertakes procurement for the benefit of local people and places.

Dull, technical and bureaucratic are words often associated with the process of procurement. However, when you consider the hundreds of millions of pounds involved for councils, and in the context of dwindling funds and resources, its role has become central.

CLES' work with MCC commenced during a meeting between Matthew Jackson from CLES and Ian Brown, the Head of Corporate Procurement at Manchester City Council. The meeting was designed to explore how the process of procurement could move away from its negative associations to one which was at the heart of the City Council's approach to local economic development. During the meeting, Ian asked Matthew three key questions:

- Q1** We have an annual procurement spend of £900million (2008 figures). Where does that money go in terms of geography, sector, and business and what wider impact does it have on the Manchester economy and its residents?
- Q2** Procurement officers are trained to think about the importance of cost and quality in decision-making. How can we also get them to think about wider issues and the contribution potential suppliers can make to delivering wider social value outcomes?
- Q3** We spend a lot of money on suppliers delivering goods and services contracts. How can we get them to deliver more for the Manchester economy and residents both directly and indirectly?

Our collaborative work over the last ten years has always had these three questions in mind. This document reflects upon our progress in respect to them.

1. Understanding the impact of procurement spend

Since financial year 2008/09, CLES has undertaken annual work to understand the impact of Manchester City Council's procurement spend, comprising of two activities each year. The 2016/17 findings are highlighted overleaf.

First, we have taken figures for the City Council's spend with its top 300 suppliers and explored the geography of that spend, the business sectors which that spend is with, and the extent to which spend is with Small to Medium Sized Enterprises (SMEs).

Second, we have explored what happens to that procurement spend once it reaches organisations which have been procured to deliver goods and service contracts. We have explored the extent to which they re-spend back in the Manchester economy and also how they contribute to wider social value outcomes such as creating jobs and apprenticeships and supporting the voluntary and community sector through a supplier survey.

2. Changing the procurement process

The evidence base outlined above has also supported much wider shifts in the way in which Manchester City Council undertakes procurement. Again, over the course of the last ten years we have worked collaboratively to embed social value in particular into the procurement process. A number of cultural and practical changes have been embedded at Manchester City Council including:

- The procurement team now works far more closely with the commissioners of goods and services and the Work and Skills team to embed social value into tenders;
- The City Council makes potential suppliers aware of their corporate priorities in tender documents and thus expects suppliers to contribute towards delivering them;
- A minimum of 20% of the weighting for all procurements is assigned to social value;
- Commissioners and procurers now consider the balance of cost, quality and social value in procurement activities;
- Addressing the challenges facing the Manchester economy in social and environmental terms is now a core component of procurement policy.

3. Influencing the behaviour of suppliers

Suppliers have been a key part of the collaborative approach to progress the process and impact of procurement in Manchester. They have been influenced to deliver wider social value outcomes both directly through the 20% social value weighting; and indirectly through working with MCC and CLES to explore how they can bring greater benefit for the Manchester economy and its residents. Below, are two key examples.

1

Redgate Holdings

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Sector

Waste & Recycling

Location

Gorton, East Manchester

Behaviour change

- Local job creation
- Local spend
- Recycling
- Community engagement

Redgate Holdings specialise in recycling and waste disposal. Based in Gorton in East Manchester, they have a longstanding contract with Manchester City Council to collect, recycle, and dispose of waste. When CLES first engaged with Redgate nearly ten years ago their core focus was upon delivering a cost-efficient service for Manchester City Council. Since meeting with CLES and realising that Manchester City Council were interested in more than just efficiency in procurement and service delivery, Redgate have changed their practices significantly, leading to enhanced social value through their activities.

Redgate's core impact has been through job creation. The focus of Redgate in recruitment has been upon the Gorton locality and the directly neighbouring wards. Through working with neighbourhood level employment brokers and local community groups, Redgate have been able to support many Manchester residents into work (around 10 in the last 4 years). They realised that such an approach improved retention of the workforce as people travelled less distance to work and that Redgate were more embedded in the local community as a business based there, but also as a contributor to addressing local economic and social challenges. They also realised their importance as a contributor to local shops through the spending power of their employees.

Redgate have also undertaken other activities around social value. Where applicable, they have started to think about the other goods and services they purchase and develop the local market. In addition, as a waste focused organisation they have a focus on reducing the amount of waste that goes to Landfill. They are also involved in further engagement with local community groups and particularly junior sports teams, all with the aim of becoming embedded in the Gorton community.

2

Softcat

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Sector

Commercial IT

Location

Manchester

Behaviour change

- Staff progression
- Apprenticeships
- VCS engagement
- Local spend

Softcat is a commercial IT organisation based in Manchester. They provide a number of back office and IT support activities for local authorities and other public sector agencies across Greater Manchester. Softcat prides itself in the way in which it supports and looks after its workforce by promoting and enabling progression, ensuring staff are paid fairly and that there is certainty to employment in the organisation, and through offering graduate and apprenticeship opportunities. This component of social value flows through everything which the organisation does and how it operates, which is reflected in being awarded one of the Best Large Workplaces in the UK in 2016.

Softcat has contracts with a range of public sector organisations in Greater Manchester. This includes work with Manchester City Council around licensing agreements and a Cloud Strategy with NHS Trusts which is seeking to drive better patient care and safety through investment in IT. As well as seeking to enable social value through employment and terms and conditions, Softcat also undertake a range of other activities. These include:

- Seeking to develop the Greater Manchester market through sub-contracting;
- Involvement in tackling homelessness initiatives including the End Homeless Initiative and Clothes for the Homeless;
- Supporting staff to volunteer at charities across Greater Manchester;
- Running the Comic Relief Call Centre.

Summary

CLES' work with Manchester City Council over the last ten years has been trailblazing in shifting the way in which a local authority undertakes procurement. It has inspired changes in the behaviour of procurers and suppliers to generate real impacts for the Manchester economy and its residents. It has also inspired other authorities, institutions and places to think differently about the role of procurement in local economic development. This will continue in both Manchester and elsewhere through our Local Wealth Building work.

Manchester City Council wants to continue to be at the forefront of progressive procurement policy and process in a UK context and recognises that the work described above is not complete. The next step is therefore to move towards a more embedded way of demonstrating the social value impact of suppliers as part of contract management. Here, suppliers will be asked to report not just on the number of jobs they are creating as part of social value commitments (for example), but also the quality of those jobs and the impact they are having on individual and community lives.

Find out more: www.cles.org.uk | [@clesthinkdo](https://twitter.com/clesthinkdo)



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