

EXPLORING THE WIDER IMPACT OF THE PROCUREMENT SPEND OF THE GREATER MANCHESTER HOUSING PROVIDERS – SUMMARY REPORT

Context

The role of housing providers is continuing to grow in importance; they now have a much wider role to play in the functioning of the economies in which they are based and in addressing social issues. In recent years the remit of housing organisations has continued to be enhanced to include the delivery of activities which complement and supplement public services and contribute to a variety of outcomes including around employment and health and well-being.

Like other place based or anchor institutions, housing organisations also have a key lever for economic, social and environmental change at their disposal in the form of procurement. All housing organisations will purchase goods, services and works and will have a process in place to design, procure and deliver these. However, the challenge with procurement historically is that it has often been overly bureaucratic, with price the primary decision-making criteria; and little opportunity to utilise procurement to address wider issues. The value of procurement as a lever to create and support jobs, enhance skills, develop and sustain business and social economy organisations, and reduce carbon emissions, for example, is on the rise.

Greater Manchester has been at the forefront of work around social value and procurement, both before and after the legislation of the Public Services (Social Value) Act 2012. To supplement this, in 2014, the Greater Manchester Combined Authority (GMCA) developed the Greater Manchester Social Value Procurement Framework. The Framework was designed to serve the dual purpose of providing a common means through which the ten Greater Manchester authorities could consider social value when commissioning and procuring public services; and also as a way of demonstrating the impact of spending choices on an ongoing basis. The framework is based around six key outcomes:

- ❑ Promote employment and economic sustainability;
- ❑ Raising the living standards of local residents;
- ❑ Promote participation and citizen engagement;
- ❑ Build capacity and sustainability of the voluntary and community sector;
- ❑ Promote equity and fairness;
- ❑ Promote environmental sustainability.

CLES has recently undertaken work to develop a baseline position for the social value created by the procurement of the Greater Manchester Housing Providers, with this paper providing a summary. The participating providers were: Stockport Homes, Trafford Housing Trust, Bolton at Home, Wythenshawe Community Housing Group, Northwards Housing, Rochdale Boroughwide Housing, Irwell Valley Housing Association, Wigan and Leigh Homes, Salix Homes, First Choice Homes Oldham, Regenda Homes, Southway, Symphony Housing, One Manchester, and ForViva.

Method

To enable this baseline to be developed, CLES has undertaken the following methodological activities:

- 1) Undertaken supply chain analysis for the top 450 suppliers by value the providers (30 suppliers per provider were included in the analysis). Spend was broken down by the geography of suppliers and whether they were based or had a branch in the local authority in which the provider is based and Greater Manchester boundaries and whether they were a Small to Medium Sized Enterprise (SME).
- 2) Surveyed the top 450 suppliers by value. This was sent electronically and focused predominantly on the behaviour of suppliers across a range of indicators which relate to themes of the GM Social Value Procurement Framework.

Headline findings

The following outlines the collective key findings of the supply chain analysis and survey analysis for the participating Greater Manchester Housing Providers. 189 of the top 450 suppliers responded to the survey. Where appropriate, proxies have used the actual results of the survey to make estimates for the top 450 suppliers. Findings are broken down by the six outcomes of the Greater Manchester Social Value Procurement Framework.

Outcome 1 – Promote employment and economic sustainability

- ❑ 79.7% of spend by Greater Manchester Housing Providers with their top 450 suppliers (by value) is with organisations based in, or with a branch in Greater Manchester; this equates to £261.1 million;
- ❑ 39.0% of spend by Greater Manchester Housing Providers with their top 450 suppliers is with organisations based in, or with a branch in the local authority boundary in which the provider is based; this equates to £99.7 million;
- ❑ Greater Manchester Housing Providers spent £175.6 million, or 53.6% of total spend with the top 450 suppliers with SMEs;
- ❑ In relation to the supply chain, the supplier survey identified that on average 58% of the employees of suppliers are resident in Greater Manchester, and 28% in the local authority boundary in which the providers are based;
- ❑ 91% of responding suppliers stated that they created jobs in the last year, with 1,360 jobs created in Greater Manchester and 425 in the local authority boundaries in which providers are based. We **estimate** that 4,017 jobs were created in Greater Manchester by the top 450 suppliers and 1,884 jobs were created in the local authorities in which the providers are based;
- ❑ 78% of suppliers stated in the survey that they created apprenticeships in the last year, with 536 apprenticeships created in Greater Manchester and 187 in the local authority boundaries in which providers are based. We **estimate** that 1,493 were created in Greater Manchester by the top 450 suppliers and 729 apprenticeships were created in local authority boundaries in which the providers are based.

Outcome 2 – Raise the living standards of all residents

- ❑ 63% of suppliers stated in the survey that they paid all staff the Living Wage Foundation wage of £8.45 per hour (correct rate at the time of the survey);
- ❑ 18% of suppliers responding to the survey were Living Wage Foundation accredited employers;
- ❑ Suppliers stated in the survey that the rate of pay for the lowest paid member of staff in their organisations was an average £9.07 per hour;
- ❑ Suppliers stated in the survey that on average 93% of their employees were employed on a permanent basis, 7% are employed on a temporary basis and 2% are on zero hours contracts;
- ❑ 73% of responding suppliers have a workplace health and wellbeing policy;
- ❑ 67% of responding suppliers support employees with childcare challenges and costs;
- ❑ 67% of responding suppliers are looking to address the gender pay gap within their organisation;
- ❑ 48% of responding suppliers have a workplace progression policy.

Outcome 3 – Promote participation and citizen engagement

- ❑ 73% of suppliers stated in the survey that they actively encouraged their staff to participate in volunteering and community activities, with these suppliers stating that 12,302 hours were offered in Greater Manchester in the last year and 1,972 hours were offered in the local authority boundaries in which the providers are based.

Outcome 4 – Build capacity and sustainability of the voluntary and community sector

- ❑ 48% of responding suppliers actively provided support to the voluntary and community sector in the last year, with these stating that 6,483 hours were offered in Greater Manchester in the last year and 1,338 hours were offered in the local authority boundaries in which the providers are based;
- ❑ Responding suppliers have invested £1.4 million in the last year in materials and resources to support the voluntary and community sector in Greater Manchester.

Outcome 5 – Promote equality and fairness

- ❑ 73% of suppliers stated in the survey that they created employment opportunities for individuals with barriers to employment in Greater Manchester, with these suppliers creating 621 employment opportunities.

Outcome 6 – Promote environmental sustainability

- ❑ 21% of suppliers stated in the survey that they actively measured carbon emissions;
- ❑ 90% of suppliers stated in the survey that they had an environmental management strategy in place (82% in 2014/15). Of these: 86% have recycling increases included, 74% have energy use included, 72% have carbon emission reduction included, 59% have transport type included, 85% have waste minimisation included, and 37% have a cycle or walk to work scheme included.

Recommendations

CLES made five key overarching recommendations for the Greater Manchester Housing Providers:

First, we suggest that **social value is considered as a matter of course**. In the commissioning of services, the Greater Manchester Housing Providers and the individual providers 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, providers 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 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.

Second, we recommend that **a process is developed for the continuous monitoring of social value**. The baseline position for the suppliers should be updated in order to assess any change in behaviour from the baseline position. In the longer term, the indicators and questions utilised in this report should be embedded into contract management arrangements for suppliers to the Greater Manchester housing providers. This way, it becomes a requirement of the supply chain to provide responses.

Third, there is work to be done to **explore leakage out of the Greater Manchester economy**. This research has identified that collectively, 79.7% of the spend of the Greater Manchester housing providers with their top 450 suppliers (by value) is with suppliers based in or with a branch in the Greater Manchester boundary. CLES recommends that each individual provider explore the leakage from the local economy. This should 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). Once this identification of 'influenceable' spend has been undertaken, CLES recommends that housing providers work collaboratively to identify Greater Manchester based 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.

Fourth, there is scope 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.

Fifth, Housing Providers should **provide signposting for suppliers to assist them to achieve social value**. This could include:

- ❑ Highlighting examples where suppliers are doing well to the wider supply chain. This would not only provide practical examples of social value in action, but would illustrate the breadth of activities that constitute social value, and that organisations small or large can contribute;

- ❑ 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 Job Centre 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);
- ❑ Advice upon how their employees can become trustees of voluntary and community sector organisations (through working with infrastructure organisations, for example).

Finally, there is an opportunity here to **collaborate with fellow housing providers and local authorities**, whether this be in terms of developing joint guidelines for suppliers on how to generate social value; sharing examples of where suppliers are performing well, looking to encourage other local institutions to adopt this type of approach to community wealth building; learning about what works and what does not with regards to monitoring and evaluation; or seeking to understand the methods of extracting maximum social value from the supply chain.

Concluding thoughts

This work undertaken in Greater Manchester is unique in that it not only explores the direct impact of procurement spend, but also presents findings of the wider social value derived by suppliers. This work is a snapshot, looking at the spend of the Housing Providers with their top 450 suppliers. However, there is much more wealth in Greater Manchester which needs to be understood and harnessed for the benefit of the Greater Manchester economy and its people. This includes the spend of other anchor institutions including those in health and higher education sectors, large businesses, the Local Enterprise Partnership, and those funds being devolved through the Greater Manchester Devolution Deal.

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