

Procurement and Social Value



Where did it start?

Where does money go?

How can procurement officers act differently?

How can the behaviour of the supply chain be influenced?



Manchester: 2009

MCC needed to respond to shrinking budgets and funding following the recession in 2008.

The new Corporate Procurement Department was tasked with stimulating local businesses and creating local jobs through progressively procuring for the councils current £900m annual procurement bill.

To ensure they could measure success, we first needed to understand the current impact of procurement spend in Manchester and Greater Manchester. and the impact of supplier re-spend in Manchester.

Manchester



% spend on top 300 suppliers
(spend on top 300 = £357m)



Amount re-spent in Manchester

Manchester's achievements

Procurement process

Streamlined the tender process

Linked procurement to priorities

Developed cross-departmental working

Embedded social value into the tender decision

Encouraged voluntary consideration of the Living Wage

Implemented an Ethical Procurement Policy

Engaging with suppliers

Developed relationships with the Economic Development Unit

Undertaken pre-market engagement

Developed existing supplier relationships

Engaging with suppliers in areas of deprivation

Enhancing impact

Continued to measure direct spend

Understand the impact of the supply chain in more depth

Spend in Manchester



£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.

SMES, Supplier re-spend, Jobs



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-spend 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.

Apprenticeships and VCS



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.

Preston: 2013

Following the campaign to encourage other organisations to become Living Wage employers Preston narrowed their focus to Anchor Institutions.



Anchor Institutions: Spend a lot of money
Employ a lot of people
Rooted in the local area



Education providers



Hospitals



Local government



Private
Businesses



Housing providers



Voluntary and
community sector



Police

Preston: Analyse

Total spend of all 6 anchors 12/13

£750m

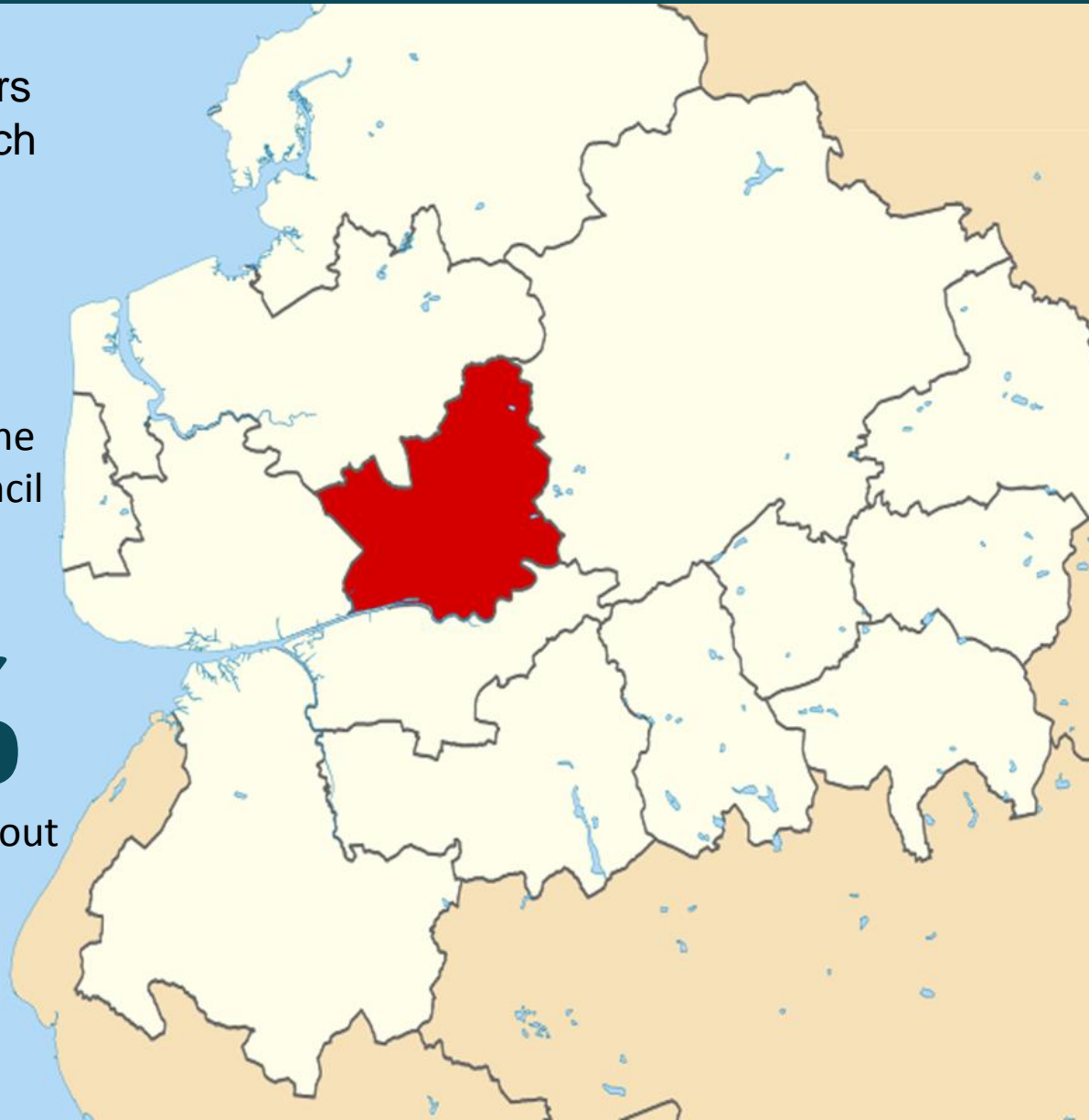
Top 300 suppliers
(by value) of each
Anchor

5%

of spend within the
Preston City Council
boundary

61%

of spend leaking out
of the Lancashire
economy



What we have been doing since

- **Influencing**
 - senior anchor institution leaders and officers
 - Changing the culture of procurement officers
 - Developing cooperation across institutions and with commercial sector
- **Developing**
 - a statement of intent
 - a better understanding of 'influenceable' spend
 - a better understanding of the market
 - Identifying scope for new delivery models
- **Showcasing**
 - Showcasing practice and shifting behaviour across Europe
 - Looking at wider impact of spend
 - Evaluating success of other wealth building initiatives

The change

Total spend of all 6 anchors 16/17

£616m

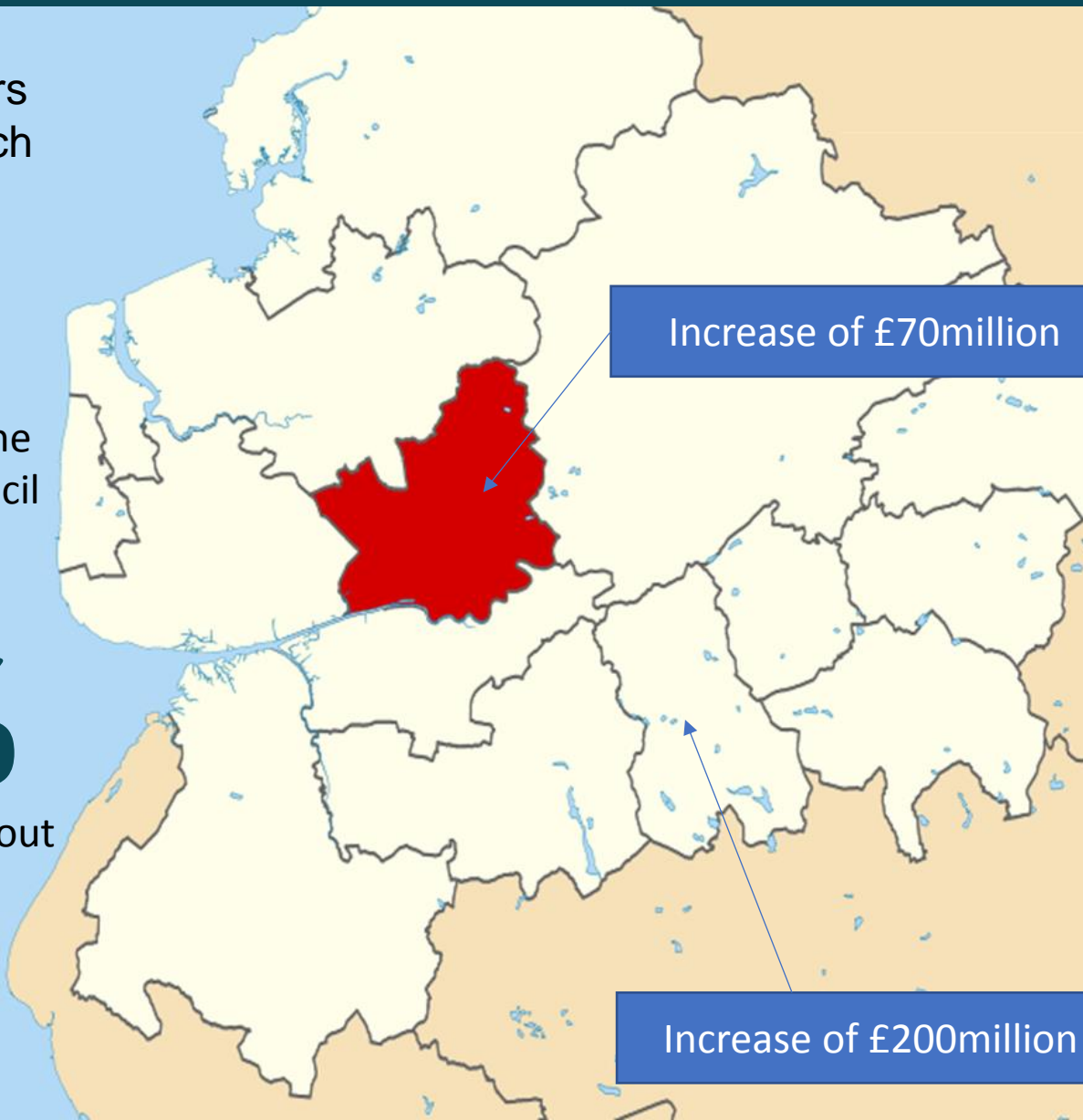
Top 300 suppliers
(by value) of each
Anchor

18%

of spend within the
Preston City Council
boundary

20%

of spend leaking out
of the Lancashire
economy



Increase of £70million

Increase of £200million

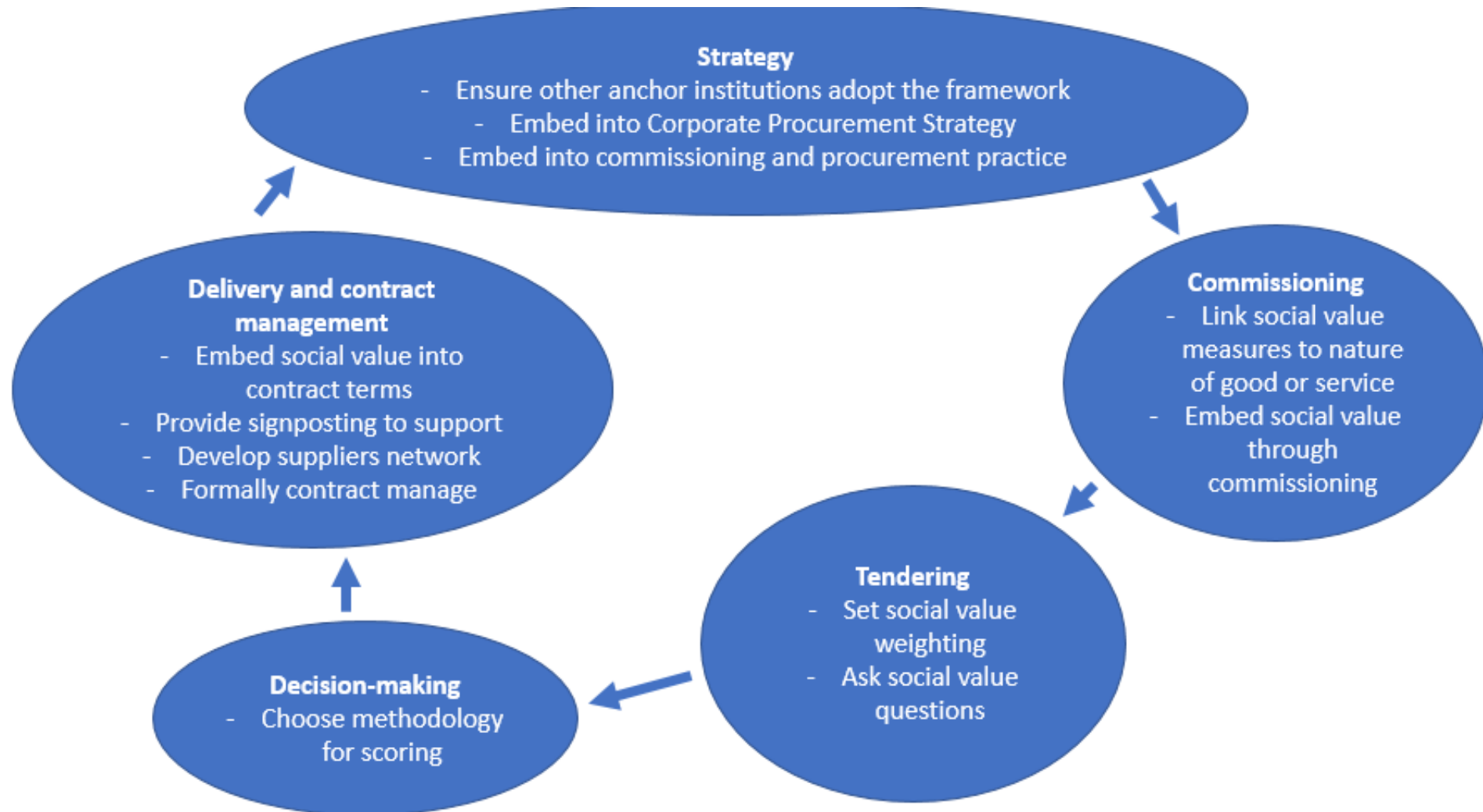
Why the change?

- **Organisational policy drivers**
- **Procurement cultural shift**
- **Individual values and ethos**
- **Better understanding of market**
- **Shift in processes**
- **Evidence of positive outcomes**

Where next?

- **Service user involvement – co-design**
- **Commissioner to procurer relationships**
- **Public Procurement of Innovation**
- **Effective contract monitoring**
- **Harnessing other anchor institutions**
- **Realising influenceable spend**
- **Capacity**
- **Understanding the savings generated through social value**

Thoughts



Get in touch



0161 236 7036



matthewjackson@cles.org.uk



@CLEStinkdo
@MattJackson170



www.cles.org.uk

