



# The Power of Procurement II

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The policy & practice of  
Manchester City Council - 10 years on



**progressive economics  
for people and place**

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Established in 1986, CLEES is the UK's leading, independent think and do tank realising progressive economics for people and place. Our aim is to achieve social justice, good local economies and effective public services for everyone, everywhere.

# The Power of Procurement II

The policy & practice of  
Manchester City Council: 10 years on



**Published by**  
Centre for Local Economic Strategies (CLES)

**Date**  
February, 2017



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# Summary

Places across the UK are striving to find new ways of attracting wealth, enhancing economic growth and addressing poverty. For the Centre for Local Economic Strategies (CLES), the attraction of wealth is important; but of more importance is understanding and harnessing existing wealth for the benefit of local economies and communities.

The process of procurement is crucial to the concept of community wealth building as it is a means through which greater local economic, social and environmental benefits can be achieved for local places and people. CLES are the pioneers of, and have been at the forefront of work around progressive procurement in the UK.

This publication reflects on work undertaken collaboratively in Manchester over the last ten years and particularly details: what we have done; what we have achieved; what still needs to be done; and key success factors.

## The publication consists of four key sections:

**1** Section 1 reflects upon the policies and activities that Manchester City Council has implemented, over the past ten years, to make their procurement processes and practices more progressive.

**2** Section 2 identifies the change that has been realised as a result of these policies and activities for the local authority, for the supply chain, and for the economy and residents of Manchester.

**3** Section 3 details next steps for Manchester City Council in ensuring that progressive procurement policy and practice remains part of the mainstream.

**4** Section 4 explores the key success factors identified from the approach of Manchester City Council and the lessons learnt for others wishing to pursue a progressive approach to procurement processes and practice.



# Introduction

Over the last ten years, Manchester City Council has been at the forefront of progressive procurement policy and practice. By progressive we mean they have challenged the largely orthodox approach to the process of procurement, whereby: the cost of buying the good or service is the key factor; the process is overly bureaucratic and complex; and risk adversity is a key barrier to change.

Whilst Manchester City Council have, of course, considered cost, compliance and risk in their policies, processes and practices; they have also been more proactive around the wider linkages between procurement and the challenges facing the City in economic, social and environmental terms, and in their relationships with the potential and existing supply chain. They have also sought to ensure that wider commissioning processes are framed by these considerations.

The progressive approach has reaped benefits for the local authority, the supply chain and importantly the residents and economy of Manchester. It has also showcased Manchester City Council as being at the forefront of exciting policy and behaviour change around procurement, much before national level legislative requirements in the form of the Public Services (Social Value) Act 2012<sup>1</sup> and the new European Procurement Directives of 2014<sup>2</sup>; both of which have a renewed

emphasis upon utilising procurement as a lever to address wider societal and economic challenges. The prevailing policy context in Greater Manchester around devolution, and more broadly around Brexit present both challenges and opportunities for a continuation of a progressive approach to procurement.

The Centre for Local Economic Strategies (CLES)<sup>3</sup> has played a key role in the progression and change made in Manchester over the last ten years around procurement. We have worked with Manchester City Council to measure the impact of their procurement spend, to join up procurers with other departments and the supply chain, and have provided an array of advice around how social and economic considerations can be more effectively embedded into procurement. That role makes us well placed to write this publication reflecting on the power of the procurement policies and practices of Manchester City

Council over the last ten years. The work is a key component of our wider activities around community wealth building.

It is important to note that progressive procurement policy and practice is not just restricted to Manchester City Council. The Association of Greater Manchester Authorities (AGMA)<sup>4</sup> and the Greater Manchester Combined Authority (GMCA) have also sought to instigate change respectively through a dedicated procurement hub and specific Greater Manchester Social Value Procurement Framework<sup>5</sup>. Where appropriate, this publication also reflects upon the role of these in progressing procurement policy and practice in Manchester.





# 1. What has Manchester City Council done?

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This section provides a chronological account of what Manchester City Council has done to progress their procurement policies and practices. Much of the activity has been driven directly by the senior team of the Corporate Procurement Department of the Council, supported by the political ethos of relevant Elected Members, the skills and knowledge of the Economic Development Unit (now Work and Skills), and the advice of CLES.

## 2007

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### 1.1 Formulated a Corporate Procurement Department

The Corporate Procurement Department was formed in 2007. Prior to this, most procurements were undertaken by individual departments. This meant that different departments had different processes and protocols for purchasing goods and services, different documentation for gathering tenders and quotes from interested suppliers, different ways of awarding contracts, and in some cases different suppliers for the same products. For example, different departments had different suppliers of printing paper.

This was hugely inefficient and the primary drive behind creating a new department to bring together the process of procurement into a single cross-departmental entity and to make savings and efficiencies. The Corporate Procurement Department was therefore set up and consisted of procurement specialists with a remit to design tenders with and across departments, to run procurement exercises, and to make awards on the basis of value for money. It was also driven by the purchase of a SAP system in 2006, which made visible some of the challenges around duplication.

# 2008



## 1.2 Developed a Sustainable Procurement Policy and Statement of Intent

Whilst the remit of the Corporate Procurement Department was to draw together procurements across the Council with the objective of efficiencies; the Department also wanted to start to use procurement as a means of achieving wider outcomes. Traditionally, the procurement process has predominantly been about factors relating to cost (price), compliance (with European Procurement Law and UK level legislation), risk, and to a degree, the quality of product or service being purchased; which restricts the consideration of other factors.

In 2008, and as a result of the foresight of the Head of Procurement and colleagues (both officers and members), Manchester City Council developed a Sustainable Procurement Policy and associated Statement of Intent. This recognised the importance of traditional factors in procurement but also started to reflect that procurement could be utilised as a means of addressing a range of other issues facing the City. The Sustainable Procurement Policy and Statement of Intent therefore started to detail the importance

of factors such as environmental sustainability, ethics and values, engagement with the voluntary and community sector, and job creation and skills development in the procurement process and decision. Manchester City Council particularly wanted to understand existing behaviour around these issues, and encourage more progressive practices.

# 2009



## 1.3 Responded to the changing regeneration funding environment

2009 was a difficult time for the UK economy – recession had hit and there were consequences in terms of the sustainability of businesses and increased unemployment. In addition, places like Manchester which had been significant recipients of regeneration funding over the last 20 years were suddenly hit with the stark reality that a lot of those initiatives were being wound down and funding removed. Additionally, the emerging challenge of austerity was on the horizon.

Manchester City Council and CLES started to think about how they could address some of the challenges posed by recession and longer term issues around deprivation in a less funding rich environment. One of the key levers identified was procurement. The Council reflected that if procurement was undertaken more progressively, utilising the Corporate Procurement Department and the Sustainable Procurement Policy and Statement of Intent, then there could be benefits for the local economy which offset the losses associated with funding through regeneration

initiatives. Procurement could be used as a means, for example, of stimulating local businesses and Small to Medium Sized Enterprises (SMEs), creating jobs and apprenticeships, changing the behaviour of suppliers, and reducing the distance travelled by goods and services.

## 1.4 Understood the existing contribution of procurement spend to the Manchester economy

With a Corporate Procurement Department and Sustainable Procurement Policy and Statement of Intent in place, Manchester City Council started the process of maximising the benefit procurement brings for the Manchester economy and its residents. Prior to doing this, they however needed to understand the existing impact that procurement spend brought for the Manchester economy. With an annual spend of some £900million at that time, Manchester City Council needed to independently verify where that money went, what happened to it once it reached the supply chain, and also what the ethos of the supply chain was when it came to local economic, social and environmental considerations.

CLES therefore undertook baseline analysis work for procurement spend in financial year 2008/09 to understand the existing contribution to the Manchester economy. The work looked at the extent to which spend with the top 300 suppliers to Manchester City Council (by value and amounting to £357million) was with organisations based in Greater Manchester, the Manchester City Council boundary, and wards and areas of deprivation within the Manchester City Council boundary. It also explored levels of spend with organisations in particular industrial sectors and by type of organisation, such as SME. The key headline figure was that 51.5% of procurement spend with the top 300 suppliers was with organisations based or with a branch in the Manchester City Council boundary.

The work undertaken by CLES also sought to explore the extent to which the top 300 suppliers re-spend back in the Manchester economy on Manchester based suppliers and resident employees of their own. The key headline figure was that suppliers re-spend 25p of every £1 back into the Manchester economy. As part of this work, CLES also visited existing suppliers based in Manchester to disseminate the drive of Manchester City Council towards more

progressive procurement practice, to understand in more detail how they were already impacting on the Manchester economy, and importantly to start to influence their behaviour so that they brought further benefits for the local economy and residents.

**CLES' KEY FINDINGS**

- Manchester City Council spend on top 300 suppliers amounted to £357million (£900million total)**
- 51.5% of procurement spend with the top 300 suppliers spent in Manchester**
- 25p of every £1 re-spent into the Manchester economy by top 300 suppliers**

# 2010



## 1.5 Launched ‘the power of procurement’

In 2010, Manchester City Council and CLES launched a publication in Manchester Town Hall entitled ‘The Power of Procurement: the policy and practice of Manchester City Council’<sup>6</sup>. The publication reflected on each of the strategic activities detailed above, the findings of the CLES work around the existing contribution of procurement spend to the Manchester economy, and importantly detailed a set of recommendations as to how Manchester City Council could become more progressive in its procurement processes and practices and maximise the benefit of procurement for the Manchester economy and residents.

### CLES’ RECOMMENDATIONS



# 2011 - present .....

## 1.6 Recommendations realised and range of other activities undertaken

Manchester City Council and CLES have continued to work collaboratively since the launch of 'the power of procurement' in 2010 to realise the recommendations and also undertake other activities related to progressing procurement processes and practices and maximising benefit. It is less straightforward to chronologise these as many have been ongoing over the last six years. They can however be split into three broad themes of activity: procurement processes; engagement with potential and existing suppliers; and enhancing impact.

### Procurement process activity

In terms of procurement processes, Manchester City Council has:

#### STREAMLINED THE TENDER PROCESS

To encourage more Greater Manchester based organisations and SMEs to bid for procurement opportunities, Manchester City Council has reduced the bureaucracy associated with tender documents. They have reduced the volume of questioning and also made the bidding process less time consuming and more straightforward.


#### LINKED PROCUREMENT TO PRIORITIES

To make potential suppliers more aware of the wider outcomes they seek to realise through procurement, Manchester City Council have heavily promoted the Our Manchester priorities. As part of 'meet the buyer' events or in tender documents, they detail the Our Manchester priorities, for example: reducing worklessness; raising aspiration; and increasing private sector growth. This increases supplier awareness of Council priorities and makes them more likely to consider them in bidding for and delivering services.



 **DEVELOPED CROSS-DEPARTMENTAL WORKING**

Including social value considerations in procurement cannot just be left to the tender stage. It needs to be considered at all stages of the cycle, from the design of the service or good (commissioning), through to tendering, award of contract, and monitoring. To facilitate this, Manchester City Council set up a Cross Departmental Procurement Working Group to discuss embedding social value into commissioning; and subsequently established processes to ensure constant dialogue between commissioners and procurers. However, this remains a challenge.

 **ENCOURAGED VOLUNTARY CONSIDERATION OF THE LIVING WAGE**

In 2014, Manchester City Council set up a Living Wage Task and Finish Group<sup>7</sup>. Its purpose was to ensure that the City Council itself and supply chain organisations paid all of their staff the Living Wage Foundation’s recommended hourly rate (now £8.45 an hour). Whilst this cannot be legally required, and recognising the challenges facing particular sectors such as social care, the City Council are now actively encouraging all suppliers to voluntarily consider the wages and welfare of their employees.

 **EMBEDDED SOCIAL VALUE INTO THE TENDER DECISION**

As well as the traditional weightings around cost and quality, Manchester City Council has introduced a third. Initially around sustainability and making up a minimum of 10% of the decision, this weighting has, of February 2016, increased to 20%, with an emphasis on social value. With this as part of the decision, potential suppliers are now required to address how their delivery of a good or service will contribute to delivering social value related outcomes.

 **IMPLEMENTED ETHICAL (PROCUREMENT) POLICY**

In 2015 and 2016, the Council developed and implemented an Ethical (Procurement) Policy<sup>8</sup>. The policy sets the context for ethical trade practices and core objectives that the council has agreed to deliver through commissioning and procurement activities. The policy includes consideration of two core themes of criminal/non-criminal conduct and human rights/environmental abuse. Importantly, Members played a key role in driving through the policy as part of a task and finish group.



## Engagement with suppliers

In terms of engagement with potential and existing suppliers, Manchester City Council has:

### DEVELOPED RELATIONSHIPS WITH THE ECONOMIC DEVELOPMENT UNIT

The Corporate Procurement Department has developed relationships with the Economic Development Unit (now known as Work and Skills) within Manchester City Council. This has served a number of purposes. First, it has sought to make procurers aware of Manchester based businesses that can potentially provide the goods and services they require. Second, it has enabled procurers to gather knowledge of the types of things that constitute social value. And third, it has enabled signposting of existing suppliers to other organisations which may be able to assist them in meeting social value outcomes.

### UNDERTAKEN PRE-MARKET ENGAGEMENT

Manchester City Council has developed means of engaging with potential suppliers prior to

the formal procurement process. This has included through the relationship with the Economic Development Unit as described above, and targeted engagement with SMEs and voluntary and community sector organisations and through 'meet the buyer' events. These see potential suppliers come together to hear more about upcoming opportunities and to understand the tender process in more depth.

### DEVELOPED EXISTING SUPPLIER RELATIONSHIPS

Manchester City Council has sought to develop relationships with their existing suppliers. Often, once an organisation has been contracted to deliver a good and service they will go away and deliver it with little engagement with the commissioner. In order to ensure a more effective relationship with their supply chain and to make suppliers continuously aware of social value considerations, Manchester City Council have further developed their contract management activities and also set up a suppliers network, where existing suppliers come together to talk about particular issues, most notably social value.





**ENGAGEMENT WITH SUPPLIERS  
IN AREAS OF DEPRIVATION**

The baseline work undertaken by CLES around understanding where Manchester City Council's procurement spend goes, identified significant levels of spend with suppliers based in areas of deprivation in the City. Manchester City Council is currently visiting each of the suppliers identified in the 2015/16 analysis as being based in an area of deprivation, to raise awareness of their surroundings and the challenges communities face, and to increase the social value they deliver through procurement.

**Enhancing impact**  
In terms of enhancing impact, Manchester City Council has:

**CONTINUED TO MEASURE  
DIRECT SPEND**

Since the initial baseline assessment of where Manchester City Council's procurement spend goes for financial year 2008/09, CLES has undertaken analysis in each subsequent financial year up until 2015/16.

This has compared proportions of spend in Greater Manchester, the Manchester City Council boundary, and in wards and areas of deprivation in the Manchester City Council boundary. It has also enabled leakage out of the Greater Manchester economy to be identified and particularly the industrial sectors where there is the greatest amount of leakage.

**UNDERSTOOD THE IMPACT OF THE  
SUPPLY CHAIN IN MORE DEPTH**

Manchester City Council has also sought to continue to understand the extent to which its suppliers re-spend back into the Manchester economy through their own suppliers and employees. In addition, they have utilised in the last two financial years, the outcomes detailed in the Greater Manchester Social Value Procurement Framework to explore the wider impact of suppliers across a range of indicators, including number of jobs and apprenticeships created for Manchester and Greater Manchester residents and the number of hours of volunteering provided in Manchester and Greater Manchester.



## 2. The change instigated

The section details the change that has been instigated as a result of the policies and activities detailed. The change relates to three stakeholder groups: Manchester City Council itself; the economy and residents of Manchester; and the supply chain.

### 2.1 Manchester City Council

There has been a number of key changes and impacts upon Manchester City Council as a result of the policies and activities implemented over the last ten years around procurement processes and practices.

#### 2.1.1 Enhanced efficiency savings

The drawing together of the previously disparate nature of procurement in Manchester City Council into a single centralised Corporate Procurement Department has led to over £65million of efficiency savings.

Principally as duplication of purchasing has been significantly reduced and economies of scale have been realised through cross-departmental purchasing.

“**...Corporate Procurement Department has led to over £65million efficiency savings.**”

#### 2.1.2 A corporately important function

The development of the initial Sustainable Procurement Policy Statement of Intent and the contemporary Ethical (Procurement) Policy, together with the raft of activities described earlier has made procurement a much more corporately important function within Manchester City Council, both politically and in terms of service delivery. Where procurement may have previously been seen as a silo-ed function of the local authority, it is now at the heart of agendas around economic growth and public service reform, as well as being a key contributor to the achievement of Our Manchester priorities.

“Manchester is seen as a UK example of best practice when it comes to progressive procurement...”

### **2.1.3 A realisation of the cross-departmental nature of procurement**

The activities detailed have enabled a realisation within Manchester City Council that procurement is not just about procurement strategy, tender processes and award of contracts. Instead, it sits across a far wider cycle, that starts with commissioning and the design of a good or service and continues through to strategy, tendering, delivery, contract management and monitoring. The progressive nature of Manchester City Council has meant that the function of procurement has become much more cyclical and cross-departmental.

### **2.1.4 An inherent relationship between procurement and the local economy**

The policies and activities detailed earlier have enabled a more effective relationship between the Corporate Procurement Department and the Economic Development Unit (now known as Work and Skills). There is a mutual understanding that the Economic Development Unit can bring intrinsic knowledge of the Manchester business base and signposting skills; and that the Corporate Procurement Department can assist in the achievement of wider economic and social outcomes.

### **2.1.5 A set of progressive procurement officers**

Procurement people are taught in certain ways with compliance, risk and cost embedded as three core considerations. The work undertaken by Manchester City Council and CLES has opened up the Corporate Procurement Department and its Officers to different ways of thinking about procurement, particularly the role it can play in enhancing local economies and addressing the wider challenges facing the City.

### **2.1.6 An enhanced profile and reputation**

The policies and activities detailed earlier have enhanced the reputation of Manchester City Council and the function of procurement both internally and externally. Internally, the spend and impact analysis has been used politically, particularly by the Leader of the Council, as a way of highlighting the importance of procurement in creating and sustaining business, jobs and apprenticeships. Externally, Manchester is seen as an example of best practice in the UK when it comes to progressive procurement, with the key impacts being demonstrated through conferences in the UK and through European networks. The work has also attracted academic interest.

“ **Manchester City Council and indeed the wider Greater Manchester Combined Authority are at the forefront of practice around social value.** ”

### **2.1.7 At the forefront of practice around social value**

Manchester City Council and indeed the wider Greater Manchester Combined Authority are at the forefront of practice around social value. The Greater Manchester Social Value Procurement Framework is the first such framework developed and is designed to ensure social value is embedded in all aspects of the procurement cycle, and importantly that the contribution of suppliers to a range of social value indicators is measured. In addition, the 20% weighting around social value in the procurement process is unique.

## **2.2 The economy and residents of Manchester**

There has been a number of key changes and impacts upon the economy and residents of Manchester as a result of the policies and activities implemented over the last ten years around procurement processes and practices.

### **2.2.1 Increased spend with Manchester and Greater Manchester organisations**

CLES has undertaken analysis of where Manchester City Council's procurement spend has gone geographically for each of the last eight financial years. The charts overleaf indicate that the proportion of total procurement spend with organisations based in, or with a branch in Manchester has increased from 51.5% in 2008/09 to 73.6% in 2015/16 (chart A). Similarly spend with organisations based in, or with a branch in Greater Manchester has increased from 86.5% to 90.7% (chart B).

Chart A: Proportion of total procurement spend in Manchester

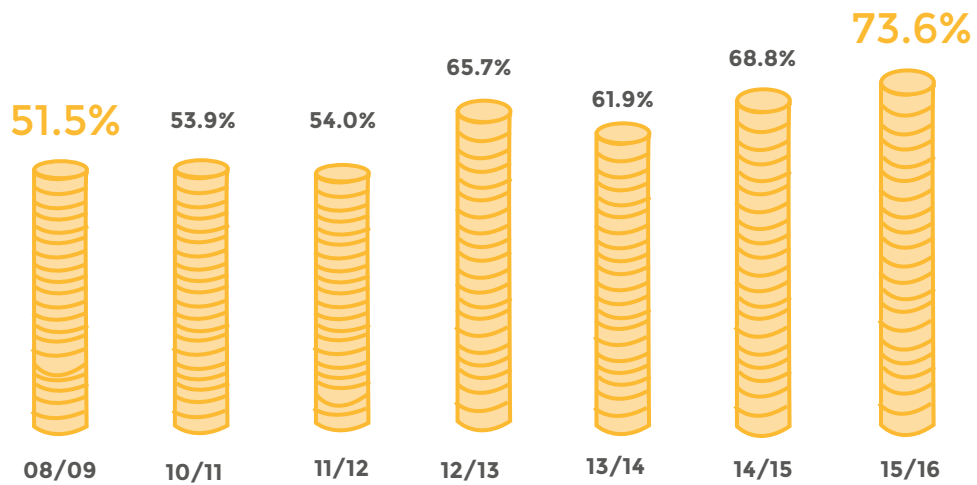
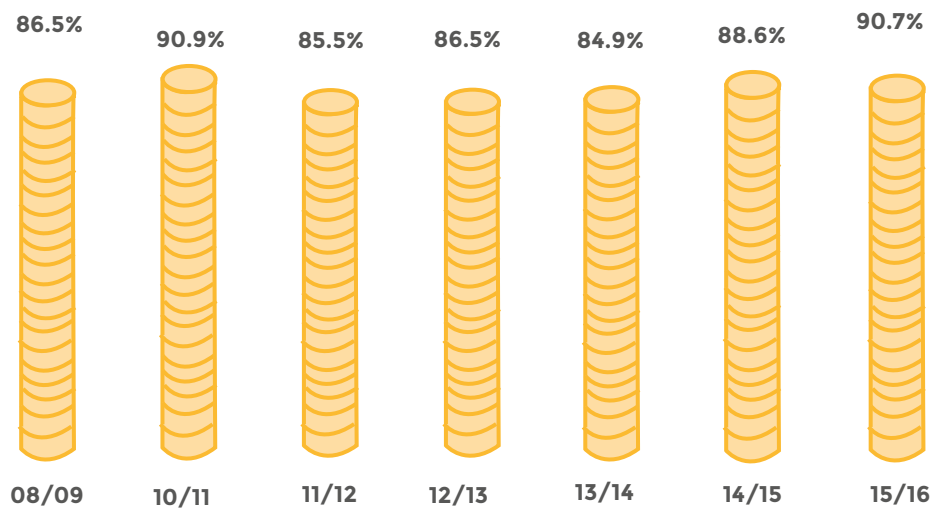


Chart B: Proportion of total procurement spend in Greater Manchester



## 2.2.2 A diversity of spend across wards

Four wards within the Manchester City Council boundary have always dominated in terms of having the greatest proportion of Manchester based spend within them; namely Ardwick, City Centre, Harpurhey, and Hulme. However, the highest proportion of total spend in a Manchester ward has decreased from 29.8% for Harpurhey in 2011/12 to 19% for Hulme in 2015/16. This suggests a more diverse spread of spend across Manchester's wards, meaning enhanced impact across a wider geographical area.

## 2.2.3 Decreases of spend in areas of deprivation

Spend analysis has always looked at the extent to which Manchester based suppliers to Manchester City Council are located in the 1% and 10% most deprived neighbourhoods nationally, according to the Index of Multiple Deprivation. The proportion of Manchester spend in the 10% most deprived neighbourhoods has decreased from 47.6% in 2008/09 to 39.6% in 2015/16. The fact that many of the suppliers to Manchester City Council remain the same suggests that these neighbourhoods are no longer in the 10% most deprived nationally. Whilst some neighbourhoods in Manchester have improved, pockets of very deep deprivation remain, particularly in the North and East of the City – addressing this issue goes far beyond procurement and is affected by factors such as connectivity to employment opportunities.

## 2.2.4 Increases in spend with SMEs

As a result of the Young Review<sup>9</sup>, central government and public authorities have been asked in recent years to identify means through which procurement opportunities can be more effectively opened up to enable SMEs to bid for and win contracts. Central government has a target of 33% of all contracts to be delivered or sub-contracted to SMEs by 2020. Manchester City Council is well ahead of the curve when comparing to this target, with 53.3% of direct spend with the top 300 suppliers in 2015/16 being with organisations categorised as SMEs – this has increased from 46.6% in 2014/15.

## 2.2.5 Increases in supplier re-spend

CLES has also in four of the last eight financial years engaged with the supply chain of Manchester City Council to understand the extent to which they re-spend back in the Manchester economy on Manchester based suppliers and resident employees of their own. The amount re-spent has increased from 25p in the £1 in 2008/09, to 43p in the £1 in 2015/16.

This suggests that the influencing activities undertaken by Manchester City Council and CLES and the social value weighting has had an impact on the behaviour of suppliers, in that they are actively bringing greater benefit for the Manchester economy.

## 2.2.6 Evidence of a wide array of impact

The indicators detailed in the Greater Manchester Social Value Procurement Framework have enabled Manchester City Council to evidence the wider array of impact which their suppliers bring to the Manchester economy and its residents.

\* It is important to note that the figures are proxies, derived from the findings of a survey of a sample of suppliers of Manchester City Council.



## 2.3 The supply chain

There has been a number of key changes and impacts upon the supply chain as a result of the policies and activities implemented over the last ten years around procurement processes and practices.

### 2.3.1 More mature purchaser to supplier relationship

The activities detailed around developing relationships between procurement and economic development and with potential suppliers through meet the buyer events, and with existing suppliers through networks, has changed the dynamic of the purchaser to supplier relationship.

Potential and existing suppliers now have a much stronger understanding of what the Council expects when it comes to social value. Similarly, the Council now has a much stronger understanding of the barriers the supply chain face when it comes to procurement, and particularly delivering social value.

### 2.3.2 Significant changes in behaviour

The visiting of suppliers, and the wider influencing work undertaken by Manchester City Council and CLES, has led to significant changes to the way that suppliers to Manchester City Council think and operate. Suppliers have sought to ensure that their own activities, regardless of whether or not they are linked to their contracts with Manchester City Council, bring a range of benefits for the Manchester economy. The following presents a few short snippets of suppliers which have changed their behaviour as a result of Manchester City Council's progressive procurement processes and practices.



**Redgate Holdings**<sup>10</sup> is a small business providing recycling services for Manchester City Council. Based in Gorton, one of the most deprived wards in the City. Redgate have adopted the Council's principles around enabling local economic benefit through procurement in recent years. They have adapted their supply chains to think about utilising Manchester based business for the goods and services they require. They have also focused upon Manchester and particularly Gorton residents for any potential job opportunities. In 2012, for example, they created **four new jobs**, all of which went to local Gorton residents. **James Manley, MD of Redgate Holdings stated:**

*'Manchester City Council have really changed the way in which we think about our supplier and employment choices. Thinking locally is not only beneficial for the communities which surround our depot but also for our business in accessing new service delivery contracts'.*

**Standwalk**<sup>12</sup> is a social care provider which specialises in providing accommodation and 24 hour support for adults with severe learning difficulties aged over 18. Standwalk brings community and wider benefit through a number of ways.

1. They are a **Manchester based organisation** delivering a key service for Manchester City Council. Being based in Manchester makes them more efficient and they are also delivering a service which potentially could and should not be delivered by the local authority.
2. Standwalk **employs 170 people**, the vast majority of whom are Manchester residents. The nature of the service offered in terms of 24 hour care and support means that people have to live close to their workplace.
3. Standwalk's workforce is committed to the **values and ethos** of the organisation, and as such a number of workers have changed their careers to work for the organisation; meaning that they contribute towards developing the capacity of the care sector.
4. Standwalk spends over **£5,000 per week on food** and other ancillaries for their service users; where possible this is **purchased in shops local to South Manchester**, bringing a circulation of spend in the local economy.

**Daisy Communications**<sup>13</sup> is a large private sector communications organisation. They offer a range of services to clients across both the public and commercial sectors around telephone installation and the management of telephone systems; data centre provision including secure facilities and servers; and the installation, maintenance and management of networks. Daisy Communications believes it brings community benefit through the procurement contracts it delivers in Manchester and Greater Manchester in three main ways.

1. It has a significant number of employees, a high proportion of whom live in Greater Manchester. These employees bring benefits to the Greater Manchester economy in terms of the spend of their wages in local shops and upon local services.
2. Daisy Communications brings community benefit through its corporate hospitality activities which include sponsorship at the Manchester Arena; which in turn brings investment in hotels and restaurants in Manchester.
3. Daisy Communications has strategic partnerships with two large telecommunications organisations (TalkTalk and Vodafone); both of whom have branches in Greater Manchester. In addition, Daisy Communications is a Living Wage employer and offers apprenticeship opportunities.

**Greenwich Leisure Limited (GLL)**<sup>14</sup> provide community leisure services across Greater Manchester from eight centres which they manage on behalf of Manchester City Council. GLL offer community benefit in a variety of areas, principle of which is employment and work experience opportunities.

For example:

- There are pathways into employment through an apprenticeship programme, this is a one year programme which operates across all centres and is only open to local residents.
- Those who complete the programme are guaranteed an interview for any roles that come up and a casual position.
- In addition, the facilities operated by GLL are being transformed into hubs for community activity, for example Wythenshawe Forum has health, college, library, and meeting facilities and a hall for community use.



### 3. Next Steps for Manchester City Council



This section outlines what remains for Manchester City Council to do to ensure that progressive procurement processes and practice remain part of the mainstream.

These are challenging economic times as a result of austerity; but progressive procurement should remain at the forefront of agendas relating to economic growth, addressing inequality, public service reform and devolution.

It is important to note that progressive procurement activity should not just be the domain of Manchester City Council and its Corporate Procurement Department. Instead, it needs to be at the forefront of the activities of other anchor institutions based in Manchester. These institutions, which include NHS organisations and the Police will spend significant amounts

through commissioning and procurement processes, and it is important that they learn from and utilise the experiences of Manchester City Council in their future procurement processes and practices. The concept of social value should be at the heart of everything anchor institutions do and particularly their activities around the design of goods and services (commissioning) and procurement.

## 3.1 Recommendations

The below are key recommendations from CLES as to how Manchester City Council should continue to progress its procurement processes and practices.

# 1

### Further embed social value focused contract management

Social value considerations should not just be restricted to the tender process. Indeed, if suppliers are detailing in tender documents what they are going to do around social value, then there needs to be some way of monitoring it in the actual delivery of the service or the provision of the good. The Greater Manchester Social Value Framework and the survey work undertaken by CLES is a good starting point for Manchester City Council in terms of monitoring social value; however, Manchester City Council needs to further embed the collection of data around social value into contract management activities, to enable a fuller and more robust set of information to be collected.

# 2

### Address leakage where possible

The supply chain analysis undertaken by CLES in 2015/16 identified that just 9.3% of procurement spend by Manchester City Council leaked out of the Greater Manchester economy (to organisations not based in or with a branch in Greater Manchester). Whilst this is not significant on the whole, there are certain sectors where leakage out of Greater Manchester is much higher. For example, 100% of spend with suppliers in the manufacturing sector leaks out of the Greater Manchester economy, with percentages of 22.4% and 21.1% for energy and wholesale respectively. Manchester City Council should look at these contracts and explore the extent to which they are potentially influenceable and whether there are Greater Manchester based firms which have the potential and capacity to bid for any future opportunities associated with these contracts, particularly in relation to advanced manufacturing.

“ Manchester City Council spent nearly £135million with suppliers based in Manchester neighbourhoods which are in the 10% most deprived nationally...”

## 3

### Think about Public Procurement of Innovation

Manchester as a place continues to face significant challenges including around family poverty and those out of work and claiming a health-related benefit. For some aspects of public procurement, there are simply not the products and services on the market which enable such challenges to be addressed.

Manchester City Council should therefore start to think about utilising new means of undertaking public procurement as advocated by the European Procurement Directives which enable innovation in the process of procurement. These include Innovation Partnerships and Public Procurement of Innovation, whereby procurers start to engage with potential suppliers long before the procurement process starts, to develop a new and innovative solution. This approach could be particularly prevalent for addressing challenges associated with social care and thus reducing demand for these types of services.

## 4

### Continue to engage in areas of deprivation

In financial year 2015/16, Manchester City Council spent nearly £135million with suppliers based in Manchester neighbourhoods which are in the 10% most deprived nationally – this is significant. These suppliers are already doing work to enhance the benefit they bring for local economies and communities, with the City Council also in the process of visiting these suppliers. Manchester City Council should continue to ramp up this dialogue. There is only so much that commissioners and procurers can do to promote and embed social value in procurement processes – the real responsibility for delivering social value lies with suppliers, and as such these organisations should be pushed to enhance their social responsibility and really ensure residents benefit from the opportunities created.



## 4. Conclusion and Progressing Procurement - Key Success Factors

This final section draws on the findings of ten years of activity by Manchester City Council and CLES to conclude and detail the key success factors required to progress procurement processes and practice, that could be adopted by other authorities and institutions.

### 4.1 Concluding thoughts

The outcomes achieved by Manchester City Council around progressing procurement processes and practice have not been achieved by chance. Instead they have been framed by foresight that by harnessing the potential of procurement spend there will be a range of further benefits for local economies, for local authorities, and for local communities. Every place in the UK has significant wealth at its disposal in the form of institutions and people – the key is understanding that wealth and harnessing it, whether that comes through local authority procurement spend, the behaviour of wider anchor institutions around employment, the responsibility shown by the business community, or the social capital of communities themselves.

We are in a real opportune moment in the UK to challenge the orthodoxy of public and

economic development policy. We need to understand the wealth our places have and harness that wealth more effectively and progressively. As such, procurement is just one of the levers which places have at their disposal to enhance community wealth, but as demonstrated in the case of Manchester City Council it is a hugely successful one.

### 4.2 Key success factors for progressing procurement

Procurement is a cycle: it flows from design of the service or good (commissioning), through to tendering, through to award of contract, through to monitoring. If authorities or other institutions are to be progressive in procurement then they need to be considerate of a number of key success factors at each of these stages of the cycle. They also need a number of overarching factors to be in place.

## KEY SUCCESS FACTORS

### Overarching

- 1** Political leadership and buy-in to progress procurement;
- 2** Cross-departmental working between commissioners, procurers, and economic development people;
- 3** Foresight that procurement can address wider challenges, and approaches must go beyond the orthodoxy of cost, compliance, and risk;
- 4** Evidence based understanding of where procurement spend goes and its impact;

### Commissioning

- 5** Space to innovate in the design of services; this means working with both service users and potential suppliers;
- 6** Understanding the challenges commissioning and procurement can contribute towards;
- 7** Recognition that social value should be embedded at this stage of the process;
- 8** An understanding of the potential supply base for the service or good being designed.

### Procurement strategy and tender processes

- 9** A link between procurement strategy and wider corporate and place priorities;
- 10** A tender process which enables a diversity of organisations to bid for opportunities;
- 11** Scope for potential suppliers to demonstrate their social value credentials.

### Decision making

- 12** Establishing a means of scoring social value objectively as part of a wider set of criteria including cost and quality; with consideration of organisation size and ability to enhance social value.

### Monitoring

- 13** An ongoing relationship with suppliers post the award of a contract;
- 14** A means of continuously monitoring where spend goes and the impact it has through contract management.



## 5. About this publication

### 5.1 About the Manchester City Council and CLES relationship

Manchester City Council are founder members of CLES, which started operating in 1986. Over the course of the last 30 years this membership relationship has remained stable with CLES currently producing a range of think- pieces for the City Council on contemporary local economic development activities. In addition to membership activities, CLES seeks to forge long term pieces of policy advice work with local authorities; a prime example being this work around progressive procurement which has been undertaken over several years and will continue into the future.

### 5.2 About the Author

Matthew Jackson is the Deputy Chief Executive of CLES. Matthew's work around progressive procurement forms a key component of CLES' much wider work around community wealth building, of which progressive procurement is a key component. Matthew is viewed as one of the leading experts on progressive procurement policy and practice in Europe. Around the topic of procurement, he has worked with

over 200 local authorities in the UK<sup>14</sup>; given evidence to parliamentary select committees<sup>15</sup>, and worked in Preston<sup>16</sup> and Birmingham<sup>17</sup> to explore the role of anchor institutions in harnessing community wealth. He is currently Lead Expert for the European Funded URBACT Programme's Procure network<sup>18</sup> which is looking to progress procurement processes and practices across 11 cities in Europe.

### 5.3 Acknowledgements

CLES would like to thank Manchester City Council for their continued support around work relating to procurement and local economies, with particular thanks to Ian Brown, Head of Corporate Procurement; Paul Murphy, Deputy Head of Corporate Procurement; Karen Lock, Procurement Specialist; and Angela Harrington, Head of Work and Skills. CLES would also like to thank Councillor Carl Ollerhead and the Overview and Scrutiny Committee – Ethical Procurement Task and Finish Group for involving us in the development of the Ethical (Procurement) Policy. Matthew Jackson would also like to thank the CLES Chief Executive, Neil McInroy for the time invested and support in developing this stream of work with Manchester City Council and other organisations.



## 5.4 Further information

For further information about the work with Manchester City Council and CLES' wider work on community wealth building, please contact: Matthew Jackson, Deputy Chief Executive of CLES on 0161 236 7036 or [matthewjackson@cles.org.uk](mailto:matthewjackson@cles.org.uk)



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