

**Manchester City Council  
Report for Resolution**

**Report to:** Economy, Employment, Skills Overview and Scrutiny Committee  
– 8 February 2012

**Subject:** The Value of the Manchester People into Construction Scheme,  
Manchester Construction Framework

**Report of:** Interim Head of Regeneration / Capital Programme Director

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**Summary:**

The report presents the conclusions of a piece of work undertaken by Centre Local Economic Strategies (CLES) on the impact of Manchester City Council's (MCC) investment in apprenticeships through the Manchester Construction Framework. It highlights the quantitative and qualitative benefits for the apprentices themselves, the contractors, Manchester City Council and the wider community. It provides a more in-depth look at one of the pieces of research referenced in the "Impacts of Procurement on the Local Economy" also being considered. CLES will attend Scrutiny Committee.

**Recommendations:**

Members are recommended to note and comment on the content of the report.

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**Wards Affected:**

City Wide

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**Background documents (available for public inspection)**

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

- Exploring the value of investing in a Manchester Construction Framework (CLES June 2011)
- Understanding the wider local economic, social and environmental impact of procurement (CLES December 2009)
- Exploring the Local Economic benefit of MCC's spend on its top 1000 suppliers (CLES May 2010)

## **1.0 INTRODUCTION**

- 1.1 Employing Manchester young people as apprentices is a strategic priority for the City Council across its work and skills, sustainable procurement and workforce agendas. Previous reports to this Committee have highlighted the work that the City Council and its partners are undertaking to tackle youth unemployment and promote apprenticeships.
- 1.2 Manchester City Council has been at the forefront of embedding the notion of sustainable procurement into reality. A previous report to this Scrutiny Committee in September 2010, reported on CLES research, which calculated that 5,225 Manchester residents were directly employed as a result of MCC's spend on the top 300 suppliers and contractors. The updated position is outlined in the Impacts of Procurement on the Local Economy report being considered by this Committee as part of the business plan process. For this report it is worth re-iterating that £303M was spent with organisations classified as being in the construction sector, a 70% increase on the 2008/09 figure of £178M.
- 1.3 This research on the Manchester People into Construction Scheme (MPIC) / value of Manchester's construction framework enables us to understand in more detail the economic benefit that can be delivered via the construction frameworks by providing a more detailed quantitative and qualitative analysis of the specific benefits of MPIC. It is worth noting that the majority but not all of Manchester's capital projects are procured through a framework. CLES undertook the research between February and May 2011 and there was a large event to disseminate its findings / spread best practice to other local authorities, public bodies and the construction industry in November 2011.
- 1.4.1 The Manchester People into Construction Scheme (MPIC) was developed in 2008 to place young Manchester residents into employment opportunities with contractors that sit on the City Council's construction framework. The apprenticeships last for three years and are available for: traditional construction trades; project and contract management and administration. The apprentices are placed by MCC and the qualifications are provided by the Manchester College and Skills Solutions. Once an apprentice has successfully completed their training, their progress is tracked through the City Council's suppliers. The focus of the CLES research was on the apprentices placed with construction framework partners. In addition, Manchester Working support training of over 60 apprentices,

## **2.0 METHODOLOGY**

- 2.1 The final CLES report is attached and sets out the research methodology used in section 2 (page 8). In brief it comprised of strategic interviews, focus groups with apprentices, qualitative analysis and cost benefit analysis. Understanding the value generated by an intervention such as employing apprentices is increasingly important in an era of reduced public sector funding. The cost-benefit analysis element of this research looked to place a financial value on the outcomes generated by the project.

### 3.0 **BENEFITS OF THE MANCHESTER PEOPLE INTO CONSTRUCTION SCHEME**

3.1 The qualitative benefits of the MPIC scheme are detailed below for young people who benefitted, construction companies and Manchester City Council.

3.2 The key benefits for young people include

- Practical skills and “on the job” learning, which gave the young people the skills needed to develop in their chosen trade /occupation;
- Improved aspirations with apprentices being given a clearer focus on career paths and signposted to specific and higher level learning;
- Improved confidence and better communication skills;
- Better attitude and greater respect from peers, tutors, parents & families;
- Improved outlook and greater independence because of the experience of the work place and being in employment;
- Improved behaviour with some apprentices acknowledging if they hadn’t become apprentices they would be involved in crime or anti-social behaviour.

3.3 For construction organisations the benefits include:

- High quality apprentices as MPIC ensures that the young people put forward are job ready and appropriate for an apprenticeship;
- Changes perception of apprenticeships because of the range of apprenticeship opportunities developed across construction trades, project management and administration;
- Provides a mechanism for construction partners to deliver and demonstrate their commitment to community benefit;
- Helps share good practice through links with the North West construction hub;
- Is relatively risk free because pre-interviews and interviews are undertaken by MCC and Aspire deal with administrative and payroll issues;
- Raises the profile of the construction partners, the benefits they can deliver and of the contribution of the construction sector more generally.

3.4 Benefits to Manchester City Council included:

- The scheme has made a measureable contribution to effective and sustainable procurement;
- Provides employment opportunities for young people in the City, with many of the apprentices being drawn from priority groups and neighbourhoods;
- Raises the profile of the City Council in terms of the added value that it can bring through capital investment;
- Improved relationships with contractors with contractors now actively engaged with the City Council on employing apprentices rather than it being seen as contract compliance.

- 3.5 A cost benefit analysis was undertaken by CLES as a key part of this work. The methodology used, builds on previous research and on the Department for Work and Pensions Social Cost Benefit Analysis Framework. The cost benefit analysis demonstrates the benefits of the scheme in financial terms by placing a value on the outcomes generated and comparing them with the costs involved in delivering those outcomes. Further details of the methodology are outlined in section 5 of the report. In summary, the cost benefit analysis showed that for every £1 spent on MPiC, an additional £4.74 has been generated in social, economic and environmental value. It should be noted that not all of the above qualitative benefits have been included in the Cost Benefit Analysis e.g. the improved working relationship between MCC and its framework contractors.

#### 4.0 **RECOMMENDATIONS**

- 4.1 The research report makes four recommendations:
- (a) Demonstrate the cost benefits of apprenticeships to other frontline service departments by disseminating the results of this research widely;
  - (b) Offer the apprenticeship programme across Greater Manchester – the MPiC is unique to Manchester but many of the framework partners operate across GM and more widely in the North West;
  - (c) Promote the value of framework contracts in delivering community benefits and added value;
  - (d) Promote the uniqueness of the CBA assessment across Manchester City Council and AGMA as the methodology used has been developmental with the intention of developing an easy to use tool to demonstrate the cost benefits of interventions.

#### 5 **CONCLUSION**

- 5.1 This research has demonstrated the significant benefits that the Manchester People into Construction Scheme has generated for the apprentices, construction framework partners and the City's economy and communities. As well as detailing the benefits CLES has applied a cost benefit analysis to put a monetary value on both the cost and outcomes of the scheme. The intention is that this can be replicated for similar schemes.
- 5.2 The research report also makes a number of recommendations, some of which are well underway. A large event was held in the Town Hall last November to disseminate the results of this research and it was heavily subscribed by both public sector organisations and construction companies. The City Council is committed to apprenticeships as an employer and is in the process of recruiting 130 apprentices into a number of entry level roles across City Council services with the intention of providing a qualification and career pathway with the City Council. There are also approximately 200 apprentices and trainees currently benefitting from opportunities provided through the City's construction frameworks. More widely the City Council promotes the value of apprenticeships to partner organisations and employers in Manchester and is currently rolling out a series of networking events to

encourage more employers to take on apprentices. There have been reports on the City's wider approach to previous meetings of the Economy, Employment and Skills Scrutiny Committee.

- 5.3 The North West Construction Hub was set up to develop construction related framework agreements for the North West. The hub is led by Manchester City Council and funded by the North West Improvement and Efficiency Partnership. Manchester City Council utilises the construction hub to procure all capital programme activities and is well placed to influence the Hub in relation to maximising opportunities for apprenticeships and wider community benefit.