
**Manchester City Council
Report for Resolution**

Report to: Economy Scrutiny Committee – 22 May 2013

Subject: Manchester's Economy in the Context of Environmental Sustainability Update

Report of: Deputy Chief Executive (Neighbourhoods)

Summary

The purpose of this report is to provide an update on progress with and the development of the environmental sustainability issues discussed at Economy Scrutiny on 20 June 2012. It sets out the developments that have taken place at both Greater Manchester and Manchester within the context of constrained public sector finances. It provides an update of progress on the key recommendations of Committee from the June 2012 meeting.

Recommendations

Members of the Committee are requested to note and comment on this report.

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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.

Manchester A Certain Future
Manchester A Certain Future Refresh, 2013

Previous reports to the Economic Scrutiny Committee:-

Reports to Economy Scrutiny, 20 June 2012

1. Background

At its meeting on 20th June 2012, the Committee received two reports. One report summarised the issues and tensions between economic growth and environmental sustainability and reviewed economic models. A second report outlined themes of work that could progress environmentally sustainable economic development.

Following discussion of these reports, the Committee adjourned the meeting and held workshops with members of the public to explore these themes of work in more detail. After reconvening the meeting, the Committee received feedback from these workshops and agreed a number of recommendations to progress development and understanding of this area of work.

Since June 2012, the trend of very low growth in the national economy has continued, and the pressures and requirements for the public sector to further reduce expenditure have increased. There have been developments in structure and approach both in Greater Manchester and in Manchester that impact on the evolution of a more sustainable economy. These include:-

- Establishment of the Greater Manchester Low Carbon Hub Board incorporating strategic theme groups for Energy, Buildings, Sustainable Consumption & Production, Transport and Natural Capital. Each of these groups will co-ordinate and report on strategic actions – economic, as well as environmental – set out in the Greater Manchester Climate Change Strategy Implementation Plan, approved by the GMCA Board in July 2012.
- A ‘refresh’ of the Greater Manchester Strategy has been commissioned. The ‘refreshed’ strategy will take account of the changes in the economy since 2009 and identify priorities for the period to 2015.
- The City’s climate change action plan, *Manchester A Certain Future* (MACF), has been reviewed and a ‘refreshed’ plan agreed for the period to 2015. (<http://www.manchesterclimate.com/node/4709>)

2. Progress

Following its workshops and discussions in June 2012, the Committee approved eleven recommendations. Headline progress against each of these recommendations is set out below.

2.1. Review of the Council’s relationship with energy supply companies to reduce carbon in the Council and the city.

The Council has a number of different relationships with energy supply companies, many of which are subject to tender and contract, concerned with the purchase of energy, but also with funding of energy savings measures to households and businesses. Whilst there has been no single ‘review’ during this period, these contracts and relationships are subject to continuous review through performance management of contracts, review and extension of existing contracts and re-tendering contracts. As discussed later in this report, procurement of all goods and

services, involves consideration of sustainability and carbon emissions, but there is a particular focus on carbon reduction in relation to energy purchase and energy savings measures.

MCC Purchase of Energy

Whilst some Local Authorities in GM procure energy through procurement services, such as Yorkshire Procurement Organisation (YPO) and the Government Procurement Service (GPS), Manchester City Council has over several years purchased energy directly from the energy market. The rationale being that the Council has the in-house skills and experience to participate in this market and in so doing, can bring about significant reductions in energy costs.

Following benchmarking of current practice across GM, those LAs who directly procured energy, including MCC, Salford, Stockport and Trafford entered the market collectively in 2011/12 to procure a framework that is also open to other LA authorities. This has produced £1M+ savings for MCC as compared with larger procurement frameworks. As a minimum, 10% of electricity supply was required to come from renewable sources, in fact the current electricity contracts use 100% renewable energy. This was based on a one year framework recently extended for a further 12 months.

Energy Savings Partnerships

As MACF points out, carbon emissions from homes contribute to over 30% of overall emissions in GM, and maximising energy efficiency in existing homes is therefore a high priority. The government places an obligation on energy companies to fund domestic energy saving measures, currently through the new Energy Company Obligation (ECO). Under previous funding GM authorities worked with British Gas as the main 'Toasty' loft and cavity insulation partner, providing both funding and installation services. GM authorities have recently procured three ECO delivery partners (Carillion, HG Forest and Dyson) for the period up to January 2014, when a three year Green Deal and ECO delivery partnership will be introduced. Interestingly, none of the three are energy companies, but all have agreements with energy companies to draw down ECO.

The procurement process for current ECO partners and the forthcoming procurement of Green Deal and ECO partners, seek to maximise a share of the £1.3bn annual ECO market in GM, to maximise energy and carbon savings and to maximise support for vulnerable and fuel poor households.

GM Energy Switching

Manchester CC has recently participated in the 'GM Fair Energy' switching campaign. Two auctions have been successfully held across GM, with a UK record of 35,385 registrations for the 1st auction and over 57,000 registrations across both auctions. In Manchester, 4,389 people have switched supplier and importantly, for the first time in such auctions, residents on energy meters, often the most vulnerable households have received an offer for lower cost energy. Whilst the initiative has not attracted a green energy tariff at this stage and has therefore not led to reduced carbon emissions, the heightened awareness created by the local authority led campaign, has certainly encouraged many households, particularly those without

internet access to consider switching to lower a costs tariff and has therefore provided a challenge to the energy supply market in GM.

2.2. Review of the Council's sustainable procurement policies to establish best practice for the low carbon economy and environmental sustainability.

A mechanism for incorporating environmental sustainability into the Council's procurement process was established in 2010. This process incorporates a Sustainable Procurement Policy and Method Statement that implements and embeds the principles of sustainable procurement into the procurement process. There is at least 10% weighting in sustainability attached to tenders and for contracts that have an impact on environmental sustainability, specifications are added into the evaluation along with relevant Key Performance Indicators as required. We have run a number of supply chain sessions with key suppliers to analyse how we could improve on sustainability and these have worked well; especially for increasing apprenticeships and local employment.

Recent research by CLES (Centre for Local Economic Studies) has indicated that over the last 2 years, the implementation of the Sustainable procurement policy has led to an increase in both spend with local suppliers based in Manchester, and the amount of re-spend by Manchester based suppliers. This equates to an increase from 25p in the £1 re-spent in 2008/9 to 47p in the £1 in 2011/12. Following this, a Business Club has been set up, facilitated by EDU that works to establish best practice for low carbon performance- especially around local economic benefit.

We are currently refreshing our Sustainable Procurement Policy to update it and include the principles of the Social Values Act, which puts a greater influence on social beneficial outcomes.

2.3. A report on the 'greening' of the Greater Manchester Strategy including investment in low carbon programmes.

A 'refresh' of the Greater Manchester Strategy was initiated in 2012 and a final draft will be submitted for approval in June 2013. The refresh process included consideration of key elements of the Greater Manchester Climate Change Strategy, approved in 2011 and low carbon and sustainability issues have been integrated across the main themes of the document, Growth, Supporting Business, Reform including worklessness and skills and encouraging self reliance and reducing demand for public services. A workshop attended by over 40 members of the GM low carbon subgroups held on 9th May, provided an opportunity for comment on the low carbon elements on the document as part of the consultation process.

2.4. Closer working between the Council and New Economy to research and develop additional measures to Gross Value Added (GVA).

Further action is required in relation to this.

2.5. A report on Manchester Carbon Literacy and its proposals for the city.

The Manchester Carbon Literacy programme was launched as a city wide initiative in November 2012 with Leader Sir Richard Leese as keynote speaker. The programme is in development at three spatial scales - city wide, GM wide and potentially at a national level.

Community Interest Company, Cooler Projects, have begun to deliver the city wide and Greater Manchester programmes, and are developing a mechanism and project to make the Carbon Literacy Brand available beyond Greater Manchester. The programme provides opportunities for business, public and community organisations, schools, universities and others to engage staff, members, attendees and customers in a day's worth of accredited Carbon Literacy learning that is bespoke to each organisation, but delivered to a common standard.

Within this framework the Council has launched its own initiative to make Carbon Literacy training available to all members, and all council staff over 3 years. Working with Cooler Projects an e-learning package has been developed to facilitate the programme internally, staff returning to the Town Hall Extension complex were identified as the first tranche and have now begun to participate in that training.

Despite only being launched late last year, the project has already gained national attention and focus and been the subject of three ministerial visits. In March the project won the national Climate Week Best Community Initiative award, and has just been shortlisted for the "Green Game Changers Innovation" award as part of the national Business Green awards – the only GM organisation in any category.

The city wide programme is now gaining in momentum.

- A total of 2500 people have been directly engaged from and around 85 organisations, including a number of high profile employers and institutions such as Manchester Metropolitan University (which is rolling out its own programme of Carbon Literacy to students and staff, Manchester Arndale, The Co-operative, University of Manchester, Corridor Manchester, seven city primary and high schools, a number of the largest RSLs, community groups and more.
- In March the project ran its first piece of major public outreach, in a launch attended by DECC Minister Baroness Verma, a 3 day "Carbon Active!" Event was staged in Manchester Arndale's Halle Square with a centre footfall of 381,000 over the 3 days.
- In April the project launched a Carbon Literacy Trainer certification scheme to support professional delivery and the Carbon Literate Organisation scheme is now awaiting launch in partnership with the GM-wide Environmental Business Pledge lead by the City Council.
- Carbon Literacy work is now underway in five other GM authorities: training has already been delivered in Stockport and Trafford, delivery projects are now under development in two other GM areas, and the first project-scale delivery project (the subject of a visit from DECC minister Greg Barker) is now being initiated in Wigan.
- The project is now developing 3 major advocacy initiatives; into city schools, businesses (in partnership with EBP) and city RSLs, and is working in

partnership to develop an e-learning module for national roll-out.

2.6. Acknowledgement of the finite nature of resources being taken into consideration in economic decision-making.

It is recommended that this issue is discussed further with Professor Kevin Anderson, following his presentation to Scrutiny.

2.7. The Council continues to influence development and delivery of strategies and programmes that embed sustainability in schools and further education.

The Council has been engaged in sustainability programmes in schools for a number of years. In 2004 Manchester City Council supported the Eco-Schools programme and started to encourage all schools to join the international programme to improve their environmental performance. Schools were encouraged to start recycling, develop their school grounds for outdoor learning and adopt an environmental ethos. Many schools have progressed their way through the accredited programme, and 82% of Manchester's schools are part of the programme in 2013. Since 2010 the programme has made 'energy' a compulsory theme to gain the prestigious Green Flag. Currently there are 15 Green Flag schools in the city, with the ambition for more.

The annual Eco-School Conference encourages school staff and pupils to keep up to date with changing environmental policies and activities. The delegates are enthused and equipped with the knowledge they need to go back to school to influence behavioural change amongst their peers and learn more about the operation and environmental performance of their school building.

The Sustainable Schools Working Group evaluates services that are delivered to schools from the council and to look at innovative ways to encourage schools to become more sustainable. The group works together to ensure services are joined up and continue to reduce the carbon footprint associated with all services, contributing to the city's commitment.

The council has developed strong relationships with the Universities in Manchester. Opportunities are in place for students to gain relevant work experience in the public sector, as well as aiding in research for environmental projects across Manchester.

2.8. Consideration that all the Council's Scrutiny Committees consider the climate change impacts of their work.

Following the discussion of environmental issues at Economy Scrutiny in June 2012, the MACF refresh document was presented to Neighbourhoods Scrutiny Committee in January. There was also a presentation by Professor Kevin Anderson on Climate Change to full Council in early 2013.

At the last meeting of Scrutiny Committee Chairs, it was agreed that overall scrutiny of environmental and climate change issues should rest with Neighbourhoods Scrutiny, although other Committees may want to consider specific aspects.

2.9. Encourage members to visit to eco-houses that are open to the public.

Several attempts were made to organise a visit for Members to Charlie Baker's retrofitted home in Chorlton, however this did not proceed due to difficulty in getting Members diaries to coincide with the Baker household.

2.10. Request that environmental organisations in the city make greater efforts to involve a broader spectrum of Manchester residents in their activities.

To be discussed at the meeting.

2.11. Acknowledge the development of a report by members of the public on these issues.

This refers to the Steady State Manchester report, launched in late 2012. Compiled by a small group of activists it includes several actions that are included in MACF Refresh.

2.12 At the Scrutiny meeting in June 2012, there were three workshops that looked in more depth at; Green Jobs and Skills, Green Business and Green Investment. The workshops made a number of recommendations in addition to the main recommendations of Committee above. Progress on each of the 3 themes is summarised below:

2.13 Working Group A – Green Jobs and Skills

The Greater Manchester Skills and Employment Partnership has developed the GM skills priorities for 2013/14, which has been endorsed by the Local Enterprise Partnership (LEP) and Greater Manchester Combined Authority.

The GM Skills Priorities take account of the fact that developments in a number of sectors mean that employees have an outdated skills base. This also applies to those looking for work and in the wider labour market. It recommends the adoption of new 'green' technologies in several fields. Key priorities are;

- To work with employers to better understand the emerging skills requirements they expect to have in the next 5-10 years as a result of technological developments.
- To provide programmes of high quality skills training for those who are working or wishing to work in sectors and occupations where the required skills base is changing.

Detail around the emerging skills requirements, including those presented via new 'green' technologies, is being developed via a number of sector 'deep dives', sourcing primary demand and supply-side skills information to inform sector-based skills action plans/strategies for GM.

This activity will build upon a developing network of employer skills groups (ESGs) in key sectors – gathering intelligence and enabling employers to use government

funding (via Employer Ownership of Skills) alongside their own to secure training from a competitive provider market that better meets employers' needs, including the development of new frameworks that respond to new technologies.

ESGs are in development across many sectors, including low carbon itself – the initial focus here being mainly around the skills needs of contractors that are looking to undertake retrofitting work, but with scope to expand

At city level, the Manchester College has developed a network of Green Champions and is developing an Environmental Management System (EMS) to draw together all of the environmentally sustainable activities undertaken by the College. Part of that includes Education for Sustainable Development to provide students with education about how to live and work in a manner that will improve sustainability in the longer term. The College is looking at a number of curriculum areas to embed low carbon and provide appropriate training and qualifications to meet the needs of the sector. These include: engineering, IT, maths & science, construction and art & design. The College is also looking at work experience and mentoring to further enhance the skills and experience of students. The Wythenshawe campus has been designed and built to very high standards of environmental sustainability and is capable of supporting curriculum and practical application of environmentally sustainable education particularly in the built environment.

MAES has also got Green Champions within its service and has undertaken a number of initiatives to promote and encourage energy and resource efficiency with staff and learners. This has had a positive impact on learners' behaviour in MAES centres and in their own homes. MAES was part of the Carbon Literacy Pilot. The Family Learning Team has started to deliver provision for parents and children in conjunction with the Manchester Education Environmental Network (MEEN). From the current academic year (2012/13), teaching teams are incorporating sustainability as a cross cutting theme on all courses.

2.14 Working Group B – Green Business

Manchester City Council is working with the European Investment Bank to create a thematic network with other European Cities, supported by the URBACT programme. URBACT is an EU funded programme which supports learning, exchange and knowledge sharing networks and projects that focus on specific urban issues. The network has been named 'CSI Europe' (City Sustainable Investment) and aims to make financial instruments work for cities and other urban areas. It will explore ways to enhance the effectiveness of the existing instruments such as JESSICA, in the current programming period and will also provide practical feedback into the development of the next round of Structural and Cohesion Fund Regulations. The issue of support for Green Business is being considered as part of this work.

The separate report on "Investing in Green Growth for Greater Manchester" provides details of other investment streams in green business.

2.15 Working Group C – Green Investment

Greater Manchester has developed an investment framework that supports decisions on devolved funding such as the Regional Growth Fund programmes. This is aligned with GM's strategic priorities which includes low carbon objectives and recognises their contribution to creating jobs and GVA. The Low Carbon Hub is developing a pipeline of projects as part of a joint venture with the Green Investment Bank which will generate jobs and growth in the low carbon sector. The separate report on "Investing in Green Growth for Greater Manchester" provides more detail.