



Resources and Governance Scrutiny Committee

Date: Tuesday, 9 March 2021

Time: 10.00 am

Venue: Virtual meeting - Webcast at <https://vimeo.com/514224144>

This is a **Supplementary Agenda** containing additional information about the business of the meeting that was not available when the agenda was published

Advice to the Public

The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020

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Membership of the Resources and Governance Scrutiny Committee

Councillors - Russell (Chair), Ahmed Ali, Andrews, Clay, Davies, Lanchbury, B Priest, Rowles, A Simcock, Stanton, Wheeler and Wright

Supplementary Agenda

5. **Proposed refresh of the Council's Social Value Policy and what Social Value has been derived during Covid-19 lockdown** 3 - 32
Report of the Deputy Chief Executive and City Treasurer attached
- This report proposes further refinements to the council's approach to Social value reflect the impact of the pandemic has had on the city and the role social value can play in supporting the economic recovery.
6. **Estates Strategy** 33 - 60
Report of the Strategic Director – Growth and Development attached
- This report provides an update on property activity since the last Annual Property Report in November 2019. It reviews activity across the Development Team, including the Investment Estate; and the Operational Estate. The report includes an update on the specific areas requested in the Scrutiny Committee's work programme.
7. **Post transfer governance-Council Housing service** 61 - 76
Report of the Director of Housing and Residential Growth attached
- This report outlines the proposal for governance of the Housing service after it transfers from Northwards to the Council in July 2021. The proposal is intended to have proper oversight of housing management and maintenance services. Empower tenants and meet the requirements of the White Paper "A charter for social housing tenants".

Further Information

For help, advice and information about this meeting please contact the Committee Officer:

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This supplementary agenda was issued on **Thursday, 4 March 2021** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 3, Town Hall Extension (Lloyd Street Elevation), Manchester M60 2LA

**Manchester City Council
Report for Resolution**

Report to: Resources and Governance Scrutiny Committee – 9 March 2021
Executive - 17 March 2021

Subject: To consider the proposed refresh of the Council's Social Value Policy and what Social Value has been derived during Covid-19 lockdown

Report of: Deputy Chief Executive and City Treasurer

Summary

This report provides a summary of the impact that the Covid-19 pandemic has had on social value delivery, drawing on contract examples.

The pandemic has also shaped the thinking about the role social value can play in supporting the city's recovery. Manchester City Council already has a well-established set of social value priorities and approach for promoting social value, particularly through its procurement. It has continually looked to refine and update this approach, introducing innovations that have in some cases led the country, such as the introduction of a minimum 20% weighting for social value in the evaluation of tenders.

This paper proposes further refinements to the council's approach, as set out in the recommendations below. The proposals reflect the impact of the pandemic has had on the city and the role social value can play in supporting the economic recovery. They also aim to further promote the city's wider priorities, as set out in the Our Manchester Strategy reset, particularly the zero-carbon ambition.

The proposals are also consistent with the recently updated social value framework established across Greater Manchester, which similarly is focused on supporting the local economy and a cleaner environment but the Manchester policy is more focussed on actions that will specifically benefit the City.

Recommendations

The Scrutiny Committee is invited to comment on the report and endorse the Executive proposals below.

The Executive is asked to consider and agree the following proposals:

- (i) To focus social value efforts on supporting a green, inclusive economic recovery
- (ii) To expand the priority groups to include Black, Asian and Minority Ethnic populations, who have been disproportionately impacted economically by the pandemic.
- (iii) To move as quickly as practicable to a 30% social value weighting to all contracts as standard (i.e. 20% social value and 10% zero carbon).

- (iv) To adopt the new social value policy (a draft is attached in appendix 3 to this report)

Wards Affected: All

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city
The report includes a specific proposal to add zero-carbon consideration in the evaluation of tenders. Drawing on experience to date where the council has tested this, the proposal will help to deliver measurable commitments from bidders.

Our Manchester Strategy outcomes	Summary of how this report aligns to the OMS
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The proposals in this report aim to focus social value efforts on supporting Manchester's economic recovery following the pandemic, with a particular priority on jobs creation.
A highly skilled city: world class and home grown talent sustaining the city's economic success	Social value priorities will continue to promote local employment and local supply chains, helping to keep talent in Manchester.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The social value policy targets on priority groups – groups that are at more of a disadvantage compared with others.
A liveable and low carbon city: a destination of choice to live, visit, work	The social value priorities are closely aligned with the goal of a liveable, low-carbon city.
A connected city: world class infrastructure and connectivity to drive growth	The social value priorities are about driving growth of Manchester following the pandemic.

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1. Introduction

- 1.1. This report provides an update on the effects on the delivery of Social Value by the council's suppliers resulting from the pandemic as requested by the Resources and Governance Scrutiny Committee at the meeting on 6th October 2020.
- 1.2. The report also sets out proposals to reprofile the council's priorities for the delivery of Social Value and the revised draft Social Value Policy is appended to this report. In particular the paper proposes to more closely align the social value priorities to supporting the city's economic recovery and introduce further measures that will ensure that the commitment to addressing the climate crisis is reflected by the council's suppliers.

2. The Council's approach to Social Value

- 2.1. The council has a long history of promoting social value in Manchester through its procurement, its wider influence with external organisations and through its own operations.
- 2.2. The concept of social value refers to the wider value to Manchester residents and communities that organisations can generate beyond the direct value accrued by that organisation and its customers or end-users. An example is a company that employs people from disadvantaged backgrounds, who face greater barriers to work. The company benefits from the skills and labour provided, but there is also additional value generated to society from having fewer people who may otherwise be out of work and the economic and social benefits that come with that.
- 2.3. Social value outcomes can be economic, social and environmental in nature and they are a priority for the council. Since 2015 the council has applied a minimum 20% weighting to social value when evaluating tenders for council contracts. At the time this was, and remains to our knowledge, the highest weighting for social value in the country.
- 2.4. The council has also introduced a range of measures within our own organisation to promote social value and ethical employment. For example, in addition to becoming accredited as a Living Wage Foundation living wage employer in 2020, the council has signed up to the following initiatives, and encourages suppliers and partners to similarly support:
 - Care Leavers Covenant
 - Armed Forces Covenant
 - Unite Construction Charter
 - Unite Charter for Ethical Employment Standards in the Voluntary and Community Sector
- 2.5. In terms of impact, whilst the council's approach to including social value in tenders has been exemplary, there is an ongoing need to ensure that the delivery of social value takes place throughout the contract. The Integrated

Commissioning and Procurement Unit has taken a leading role in development of a consistent and clear approach to contract management and, as this is supplemented by an ICT based system over the next 12 months, one of the objectives of this will be to ensure that monitoring the delivery of social value is given the same priority to the core deliverables of any contract.

2.6. The council has engaged the Centre for Local Economic Strategies (CLES) for over 10 years to carry out an independent evaluation of the local economic impact of the council's spend. The first piece of research collaboration between CLES and the council took place from August 2009, with research and analyses produced regularly since. Research on the spend for last financial year (2019/20) is due to be published soon so the most recent figures are from 2018/19. Headline figures include¹:

- £461m spend with top 300 suppliers
- £322m Manchester based (69.9% up from 51.5% in 2008/09)
- 50.5% of spend with SMEs
- 561 apprentice opportunities created
- 1,579 jobs created by suppliers
- 7,730 opportunities created for hard to reach residents in GM

2.7. The Manchester / CLES collaboration has been used to help share learning both in Manchester and beyond and has led to similar work being undertaken by CLES with other authorities – for example in Preston and various London Boroughs. The collaboration with CLES includes an annual social value conference that a wide range of partners and suppliers attend.

2.8. Two major developments have impacted the role of social value in Manchester. The first of these is Manchester's zero carbon ambition, which requires suppliers and partners to play their part in supporting the City to become a zero carbon city by 2038 or before. The February 2021 Neighbourhoods and Environment Scrutiny received a report which sets out in detail steps the council, suppliers and wider partners are taking in relation to zero carbon.²

2.9. The second major development has been the Covid-19 pandemic, which has both influenced social value delivery on the ground over the last 11 months – positively and negatively – and has also shaped how we look at our future social value priorities in the context of supporting a green, inclusive, economic recovery.

3. How the pandemic has affected social value

3.1. The pandemic has impacted our contracts and the social value commitments within them in a number of different ways. In the main, social value has continued to be delivered and suppliers have been flexible adapting their social value delivery, including supporting covid relief efforts. However, some social

¹ <https://cles.org.uk/publications/manchester-city-council-spend-analysis-2018-19/>

² *Manchester City Council Climate Change Action Plan 2020-25*, Neighbourhoods and Environment Scrutiny 10 February 2021

value delivery however has had to be paused, for example because the commitments cannot be carried out (e.g. work in schools) or because the contract itself has had to significantly reduce or stop altogether, (e.g. Public Health contracts where staff were redeployed to support the Covid-response).

- 3.2. Some examples of the different impacts the pandemic has had are set out below with more detail in Appendix 1.

Examples where the delivery of social value has continued

- 3.3. Social value has continued to be delivered within many construction and highways projects. In addition, in contracts let by Neighbourhoods covering services provided in Parks, and in the small value construction works framework where the contracts are lower in value, there is an option for social value to be accrued based on time allocated by suppliers to carry out small community related projects.
- 3.4. For highways works, a number of contractors came forward to support during the first lockdown of Covid-19. The main effect in terms of reduced social value was in relation to community events and schools due to the restrictions. When schools reopened, the measures taken to support social distancing reduced opportunities to allow non-essential access into school and the uptake has not yet recovered. However social value has continued to be delivered in a number of areas and the pandemic has encouraged suppliers to think outside the box. For example, contractors supplied and loaned barriers to schools to support social distancing measures once reopened and since the first lockdown they have learned to look at alternative methods (e.g. delivering work experience and mentoring “virtually”). One supplier, Colas, produced a video to promote careers in construction and this is going to be circulated to schools digitally. Some further examples of social value delivery in Highways in below in the Annex.
- 3.5. Similarly, Capital Programmes continued to see social value delivered and providers too came forward with support offers in relation to the first lockdown.
- Overall, North West Construction Hub (NWCH) data on social, economic and environmental value generated in Manchester for the period 27 July 2020 to 20 January 2021 highlights an estimated £466,000 monetised value of local jobs and local spend created (this is described as local economic value) and a further estimated £365,000 social value created, including from apprenticeships and career support sessions.
 - NWCH providers met in June to update on the social value being delivered in light of the lockdown and pandemic. Providers in many cases adapted delivery, for example by providing virtual work experience placements, and virtual learning.
 - Contractors also came forward with offers of support to assist with the first lockdown, principally offering deliveries, PPE and materials and project management support. Contractor staff also collected donations for relief efforts. For example the New Victoria team and subcontractors collected £1,400 to help support the Manchester Central Food Bank.

- Looking at specific contracts the Town Hall refurbishment is one example, where a number of early steps were taken (specifically around school, college and university engagement) which helped to mitigate against Covid-19 restrictions and, although the project has seen a reduction in overall Social Value activity over the period, the majority of KPIs remain on track. Apprentice learning was moved online; contractors provided engineering, IT and manufacturing services to the establishment of the Nightingale hospital; and the onsite Covid secure recruitment brokerage with DWP, Procure Plus and The Works was created to ensure new apprentices and employment roles continued to be created and linked to Manchester residents. The latter has been in place from September 2020 and has been a great success, having recruited 34 New Jobs and 18 New Manchester resident apprentices.
- More recently, Capital Programmes and the Work and Skills Team are working together to look at upcoming major projects and how employment, training and skills commitments can support the economic recovery in Manchester.

3.6. Examples of where social value continues to be delivered in non-works contracts are set out below.

3.7. Home to School transport:

- A new apprentice mechanic position has been created for one of our Care Leavers.
- Work is underway with two providers who are looking to establish apprenticeships for business administration roles.
- One provider has partnered with Mustard Tree and is donating through a monthly direct debit scheme to support vulnerable people.
- One provider supported the Mutual Aid Hub and food parcel delivery scheme providing vehicles and driver

3.8. In Adults, Age UK Manchester responded to three of their day centres being closed by delivering a new 'home visiting' and support service for all the day centre attendees. This involved the provision of a daily hot meal, activity kits and doorstep entertainment. In addition, Age UK took referrals from Adults where a vulnerable older person needed food support or daily contact over and above the day centre cohort. They have worked collaboratively to complement the MCC helpline and food support and medication offer. During the recent South Manchester floods, Age UK also deployed 3 minibuses and visited older/vulnerable people, offering them the chance to relocate in a kind and concerned manner. This was done at no additional cost to the council.

3.9. The Integrated Alcohol and Drug Early Intervention and Treatment service with CGL, have continued to meet their social value environmental commitments. In one month in Quarter 2 they prevented 2.58 tonnes of waste from going to landfill and avoided emitting a combined 1,293 Kg of Methane and Carbon Dioxide by reducing the bacterial anaerobic decomposing process. This waste would have occupied up to 7.92 cubic metres of landfill.

Examples where contractors have had to significantly adapt or pause their social value provision in light of the pandemic

- 3.10. With the recycling contract the social value related additional employment and training has not been able to take place. Instead the contractor has supported the relief efforts from April to August last year, providing two people per day, seven days a week to collect and deliver food parcels. In total the contractor provided over 1,000 hours of volunteering and delivered over 3,000 meals.
- 3.11. The waste collection contract with Biffa has had to pause its formal apprentice programme, although other elements of its social value programme remain ongoing. The contract overall comprises three broad social value areas: social value investment (I.e., Resources provided in-kind to deliver social value); engagement with residents and communities; and recruitment. Taking these in turn:
- Biffa commits each year to provide services that are not covered in the contract and provide social value to residents, such as clean ups, bin emptying for community groups etc. This has continued throughout the year.
 - The contract provides full time engagement staff working with residents and communities. They have continued to work throughout the pandemic and find ways to engage with residents that are consistent with social distances and other relevant guidelines.
 - Covid-19 restrictions have meant recruitment is challenging as training rooms and numbers allowed indoors have been significantly scaled back. Colleges have also scaled back their supporting programmes and so Biffa have had to pause any planned formal apprentice programmes. However, standard recruitment is ongoing and has been throughout the pandemic. Biffa plan to revisit the apprentice programme as soon as viable and restrictions allow. Recruitment tends to be from residents local to the depots - approximately 85% are Manchester residents.
- 3.12. One of the areas closest to the pandemic efforts is public health, where some contracts have seen staff redeployed to work on Covid-19 and/or the contracts themselves have had to be paused completely (examples include some contracts delivered by Manchester University NHS Foundation Trust). Contract and social value monitoring in these cases was temporarily suspended. Commissioners are working with services to restart these services and the contract monitoring. However there are still a number of examples, where providers have used social value to help free up resources within the wider health care system to support efforts to help those worst affected by the pandemic. Examples include:
- Manchester Action on Street Health (MASH), are providing a strategic leadership contribution that is above and beyond the contractual obligations to leverage social value for the wider homeless/substance misuse/sex worker provision. MASH staff working on Public Health contracts also worked closely with homelessness and took on chairing responsibilities of the Homelessness Partnership Strategic Group

- George House Trust (GHT) and MASH have also used their resources to provide additional support for those in financial crisis during the pandemic including crisis loans, food parcels etc
- Increased volunteer base to support additional demand for services. For example BHA, GHT and the LGBT Foundation have seen increased need for support as a result of the pandemic (including support for social isolation, mental health, and domestic abuse) and more recently by the channel 4 series It's a Sin. Volunteers have been central to their ability to flex and evolve services. Providers have grown their volunteer base and utilised volunteers to provide more contact and buddying (GHT, LGBTF) with vulnerable clients.

3.13. There are also examples where there have been new social value offers from companies and organisations who are not current suppliers to the council to support covid-relief efforts. For example, by June over 100 offers of support had come forward, offering a diverse range of support from logistics, construction, food, storage facilities and donations to the We Love Manchester Covid-19 Response Fund.

3.14. Looking ahead, we expect to see increasing social value opportunities. New procurements have not noticeably changed over 2020 and social value commitments continue to be captured in bids, not least in terms of the environment. Furthermore, older contracts still form a significant part of the contracts portfolio, particularly in relation to social care, and these tend to be less sophisticated in terms of social value commitments. As we look to re-procure these the social value commitments should increase.

4. Updating the social value priorities in the context of the city's recovery

- 4.1. Social value has become even more of a priority in light of the coronavirus pandemic and the economic and social impacts it has had on Manchester.
- 4.2. Research shows that the impact has fallen particularly hard on certain groups. For example, the direct health impacts from coronavirus have been felt acutely, but by no means exclusively, by older residents and residents with underlying health conditions. But economically too, certain groups have been disproportionately affected. These include young people, especially those with low or no qualifications, who face significant barriers to a very challenging labour market, and Black, Asian and Minority Ethnic populations.
- 4.3. Social value has a more important role than ever in supporting an inclusive, green economic recovery in Manchester. This is acknowledged by national government and locally within Greater Manchester.
- 4.4. Nationally the government released guidance in September reinforcing the importance of securing social value in contracts. It is also currently consulting on a green paper on reforming public procurement in the longer term as well as interim guidance to be issued in the near future which sets out proposals for supporting local economies via social value.

5. New Social Value Policy for Manchester City Council

5.1. In light of the developments over the last year, the council's zero carbon ambition and the council's ongoing experience in relation to delivery of social value, officers have drafted an updated social value policy. Specifically, the policy:

- Prioritises actions to support Manchester's recovery
- Expands the priority groups for social value to reflect groups disproportionately impacted by the pandemic.
- Adds a dedicated social value weighting to support the zero carbon ambition in the evaluation of tenders.

5.2. These are set out further below. Appendix Two provides further information on how these changes compare with the current policy.

Priority actions to support Manchester's recovery

5.3. Social value priorities up to now have been intentionally broad in terms of scope, reflecting the diverse forms of social value. These priorities are communicated to suppliers and stakeholders via toolkits.

5.4. As the council's approach to social value has matured, the council is able to be more specific about social value outcomes and that specific priority should be given to supporting the recovery in Manchester. This does not mean that other social value offers from organisations would be disregarded; rather organisations would be steered to consider certain actions in the first instance.

5.5. It is proposed that these priority actions are:

- Maximise new job creation, increasing overall labour demand in the city, and ensure residents are supported into these opportunities.
- Support unemployed Manchester residents to re-enter work as quickly as possible - especially priority cohorts
- Support and strengthen organisations that make a positive contribution to Manchester and retain money in the local economy
- Support Manchester's transition to a zero carbon city.
- Ensure 'good employment' (e.g. Living Wage) is centre to any opportunities
- Focus charitable giving on We Love MCR, Young Manchester and Big Change
- Facilitate donations of surplus food through the Food Response Team & Council's website to ensure food can be distributed to those who need it & reduce food waste.
- Establish the required processes to make use of the Social Value fund and realign to the recovery priorities

Expanding our priority groups

5.6. Since 2017 Manchester has looked to target social value efforts that benefit priority groups – groups that are relatively more disadvantaged than the population as a whole and where interventions could have the greatest impact. The identified groups are as follows:

- Children and young people, specifically:
 - looked after children and care leavers
 - young people who are Not in Employment, Education or Training (NEET) or who are at risk of becoming NEET
 - young people involved in or at risk of being involved in the criminal justice system
- long-term unemployed with an underlying health condition or complex needs
- disabled people
- older people
- vulnerable adults overcoming a crisis or, domestic violence and abuse, rough sleepers

5.7. In light of the impact the pandemic has had, and wider work within the council around equality and diversity, this paper proposes to add a further priority aimed at addressing inequalities faced by Black, Asian and Ethnic Minority residents.

5.8. Furthermore, across all groups, there should be a focus on paid work within occupational areas with good post-Covid prospects and high-quality training relevant to future job growth.

Environmental scoring in the evaluation of tenders

5.9. The environment is a longstanding social value priority in Manchester. For example, bidders have been asked questions specifically on the environment and emissions in all Invitations to Tender put out by the council since 2014. The zero carbon ambition has reinforced this, and over the last year the council began testing an additional 10% environment weighting in the evaluation of tenders where appropriate. This meant that, in addition to the standard minimum 20% social value weighting an additional 10% of the total score was applied to carbon reduction proposals of bidders. The “pilot” was applied to 4 Highway contracts, the Council’s large format advertising contract and the Repairs and Maintenance Contract for housing stock currently managed by Northwards.

5.10. A summary report of the learning from this was presented to the Social Value Governance Board. Overall the trial has proved successful in emphasising the significance of zero carbon and increases the likelihood of appointing suppliers that share this ambition.

5.11. This paper proposes moving as quickly as practicable to a 30% social value weighting to all contracts as standard (i.e., 20% social value and 10% zero carbon).

- 5.12. Recognising that some sectors are more developed in terms of measuring their carbon footprint than others, and that the potential to deliver meaningful environmental benefits varies, the approach will give some flexibility on the percentage for the environment. The base assumption is that 10% Zero Carbon will be the default position. As the expertise builds and levels of carbon literacy increase amongst commissioners this will lead to the development of specifications for contracts that more directly contribute towards realising the city's zero carbon ambitions.

Updated social value policy

- 5.13. The above proposals have been included in a draft updated Social Value Policy, which is attached at Appendix Three. Members of the Committee are invited to comment on the Policy which is due to go to Executive later in March. The precise wording of the document, such as narrative and style may change over time, for example to take on board supplier and stakeholder feedback or new emerging priorities.
- 5.14. The policy is also consistent with the recently refreshed Greater Manchester Combined Authority social value framework, which sets out high level principles focused around rebuilding our economy and society following the crisis caused by Covid-19. The two documents are complementary – the GM framework sets out the overarching outcome themes and the Manchester policy provides more depth as to what Manchester expects to see in social value commitments for the City, building on the relatively long experience Manchester has had in this space.
- 5.15. As well as the policy document, new toolkits for suppliers and commissioners, contract staff and wider stakeholders are also being developed to reflect the updated policy.

6. Expected impact of the updated priorities

- 6.1. Overall, these changes will help to deliver: (i) more specific, measurable commitments from suppliers both in relation to the economic recovery and in relation to climate change; and (ii) a strengthened focus on priority groups.
- 6.2. The impact will be monitored on a number of levels.
- First, contract managers will continue to monitor social value delivery at a contract level, and we have been introducing or piloting new tools (e.g., Social Value Portal in Highways) which support with this.
 - The Integrated Commissioning and Procurement Team are currently co-developing social value KPIs, to help standardise and improve monitoring. This is building on learning from Capital Programmes and Highways which use the national TOMS measures.
 - There is also a monthly operational officers group comprising social value and contracts leads with representatives from different parts of the council, which will be sharing learning and best practice.

- Directorates themselves have also established controls and reporting arrangements specifically on social value – for example Children's have set out how they will incorporate social value into their commissions.
- The Integrated Commissioning and Procurement team will also monitor overall impact and emerging themes, particularly from the proposed zero-carbon weighting, reporting to the Social Value Governance Board, chaired by the Deputy Chief Executive.

7. Recommendations

7.1. The recommendations are detailed at the front of the report

Appendix 1: Further examples of Social Value Delivery During the Pandemic

The below examples provide an indication of the kinds of additional social value offered by our providers during the pandemic by department. The list is not exhaustive but aims to showcase the different approaches taken and how these have benefited Manchester residents.

Adults

Contract	Social Value
Age UK	During the recent South Manchester floods, Age UK deployed 3 minibuses and visited older/vulnerable people, offering them the chance to relocate in a kind and concerned manner.
Age UK	In response to three of their day centres being closed, the provider developed and delivered a new 'home visiting' and support service for all the day centre attendees. This service ensured that all day centre attendees, had access to a daily hot meal, activity kits and doorstep entertainment. In addition, Age UK took referrals from Adults where a vulnerable older person needed food support or daily contact over and above the day centre cohort.
Age UK	Provider has worked collaboratively to complement the MCC helpline and food support and medication offer during Covid 19.

Childrens

Contract	Social Value
Sumi Travel Ltd - Home to School Transport	Provider has partnered with Mustard Tree and is donating through a monthly direct debit scheme to support vulnerable people.
Home to School Transport	Provider has supported the Mutual Aid Hub and food parcel delivery scheme providing vehicles and drivers
Various - Home to School Transport	Through the framework, three providers have offered apprentice mechanic position and two apprenticeships for business admin roles.

Public Health

Contract	Social Value
Change Grow Live (CGL)	Provider has delivered upon their social value commitments to reduce their carbon footprint and have reported on this throughout the pandemic. In one month, they prevented 2.58 tonnes of waste from going to landfill and avoided emitting a combined 1,293 Kg of Methane and Carbon Dioxide by reducing the bacterial anaerobic decomposing process. This waste would have occupied up to 7.92 cubic metres of landfill.
Change Grow Live (CGL)	Provider has offered out their meeting room facilities for free for the local community.

Manchester Action on Street Health	Have providing a strategic leadership contribution that is above and beyond the contractual obligations to leverage social value for the wider homeless/substance misuse/sex worker provision.
Manchester Action on Street Health	Provider's staff working on Public Health contracts also worked closely with homelessness and took on chairing responsibilities of the Homelessness Partnership Strategic Group
George House Trust in conjunction with Manchester Action on Street Health	Providers have used their resources to provide additional support for those in financial crisis during the pandemic including crisis loans, food parcels etc
George House Trust in conjunction with LGBTF	The third sector providers have utilised their volunteers to provide more contact and buddying with vulnerable clients and have continued to support and grow their volunteer base.

Neighbourhoods

Contract	Social Value
Biffa Waste Management	Providers commits each year to provide services that are not covered in the contract and provide social value to residents, such as clean ups, bin emptying for community groups etc. This has continued throughout the year.
Biffa Waste Management	The contract provides full time engagement staff working with residents and communities. They have continued to work throughout the pandemic and find ways to engage with residents that are consistent within current social distancing (and similar) guidelines.
Biffa Waste Management	Covid restrictions have meant recruitment is challenging, Biffa have had to pause any planned formal apprentice programmes. However, standard recruitment is ongoing and has been throughout the pandemic. Biffa plan to revisit the apprentice programme as soon as viable and restrictions allow.

Growth and Development

Contract	Social Value
The Factory	Apprenticeships in the cultural sector have been identified as an area which needed development. Factory has revised The Factory Academy Business plan to focus on pre-employment training opportunities as a precursor to apprenticeship, whilst responding to local priorities and utilising GM funding pots such as the Adult Education Budget. As such we secured funding from Access Creative College and through the 19/20 academic year we will deliver up to 200 opportunities for unemployed people through a number of different programmes such: Training Academies (recognised as sector based work academies), traineeships,

The Factory	Provider has worked with Cultural and Creative Skills to submit an application to become a kickstart intermediary for the sector. In addition, The Factory Academy has developed wraparound support training that any creative org can access. We expect to see 40 kickstart roles available with consortium members this year and expect more to follow.
The Factory	Developing a partnership with The Growth Company to launch the Creative Industries Training Alliance. This replaces the GM cultural skills consortium and we aim to reach 200 employers to work with them as part of the Skills for Growth fund. This will include specialist support for business in terms of workforce development and access to training.

Highways

Contract	Social Value
J.Hopkins - Surfacing Carriageways	Provider helped with signage at the Nightingale hospital and donated PPE equipment. Supported Manchester Central charity with food deliveries using a Hopkins van and driver £2,000 donation towards the Read MCR transition read initiative. Provided 10 crowd barriers on a temporary basis to the Tree Life Centre in Wythenshawe for social distancing.
Rosgals - Drainage and subcontracted work from Mancon using TfGM framework	Set aside a financial fund of £5,000 to support their workers and families during this difficult time. Donation of PPE and face masks to local Manchester hospital Food donations to local volunteers preparing food for the elderly and vulnerable who are self isolating Employee from Rosgals has supported the Bread and Butter Charity delivering food parcels to the vulnerable for 6 weeks in his van equating to the value of £13,000.00.
Colas - A6 Stockport Road - Major Project	In partnership with Mancunian Way Charity, a donation of £2000 (£1000 in April 2020 and £1000 in May 2020) provided to Cornerstone charity and Booth Centre to purchase food parcels for vulnerable Manchester residents. Mancunian Way Charity donated 56,000 items of toiletries to homeless shelters and food banks on behalf of Colas. 2 vehicles and drivers for the entire month of May to support MCC with the immediate food response, delivering food parcels across the City. This equates to the value of £11,840.
NSL - Parking enforcement	4 drivers and vehicles provided to support the delivery of food parcels across the City

Lanes Group - Drainage	Shared educational resources to keep children occupied during homeschooling. All items free to download with parent guidance also. These were advertised via our online google site to support working parents during Covid-19.
Eric Wright - Hyde Road Pinch Point Widening	Provider made a donation of £10,000 towards the Read MCR transition read initiative.

Appendix Two – PowerPoint Presentation “Strategic Review of Social Value

Strategic Review of Social Value

1

Purpose and Recommendations

- Summarise Manchester’s approach to social value to date & its impact
- Suggest changes to our approach to ensure consistency & to support the city’s recovery from COVID-19 & other priorities such as climate change.
- Decisions requested on the following recommendations:
 - **Priority cohorts** - agree addition of Black, Asian and Minority Ethnic residents
 - **Priority actions** - agree focus on employment and training (including good employment) and local spend, and aligning Social Value Fund to new priorities
 - **Environment 10%** - agree to formalising its application following pilot phase
 - **Influencing** - agree to resume Anchors network, with a strategic focus on the above priority areas using the Our Manchester Forum as a key network
 - **Links into GM** - agree to not change the Council’s policy to match the GMCA Framework but to continue to liaise with their position
- The above changes reflect the city’s current priorities but will not be permanent & should be reviewed every 6 months.

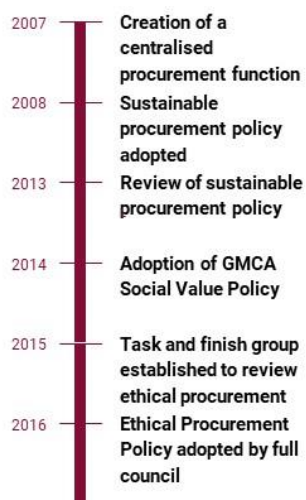
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2. Current approach, governance & Our Town Hall case study
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4. Prioritisation of high impact interventions
5. Environmental weighting
6. Anchor institutions
7. Alignment with GMCA Framework
8. Strategic alignment
9. Summary of recommendations

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1. A decade of tangible benefits



Economic impact in 2018/19

- £461m spend with top 300 suppliers - £322m Manchester based (69.9% up from 51.5% in 2008/09)
- 50.5% of spend with SMEs
- 561 apprentice opportunities created
- 1,579 jobs created by suppliers
- 7,730 opportunities created for hard to reach residents in GM

Existing commitments:

- MCC has signed up to a number of national covenants and is a Living Wage employer. These commitments are embedded within the Council's approach to Social Value.



2. Current approach, governance & case study

- Focus on driving social value through procurement in all Directorates & Capital Programmes where MCC is the client.
- Commissioning services & officers responsible for driving social value from their own contracts. Some guidance & support is provided centrally.
- “Asks” will often be tailored to the commissioning service & the types of business likely to undertake a contract or deliver a service.
- The Work & Skills Team also apply a social value approach with developers & tier one contractors using a local labour condition via the planning process
- Recent review of governance leaving the following two groups:
 - **Social Value Governance Board:** Chair - Carol Culley. Attended by senior leaders and provides strategic leadership and oversight.
 - **Social Value Contractors and Commissioners Group:** Chair - Mark Leaver. Established to ensure a consistent organisational approach (nb the group previously chaired by Paul Marshall has been incorporated into this group)
- Reporting to Resources & Governance Scrutiny Committee with the Ethical Procurement & Contract Management sub group scrutinising in greater detail

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Case study: Our Town Hall

- Achieving social value included as an objective for the project (not just a procurement outcome) & embedded from the start.
- Social value supported by senior leadership & the project management office
- Clear performance management framework, KPIs & incentivisation model
- A procurement process that considered social value in all (relevant) areas, not just the social value section, and encouraged the right behaviours and management as well as commitments against KPIs.



O U R
T O W N
H A L L
P R O J E C T

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3. Opportunities to maximise impact

- **Prioritisation of high impact 'Manchester First' interventions:** Response to COVID-19 must ensure that offers & interventions that will have the greatest impact on the city are prioritised.
- **Further promote social value (and in particular zero carbon aims)** in procurements through a minimum 30% social value weighting, including explicit weighting for environment.
- **Creating opportunities for our anchor institutions and major employers to follow the same approach:** Another way to add value would be by encouraging major employers in the city to take a similar approach & to connect them into activities within our own supply chain.
- **Creating better connections between contractors, suppliers & MCC:** At present individual organisations within our supply chains are generally siloed with no visibility of offers across the entire supply chain. This can result in missed opportunities to add value by connecting offers e.g. a work experience placement from one contract leading to employment on another.
- **Better management of demand for interventions:** At present there is no coordinated management of demand which can create an over-supply of certain types of offers, stifle innovation or result in offers that are well-meaning but ultimately not appropriate.

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4. Prioritisation of high impact 'Manchester First' interventions

A: Targeting social value effort towards those in the city with most to gain from it

Current policy

In 2017 Executive Members agreed a number of priority groups - groups that are relatively more disadvantaged than the population as a whole & where interventions could have the greatest impact:

- Children and young people, specifically: looked after children and care leavers; young people who are Not in Employment, Education or Training (NEET) or at risk of becoming NEET; and young people involved in or at risk of being involved in the criminal justice system;
- long-term unemployed with an underlying health condition or complex needs;
- disabled people;
- older people; and
- vulnerable adults overcoming a crisis or, domestic violence and abuse, rough sleepers.

Proposal

- Black and Ethnic Minority residents are added as an additional priority group.
- For all groups, there should be a focus on paid work within occupational areas with good post-COVID prospects and high quality training relevant to future job growth.

This follows economic research undertaken by *Think!* (presented to Executive on 29 July 2020), which stressed the need to focus on paid work within occupational areas with good post-COVID prospects & high quality training relevant to future job growth. Black, Asian and Minority Ethnic residents, young people, particularly those leaving full time education and the over-50s were all identified as being disproportionately affected by the economic impact of COVID-19:

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4. Prioritisation of high impact 'Manchester First' interventions

B: Prioritise particular actions to support Manchester's recovery

Current policy

At present, commissioners have freedom to choose priorities that are relevant to their service within the framework of the Our Manchester Strategy and the social value guidance and training made available to officers.

The same priorities are communicated to contractors / suppliers via the social value toolkit.

This means that the "ask" of contractors can be highly variable depending on what individual services or officers judge to be most appropriate; it can also end up stifling innovation.

There is also the SV Fund option. Further work is needed to release current funds (£205k) to priority areas.

Proposal

Focus actions, for the medium term, to meet the challenges presented by the economic impact of COVID-19:

- Maximise new job creation, increasing overall labour demand in the city, and ensure residents are supported into these opportunities.
- Support unemployed Manchester residents to re-enter work as quickly as possible - especially priority cohorts
- Support and strengthen organisations that make a positive contribution to Manchester and retain money in the local economy
- Support Manchester's transition to a zero carbon city.
- Ensure 'good employment' (e.g. Living Wage) is centre to any opportunities
- Focus charitable giving on We Love MCR, Young Manchester and Big Change
- Facilitate donations of surplus food through the Food Response Team & Council's website to ensure food can be distributed to those who need it & reduce food waste.
- Establish the required processes to make use of the Social Value fund and realign to the priorities

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5. Social Value and Environmental Weighting

Current approach

A minimum 20% social value weighting is applied to evaluation of tenders.

Recently introduced consistent questions specifically on the environment and zero carbon to all Invitation to Tenders.

Also trialled an additional 10% social value weighting (so total 30% weighting) specifically for environment action to help us reach the city's zero carbon 2038 target. Findings were that it has a positive impact on contracts such as Highways and Construction but it could be more challenging on contracts with less scope for environmental benefits.

There is now an opportunity to formalise the additional 10% following the pilot period and a decision is required on whether to include for all contracts or whether it should be applied flexibly where most relevant.

Proposal

To follow a pathway moving, over time, to a 30% weighting to all contracts (i.e. 20% SV and 10% environment). The pathway approach will give initial flexibility on the percentage for the environment depending on the potential to deliver meaningful environmental benefits. As with any increases to a social value weighting, there are potential risks such as increased challenge from unsuccessful bidders or price / quality not receiving sufficient consideration. There are actions that can be taken to mitigate some of these, as will the flexibility that is built into the pathway approach (i.e. not moving to 30% across all contracts straight away).

In the longer term, the 10% environment weighting may ultimately be a temporary measure - over time, the aim is for zero carbon to be integral to specifications such that a dedicated weighting may not be needed.

To help identify the contracts to target a higher zero carbon weighting to, a task and finish group is currently categorising council contracts, as recorded in registers, by type (e.g. transport services, construction works, home-based care and support services) and will then overlay the known, or estimated, environmental impact of each category.

Officers are also looking at further mechanisms for monitoring delivery of environmental commitments.

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6. Anchor Institutions

Current approach

Links to Family Poverty Strategy and Our Manchester Business Forum:

- Anchor institutions roundtable event March 2019 - asked to commit to priorities which would support young people to get the right careers support
- Inclusive growth breakfast session September 2019 - promoted best practice of embedding social value in procurement to a range of businesses, & identified areas for collaboration to ensure social value targets our residents most in need
- Further anchors event planned for spring 2020 but cancelled due to COVID-19

CLES and Social Value 2020: People Place and Planet Event Feb 2020:

- Annual social value event, with a focus on suppliers and buyers embedding social value, and how to use procurement to address zero carbon targets

Work with the construction sector:

- While not strictly "anchors", significant progress has been made with construction sector contractors where MCC is a client / major stakeholder but also via the planning process for private developments.

Proposed approach

It is recommended that the work with anchor institutions across the organisation is better aligned going forwards, builds on the proposed priority cohorts and actions, and is scaled up where possible. This should be a major priority for the Our Manchester Forum.

Opportunity to run targeted social value pilot with anchors, with results to inform future Family Poverty work

Need to be mindful that many anchors now find themselves in economic difficulty so pilot needs to be focused on a sector that can deliver - propose pilot focuses on construction (and related sectors like facilities management) and enabling residents from priority cohorts and neighbourhoods (most deprived) to access employment opportunities

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7. GM Social Value Framework

- Proposed new framework replacing 2014 GM Social Value Policy in light of COVID-19, the GM Good Employment Charter and GM Co-operative Commission
- Build around six objectives; long-term plan with objectives, targets and metrics will be created for each:
 - Provide the best employment that you can
 - Keep the air clean in Greater Manchester
 - Create the employment & skills opportunities that we need to Build Back Better
 - Be part of a strong local community
 - Make your organisation greener
 - Develop a local GM-based and resilient supply chain
- GMCA to establish central website for Framework
- LAs expected to use to develop their own procurement & commissioning strategies

Recommendation: That the Council does not change our social value policy to match the new framework. Our policy already supports the GMCA framework but is more bespoke to Manchester's challenges. A statement demonstrating our strategic alignment with the GM Framework will be developed and published on the Council's website to provide clarity to partners & suppliers.

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8. Strategic Alignment

- A number of strategies and plans are currently in development or due for refresh in the next 18 - 24 months. Of particular note for social value are:
 - *Our Manchester Strategy 2016- 2025 reset* - overarching strategy for city so any work needs to seek to deliver its priorities (adopted by Full Council March 2021)
 - *Economic Growth Plan* - launch early October 2020
 - *Our Healthier Manchester Locality Plan* - refresh underway
 - *MCC Corporate Plan* - in line with corporate budget planning process 2021/22
 - *Work and Skills Strategy* - to be refreshed 2021 (following OMS)
 - *Family Poverty Strategy* - reprioritisation to consider COVID-19 over next 12 months; to be refreshed 2021 (following OMS)
 - *Children's Commissioning Strategy*
- Budget impact also important: need to understand SV impact of service reductions; Anchor institutions role even more important in context of reduced public sector budgets.
- Also need to consider alignment to work at GM level, including GM Spatial Framework and the renewed GM Strategy and updated GM Good Employment Charter
- Further details of alignment and timescales can be found [here](#)

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9. Summary of recommendations

- Decisions requested on following recommendations:
 - **Priority cohorts** - agree addition of Black, Asian and Minority Ethnic residents
 - **Priority actions** - agree focus on employment and training (including good employment); local spend; charitable giving; donation of surplus food and align the Social Value Fund to new priorities
 - **Environment 10%** - agree to increase weighting to 30% with flexible use of the environmental element depending on scope for environmental benefits
 - **Influencing** - agree to resume Anchors network, with a strategic focus on the above priority areas
 - **GM Framework** - agree to retaining a bespoke Manchester Social Value Policy but continuing to liaise closely with the GMCA's position
- Changes recognise Manchester's current position in relation to COVID-19 but will not be permanent and will be reviewed every 6 months.

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Appendix Three

Manchester City Council's Social Value Policy 2021

Introduction

In Manchester, we encourage organisations to operate and provide goods and services in such a way that offers maximum social, environmental, and economic benefit to Manchester residents and communities.

As we rebuild our economy and society following the crisis caused by Covid-19, we will look to use social value to tackle the inequalities around us and make the things that we do, good, fair, and sustainable. We want to partner with organisations and suppliers that share our values, that look at the wider value they can offer to society, and that will contribute to Manchester's ambition to be zero-carbon by 2038.

We and our partners across Greater Manchester share the six overarching areas of focus for social value articulated in the refreshed 2020 [GMCA Social Value Framework](#), aimed at supporting a green, inclusive economic recovery for the city:

- *Create the employment and skills opportunities that we need to build back better*
- *Provide the best employment that you can*
- *Be part of a strong local community*
- *Develop a locally based and resilient supply chain*
- *Keep the air clean*
- *Make your organisation greener*

Since the Social Value Act was implemented in 2012, Manchester City Council has led in generating social value through procurement and also sought to deliver it through its own operations and its wider influence with organisations across the city.

Examples include:

- Steps the council takes to create employment opportunities for people from disadvantaged backgrounds.
- The setting of the zero-carbon ambition and accompanying programme which includes workstreams to reduce the council's own emissions and those of the supply chain to reduce its carbon footprint and make the council greener.
- Becoming a Real Living Wage accredited employer
- Signing up to the Care Leavers and Armed Forces covenants, along with similar initiatives, aimed at creating employment and other opportunities for people who are disadvantaged.
- Well established volunteering and charitable giving programmes, supporting Manchester communities.
- Social value commitments from developers in planning applications.
- Networks of organisations across the city that the council works with to help create value for the residents and communities of Manchester; and
- The council's procurement – the goods, services, and capital works that the council buys. The council has a well-established approach, developed over more than a decade, to driving social value through its supply chain.

Social value has become even more of a priority in light of the coronavirus pandemic and the economic and social impacts it has had on Manchester.

Research shows that the impact has fallen particularly hard on certain groups. For example, the direct health impacts from coronavirus have been felt acutely, but by no means exclusively, by older residents and residents with underlying health conditions. But economically too, certain groups have been disproportionately affected. These include young people, especially those with low or no qualifications, who face significant barriers to a very challenging labour market, and Black, Asian, and Minority Ethnic populations.

Background

The Public Services (Social Value) Act 2012 placed an obligation on local authorities and other public bodies to consider the social good and wider impact that could come from the procurement of services before they embark upon it. The effect of the Act has been to alter the commissioning and procurement processes by ensuring that councils give consideration of social value in all purchasing and disposal procedures. For over a decade Manchester City Council has been at the forefront of promoting social value within its supply chain, and the impacts of this have been externally assessed by the Centre for Local Economic Strategies.¹

Over the years we have continually looked to refine and improve our approach, including most recently where we have tested new ways to evaluate environmental commitments in tenders. National procurement policy is also changing, pointing towards increased flexibility for authorities to commission for social value and use their buying power to support local recoveries.

Definition

The concept of social value refers to this wider value to society that organisations can generate, i.e., value generated beyond the direct value that the organisation and its customers or end-users receive. An example is a company who has put in place environmentally friendly operations, which the customer does not *directly* benefit from, but society does (e.g., cleaner air). Another example is an organisation that looks to employ people from disadvantaged backgrounds, who face greater barriers to work. The organisation benefits from the skills and labour provided, but there is also additional value generated to society from having fewer people who may otherwise be out of work and the economic and social costs that come with that. There is a technical definition that formally captures this concept from the UK Sustainable Procurement Taskforce:

Social value is a process whereby organisations meet their needs for good, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and economy, whilst minimising damage to the environment.

Why we are doing this

Social Value has the potential to release millions of pounds of public money for community benefit and support the city's recovery. It encourages smarter spending to not only deliver a proposed service but also address social, economic, and environmental issues in the local community.

We want our policy to;

- Encourage a diverse range of suppliers to work with us, including the participation of small and medium sized enterprises (SME's) and 3rd sector organisations, and local suppliers in general.
- Promote fair employment practices: Ensuring workforce equality and diversity within supply chains.
- Offer a range of apprenticeship, training, and skills development opportunities as well as employment opportunities.
- Maximise opportunities for Manchester organisations to participate in the council's supply chains and encourage suppliers to make a social contribution to the local area.
- Ensure ethical sourcing practices, including compliance with UK, and international standards, promoting fair trade and fair pricing policies, tackling corruption, child/slave labour, blacklisting of union members and similar social issues.
- Promote greater environmental sustainability: Minimising waste and pollution, supporting carbon reduction initiatives, furthering energy efficiency and other sustainability programmes.

Our social value priorities

Greater social value can be achieved if we and our partners focus efforts that benefit people who are more likely than most to be at a disadvantage. For example, we know care leavers or young people not in education, employment or training are more likely to find it harder to get the breaks in life that others may have. New employment opportunities for these groups reduces the risk of longer-term unemployment, adding value to Manchester overall, beyond the direct benefit to the individuals employed and to the employer.

As such, we particularly prioritise the following groups for actions aimed at creating social value (these are not in any priority order):

- Children and young people, specifically: looked after children and care leavers; young people who are Not in Employment, Education, or Training (NEET) or at risk of becoming NEET; and young people involved in or at risk of being involved in the criminal justice system.
- long-term unemployed with an underlying health condition or complex needs, including, the over 50s who have, on average, been hit harder economically by the Covid-pandemic.
- Promoting quality for Black, Asian and Ethnic Minority residents, who research shows have been disproportionately impacted by the Covid-pandemic.
- disabled people.
- older people; and
- vulnerable adults overcoming a crisis or, domestic violence and abuse, rough sleepers.

Across all groups, there should be a focus on paid work within occupational areas with good post-Covid prospects and high-quality training relevant to future job growth.

Priority actions are to:

- Maximise new job creation, increasing overall labour demand in the city, and ensure residents are supported into these opportunities.
- Support unemployed Manchester residents to re-enter work as quickly as possible - especially priority cohorts
- Support and strengthen organisations that make a positive contribution to Manchester and retain money in the local economy
- Support Manchester's transition to a zero-carbon city.
- Ensure 'good employment' (e.g., Living Wage) is centre to any opportunities
- Focus charitable giving on We Love MCR, Young Manchester and Big Change
- Facilitate donations of surplus food through the Food Response Team & Council's website to ensure food can be distributed to those who need it & reduce food waste.
- Establish the required processes to make use of the Social Value fund and realign to the recovery priorities

Our approach is to:

- work with suppliers and markets to raise awareness and understanding of social value and, in particular the social value priorities for Manchester. This includes development of toolkits for suppliers, supplier engagement events and pre-procurement briefing events.
- work with council and partner staff to develop our own knowledge and understanding of social value and identify further opportunities to support the city's green and inclusive recovery through our supply chain.
- incorporate social value outcome objectives, aligned with the priorities described above, as a core part of specifications for contract opportunities that go through a tender or similar exercise. Specifications may focus on particular social value outcomes, for example, if certain outcomes are especially suited to the contract.
- provide an option for suppliers to make a cash contribution in lieu of offering 'Social Value in Kind,' where this is considered to be appropriate to the contract.
- emphasise to bidders our priorities for ethical working practices, including the priority the council places on suppliers paying staff at least the Real Living Wage.

Evaluation and Weightings

We evaluate social value proposals in tenders as follows:

- Invitation to Tenders issued by Manchester City Council have dedicated questions on the social value outcomes the bidder will deliver, and how they will deliver and monitor this. Normally 20% of the score applied in tenders will be allocated to Social Value. Tenders include dedicated questions on how bidders will reduce their carbon emissions and become greener. There is an emphasis on seeking 'SMART'² commitments from bidders that can be tracked through contract monitoring.

- To reflect the Council's commitment to achieving zero carbon by 2038, all procurements will allocate an additional 10% of the evaluation score to a supplier's contribution to carbon reduction within their own operations. In limited circumstances where this is not considered practicable, this score may be revised for an individual tender.
- Social value commitments (including Key Performance Indicators) are recorded in Contract Award reports submitted for approval.
- Contract managers monitor delivery of social value as a core part of their contract monitoring.

Governance and Oversight

A Social Value Governance Board, comprising senior officers, oversees the development and implementation of social value throughout the council. This is supported by a working level Social Value, Commissioning and Contracts Leads group, which aims to share and embed good practice.

Zero carbon has its own dedicated Programme, overseen by Members and senior officers.

Externally, the council will continue to work with external partners like the Centre for Local Economic Strategies to monitor progress and co-develop further social value innovations.

Officers will also further develop social value Key Performance Indicators, building on the experiences from departments like Highways, that use the national TOMS framework.

Review

The Social Value Governance Board in collaboration with other Greater Manchester Authorities will review this policy in line with changes to procurement rules and future legislation and the currency of the priorities. Specifically, we will review the effectiveness of electronic tools for monitoring social value delivery, which are already in use in Highways and Capital Programmes and the potential to expand them to other areas.

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Manchester City Council Report for Information

Report to: Resources and Governance Scrutiny Committee – 9 March 2021

Subject: Annual Property Report 2020/2021

Report of: Strategic Director – Growth and Development

Summary

This report provides an update on property activity since the last Annual Property Report to Resources and Governance Scrutiny Committee in November 2019. It reviews activity across the Development Team, including the Investment Estate; and the Operational Estate. The report includes an update on the specific areas requested in the Scrutiny Committee's work programme, including: an update on the Council's commercial estate, including Central Retail Park; Future plans and performance of the investment estate in relation to potential income generation; Estates rationalisation and work on reviewing the Council's operational estate; the Zero carbon agenda and future developments within the capital strategy.

Recommendations

That the Committee note and comment on progress to date as set out in the report.

Wards Affected: All

<p>Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city</p>
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<p>The Council's property and land assets are a significant area of focus in efforts to achieve the zero-carbon target for the city. In terms of the Council's direct carbon emissions, in 2019/20 the Council's operational buildings accounted for around 75% of the total emissions. As reported to the Neighbourhoods and Environment Scrutiny Committee in February this year, the Council's direct CO2 emissions overall reduced by 54.7% between 2009/10 and 2019/20. Emissions from energy use in Council buildings have reduced again this year compared to the same period last year; this has been driven by the installation of energy efficiency measures and renewable energy generation capacity, and further affected by the decarbonisation of the national grid and the changes to building use caused by the Covid-19 pandemic. Quarter one emissions from buildings are 32% lower than last year and quarter two emissions are estimated at 21% below the year before. This report includes an update on the Carbon Reduction Programme, a specific investment programme focussing on building retrofit and energy generation to increase the scale and pace of carbon reduction activity on the estate.</p>
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Our Manchester Strategy outcomes	Summary of how this report aligns to the OMS
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The property teams in the Directorate provide professional services and leadership to drive effective place making and facilitate the economic growth of the City, by creating the necessary conditions needed to promote strong growth in commercial, residential, retail and leisure related development, stimulating new employment, new homes and broadening the City Council's tax base.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The property teams in the Directorate play a key role in leveraging economic growth from the Council's land and property assets, including enabling commercial developments that drive growth in high-skill sectors such as the digital, cyber, creative content, cultural, advanced manufacturing and professional service sectors.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The property teams in the Directorate work proactively with businesses, residents and partners to ensure developments contribute positively to place making and meet local needs to deliver neighbourhoods people want to live in. This includes supporting developments that promote the right mix of good quality and affordable housing for Manchester residents.
A liveable and low carbon city: a destination of choice to live, visit, work	The property teams in the Directorate play a key role in supporting Manchester's commitment to be a zero carbon City by 2038 by reducing the Council's direct CO2 emissions through continued rationalisation of the operational building estate and improving energy efficiency in council owned buildings.
A connected city: world class infrastructure and connectivity to drive growth	The property teams work across the Directorate and with partners to ensure that development activity both drives and reflects the connectivity and infrastructure that underpin sustainable economic growth.

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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.

Annual Property Report 2018/19 - Report to Resources and Governance Scrutiny Committee, 5th November 2019

1.0 Introduction

- 1.1 This report covers the work of the development and operational property teams in the Growth and Development Directorate since the last Annual Property Report in November 2019. It is broken down into two main sections to reflect the broad areas of property activity as follows: Development Team and Investment Estate (Section 2); Operational Estate (Section 3).
- 1.2 The report includes an update on the specific areas requested in the Scrutiny Committee's work programme, including: an update on the Council's commercial estate, including Central Retail Park (section 2.29); future plans and performance of the investment estate in relation to potential income generation (from section 2.54); the zero carbon agenda and future developments within the capital strategy (from section 3.35); estates rationalisation and work on reviewing the Council's operational estate (from section 3.47).

2.0 Development Team and Investment Estate Update

- 2.1 This update covers the period between April 2019 and the end of March 2020 which was almost wholly before the impact of the Covid pandemic and the first of the national lockdowns. Whilst the narrative reflects activity in that period, where the implementation or progress of projects or initiatives mentioned in this report has been significantly impacted by the pandemic this will be highlighted.
- 2.2 The year 2019-20 saw the Development Team continue to support significant growth and development activity throughout the City as market conditions continued to be buoyant and were only marginally impacted by growing concerns during March about the potential impacts of Covid. We have continued to support the Council's objectives for residential and employment growth as well as supporting sporting, cultural and leisure initiatives, redevelopment and regeneration of district centres and working with colleagues in other Directorates on safeguarding and developing the Council's heritage assets, developing schools and rationalisation of Council property.
- 2.3 The Development Team is also responsible for generating income for the Council, both revenue in respect of rental income from the Investment Estate and in supporting the Council's capital programme from the sale of land assets through capital receipts. Sound commercial judgement, together with a wider understanding of the Council's corporate plan objectives is required to ensure that decisions on land and property achieve the best outcomes and deliver best value for the Council. We are well placed to provide this role, particularly where we are involved in the outset of negotiations or policy formulation.
- 2.4 The Development Team continues to provide viability advice for the Council on planning applications and also on the feasibility of development generally. We have input into the new checklist for planning applications to ensure the viability process outlined in policy H8 of the LDF is fully transparent. This work area has grown as a result of the number of developers promoting schemes which are not fully compliant and due to the complexity of development

appraisals that are being presented. The level of requests for viability assessments has remained high, and the introduction of reconciliation provisions within s106 agreements has created an added responsibility for the team. It is important that we seek to ensure that applicants fund the cost of this work, whether done in-house or by external consultants. Whilst it is too early to determine the amount of additional contributions to be secured through this process, the presence of these types of arrangements helps to mitigate the incentive for the developer to value engineer schemes and materials used.

- 2.5 The following paragraphs summarise the main achievements and areas of activity over the 12 month period April 2019 to March 2020.

Commercial Development

- 2.6 Manchester Creative Digital Assets Ltd: The Development Team has been instrumental in the delivery and operation of the Digital Assets which include The Sharp Project, Space Studios Manchester and Arbeta (previously One Central Park). Manchester Creative Digital Assets Ltd (MCDA) was set up as a company in 2017, a wholly owned company by MCC, tasked with managing, operating and setting the strategic direction of the digital assets and creative property. Our role is primarily one of supporting MCDA in providing development advice, supporting on lettings and tenancies, providing property management advice and providing support on the delivery of new developments and the continued growth of the Digital Assets.
- 2.7 The £10m refurbishment of Arbeta (previously One Central Park) was completed in July 2019. Alongside MCDA we have overseen the development of the plans and business case for the refurbishment and led on the procurement of the professional team and main contractor, overseen delivery of the project and managed the budget. The refurbishment provides 83,000 ft² of high quality office space in an alternative, but accessible and lower cost location to the city centre, complimenting The Sharp Project with space for digital and creative content sector companies to grow up into. We have worked with MCDA and our legal team to create a suite of flexible occupational agreements. This involves a move away from the traditional leasehold agreements and will align ourselves with market leaders in this field to ensure our estate remains a location of choice for new and existing businesses in this key growth sector.
- 2.8 The success of The Sharp Project helped to establish the case for the Space Studios Manchester in West Gorton, with phase 2 completed in 2017. The studios provide the production base for the internationally successful BBC Drama Series *Peaky Blinders* and continues to attract multi-million-pound productions who have chosen Manchester as their production location over competing regional locations.
- 2.9 Over the last 12 months we have worked with MCDA in the development of appraisals and a business case to obtain initial funding to undertake feasibility work for a potential third phase, continuing with the growth of the site to develop on its ongoing success and to capture the increasing demand for TV

and Film production in Manchester. In February 2020, we submitted a bid and secured £325,000 Evergreen Surplus Revenue Grant to help support the delivery of feasibility design and cost planning to develop the business case.

- 2.10 The Development Team continue to support Screen Manchester in their work to support productions looking to film on location in Manchester, often utilising Manchester City Council owned land and property where filming licences are required.
- 2.11 MCDA assets continue to perform extremely well, with firm bookings now confirmed at Space Studios Manchester until the end of calendar year and pencilled bookings until May 2021.
- 2.12 Manchester Airport & Enterprise Zone: Manchester Airport continues to develop internationally and is a major economic driver to the Region. The Manchester Transformation Project (MTP) is well underway with the enlargement of Terminal 2 on site. MTP will see a significant remodelling of the Airport to accommodate ever increasing passenger numbers. The first new pier became operational in April 2019. It is anticipated that the transformation project will create around 1,500 jobs. (NB. Due to the Covid related travel restrictions post March 2020 work on MTP has virtually stopped).
- 2.13 The performance of the Airport links directly to the annual rent income MCC receives, which was over £9m in the last financial year. The development team also coordinates the landowner's approvals process on behalf of the GM Districts, ensuring the works and associated construction methodologies are in accordance with the project objectives. Despite a dramatic fall in turnover due to Covid, the rental income due to MCC and the GM Districts has been protected due to a provision in the lease that effectively prevents the turnover related part of the rent (approx. 50%) from falling by more than 12.5% in any one year.
- 2.14 In addition to the transformation programme detailed above, the Airport has been undertaking a major restructuring of its non-operational/investment portfolio with a view to increasing investment and improving returns. The portfolio previously sat within the main airport leases. This hindered investment, due to existing lease terms that are restrictive in nature and would not normally be appropriate for an investment portfolio. MCC and the Airport agreed that the portfolio could be extracted from the existing leases and be put into a new, investor friendly, 275 year lease subject to a new additional ground rent geared to market values. Following the completion of the selection process an investment partner for the new PropCo was selected and due diligence is underway to complete the process. Once complete, the rent from the new investment lease will generate an annual income to MCC and the GM Districts of £603k.
- 2.15 Airport City North – activity to date has been the development of several hotel sites which are progressing. The main activity is around the new THQ – which is the Hut Group's new headquarters campus, which will deliver up to 280,000 sq.ft of office space in 4 phases. THG also have option agreements on over 16 acres, which will include a new leisure facility, offices and car parking. The

Airport City JV (ACML) are also looking at potential speculative office development adjacent to the northern landing site of the new 'Green Bridge' over the M56 spur. The new bridge provides pedestrian and cycle connectivity between Airport City North and the main terminals campus.

- 2.16 Airport City South – now called Global Logistics is being rapidly developed by Stoford Developments and ACML, with the main occupants to be THG alongside the existing occupiers including Amazon and DHL. To date there has been circa 1m sq. ft of logistics space developed with another circa 700,00 sq. ft in the pipeline. MAG are currently exploring development options for the ACS expansion land to the South of Global Logistics.

City Centre Development

- 2.17 Demand from investors and occupiers, particularly in the residential, office and leisure sectors continues to be very strong has seen a number of major City Centre schemes involving Council assets progress significantly. These are set out below.
- 2.18 Spinningfields: As previously reported, development activity is now complete and major assets sold into the investment market. The Team is continuing to progress the close down of the development agreement and development accounts with Allied London.
- 2.19 First Street: Following the completion of Building 8, which is now nearly fully let, activity has focused on the remaining plots at First Street Central and First Street South. Patrizia who are exiting First Street disposed of plots 9 and 10 to Ask/Richardson who are promoting speculative office development building on the success of Building 8. In addition to the above the whole of First Street South land has been sold to Downing Developments, who are intending to bring forward residential development across the site. The capital receipt of £3m accruing to the Council will be secured on draw down of development leases on the First Street south development.
- 2.20 Downing Developments have submitted a planning application for a co-living neighbourhood spread across four residential blocks, including a 45-storey tower, providing more than 2,000 bedspaces.
- 2.21 Jacksons Row/Bootle Street - St Michaels: Work has been progressed on a further Deed of Variation to the Agreement for Lease to amend a number of conditions precedent, introduce new ones and to remove the phasing of their satisfaction. The Deed of Variation will also protect the Council from additional future holding costs given the passage of time to commencement of development. Discussions are ongoing with the developer to secure the necessary partners to bring forward the development.
- 2.22 St. John's: The redevelopment of the former Granada studios complex as a major mixed use scheme that will transform this area and spatially connect Spinningfields, Castlefield and the Museum of Science and Industry is well underway. A key aspect of the scheme is the Factory – an iconic arts and cultural centre. This is now on site and the team supported the complex land

and property arrangements to deliver the development site and necessary access and licence arrangements to the Council's contractor to facilitate the build. The team have entered into negotiations with Allied London & the Museum of Science and Industry in respect of the extension of the St John's SRF area, namely Campfields. This includes Upper and Lower Campfield Market Halls both under the Council's ownership and Castlefield House, owned by Allied London.

- 2.23 Mayfield Regeneration Area: The Development Team have been supporting the public sector JV company to review the viability and returns relating to the development phasing and delivery of the scheme, which includes a proposal for a seven acre City Park on land to the south east of Piccadilly train station. Development masterplans were completed in the year to March 2019, and discussions in relation to the funding of the first phase have continued, including the possibility of a public sector loan to deliver the park.

- 2.24 Heron House: The refurbishment of the building was completed in April 2019. The majority of the office space has been let to GCHQ and The Ministry of Justice. There is a small amount of space still vacant with some of that earmarked for the proposed 'Cyber Hub' facility. The office lettings will result in a significant number of new highly skilled jobs coming into Manchester. Bruntwood have been appointed as property managers for the building, bringing their skills and innovative approach to ensure that revenue streams are maximised and void costs are minimised over the remaining term of the Council's headlease.

- 2.25 Circle Square: Development is well underway on the initial phases of both residential (serviced apartment buildings) and commercial development (office, multi-storey car park and hotel). The Development Team have continued to support the process through landlord approvals, and oversight of development timescales and compensation relating to Rights to Light is being monitored. The Team are actively engaged with the developer to support the Hatch concept and have worked to facilitate this through the short term variations to long leasehold arrangements, which has allowed a previously dark, back corner of the site to be opened up and become an attraction in its own right. Ongoing dialogue with the developer and University relating to a second phase of development is being pursued.

- 2.26 Bridge Street and Kendals: The Development Team have been working closely with the owners of the Kendals building to consider long term options relating to the potential future positioning of the asset. The Council has no interest in the Kendals building but the King Street car park and retail units are in the Council's leasehold ownership and provide an important revenue stream for the Council. It is critical any future development provides for the Council receiving value for money for its assets. Outline terms have been agreed to enable progression of more detailed scheme plans and viability studies into the right development to bring forward.

- 2.27 Car Park Portfolio: The Development Team has played an integral part of the project team bringing forward the reprovion of the City Centre car parking service. Following a short 18 month extension that was agreed for the NCP

joint venture agreement and associated leases (from June 2019- Dec 2020), the ongoing future around the way the car parks will be held and managed is under review. Procurement advice is being sought around the ability to look at a short-term management contract to enable longer term policy and asset management decisions to be developed in detail. An alternatively being looked at involves the Council undertaking the management in-house and utilising its already procured FM contracts for other operational assets. The Development Team continue to provide key advice around the lease and management agreement options and the asset management matters, under all scenarios. A further extension to the existing Joint Venture is not being considered, so new arrangements will need to be in place.

- 2.28 Ramada Renaissance, Deansgate car park and Premier House: The Council owns the freehold interest and the car park leasehold interest (included with the NCP joint venture portfolio), in this long-standing re-development site. The Development Team have been working with the existing long leaseholders of the hotel and vacant office building to secure the terms under which re-development can take place. The site has stalled over a significant period and viability has been at the forefront of the issue. The head leasehold holders have very recently announced that they no longer wish to bring the site forward directly and have instructed agents to market their interest to potential new development partners. The Development team will monitor the marketing process and will need to liaise directly with the potential bidders/preferred bidder over the lease car park surrender and re-gear terms, ultimately required. Estimated to be conclude over summer 2020.

Other Commercial and Employment Development

- 2.29 Central Retail Park: Following acquisition of the 10 acre site, vacant possession has been secured and demolition completed. Master-planning work was commissioned to support the future use and development strategy for the site. It is anticipated that this will position the former Central Retail Park as a commercially led redevelopment scheme to provide office accommodation to support the pipeline of development in a sector that is key to driving the City's growth ambitions and is fundamental in building the tax base of the City. Work on viability and to align future development with the Council's zero carbon agenda is ongoing.
- 2.30 Didsbury Technology Park: The team has been monitoring the outputs of the development in line with the milestones set out in the Council's land agreement with its development partners: Bruntwood, PJ Livesey and Siemens. Good progress was made on site during 2019-20 with Siemens recently committing to locate their national HQ within the development creating at least 70 additional jobs and unlocking a further phase of commercial development. Negotiations with Siemens are on-going in respect of the capital payment due for the release of the restrictive covenants permitting development on the site under the terms of the overarching development agreement.
- 2.31 Central Park: This is one of the Council's major employment sites. It was developed originally by NWDA in partnership with the Council and NEM with

the Council acquiring the whole site from the HCA in 2016. Central Park currently accommodates a number of B1 occupiers, including Fujitsu, Arbata (at One Central Park), and a number of smaller occupiers at Madison Place and is also the location for GMP's divisional and regional headquarters. The site has excellent infrastructure and a high standard of infrastructure and it is considered that the remaining 16 ha (39 acres) of undeveloped land offers an excellent opportunity to provide employment space to meet market demand and support growth sectors within the City. As a first stage in this process consultants are to be appointed to undertake gap analysis on which employment sectors the site should accommodate, how this can best be delivered and the Council's ongoing role.

- 2.32 **New Smithfield Market:** The market is a major economic asset to the City and provides over 600 jobs and accommodates over 30 separate businesses on its 35 acre site in Openshaw. Over the years it has however suffered from a lack of investment partly due to uncertainty over its future role. The Development team are supporting Markets on all property issues relating to the market, which is now overseen by a Board and a clear protocol for dealing with tenants, property enquiries and future development. A major options study that was commissioned last year has now been completed and proposes a phased approach to redevelopment on the site. The main public investment is proposed for the wholesale market halls and the report proposes a rationalisation of space and a mix of refurbishment and rebuild on the remaining area. The report also identifies the areas that could be developed for other food related uses, including space for the expansion of existing food related businesses. We are currently advising markets on the expansion of two existing food related businesses on site and negotiating a lease for the food charity Emerge / Fare share to relocate on site into a larger vacant property that they will refurbish.
- 2.33 **Land at Pollard Street, New Islington:** In December 2019, The Council entered into a conditional contract with General Projects for the disposal of land to enable the development of a commercial scheme targeting the TMT sector and especially SMEs with employment for between 2,500 – 3,000 full time employees. A planning application is anticipated in 2020.

Housing Development

- 2.34 The Development team play a crucial role in working with Strategic Housing, Planning and other partners to deliver the Council's objectives for Housing and this will continue as the need to deliver more quality homes and in particular affordable homes in the City becomes more important. Over the past year the team has continued to lead or support the development of family homes throughout the City and facilitated several apartment-led schemes.
- 2.35 Disposal of land assets to support housing delivery with Registered Provider partners has been a key output of our activity. This has included the development of housing through project 500 (see below) and on small infill sites owned by the Council by Registered Providers such as that at Compass Street, where a 38-unit affordable apartment scheme by One Manchester has been agreed, with construction commencing in 2020.

- 2.36 Project 500 – The Development Team has been working collaboratively with Housing colleagues and Registered Providers on Project 500 which is a scheme to maximise the delivery of affordable housing on sites identified by the Council. The strategic objectives for the project will include development of well- planned, high quality low carbon homes, maximising the sustainability of new homes along with delivering social investment outcomes.
- 2.37 The Team has also worked with Registered Providers and other partners to facilitate the development of larger affordable housing or mixed tenure / mixed use schemes with schemes commenced or completed in the last 12 months.
- 2.38 Former Stagecoach Site – Construction of 258 new homes over three phases of development has commenced. Phase 1 will comprise of 54 family houses for market sale and shared ownership. Phase 2 will provide 72 affordable Extra Care units to be delivered in partnership with Mosscafe St.Vincents (MSV) Housing Trust (a Registered Provider). Phase 3 will be a combination of apartments for rent, for which detailed planning consent has been obtained and it is now proposed that the remainder of the phase 3 land will be developed as an affordable housing scheme targeted at the over 55's. The developer, Rowlinsons, are working with MSV to secure planning consent for the scheme which will be a 'Happi' design providing approx. 40 apartments.
- 2.39 Ben Street - The Ben Street project comprised the acquisition and refurbishment of 62 vacant and dilapidated properties, in the Clayton area. The homes have already been successfully handed over to One Manchester and have been very popular with the community. The face-lifts and streetscape scheme have dramatically improved the aesthetics of the area and there has been an overwhelming positive response to the work undertaken. In the last 12 months the focus has been in bringing forward the Ilk & Alpine Street development site forward for circa 66 new affordable homes for sale that has required the use of a small compulsory purchase order to provide a clean title. Agreement has been reached with One Manchester to develop the site and once they have completed the scheme the Council will transfer the freehold title and the Council will receive a £495,000 capital receipt for the land.
- 2.40 Hyde Road / Oasis: This project completed in March 2020 and has resulted in the transformation of a site vacant for over 30 years in a prominent location in Gorton District Centre. The scheme has involved the development of 21 spacious family homes by One Manchester and a new permanent base for Oasis in an attractive building fronting Hyde Road. The charity's new premises will allow Oasis to expand their services helping vulnerable and deprived people within the Gorton area to lead healthier and independent lives and contribute to the community in which they live. One of the new occupants of the homes is an employee of the adjoining Oasis centre and is delighted with her new home.
- 2.41 Piercy Street: This is a small site overlooking the Ashton Canal on the edge of Ancoats where 17 large modular built properties have been completed by Urban Splash under a development agreement with the Council. On completion of the last unit on site the freehold of the site will be sold to the 17

purchasers via a company owned by the homeowners. In this way the management of common areas within the site will be effectively managed and the occupiers will have control over these shared spaces. The Council will receive receipts from each plot sale estimated to be £950,000, possibly higher on the basis of the sales that are currently taking place. The scheme is subject to a s106 Agreement requiring Urban Splash to provide 4 affordable housing units on the site, which will comprise shared ownership homes to be managed by Places for People.

- 2.42 The development team have also worked with colleagues across the Council on the transformational Northern Gateway project.
- 2.43 Northern Gateway – The Development team worked closely with colleagues across the Council and FEC to develop and submit a funding bid for Homes England Housing Infrastructure Fund monies. The City Council's application for £51.6m of Housing Infrastructure Fund (HIF) to support the Northern Gateway initiative has been successful and a programme of work is being identified to address the needs for infrastructure in the location of the Lower Irk Valley area of Northern Gateway. The team has also worked closely with the developer to assemble sites for future development.

District and Town Centre Development

- 2.44 District centres play a vital role for local communities. They are often central to the identity, character and appeal of a neighbourhood, surrounded by housing and accessible to all forms of transport. They can provide the focus for retail, leisure, public services, employment and education as well as housing. We have been actively involved in a range of initiatives to improve the quality and offer in district centres which includes the delivery of new development.
- 2.45 In Newton Heath there are several vacant sites within the District Centre area that when developed will support the Centre's viability, these include the former Market Site, at Millwright Street and a group of property and vacant land in a prominent location fronting Oldham Road. A scheme is currently being developed for the construction of Council properties on the former Market site and Millwright Street has been identified for an Extra Care Scheme. A scheme for the development of apartments and family housing with the new owner of the former Chinese Warehouse (known as the Yes site) on Oldham Road is being progressed, with the new owner of the Yes Site and One Manchester. The scheme is being designed to potentially incorporate the Rosedale building should it become available. The Rosedale Building is currently still in the ownership of Daniel John's Ltd. who lost a Judicial Review case with the Council regarding the Council's refusal to dispose of land for its proposals. The building is currently in very poor condition and there are continuing doubts regarding the ability of the company to deliver a feasible scheme on the site or to manage the property.
- 2.46 Harpurhey District Centre: The team are continuing to work with Habro, the long leaseholder, to improve and diversify the range and quality of uses within the Centre. The market has been transferred from the Council to Habro who have appointed an experienced market operator to run the facility and invest in

a number of improvements to its physical fabric and improve the offer. The team are also working with Habro to ensure that any development on adjoining sites is appropriate, of high quality and supports the sustainability of the district centre.

Leisure, Sport and Education Development

- 2.47 The Development Team provides property input to the completion of new schools which includes the acquisition of land to accommodate new schools or school expansions, and negotiating the leases for both Academies and Free Schools. This has included the Communications Academy in Harpurhey, the Creative and Media Academy in Charlestown, the East Manchester Academy in Beswick, Newall Green High School, Wythenshawe and Chorlton High School at Hough End, Chorlton Park. A lease has recently been granted to The Secretary of State for land at Rayburn Way, Cheetham Hill to facilitate the development of an Edens Girls Academy and Edens Boys Academy which will accommodate up to 1600 pupils.
- 2.48 As part of the ongoing Education Basic Needs Projects, assistance will be provided to facilitate the extension to the Cheetham CE Community Academy at Cheetham Hill and the proposed Academy at Daisy Mill in Longsight.
- 2.49 The Education Service has identified a requirement to deliver a new 1,200 place secondary school in Central Manchester. Following a site review of internal assets, it was concluded that no suitable sites were available. The Development Team has been able to agree to acquire the former Showcase Cinema which will enable delivery of the school as well as a significant number of houses on the residual land. A final acquisition cost will be agreed following site investigation surveys, with the school identified for opening in 2022-23.
- 2.50 Extensive support has been provided to colleagues in Leisure on a number of sports related projects, the main one being the relocation of the Rugby Football League to land close to the Etihad stadium.
- 2.51 The RFL agreed to move its 150 office staff from Leeds and Salford Quays to land close to the Etihad by 2021, in line with the Rugby World Cup, to be staged in England. The Development Team supported the submission of the bid to RFL along with Leisure Services and City Football Group. The department will lead on the delivery of a new facility for RFL along with other National and Regional Governing Bodies already located in Manchester. Heads of terms have been negotiated with the RFL to take a 25 year lease of office space and the scheme has received approval from the Strategic Capital Board at an estimated cost of £8.46m. The design and development of the scheme is continuing and it is intended that a planning application will be submitted later this year. It is expected that the development will attract additional organisations either to relocate in full or to use for agile working.

Capital Receipts

- 2.52 Capital receipts will be an important element of the Council's capital programme over the next few years as borrowing becomes more restrictive and it is important that sales are progressed if the Council is to receive the best value for its assets that can be used to support other spending commitments, in addition to driving growth and support the place making agenda.
- 2.53 A total of £4.2m of capital receipts were received in the year 2019/20 from the disposal of Council land and property. This is significantly lower than the receipts received in previous years and was forecast in last year's report. Over the next few years capital receipts are likely to be more difficult to achieve as land values are constrained because of the need to provide sites for affordable housing and satisfy climate change policies. The loss of sites at nil value for educational purposes will also impact on the level of receipts.

Investment Estate

- 2.54 The Investment estate generates income for the Council through the sale or lease of land and property to generate capital receipts and secondly in maintaining the Council's investment estate to generate income. Income from the Council's investment estate continues to provide a valuable source of revenue for the Council, particularly from its property interests in the Airport. Requests from lessees to acquire freeholds or peppercorn leaseholds in exchange for capital receipts are generally resisted with income producing ground leases being the preferred option.
- 2.55 The introduction of a new rent accounting system, that utilises existing software via CPAD, SAP and Paris, was reported in last year's report is now fully operational and will ensure that the £20m of income collected through this system is secure. It has also resulted in a saving of circa £20k pa from the support required for the previous (NSC) system.
- 2.56 The investment estate generated a total gross income of £21m in 2018/19, which is broadly the same as last year. Income from the Airport leases at £9.012m continues to be a major source of this income. Although gross income has increased, costs incurred in running the estate including rents, empty rates and the costs of managing surplus and regeneration assets has also increased meaning that net annual income for the year is circa £17.6m.
- 2.57 The income figures (gross and net) for 2019-20 does however include £2.37 from advertising interests and income from these contracts (which will reduce next year due to new agreements with the advertising companies) are to be moved from this Directorate's budget and this will result in a lower level of income for this budget. It is hoped that the loss of the advertising budget in the next financial year will be offset by increased income from Ancoats Commercial estate (that was acquired from the HCA in 2018). A review of rental income from the office, retail and food and drink units is taking place which it is anticipated will provide a significant income for the Council.

- 2.58 It is also expected that there will be a reduction in the current deficit from Heron House. In the last financial year the deficit from Heron was £2.1m but this has dropped to £1.88m in 2019-20. It is hoped that as rent free periods from tenants who are now in occupation expire that the liability will drop significantly.
- 2.59 Income from other investments has held up well, although there continues to be a modest decrease in income from shops, which reflects a more depressed market conditions for retail investments.
- 2.60 Income from the Arndale Centre continues to fluctuate partly because of the reduced demand for retail space, as the head-lease requires the City Council to absorb vacant business rates liability. There are currently a number of vacant units within the Arndale including the former BHS building and in Halle Square, where the Arndale Centre's owners scheme to create a food and drink hub has struggled to let. There is also an increased level of vacancies in the Arndale Tower. The empty rates liability from this vacant space will have a significant effect on the Council's income over the next few years but because the vacant space within Halle Square has not yet been rated by the Valuation Office, this impact has not yet been fully crystallised and income of £344k was received for the year. This however compares to a figure of £1.7m, which is the sum the Council was receiving back in 2013 when the Centre was fully let.
- 2.61 The cost incurred in managing land and property that is surplus and held for sale or development continues to increase. Excluding the holding costs of Central Retail Park and Bootle Street the gross costs this year was £978k with a net figure of £868k, the gross figure being offset by short term income secured from temporary lettings and meanwhile uses.

Jacobs Contract

- 2.62 The management of most of the Council's non-operational (investment) estate and transactional work such as rent-reviews, lease renewals and some disposals are dealt with by Jacobs who are the Council's outsourced property management contractor. The new contract has been in place since April 2018 and contains a number of KPIs in respect of performance on property transactions, void levels, rent reviews and management of the estate. Under the terms of the new contract Jacobs have, as their contract requires, supplied a statement of social value to set out how they have gone about meeting the social value provisions of their tender.

Asset Valuations

- 2.63 The investment assets are valued on an investment basis by way of a largely desk based review by reference to the class of asset and changes in investment yields. Surplus properties should ideally be valued on an annual basis with operational properties are generally valued on a 5 year rolling programme with the valuations carried on a Discounted Replacement Cost basis. Over the past few years CIPFA rules have required a greater proportion of the estate than the 20% that was normally required and there is a cost

implication to the Council of this requirement. Manchester, as with many other local authorities has faced an increasing level of queries on their valuations from its external auditors and it will be more important going forward that all our asset valuations are undertaken in a robust manner that can be fully justified.

3.0 Operational Estate and Facilities Update

- 3.1 The operational estate comprises of the properties used by the Council to deliver services. The Corporate Estate and Facilities Service is responsible for the operational estate strategy, property advice to services, and acts as the Council's corporate landlord. The service is responsible for the management, repair and maintenance of the Council's operational estate and the delivery of Facilities Management services including maintaining statutory compliance, cleaning, catering, security, and both planned and reactive maintenance.
- 3.2 The Council's operational estate portfolio consists of approximately 350 buildings across the city, with a total gross internal area of around 344,000 square metres. These range from large offices, national sporting venues such as the Velodrome, and key heritage sites such as Wythenshawe Hall, through to community facilities like libraries, leisure centers, and small pavilions in parks. The Estates Team responsibilities include all operational buildings (excluding schools), unlet land and certain properties of a public nature which are owned by the Council but occupied by other bodies (e.g., the Bridgewater Hall). The Facilities Management Team responsibilities cover all of the Estates Team portfolio. Additionally, they deliver services to schools and other facilities that are not part of the Corporate Landlord model.
- 3.3 The impact of the Covid pandemic has had a significant impact on the operational estate this year, and the Estates and Facilities Management Service. A number of key projects and areas of work were delayed; in some cases projects were delayed while safe site working practices were developed; in other cases, resources were shifted to focus on new priorities. In the early stages of the pandemic, the teams worked closely with Health and Safety colleagues and building occupants to produce Risk Assessments for each building in the operational estate, setting out the approach to making the accommodation Covid Secure. The service rapidly rolled out a package of measures including a new cleaning specification, self-cleaning packs for staff, hand-sanitiser stations, additional soap dispensers and safety signage across the estate. Alongside HR and Health and Safety colleagues, guidance for staff and managers on building occupancy and other control measures was quickly developed. Reactive cleaning measures were developed, and compliance visits were put in place (and are ongoing) to ensure control measures were being implemented.
- 3.4 Whilst many teams across the organisation had to quickly adapt to working from home, many front line services continued to work from site. The Facilities Management service have continued to work from site throughout the pandemic, working hard to maintain the estate and ensure it remained clean, safe, and secure. During these challenging times the Housekeeping teams in particular have worked incredibly hard, and the Directorate Management

Team would like to take this opportunity to thank them for all their efforts and the huge contribution they have made to keeping the estate covid secure.

Operational Estate Activity

- 3.5 In response to the pandemic, the team has supported the roll out of testing and vaccination sites across the City. Working with public health and NHS partners, sites were identified, occupation agreements finalised and latterly with the targeted asymptomatic testing programme, sites mobilised with the Army and Healthworks/Aspire. The Council sites have included the Mass Vaccination facility at the Regional Tennis Centre, testing sites at Brownley Road Car Park (Wythenshawe) and Platt Fields Park and the Targeted Testing facilities in Moss Side Leisure Centre and at the Rates Hall in the Town Hall Extension. The mobilisation of these sites has been a collaborative effort with colleagues across the Council, NHS partners and our contractors and suppliers.
- 3.6 Despite the disruption caused by the pandemic, the refurbishment of Alexandra House was completed on programme and the newly refurbished offices opened in February. The building provides a new reception, ground floor training suite and eight floors of modern, open-plan office space. The mechanical and electrical services have been upgraded, together with the lifts, external elevations and windows, and new toilets, staff break-out areas, cycling facilities and showers created. The energy efficiency of the building has been significantly improved, with an expected reduction in energy use of 70%. Although the building is only minimally occupied at the current time due to covid restrictions, virtual tours of the building have been provided to staff. Much positive feedback from staff have been received about the refurbishment. The building has recently served as a base of operations to support the enhanced community testing across parts of Hulme, Moss Side, Whalley Range and Fallowfield.
- 3.7 The adjacent car park serving Hulme High Street has also been upgraded as part of the project and opened to the public in February. The water ingress issues have been addressed, the mechanical and electrical systems upgraded, and a new passenger lift installed in order to reinstate level access between the car park, Hulme High Street and the Library and Leisure Centre.
- 3.8 The 'decant' accommodation (space leased in to accommodate staff whilst Alexandra House was refurbished) at City Road East has been vacated, decommissioned, and the lease ended, freeing the site for onward development.
- 3.9 The service has continued to support the development of the new Gorton Hub. This new build proposal for Gorton will see Primary Care, Integrated Health and Care Neighbourhood Teams, Mental Health Services, Job Centre Plus, Gorton Library, the Manchester Adult Education Service and One Manchester co-locate in a new integrated public service building.
- 3.10 The scheme is overseen by a Partnership Board, which includes all the public services that will occupy the building. A significant effort has been invested in

developing both the design to RIBA stage 4, and the business case, which was approved in February 2020 by each of the public services. Unfortunately, the outbreak of the pandemic and the resulting first national lockdown put the project on hold. Whilst the project was paused, it became apparent that partner requirements within the hub were likely to be significantly impacted as a direct impact of the pandemic upon service provision. At the end of July 2020, the Executive approved the Gorton Hub development to restart, subject to contract review to include provisions for Covid and reviewing the need to rescope of the scale of the project with partners. Between August and November 2020, the Gorton Hub partners have met with the Project Team in order to review the relevant floor plans and confirm any revised requirements on a service by service basis. The impact of changes on the design and business case were reviewed throughout December and January, and an options paper prepared. This will be reviewed by senior officers, Members and the Partnership Board in March with a view to moving the project forward.

- 3.11 The service is leading the plans for the refurbishment of Hammerstone Road Depot, which will ensure that Hammerstone Road becomes the Council's primary depot. The refurbishment of the site includes replacement of the roof, new mechanical and electrical installations, and the creation of new accommodation in the main shed. The scheme will also remove all the life-expired portakabins on site, involve demolition of the poor quality Coca-Cola building, as well as ensuring that the hard standing across the site is fit for purpose. The scheme will enable the rationalisation of the depot estate, with teams moving over from Hooper Street to the newly refurbished Hammerstone Road facility. Again, the impact of the pandemic has caused a delay to the project, with an initial hold period followed by a period of review with the stakeholders and redesign work. However, the project has now entered into RIBA stage 4 design, with a logistics plan in place to support the operation of the depot during refurbishment. Decant of the main Loco Shed is underway, and start on site is expected to commence in June 2021. While design work has been completed, new Electrical Vehicle charging points have been installed at the depot (as well as at Longley Lane Depot) in order to support the use of Manchester's first electric Refuse Collection Vehicles. The first vehicles entered service in February.
- 3.12 The former children's centre on Seymour Road has been converted into a new, fit for purpose, base for the Leaving Care Service. The building, now named by the young care leavers as The Beehive, provides a new reception, office space for staff and contact space for care leavers on the ground floor, with 6 residential units on the first floor. The scheme has improved the offer available to care leavers, while introducing a dedicated residential offer has reduced the costs of bought in supported accommodation. Staff also benefit from newly refurbished workspace, and their reactions have been positive to their new base.
- 3.13 The Intensive Supervision and Surveillance team (part of the Youth Justice Service) works with young people from across the City and as a result required a City Centre location from which to deliver services. Estates worked closely with the service to identify appropriate premises and secured a 5 year

lease on space at Commercial Wharf which is located within the Deansgate Ward. The new premises has been fitted out and is now operational.

- 3.14 At the start of the pandemic, the customer service centre on the ground floor of the Town Hall Extension closed, and all customer enquiries moved to online and telephone channels. This, and the introduction of the new 8x8 telephony system, gave the team the opportunity to review their operating model. The customer service centre will now move to an appointment based system, meaning the overall footprint required is significantly reduced. The Estates and Facilities Service have worked closely with the Customer Service team to explore options for a new layout, with a reception point and appointments taking place in the existing interview rooms. This has freed up a large area of the former customer service centre for use by the Elections Team, so they can prepare for the upcoming elections in May with enough room to work within social distancing guidelines. The elections and new customer service spaces are separated by a partition. The service are exploring longer term options for the elections space, including the creation of additional meeting and collaboration space.
- 3.15 The Estates and Facilities Service continue to work closely with both Manchester Health and Care Commissioning (MHCC) and the Manchester Local Care Organisation (MLCO) partnerships to create both medium and longer term estate capacity for their HQ functions. Prior to the pandemic the team were working to support the MLCO to relocate as they had outgrown their interim space at Fountain Street. The Estates team was also supporting MHCC with a reconfiguration of their offices at Parkway 1 and 3. Discussions were underway with both partnerships to look for solutions in the longer term that would facilitate a joint HQ space for integrated Health and Social Care.
- 3.16 Whilst the pandemic slowed this work, the MLCO have been relocated from Fountain Street, to dedicated space at Bridgewater House, reducing costs. At Parkway, MHCC has halved their office footprint. The Estates Team have worked alongside the HR and staff engagement workstreams as well as their ICT service to create a new office layout that will support three main functions: onsite desk based working (for all staff whether permanently office based or only 1-2 days per week); additional capacity for meetings; and a dedicated flexible area for larger collaborative activity such as workshops or staff briefings. Alongside this, the team are working with staff still based at the THX to ensure the space there supports the future ways of working for all MHCC staff, regardless of site.
- 3.17 The Estate Team have continued to support to the VCSE sector through the Community Asset Transfer programme. This year a lease has been completed for the Crossley Street Centre, enabling the Manchester Congolese Organisation to deliver a range of community activities to the local residents and community, from training and advice support for young people and over 50's to a homework club for children. Eight other community asset transfers are currently in development with community groups, two of which are close to completion including Longsight Youth Centre and Slade Lane Neighbourhood Centre.

Facilities Management Service

- 3.18 Facilities Management have delivered over 18,000 service requests via the FM Helpdesk to date this year. 97% of these requests were delivered within the agreed target deadlines meeting the service level agreement. The service has continued to deploy technology to improve business processes. The majority of work requests to contractors are now managed via handheld devices, allowing real time updating of job progress onsite.
- 3.19 The service has supported all the projects described in the section above, particularly in respect of building management strategies and transition from construction projects to live operational sites.
- 3.20 As already described above, the service was instrumental in delivering revised working arrangements to ensure Covid safe working practices across the estate, including assisting colleagues to provide corporate wide Risk Assessments and Method Statements, and the installation of equipment and adaptations to ensure a Covid secure estate, as well as delivering a high quality cleaning service.
- 3.21 This year, the service arranged and delivered a training event for contract partners to ensure the supply chain understood and engaged with the Our Manchester principles and behaviors.
- 3.22 Following a robust tendering process the contract for Security Management was issued to the successful bidder, Mitie Security, in April 2020. Facilities Management have worked with the new provider to ensure a seamless transition between providers, including the transfer of the workforce to the new organisation, and the transfer of the Admitted Body Pension Scheme to the new supplier. Mitie currently successfully deliver 5091 hours of security provision per week across 30 locations and have attended 887 Alarm call outs during the period April 2020 to Jan 2021.
- 3.23 Working with Mitie, the service have introduced new processes and service improvements. This includes carrying out a full skill gap analysis, and delivering a programme of re-training to all security personnel; integrating the CPAD system across the entire Security Contract to support stakeholders to raise security request via the 'Report it Online' portal on the intranet; rolled out Mitie's own "Merlin Incident Management" software across the estate providing meaningful dashboards of activity across the city's Parks and Car Parks; instigated a programme of electric vehicle rollout, with 50% of the Mitie vehicle fleet now electric and the remainder to be introduced in the new financial year; and introduced a staff award programme, funded by Mitie, to the value of £8,000 a year.
- 3.24 In addition, Facilities Management have delivered the transfer of the City Centre CCTV Public Realm and NCP Multi-Storey Car Parks from the now defunct NCP Joint Venture, to Mitie, including the TUPE transfer of 36 personnel.

- 3.25 This contract has delivered several Social Value initiatives since April 2020. These include 25 staff volunteers supporting the Wythenshawe Waste Warriors litter picking initiative, including free provision of tabards, first aid kits and pickers, plus a donation of £1071 to support with premises costs and development of social media platform; secure distribution of school meal vouchers pre and post Christmas as part of the Covid response; supporting Wood Street Mission with delivery of Christmas presents; £1000 donation to the “Manchester Big Change Initiative”; and a £1000 donation to the Shared Health Foundation for community project support within Manchester.
- 3.26 The Facilities Management Service manage the planned and preventative maintenance programme and the reactive maintenance programme for the operational estate working with supplier Engie. This year, the service has fully implemented building maintenance compliance to the SFG20 standard across the corporate estate. SFG20 is the recognised industry standard for planned maintenance of building engineering services. It is the benchmark for working standards; providing building managers and contractors with the tools to keep buildings properly maintained and compliant. Facilities Management have worked with the Capital Programmes Service to put in place a process to manage delivery of minor capital works through the FM Helpdesk, and have currently delivered eight projects to the value of £210k.
- 3.27 Facilities Management and Engie have provided ongoing assistance with the Covid-Secure programme, helping to install the additional cleaning equipment required around the city to allow workplaces to successfully open as Covid Secure sites. This has included ongoing maintenance to keep buildings safe during building closures, such as additional water hygiene requirements (flushing, sampling and tank cleans and chlorination prior to re-openings).
- 3.28 Engie and Facilities Management continue to support the Carbon Reduction Programme (described in more detail later in this report). Engie have installed a total of 37 electric vehicle charging points over 3 locations; Hooper Street Depot, Longley Lane Depot and Hammerstone Road Depot. This has been in conjunction with FM and Capital Programmes. These provide charging facilities for the new Biffa waste fleet (Longley & Hammerstone), with FM, MCC and partner fleet facilities at Hooper Street Depot. Facilities Management and Engie continue to support the Civic Quarter Heat Network (CQHN) programme, particularly around the engineering requirements of MCC building plant. The teams have worked in partnership with the CQHN contractors to allow successful connections to current building systems. This work is ongoing, with the Manchester Art Gallery being carefully monitored to ensure that humidity and temperatures can be controlled during any isolation and connection works.

Asset Management Programme Update

- 3.29 The Estates Team are responsible for the Council’s annual Asset Management Programme (AMP) of capital replacement for operational property. Works are evidence based and prioritised using data on the condition of property, feedback from occupying services, and through inspection, to ensure we continue to meet statutory responsibilities for all

operational property. The programme supports key priorities including the quality of the Council's service provision, employment, health and well-being and carbon efficiency, as well as ensuring our valuable operational assets play their part in promoting Manchester as a great place to live, work and enjoy.

- 3.30 Since 2016/17, measured building surveys have been completed for over 250 properties. Working closely with services, Capital Programmes and FM, Estates have developed an understanding and knowledge about operational properties which has informed the development of the AMP ensuring it is evidence based, aligned to business need, timely and cost efficient.

- 3.31 Due to the nature of investments commissioned through the AMP, works can often take place over two or more financial years. In 2020/21, the programme saw 17 schemes completed, with a further 24 schemes starting on site, and 11 schemes in design. Examples of projects completed in 2020/21 include: replacing the jetty and slipway for the Ghyll Head Outdoor Activities Centre, to support the re-opening planned for later this year; replacement booms, structural work for the spectator gallery and replacement fire doors at the North City Leisure Centre; replacement pulleys and cables for the lifting pool at the Manchester Aquatics Centre; replacement safety glazing at Manchester Art Gallery and Etrop Court; water booster plant replacement at the Z-Arts Centre; replacement roof panels at Wythenshawe Forum; replacement CCTV at the Bridgewater Hall; and the completion of priority roof safety works at the Etihad Tennis Centre for use as the north west NHS vaccine centre. Other schemes in progress include roof work at New Smithfield Market; fire safety improvements at the Hall Lane Centre; structural and safety projects at St James's churchyard, Millgate Lane and Stenner Lane; and works across a range of heritage properties including Clayton Hall, Phillips Park Chapel, Heaton Park Temple, Wythenshawe Hall, and Platt Hall.

- 3.32 The 2021/22 programme includes end of life replacement at several high footfall properties where design commenced during 2020 and which are planned to start on site during 2021/22. This includes works at the National Football Museum (air conditioning), Bridgewater Hall (chillers and pump system), House of Sport (urgent mechanical, electrical and fabric replacement), design for the National Cycling Centre and Manchester Aquatics Centre refurbishment to RIBA Stage 4, and Z-Arts (roof panels replacement). Other works prioritised from the condition surveys includes the City Art Gallery (stonework, drainage and services), safety works at Longsight and Gorton Markets, fabric works at heritage properties within cemeteries and properties within parks. Schemes of work which were delayed during the pandemic, including at some leisure facilities, Sharp and Space, are planned to commence during 2021.

- 3.33 During 2020, Estates, working closely with Early Years, commissioned and managed a programme of condition surveys for over forty Early Years settings across the city. A report on the priority works has now been provided, and planning is underway for inclusion in the future programme.

- 3.34 In all, over fifty projects included in a £13m capital replacement programme to the Council's Operational Estate are currently underway, in design or planned to commence on site during 2021/22.

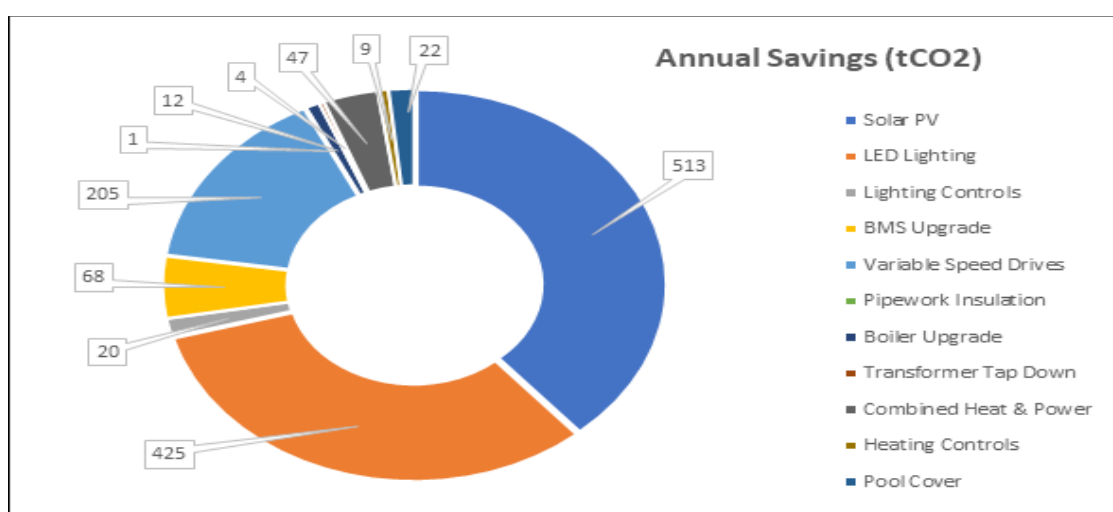
Carbon Reduction Programme

- 3.35 The 20/21 Carbon Reduction Plan comprises a £7.6 million capital investment in energy conservation measures across 11 buildings which will deliver circa 1,300 tonnes of annual CO₂ savings. Installations were delayed slightly by the first national lockdown, but have now been delivered. Leisure centres are some of our most energy intensive buildings and eight have been upgraded with energy conservation measures this year: Wythenshawe Forum; East Manchester Leisure Centre; Hough End Leisure Centre; Arcadia Sports Centre; Moss Side Leisure Centre; North City Family and Fitness Centre; Belle Vue Sports Centre; and Manchester Tennis and Football Centre. The improvements cover a range of measures such as upgrading to LED lighting, improving lighting controls, upgrading Building Management Systems, and installing variable speed drives, as well as solar panel installations at seven of the sites, and an energy efficient combined heat and power plant at the Wythenshawe Forum.
- 3.36 In addition to the leisure estate, the lighting in the Town Hall Extension, our largest building, has been upgraded to LED, and new controls installed. The large buildings at the Space Project and Sharp Project are also being improved, the former with a large solar panel installation which is underway; the later with solar panels, lighting and building management systems, which will be completed the first quarter of next the financial year. As described earlier in this report, Alexandra House (our largest office outside the Town Hall Complex) has been comprehensively refurbished and re-opened in February, with fabric improvements, improved mechanical and electrical systems and LED lighting which will reduce carbon emissions by 70%. Electric vehicle charging points have also been installed at the Hooper St, Hammerstone and Longley Lane Depots, to support the increasing electrification of the Council's vehicle fleet. The team are also piloting novel heating and hot water technology with HydroZero, a UK company. This pilot uses hydrogen and plasma to produce heat via an electrochemical reaction and has significant potential to provide a viable alternative to gas going forwards. HydroZero have installed a boiler at Gorton Library, and monitoring of cost and carbon savings is underway.
- 3.37 The Council joined a Greater Manchester consortium to bid to the Government Public Sector Decarbonisation Scheme and identified projects in 11 Council buildings with a focus on decarbonising heat, with successful projects needing to be completed by September 2021. Notification that the bid was successful was received on 1st March 2021. The MCC allocation was £19.1m. This investment, coupled with further building energy audits and investment cases, will form the basis of next years programme.
- 3.38 The Council successfully attracted over £1.2 million of European Regional Development Fund (ERDF) which is being matched to the Council's capital investment to deliver a large rooftop solar scheme and battery storage at the

Hammerstone Road depot, and Solar PV on car ports at the National Cycling Centre. These projects will deliver circa 415 tCO₂ savings annually when complete.

- 3.39 A summary of the carbon savings by building, and by energy efficiency measure, for the 20/21 Carbon Reduction Programme are shown in the charts below. Solar PV and LED lighting are responsible for around two-thirds of the total annual carbon savings.

Building	Annual Savings (tCO ₂)
Wythenshawe Form	297
Town Hall Extension	169
East Manchester Leisure Centre	101
The Sharp Project	295
Hough End Leisure Centre	74
Arcadia Sports Centre	59
Moss Side Leisure Centre	23
North City Family and Fitness Centre	50
Belle Vue Sports Centre	123
Manchester Tennis and Football Centre	23
Total	1326



- 3.40 The Capital Gateway approval process and the Capital Strategy have been amended to reflect the Climate Emergency and Climate Change Action Plan. The Manchester Low Carbon Build Standard has been developed with input from the Estates and Facilities Service and is now being implemented in Capital Programmes. The standard has been endorsed by the Manchester Climate Change Agency and is supported by the Strategic Capital Board, several Portfolio Boards and external partners including the North West Construction Hub Board. This work is key to ensuring that carbon reduction is an integral part of future capital schemes, whether new build or refurbishment, from the very early stages of development and design. The same ethos is applied to the Estates Asset Management Programme.

Systems and Records Update

- 3.41 CPAD is the Council's Property Asset Delivery system. The system has continued to grow and provide tangible benefits to the authority in the area of property management and information management. In preparation for the 10 year anniversary of system use, the CPAD Team have been planning and undertaking a number of system and data audits, including a full reporting audit, workflow audits, and system updates. This includes a new look document management module and testing a brand new system user interface (to be rolled out Spring 2021). Continued work to support the condition survey project has allowed a large amount of operational site spatial data to be improved and updated.
- 3.42 In addition to the work detailed above, the CPAD Team have continued to support remote and onsite working by system users, including day to day system support for Facilities Management, Estates and Development, and other users, and additions to Case Management to allow electronic sign off for property transactions. The Team have also worked with ICT to correlate site address data for the Network Refresh Project.
- 3.43 The Records Team continue to make good progress in identifying and cataloging residual parcels of land across the city. In 20/21, 127 sites have been identified in Harpurhey and Didsbury East. This is in addition to a further 393 sites in Ancoats and Beswick, Ardwick, Baguley, Brooklands, Burnage, Charlestown, Cheetham, Clayton & Openshaw, Didsbury East, Harpurhey, Northenden, Sharston, and Woodhouse Park.
- 3.44 The work above has been undertaken alongside the business as usual activity of providing information to the organisation in respect of property ownership, transfers and other property transactions. In 20/21 to date, the Records Team have added 155 additional transactions to CPAD, 991 additional sites; completed 472 site histories; and answered 770 enquiries. The team continue to provide services to other departments and members of the public with a range of enquiries.

Town Hall Project

- 3.45 The Estates and Facilities Service support the Our Town Hall Project, with two full time team members forming part of the client team. The OTH Project is proceeding through RIBA work stage 5 of construction as planned. The management contractor, Lendlease, are well into their delivery programme despite considerable challenges in creating a covid safe environment in which work could continue without disruption. Most of the activity currently involves soft strip and strip out of previous infrastructure including mechanical electrical and plumbing. The Town Hall's historic Cavaille-Col organ has also been completely removed from the Great Hall, with the room fully scaffolded and all the historic luminaires removed. Some structural work has commenced on the lower ground floor where all the primary plant for the building will be located. The mains power has now been isolated from the building, and remaining life and security systems now run from a temporary substation. The site is now

fully hoarded, and external scaffolding is nearing completion to the top of the clock tower and roof levels of the grade one listed structure.

- 3.46 As part of the 'soft landings process' the team are already considering the reoccupation of the building in 2024 and how this will be coordinated with the main construction programme. Project engagement continues with all the key stakeholders to ensure that the new facilities meet client requirements and that they are coordinated with any reoccupation plans or expectations. Up and coming major structural work during the next twelve months will include creating the structural cores for the new passenger lifts which will in the future significantly improve access in and around the building, and there are also some early works commencing in Albert Square. The Estates and Facilities Service continue to have close day to day involvement with this landmark project for the people of Manchester.

Future Ways of Working and Estate Rationalisation

- 3.47 The pandemic has drastically changed the way the estate is being used. The response to the pandemic, including the roll out of new ICT capabilities, have helped accelerate the adoption of different ways of working. During the pandemic, approximately a quarter of the council's workforce continued to work from the estate, while around half worked mainly from home, and around a quarter worked in a hybrid way, with a mix of onsite and remote working.
- 3.48 Feedback from staff has shown that increased levels of home working has both benefits and challenges. Positive impacts reported by staff include improved work life balance, supporting caring responsibilities, reducing distractions, and staff still feeling supported. Challenges reported include feeling isolated and anxious, missing social interaction at work, and blurred boundaries. Individual circumstances have a huge bearing on how these ways of working felt to staff.
- 3.49 As we move into recovery post covid, the majority of operational buildings will re-open. However, different ways of working will change the nature of the offices in the estate post-covid in particular. The future will involve a more blended mix of onsite and remote working for many office based staff. The challenge is to build on the cultural and technological changes to ways of working, and to take the best of what has been learned, whilst tackling the challenges, and to replan a smaller, higher quality, lower cost and lower carbon office estate.
- 3.50 This work involves rethinking how offices are used and fitted out. Office space will increasingly be used to support collaboration and connection rather than dedicated desk working. Quiet facilities for video calling and virtual meetings will become more important, and flexible spaces that can provide choice and a mix of uses will be key.
- 3.51 One of the benefits to this approach is that the amount of office space required can be reduced, and this can reduce costs to the Council. Initially this work is focused on areas that can deliver benefits quickly. For example, the service has agreed with Children's Services to relocate staff from leased

accommodation at Universal Square into a smaller space in the Town Hall Extension. These moves are underway. The next relocations will focus on disposing of leased office space being used for the Town Hall decant.

- 3.52 A number of principles underpin this work. Most importantly, there is no 'one size fits all' approach to ways of working. Whilst all staff can have access to flexibility, working arrangements will be different depending on the type of work and business need. Clearly, not all staff can work more remotely to do their jobs, and it is important to consider flexibility in its widest sense. In addition, physical offices remain the cornerstone of our estate strategy, rooting teams in the localities they serve, creating a visible presence across Manchester's communities.
- 3.53 A group bringing together Estates, HR and ICT colleagues has been formed, led by an SMT sponsor, to help shape these future ways of working. Their work programme will include working with service areas to replan how their office space can be improved to make the most of new working practices. Along side estate changes, the work will also include providing managers with the skills to manage a workforce who work in an increasingly blended way; drive a culture that is high trust and open to different ways of working; test different approaches to meetings; ensure staff have the right tools to do their job wherever they work; and ensure staff have tools to engage with their peers, their managers and the organisation.
- 3.54 This report has already set out a number of projects that will support the overall rationalisation of the estate. These include the recently completed refurbishment of Alexandra House, which has increased capacity at that building, and (alongside moves within the Town Hall Extension) will be key to disposing of leased in office space at Universal Square and the disposing of leased office space being used for the Town Hall decant. The Gorton Hub project will, when completed, support the replacement of Gorton Library and Gorton South District Office with new, higher quality facilities. The Hammerstone Road project will support the rationalisation of depot space. Other rationalisation projects underway include reviewing how the Family Contact service operates. This has already supported the rationalisation of one smaller property, and will allow rationalisation of another in the new financial year. Finally, a review of district offices will start in the new financial year.

4.0 Conclusions and Recommendations

- 4.1 This report sets out an update on property activity since the last Annual Property Report in November 2019. The work of the property teams makes a critical contribution to delivering the Our Manchester Strategy by driving growth, and directly supports the Corporate Plan by enabling service Directorates to achieve their priorities, ensuring the effective management of the estate to support a well-run Council, and reducing carbon emissions.
- 4.2 The Committee is recommended note and comment on progress to date as set out in the report.

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Manchester City Council Report for Information

Report to: Resources and Governance Scrutiny – 9 March 2021

Subject: Post transfer governance - Council Housing service

Report of: Director of Housing and Residential Growth

Summary

This report provides the scrutiny committee with the summary and proposal for Governance of the Housing service after it transfers from Northwards to the Council in July 2021. The proposal is intended to have proper oversight of housing management and maintenance services. Empower tenants and meet the requirements of the White Paper "A charter for social housing tenants".

Recommendations

The Resources and Governance Scrutiny are asked to:

1. Note the proposed structure for post transfer governance.
 2. Confirm support for the creation of a Northwards Housing Board under the terms described.
-

Wards Affected: Higher Blackley, Charlestown, Crumpsall, Harpurhey, Moston, Cheetham, Miles Platting and Newton Heath

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city

The retrofitting of existing homes managed by Northwards is a key aspect of this proposal. The HRA cannot currently support the level of investment required to achieve a level of retrofit to meet Zero Carbon. Measures need to be taken to manage the projected deficit in the HRA in order to meet Zero carbon and other policy aspirations. The Housing Board will have a role in monitoring HRA spend including capital programmes to address carbon reduction.

Manchester Strategy outcomes	Summary of how this report aligns to the OMS
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	As the largest single landlord in the City the Housing service is a major source of contracts and supplies that ideally are sourced locally
A highly skilled city: world class and home-grown talent sustaining the city's economic success	A major employer the Housing services for the council stock currently employs c350 people and supports apprenticeships and wider skills

	development.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The housing service is the largest single community influencer in North Manchester alongside the City Council. By including tenants directly in the management of their homes they will be empowered and will be able to have a wider neighbourhood impact.
A liveable and low carbon city: a destination of choice to live, visit, work	Central to the transfer of the management of the housing service is the investment needed to retrofit existing homes in order to achieve a Zero carbon housing stock.
A connected city: world class infrastructure and connectivity to drive growth	The housing service is a major contributor to the North Manchester infrastructure.

Financial Consequences

The support for these governance arrangements can be managed within existing HRA capacity and budgets.

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Background documents (available for public inspection):

None

1.0 Introduction

- 1.1 Throughout the process of considering the decision to bring the management of housing services from Northwards to the council there have been discussions on the Governance of the Housing services after transfer. This is driven in part, by the fact that the transfer will remove the Northwards Housing Company Board which includes tenants and council nominees. It also reflects a desire to ensure that tenants who are active through local resident associations, and other engagement activities continue to have a role in the future running of the services.
- 1.2 It is important to note that despite the existence of a formal management agreement and a role in Northwards Board membership, that the council have exercised a light touch client control over the ALMO for some years. Most ward members who have been on the Board have reflected a frustration at the lack of influence that they have been able to exert. The client function exercised by strategic housing of the council has, until recently, been primarily supportive and functional. From this base point any system of governance that raises the genuine scrutiny of service delivery and member oversight, will constitute a significant improvement.
- 1.3 Discussions with various parties including local members has clarified some of their aspirations from any governance arrangements. These included expanding the level of tenant engagement and the influence of the Housing Board.

2.0 Tenant engagement

- 2.1 North Manchester members have expressed particular interest in ensuring that there is a wider range of tenant engagement with more diversity and proper representation. Whilst appreciative of the commitment of active tenants there is a concern that existing activities were attended by a smaller number of residents and was not wholly representative of the wider tenant base.
- 2.2 The test of opinion and review process has generated significant interest. Over 500 tenants and residents have registered their details and indicated a desire to be actively involved in the future management of their homes and services.
- 2.3 As reported previously we have already commenced a dialogue with Shelter who will lead and support and develop a new and expanded framework of engagement. The work areas will include:
- 2.4 Working with Shelter to build on this existing engagement framework and build a more inclusive and impactful tenant and leaseholder network. This will include:
 - Increasing the numbers engaged at all levels.
 - Setting targets in terms of diverse representation to ensure all residents have an opportunity to engage.

- Create a leaseholders' forum.
- Create an editorial board to oversee all publications for tenants and the community.
- Establish a proper structure for Tenants View including selection by the tenant base and from which the Housing Board members will be drawn.
- Invest in training and development for active residents to support their involvement.

3.0 Board Influence

- 3.1 There has been consideration of the level of decision making that the proposed Housing Board should have. It is important that the Board has a meaningful influence on matters that relate to the housing service, that tenants views are heard and taken account of and that this is reflected in strategic and operational decision making.
- 3.2 However, the concept of an Housing Board able to make its own independent decisions is not the conventional approach under the council's constitution. Even Scrutiny committees have to have any recommendations or decisions confirmed at Executive and Full Council level.
- 3.3 However, recognising the need to ensure that matters considered at the Housing Board are given full consideration the proposal that has been made includes provision that the Executive member attends all Board meetings. This gives a degree of accountability and the assurance that matters will get relayed and addressed at an Executive level.

4.0 Governance Proposal

- 4.1 It is proposed that once transferred the housing management and maintenance service would be governed by elected members and tenants.
- 4.2 Governance will seek to build on existing tenant engagement processes and to meet the requirements outlined in the recent Government White Paper "The Charter for Social Housing Residents". Northwards have an existing engagement framework. This includes:
- Tenants and Residents Groups. There are 9 active groups meeting a required constitution, and 11 "contact" groups.
 - Residents' network. 114 active tenants on the data base
 - Events-43 community events held in 2019.
 - Networking
 - Urban Crew. A joint initiative with Manchester communications academy working with 140 primary schools.
 - Eric Hobin sponsorship fund. Community grant opportunity with awards of up to £500 for community activity.
 - Youth engagement.
 - Retirement Housing.
 - High Rise Forum.

- Tenants View- Overarching representative group.
- 4.3 The proposal for post transfer governance structure is shown at Appendix 2. The framework creates an escalating hierarchy of tenant engagement and influence reaching to the new Northwards Housing Board. This Board would be constituted under s.102(4) of the LGA 1972 to advise the Executive on relevant matters relating to the former ALMO services and issues relevant to the housing service. The members appointed to the Board could all be selected from the relevant geographical area (North Manchester) and it would also include the executive member with the relevant portfolio.
- 4.4 Tenants could be appointed as (voting) members of the Board.
- 4.5 The recommendation is that the Board is made up of six elected members and four tenants. Once the engagement structure is established the tenants will be voted into position although initially there could be appointments to the Shadow Board until the tenants' structure is functioning.
- 4.6 The Board would meet regularly throughout the year with meetings set to fit with the Democratic Calendar, so that recommendations and issues can be picked at the respective scrutiny committee or Executive. The Board would be serviced by the Director of Housing and Residential Growth, members of the Neighbourhood management team and operational delivery managers.
- 4.7 The Board's role and purpose would be similar to that of the Board of Northwards currently as it relates to housing functions, delivery and performance. Specifically, it would:
- Monitor performance and delivery of the consumer standard including the new satisfaction measures (see Appendix 1).
 - Set and monitor annual performance and satisfaction targets.
 - Monitor the impacts of investment in ensuring we maintain decent homes, fire and building safety and customer satisfaction.
 - Commission and receive Tenant View service audits and reviews.
 - Oversight of the savings to the HRA projected by virtue of the transfer of the service back to the council.
 - Receive and consider complaints data to inform service delivery changes and developments.
 - Maintain a risk register for the housing service.
 - Review the connectivity of the core housing provision with neighbourhoods and other community delivery impacts with particular reference to environmental investment and community safety.
 - Monitor the debt management and financial inclusion services to ensure that tenancies are sustained whilst income is managed.
 - Promote equalities and the diverse interest of tenants and leaseholders.

5.0 Timescales

- 5.1 It is proposed to create a Shadow Board in March 2021 whose role will be to oversee the transition of the service into the Council, in conjunction with the

Board of Northwards. The tenant members will be drawn from existing Tenants View members and there is already a dialogue with prospective tenant members.

- 5.2 Elected members will need to select the members of the shadow board, but it should not include those currently on Northwards Board. It is envisaged that the Shadow Board will need to meet on a monthly basis throughout this transition period.
- 5.3 In July, at the point of transfer, the Board will be formally constituted and incorporated in the Civic calendar.

6.0 Contributing to a Zero-Carbon City

- 6.1 The retrofitting of existing homes to meet zero carbon objectives is at the heart of the decision to transfer the management of the services.

7.0 Contributing to the Our Manchester Strategy

(a) A thriving and sustainable city

- 7.1 As the largest landlord in the City it is critical that the Council's own tenants get as good as, if not better, service and investment, as any other social housing tenant.

(b) A highly skilled city

- 8.2 As a major employer we can ensure that the housing management and maintenance service provides work and training opportunities to the Manchester community.

(c) A progressive and equitable city

- 8.3 The investment programme taking account of new and emerging programmes and projects.

(d) A liveable and low carbon city

- 8.4 The presumption of a largescale fabric-based retrofitting programme is featured in the revision of the 30-year business plan.

(e) A connected city

- 8.5 The housing service is a major contributor to the North Manchester infrastructure.

9.0 Key Policies and Considerations

(a) Equal Opportunities

- 9.1 The process to refresh and develop a wider range of activity for tenants and leaseholders will specifically seek to ensure proper and diverse representation.

(b) Risk Management

- 9.2 To be developed.

(c) Legal Considerations

The Northwards housing Board will need to be properly constituted and compliant with the structures adopted by Manchester City Council.

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APPENDIX 1

White Paper “Charter for Social Housing tenants”

Topics areas:

To be safe in your home – the Government will work with industry and landlords to ensure every home is safe and secure. The Government says it will:

- Legislate to strengthen the Regulator of Social Housing’s consumer regulation objectives to explicitly include safety.
- Legislate to require social landlords to identify a nominated person responsible for complying with their health and safety requirements.
- Expect the Regulator of Social Housing to prepare a Memorandum of Understanding with the Health and Safety Executive to ensure effective sharing of information with the Building Safety Regulator.
- Launch a consultation on requiring smoke alarms in social housing and introducing new expectations for carbon monoxide alarms.
- Consult on measures to ensure that social housing residents are protected from harm caused by poor electrical safety.
- Continue to work with the Social Sector (Building Safety) Engagement Best Practice Group and the Building Safety Regulator to ensure resident voices are heard.

To know how your landlord is performing – so that residents can hold it to account.

The Government says it will:

- Create a set of tenant satisfaction measures for landlords on issues that matter to them. The draft satisfaction measures are in the table at appendix 1.
- Introduce a new access to information scheme for tenants of housing associations and other private registered providers of social housing, so that information relating to landlords is easily available.
- Ensure landlords provide a clear breakdown of how their income is being spent.
- Require landlords to identify a senior person in their organisation who is responsible for ensuring they comply with the consumer standards set by the Regulator of Social Housing.

To have complaints dealt with promptly and fairly – with access to a strong Ombudsman.

The Government says it will:

- Ensure landlords self-assess against the Housing Ombudsman’s Complaints Handling Code by 31st December 2020.
- Ensure tenants know how to raise complaints and have confidence in the system by launching a communications campaign. It will expect landlords, the

Housing Ombudsman and the Building Safety Regulator to ensure residents have clear and up to date information on how to complain.

- Legislate to ensure clear co-operation between the Housing Ombudsman and the Regulator of Social Housing to hold landlords to account more effectively when things go wrong.
- Make landlords more accountable for their actions by publicising the details of cases determined and published by the Housing Ombudsman.

To be treated with respect – backed by a strong regulator and improved standards for tenants

The Government says it will:

- Transform the consumer regulation role of the Regulator of Social Housing so it proactively monitors and drives landlords' compliance with improved consumer standards.
- Remove the 'serious detriment test' and introduce routine inspections for the largest landlords (those with over 1,000 homes) every four years.
- Change the regulator's objectives to explicitly cover safety and transparency, and work with it to review its consumer standards to ensure they are up to date and deliver its revised objectives.
- Give the regulator the power to publish a Code of Practice on the consumer standards to be clear what landlords are required to deliver.
- Strengthen the regulator's enforcement powers to tackle failing landlords and to respond to new challenges facing the sector.
- Hold local authorities to account as landlords, including how they manage Arm's Length Management Organisations and Tenant Management Organisations, to make sure they deliver a good service to tenants. This includes:
 - Asking stockholding local authorities that contract out management services to Arm's Length Management Organisations to review their contracts to ensure they do not prevent the regulator from taking action in the event of non-compliance with its standards.
 - Making it explicit that provisions in contracts between ALMOs or TMOs would be deemed void if they hindered the regulation in its exercise of its powers.
 - Working with the regulator to set out an expectation for local authorities to self-refer to ensure that issues of concern to tenants are dealt with as quickly as possible.
- Require the regulator to set up an Advisory Committee to provide independent and unbiased advice on discharging its functions.

To have your voice heard by your landlord.

The Government says it will:

- Expect the regulator to require landlords to seek out best practice and consider how they can continually improve the way they engage with social housing tenants.

- Deliver a new opportunities and empowerment programme for social housing residents, to support more effective engagement between landlords and residents, and to give residents tools to influence their landlords and hold them to account.
- Review professional training and development to ensure residents receive a high standard of customer service.

To have a good quality home and neighbourhood to live in – with landlords required to keep homes in good repair

The Government says it will:

- Review the Decent Homes Standard, including access to and the quality of green spaces.
- Tackle anti-social behaviour by enabling tenants to know who is responsible for action and who can support and assist them if they are faced with antisocial behaviour.
- Consider the results of the allocations evidence collection exercise findings to ensure that housing is allocated in the fairest way possible and achieves the best outcomes for local places and communities.

To be supported to take the next step to homeownership – so that it is a ladder to other opportunities.

The Government says it will:

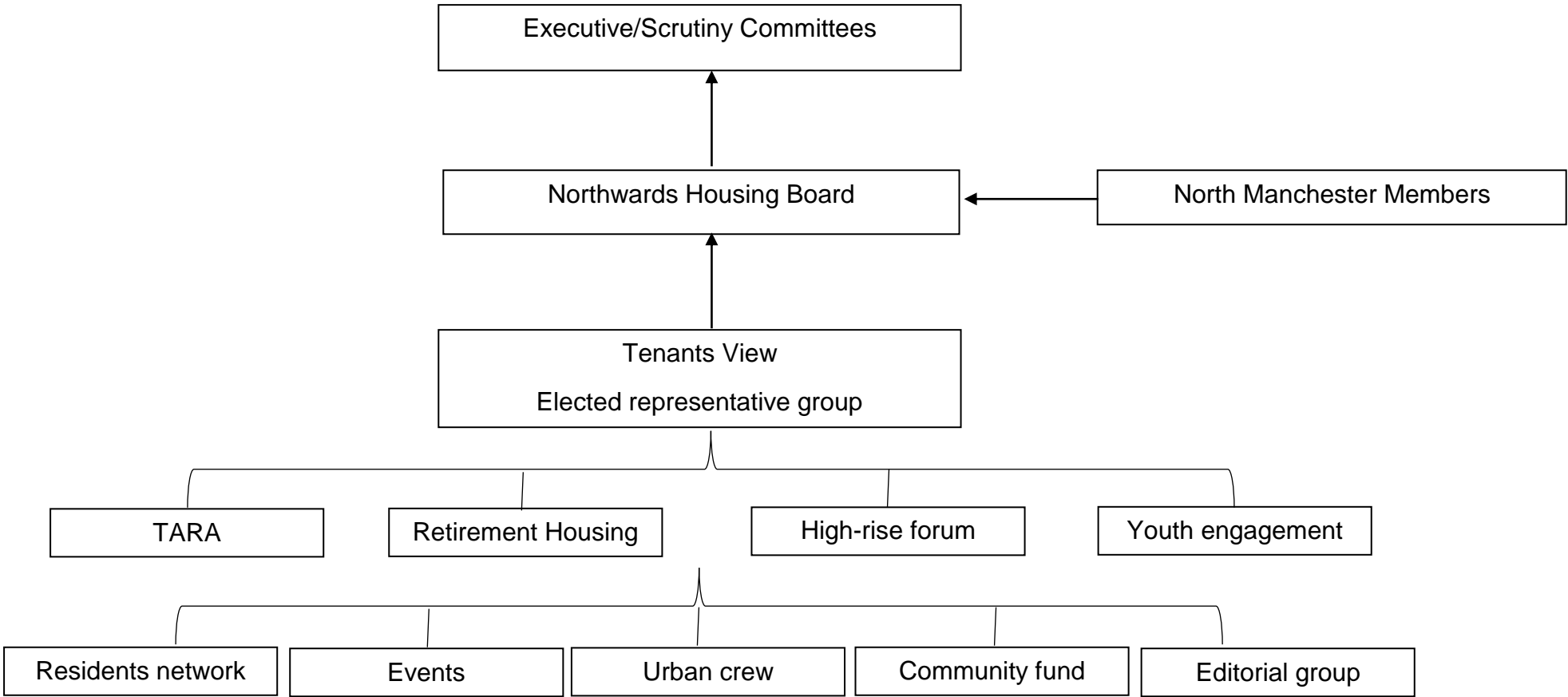
- Invest £11.5 billion to build up to 180,000 affordable homes. Around half of these new homes will be for affordable home ownership.
- Implement a new, fairer and more accessible model for Shared Ownership.
- Implement a new Right to Shared Ownership for tenants of housing associations and other private registered providers who live in new grant funded homes for rent.
- Emphasise through its new National Design Guide the importance of building beautiful and well-designed social homes.
- Introduce a new Affordable Homes Guarantee Scheme.
- Encourage local authorities to take advantage of our removal of the borrowing cap to build more council homes.

Theme	Draft tenant satisfaction measures
Keeping properties in good repair	<ul style="list-style-type: none"> • Decent Homes Standard compliance • Responsive repairs completed right first time • Tenant satisfaction with landlord's repairs and maintenance service
Maintaining building safety	<ul style="list-style-type: none"> • Compliance with health and safety obligations: <ul style="list-style-type: none"> ○ Gas safety ○ Electrical safety ○ Fire safety ○ Asbestos ○ Water safety ○ Lift safety • Tenant satisfaction with the health and safety of their home
Effective handling of complaints	<ul style="list-style-type: none"> • Number of complaints relative to the size of the landlord • % of complaints resolved within agreed timescale • Tenant satisfaction with landlord's complaints handling
Respectful and helpful engagement	<ul style="list-style-type: none"> • Number of complaints relating to fairness and/or respect, relative to the size of the landlord • Tenant satisfaction that their landlord listens to their views and takes notice of them • Tenant satisfaction with landlord's engagement with tenants
Responsible neighbourhood management	<ul style="list-style-type: none"> • % of communal areas meeting the required standard • Number of complaints relating to communal areas, relative to the size of the landlord • Tenant satisfaction with landlord actions to keep communal areas clean and safe • Tenant satisfaction with landlord contribution to the neighbourhood associated with their home • Number of complaints relating to anti-social behaviour, relative to the size of the landlord • Tenant satisfaction with landlord's handling of anti-social behaviour • Overall Tenant overall satisfaction with the service their landlord provides
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APPENDIX 2



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