

**Manchester City Council
Report for Information**

Report to: Environment and Climate Change Scrutiny Committee – 23 June 2022

Subject: Carbon Reduction Procurement Progress Report

Report of: Strategic Lead Integrated Commissioning and
Head of Integrated Commissioning and Procurement

Summary

This report updates on the steps that have been taken within the council's procurements to support carbon reduction and highlights planned next steps. In particular the report refers to a recent Internal Audit briefing note on the introduction of the 10% evaluation weighting in procurements relating to climate change and the environment. That briefing note is attached in the appendix.

Recommendations

The Committee is recommended to consider and comment on the information in the report. As the Internal Audit briefing note highlights, there is a need to continue momentum and drive further change. There are some practical challenges as well as opportunities that we are looking to address and take forward over the next year.

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 subjects discussed in this report have a direct impact in relation to the council's consumption emissions i.e. the emissions embodied in the goods, services and works that the council procures.

Equality, Diversity and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments
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The measures being taken on climate change in procurements are part of the council's wider approach to driving social value, which is set out further in the council's Social Value policy and its Ethical Procurement Policy. The Social Value Policy specifically identifies particular priority groups for focusing social value, including Black, Asian and Minority Ethnic people and disabled people.

Manchester Strategy outcomes	Summary of how this report aligns to the OMS/Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	<p>Through its procurement, the council seeks suppliers that can help create wider social value for the city. Our social value framework, which is a shared framework across Greater Manchester, identifies six overarching areas of focus, which closely align with the Manchester Strategy outcomes. These are:</p> <ul style="list-style-type: none"> • 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
A highly skilled city: world class and home grown talent sustaining the city's economic success	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	
A liveable and low carbon city: a destination of choice to live, visit, work	
A connected city: world class infrastructure and connectivity to drive growth	

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

There are no direct financial consequences.

Financial Consequences – Capital

Not applicable.

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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.

The council's Social Value Policy, which is available on the council's website, sets out the council's framework for what it wants to achieve on social value, including in relation to climate change and the environment.

1.0 Introduction

- 1.1 As part of the Climate Change Action Plan, the council is working to reduce the emissions associated with the goods, services and works contracts that the council procures. There are different elements to this work but one of the main innovations over the 6-12 months has been the rolling out of a 10% weighting in the evaluation of tenders specifically in relation to climate change and the environment. Internal Audit recently conducted a high level review the roll-out of this, and their report is attached in the appendix. Their recommendations chime with Procurement's own experiences and learning.
- 1.2 The 10% weighting is just one aspect of a larger ambition to tackle emissions through the council's supply chain – estimating current consumption emissions, creating lower carbon specifications, working with like-minded organisations and tracking carbon savings. This paper summarises some of the next steps that the council will be taking forward in relation to its procurements as part of the Climate Change Action Plan.

2.0 Background

- 2.1 When the council invites bids for contracts, the council asks bidders questions on what social value they can create and questions on how they can support the city's zero carbon ambition, in addition to questions on pricing, quality and any other relevant factors.
- 2.2 The council has been at the forefront of this promotion of social value in its procurements, applying a minimum 20% of the score specifically in relation to social value.
- 2.3 In March 2021, the council then went further and added a new 10% evaluation weighting specifically in relation to climate change and the environment. Social value and the environment therefore now make up nearly a third of the score for a bid. This is the highest in the country that we are aware of.
- 2.4 Introducing the 10% weighting required lead-in times for both commissioners and the market to become familiar with it. There is still further work to go in this but the 10% is now being applied to new procurements by default, sending a strong signal to bidders about the importance the council places on this.
- 2.5 The specific questions bidders are asked vary depending on the nature of the contract. For some contracts, the council will be expecting bidders to set out how it will reduce contract-specific emissions over the contract lifetime; for others, contract-specific questions will make less sense and the council's interest is more in how the bidder is taking steps across its organisation to measure and reduce its emissions.
- 2.6 In general, invitation to tender questions will usually ask bidders, as a minimum, how a bidder measures their emissions and what actions and targets they have in place to reduce their carbon emissions, including relevant evidence of reductions achieved to date. The depth of information expected

will generally increase with contract value. For example, with higher value contract, the question on measurement will usually seek additional detail on how emissions measurements are broken down by scope (i.e. scope 1, 2 and 3, which are internationally agreed categorisations of emissions), details on baseline measures, details on how measures are validated etc. Central government ask very similar questions for their higher value contracts. Similarly more depth would be expected on the actions a bidder is taking to reduce its carbon, such as what actions it is taking with its own staff to raise carbon literacy, what it is doing with its supply chain, among other things, to maximise impact. Finally, there are more scheme-specific questions, such as low-carbon design considerations and carbon measurement (e.g. fleet emissions associated with the contract).

- 2.7 The This City Rodney Street design and build contract is an example of a large-value contract which had questions covering the different elements described above. The council asked bidders a number of questions on sustainability covering both (i) scheme-specific low-carbon design considerations including evidence of low-carbon design innovations from bidders' previous projects, and (ii) organisation-wide measures bidders are taking to measure and reduce their carbon emissions, including what targets they have in place and how they will evidence progress being made over the lifetime of the contract. With a large and high profile contract like this, the winning contractor accordingly committed in its bid to a range of actions and KPIs for the contract, covering different elements from site-specific energy measures, to establishment of new low carbon training initiatives, to reductions in emissions in materials used on site (e.g. emissions from concrete) among other things.
- 2.8 At the other end of the scale, there are relatively small-value contracts like the e-cargo bikes contract, which will directly support carbon reduction. The 10% weighting has enabled us to understand what the e-bike provider is doing themselves (i.e. as an organisation) to reduce their carbon footprint.
- 2.9 Internal Audit recently conducted a high level review of the roll-out of the 10% environmental weighting, the results and actions being taken in response are summarised below. The Internal Audit Briefing Note is attached in the appendix for reference.

3.0 Main issues

- 3.1 Internal Audit's Briefing Note notes the progress being made in applying the 10% weighting and the significant progress the council has made in developing its framework and priorities to address climate change.
- 3.2 The report also provides a helpful summary of some of the main practical challenges and issues that we are having to address. Broadly, the issues discussed in the report and the accompanying recommendations fall into three categories:

- To expand the training and guidance for staff, including sharing expertise across the council. For example, we need to continue to build both commissioners' and providers' knowledge as to what good looks like, what we are looking for (e.g. in terms of measure and what good carbon reduction actions look like) and how to manage supplier environmental commitments in contracts. This is in addition to the mandatory Carbon Literacy training that all staff are expected to undertake.
- To regularly analyse the reach and impact of the 10% weighting. Through the roll-out of the 10%, the council is increasing the amount of data from bidders on things like carbon measurement and carbon reduction plans. We're looking to build our capacity to (among other things) analyse this data and help improve how we collect data, for example in a way that is more amenable to analysis as opposed data provided in suppliers' written responses in word or pdf format.
- To support businesses, particularly smaller organisations. This is key priority for Commissioning and Procurement this year, both promoting on external support that is already available to businesses (e.g. The Growth Company has a programme specifically tailored to small businesses) but also building the range of in-house tools and guidance. On the latter the council has good examples of tools, co-developed with the organisation Julie's Bicycle, for Events providers and also Culture organisations, that we can build on.

3.3 There are a number of detailed recommendations too that are set out in the Briefing Paper. As alluded to above we agree with Internal Audit in the areas they have highlighted and Commissioning and Procurement are taking forward actions in response to each individual recommendation.

3.4 In terms of the key actions though, our focus for this financial year is particularly on the following:

- Understanding our consumption emissions better and building requirements into our specifications, including working with the universities and city partners. This is critical, ensuring our specifications (i.e. what we want from goods / services / works) have properly considered lower carbon options. There is already much being done – electric refuse vehicles being just one example – but we will be looking to work further with supply chains to identify how we can reduce the embodied carbon in what we procure. We recognise different sectors are in different stages of maturity on this.
- Building knowledge and confidence among staff. In addition to the mandatory carbon literacy training that all council staff must complete, there is a need for more training and development in relation to carbon reduction and contracts. We are currently in discussion with the Growth Company about piloting training for contract staff. Commissioning and Procurement are also working on some further guidance for commissioners, for example, guidance on what a high scoring bid looks like compared with an average-scoring one.

- Building awareness among suppliers, particularly SMEs. As picked up by Internal Audit, we will be looking to create guidance that resonates with SMEs. We are also planning to work with Work and Skills Team and their SME forum, working together to help drive change. And there will be a sectoral dimension that will be needed too. For example, many adult social care providers are SMEs and Commissioning and Procurement are working with MLCO to develop a practical social value (including environment) programme.
- Capturing and using data more effectively. As referred to above, at present a lot of data is captured in bids (i.e. word / pdf), as opposed to a more readily analysable format. We will be looking at how we can use existing tools, such as the council's online portal, the quarterly social survey delivered by CLES as well as new tools (e.g. new contract management system) to better capture and analyse data.
- Building capacity internally. Commissioning and Procurement are currently recruiting two new positions whose roles will be to support carbon reduction in procurements, working with services and markets to deliver on the above priorities.

4.0 Recommendations

- 4.1 The Committee is recommended to consider and comment on the information in the report. As the Internal Audit briefing note highlights, there is a need to continue momentum and drive further change. There are some practical challenges as well as opportunities that we are looking to address and take forward over the next year.