

**Manchester City Council  
Report for Information**

**Report to:** Economy Scrutiny Committee – 8 September 2022

**Subject:** Social Value and Climate Change

**Report of:** Head of Integrated Commissioning and Procurement

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**Summary**

This report provides an update on how the Council's Social Value Policy, adopted by Executive in 2021 is being used to contribute economically to Manchester's ambition to be zero-carbon by 2038, supporting green jobs and skills.

**Recommendations**

The Committee is recommended to:-

- (1) Consider and comment on the information in the report.
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**Wards Affected:** All

<b>Environmental Impact Assessment</b> - the impact of the issues addressed in this report on achieving the zero-carbon target for the city
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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.
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<b>Equality, Diversity and Inclusion</b> - 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.
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The Social Value Policy specifically identifies particular priority groups for focusing social value, including Black, Asian and Minority Ethnic people and disabled people.
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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	Through commissioning and procurement, the council seeks suppliers that can help create wider social value for the city.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The 2021 Social Value Policy recognises that greater value will be achieved if we focus efforts that benefit people who are more likely than most to be at a disadvantage.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	As such, we particularly prioritise the following groups for actions aimed at creating social value:
A liveable and low carbon city: a destination of choice to live, visit, work	<ul style="list-style-type: none"> <li>• Children and young people, looked after children, care leavers, young people who are or at risk of becoming NEET and young people involved in or at risk of being involved in the criminal justice system;</li> </ul>
A connected city: world class infrastructure and connectivity to drive growth	<ul style="list-style-type: none"> <li>• long-term unemployed with an underlying health condition or complex needs;</li> <li>• Promoting equality for Black, Asian and Ethnic Minority residents;</li> <li>• disabled people;</li> <li>• older people;</li> <li>• vulnerable adults overcoming a crisis or, domestic violence and abuse, rough sleepers.</li> </ul>

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 the creation of employment opportunities and climate change.

## **1. Introduction**

- 1.1. This report provides an update on how the Council's Social Value Policy, adopted by Executive in 2021 is being used to contribute economically to Manchester's ambition to be zero-carbon by 2038, supporting green jobs and skills.
- 1.2. The report complements another report on this agenda relating to the development of green skills within the city to deliver retrofit and other low carbon initiatives

## **2. Background**

- 2.1. Since 2007, the Council has sought to encourage suppliers to invest in the city and to offer employment opportunities for Manchester residents. The Social Value Act in 2012 provided the opportunity to formally take this into account in considering tenders and, since then a weighting of 20% has been given to Social Value in tenders for all goods, works and services procured by the council.
- 2.2. The overall objectives of the original 2014 Social Value Policy were to:
  - Create employment & skills opportunities needed 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
- 2.3. A review of Social Value outcomes achieved in 2017 agreed that these objectives were still valid but that, in the light of experience, the approach could be targeted to achieve specific employment outcomes for those citizens most in need of support. Priority cohorts were identified and listed and tenderers were requested to outline how Social Value proposals would benefit these specific groups of people.
- 2.4. The revision of the Council's Social Value Policy in 2021 was driven by the need to take account of the effect of the Covid-19 pandemic on the population and also to formally commit to a reduction in the emissions associated with the goods, services and works contracts that the council procures.
- 2.5. The updated priority cohorts now include those disproportionately affected by the pandemic including over 50s who have suffered economic hardship as a result of unemployment and Black and Minority Ethnic residents who endured disproportionate health impacts as follows:
  - Children and young people, looked after children, care leavers, young people who are 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
  - Promoting equality for Black, Asian and Ethnic Minority residents
  - disabled people
  - older people
  - vulnerable adults overcoming a crisis or, domestic violence and abuse, rough sleepers
- 2.6. A significant innovation to the policy has been the rolling out of a 10% weighting in the evaluation of tenders specifically in relation to climate change and the environment. This is primarily intended to ensure that council's suppliers recognise the climate emergency and share the council's commitment to achieve net zero carbon emissions by 2038 (if not sooner).
- 2.7. A report on progress in relation to carbon reduction in procurement was considered by the Council's Environment and Climate Change Scrutiny Committee on 23 June 2022. The report advised that the results of the approach will take time to become evident as it requires lead in times for procurers, commissioners and supplier to become familiar with the requirement and there is a lag between a procurement and implementation of a contract and a further period of time before the effects are fully rolled out.

### **3. Main issues**

- 3.1. Green Skills and Social Value are distinct agendas with their own aims, but which overlap. For example:
- The employment of green skills in Manchester will contribute to the city's environmental (and hence social value) objectives
  - The employment of Manchester residents, and in particular our social value priority groups, generates social value for the city
  - Companies that develop skills more widely in Manchester, beyond their own organisation, (e.g. working with colleges and schools), create social value.
  - Residents and businesses that have highly developed green skills are well equipped to use those skills outside of the region which contributes to the growth of the Manchester economy
- 3.2. From a procurement perspective, the Council looks to drive social value through both its specifications for what it is looking for, and by asking bidders to demonstrate what further social value they can provide.
- 3.3. It is expected that as a result of the provision of carbon literacy training to all staff, specifications for services will have an increasing focus on carbon reduction "by design". This is already evidenced in the area of construction where low carbon is included in designs for buildings but the approach taken during the construction by the appointed contractors will minimise carbon consumption as a result of the 10% carbon reduction weighting in procurement.

- 3.4. The additional social value suppliers can bring to the table, is sought via Manchester's social value policy as outlined in 2.6 above. Here the Council is interested in the additional social value delivered than might otherwise be the case. A retrofit contract will naturally contribute to the Green Skills agenda but not necessarily to the social value agenda unless a bidder showed how it will be working with local colleges (for example) and particularly targeting skills development on Manchester's priority groups
- 3.5. Technically the development and employment of green skills, where there is a direct social value impact targeted on Manchester's social value priority groups is more likely to contribute to the 20% social value weighting, which is firmly aligned to the social value priority of "creating the employment and skills opportunities we need to build back better".
- 3.6. The approach to social value over recent years has become more prescriptive with tenders now requesting certain Social Value outcomes in line with the priorities outlined in the Policy. The Integrated Commissioning and Procurement Unit is implementing new systems to help make better use of the forward pipeline of contracts which will provide more opportunity to target specific types of contract. For example, an ICT system supplier based in the USA would be unlikely to be able to provide direct employment opportunities and so could be asked to contribute towards addressing Digital Exclusion, providing support for Care Leavers etc. The Council's banking contract provides support for young people with personal budgeting.
- 3.7. Construction projects are most likely to lead to creation of specific roles and the standard approach is to request that contractors provide opportunities for employment, permanent or apprenticeships and other trainees, targeted towards local people. It would follow that the nature of the construction project would lead to varying opportunities. An example is that the Our Town Hall project has provided a number of opportunities for Manchester people to enter into the field of heritage building restoration
- 3.8. Recognised as an important area for several reasons, another report on this agenda is being considered in relation to the efforts are being made to stimulate green skills through recruitment and training for the delivery of retrofit projects such as low carbon heating systems, insulation, solar and cladding.
- 3.9. We are currently working with authorities across Greater Manchester around a more harmonised set of social value measures, whilst retaining flexibility for measures in relation to local priorities. This, along with new contract systems, will provide a portfolio-wide picture of (for example) skills and employment opportunities created and support the contract management and monitoring. By design these measures, at a portfolio-level, have to be flexible enough to apply to a wide range of contracts, so standard social value measures do not breakdown (for example) by type of skill (e.g. green skills, health and care skills etc). But at a project level, where there are specific commitments in relation to green skills, these would be tracked accordingly to ensure that the

linkages between Social Value and Green Skills are identified and acted upon.

#### **4. Recommendations**

4.1. The Committee is recommended to:-

(1) Consider and comment on the information in the report.

#### **Appendices**

There are no appendices to this report.