

Manchester City Council Report for Information

Report to:	Environment, Climate Change and Neighbourhoods Scrutiny Committee – 25 May 2023
Subject:	Steps being taken on the Council's procurement and wider actions to support reduction in consumption-based emissions (Scope 3)
Report of:	Strategic Lead Commissioning, Integrated Commissioning and Procurement

Summary

This report provides an update on the steps being taken in relation to the Council's procurement and more widely to reduce carbon emissions – specifically emissions associated with the goods, services and works that the council 'consumes'.

Recommendations

The Committee is recommended to consider and comment on the information in the report. 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

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.

Paper submitted to the Environment and Climate Change Scrutiny Committee in June 2022 on the steps that have been taken within the council's procurements to support carbon reduction

<https://democracy.manchester.gov.uk/documents/s34248/Carbon%20Reduction%20Procurement%20Progress.pdf>

Paper submitted to the Environment and Climate Change Scrutiny Committee in September 2022 on a refreshed Climate Change Action Plan for delivery between September 2022 and March 2025

<https://democracy.manchester.gov.uk/documents/s35423/CCAP%20Refresh%20CCAP%20Annual%20Report%202021-22.pdf>

Paper submitted to the Environment and Climate Change Scrutiny Committee in December 2022 on Single Use Plastics

<https://democracy.manchester.gov.uk/documents/s37234/Single%20Use%20Plastics.pdf>

Paper submitted to the Environment and Climate Change Scrutiny Committee in March 2023 on the Culture Team's work overview

<https://democracy.manchester.gov.uk/documents/s39054/Zero%20Carbon%20Culture.pdf>

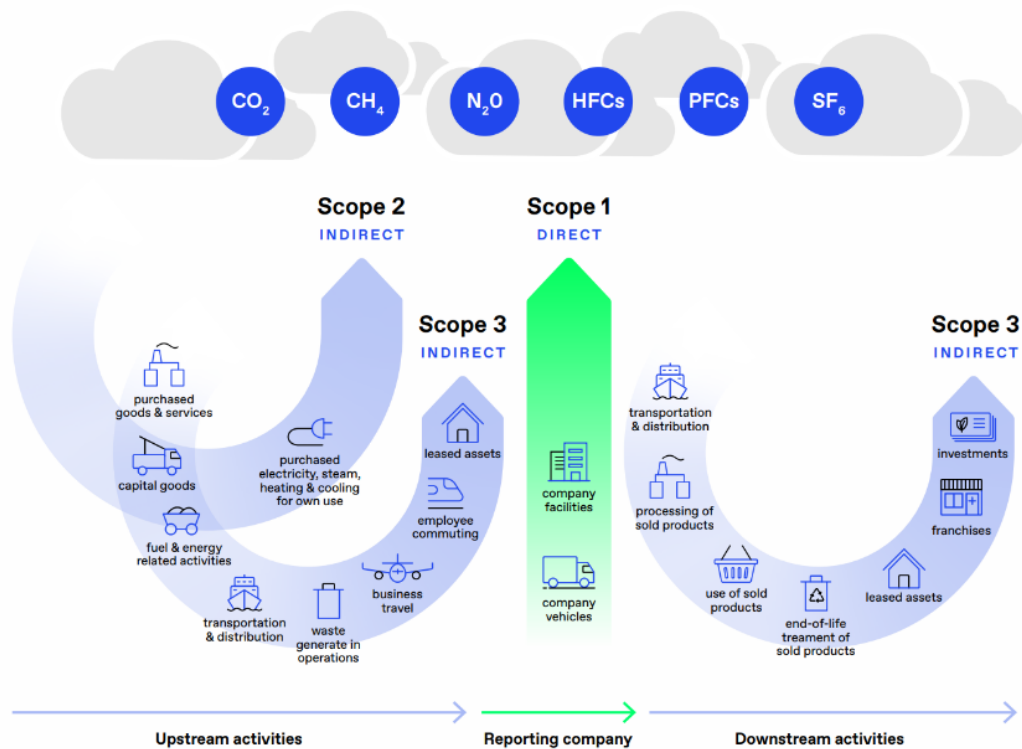
1.0 Introduction

1.1 This report provides an update on the steps being taken in relation to the Council's procurement and more widely to reduce carbon emissions, specifically emissions associated with the goods, services and works that the council 'consumes'.

2.0 Background

2.1 The Greenhouse Gas Protocol categorises emissions into three scopes:

- Scope 1 emissions are direct emissions from operations that are owned or controlled by the council (e.g. emissions from the council's own fleet);
- Scope 2 emissions are indirect emissions from the generation of purchased electricity, gas and heat;
- Scope 3 emissions are all other indirect emissions that occur in the council's value chain, which in the council's case primarily concerns the emissions associated with the goods, services and works contracts that the council buys. These are sometimes referred to as 'consumption-based emissions', i.e. emissions from goods, services or works that the council 'consumes'. The GHG Protocol's Scope 3 Standard categorises emissions across 15 different categories covering business activities common to many organisations, such as purchased goods and services, business travel and waste in operations. It also encompasses activities like leased assets, transport and distribution, the use and disposal of sold products and the impact of any investments.



Source: GHG Protocol

- 2.2 Scope 3 emissions are thought to make up the majority of emissions for many organisations – possibly as much as 80% of an organisation’s total emissions. However, measurement and estimation of Scope 3 emissions is challenging, particularly for organisations like the council with large and varied supply chains and/or downstream activities. This is explored further in section 3 below.
- 2.3 The council’s Climate Change Action Plan 2020-25 includes actions to reduce Scope 3 emissions through the council’s supply chain. By the nature of Scope 3 emissions, the council does not have direct control over supply chain emissions; rather the council uses its influence and works with suppliers and markets to achieve its carbon reduction aims.
- 2.4 As part of that, the council introduced a dedicated 10% weighting in the evaluation of tenders dedicated to carbon reduction and the environment to help signal to markets of the importance that the council attaches to this. However, this is just one element of the approach being taken. The council is also taking wider steps including:
- reviewing how specifications for goods, services and works can be designed to support carbon reduction and improve the environment,
 - working with suppliers to reduce carbon and support wider environmental objectives, including reducing the use of single-use plastics, and
 - raising awareness amongst staff and providers around the steps that can be taken to reduce carbon in contracts.

3.0 Main issues

Environmental Responses in Tenders

- 3.1 By default, all invitations to tender issued by Manchester City Council include the 10% environmental weighting in evaluations. 2022/23 saw contracts/frameworks relating to 56 (excluding Capital Programmes’ contracts) competed procurements commence, which included the 10% weighting.
- 3.2 Invitations to tender have generally incorporated two standard lines of questioning in relation to carbon reduction around what actions the bidder is taking to reduce carbon and how are they measuring their carbon footprint. Additional questions may be asked too, for example the current procurement of Home to School Transport asks bidders about their vehicles and plans to decarbonise the fleet.
- 3.3 There continues to be a number of positives seen in bidders’ responses. Two particular observations are that:
- the majority of bids, particularly successful bids, are putting forward responses on carbon reduction that are scored satisfactory or better, i.e., they can demonstrate actions being taken to measure and reduce carbon. The priority for carbon reduction appears to be cutting through in markets, and particularly in the field of public procurement, where many authorities,

including other Core Cities and central government, are asking bidders questions in relation to carbon reduction. Manchester City Council however remains one of the few that we are aware of that applies a dedicated weighting in evaluations.

- small organisations, including VCSE organisations are putting forward good scoring bids, demonstrating carbon reduction plans and measurements being taken forward. This is important as small organisations will not have the dedicated environmental resources that larger companies may have, nor the same legal requirements on carbon reporting.

3.4 Some anonymised summary examples from procurements over the last year are set out below in Box 1 to give a flavour of the types of responses the council is receiving.

3.5 There are issues the council continues to work on specifically in relation to the 10% evaluation. First, we are still to properly test at scale how the weighting performs in adult social care, due to the fact that there have not been large procurements in that space over the last year. However, the Manchester Local Care Organisation (MLCO) is commencing work on two large procurements over the coming months: (i) home care; and (ii) supported accommodation services for people with a learning disability and/or people needing mental health support. Integrated Commissioning and Procurement will be working closely with MLCO on these, including on the social value and carbon reduction elements.

3.6 Second, recently Integrated Commissioning and Procurement and the Zero Carbon team took stock of our experiences from applying the 10% weighting, and we identified a need for a wider set of questions, both in terms of scope (e.g. specific questions relating to vehicles, that can be used on relevant procurements) and in terms of language (e.g. adapting language to be for procurements that are more likely to be of interest to Small and Medium Sized Enterprises or VCSE organisations). We have developed such a range, which we are currently testing out internally and with newer procurements.

Box 1: Summary examples of bid responses in relation to carbon reduction

Example 1: ICT system for staff

As part of the tender response the supplier committed to:

- Provide a fully carbon-neutral cloud-based CRM & Case Management platform, by following a strategy of pursuing energy efficiency, renewable energy, and covering any remaining emissions with high-quality carbon offsets.
- A 50% reduction in Scope 1, Scope 2 and Scope 3 emissions (fuel and energy related activities) by 2031. These emissions are calculated using a market-based methodology and reported annually by the platform provider.
- Provide annual updates to evidence delivery in compliance with the Council's Reporting Form and contact KPI's. This includes Scope 1 & 2 Energy related activities reduction and Scope 3 – Fuel & energy related activities reduction. In addition, on an annual basis the supplier will report

on detail how carbon emissions have been reduced, specify the type of schemes available to staff and the number of staff utilising the schemes.

- To engage with Manchester City of Trees and offer a donation of 100 tree saplings every year and associated volunteering for the duration of the contract with Manchester City Council, from the commencement of the contract in 2023.
- Invite every Manchester resident access to an online learning platform, with learning content relevant to waste minimisation reuse and recycling.

Example 2: Parking Enforcement

- As an organisation, the supplier has a target to be net zero by 2040 covering scope 1 and 2 emissions; aiming to achieve 50% reduction in net emissions by 2030. Emissions are measured and reported on annually and the supplier evidenced a range of actions, measurements and governance in place to achieve carbon reduction.
- On the Manchester contract specifically, the supplier has pledged to be net zero by 2030, with targeted year on year improvements.
- Fleet makes up the majority of emissions on the contract (87%). The supplier committed to all electric fleet in Manchester for the start of the contract except for 3 removal vehicles, with further measures to tackle the residual emissions (estimated to be 32.5 tonnes of CO2 equivalent).
- Further measures taken by the supplier include changing wheel clamp supply from Hong Kong to Wales, with estimated CO2 savings documented.
- As part of this contract, the supplier was asked to procure post-consumer waste content (PCW) bags, made from 30% PCW, which means the material already contains 30% recycled plastic.

Example 3: Large works contract – School Construction

The contractor pledged to deliver a building that is low carbon in design, construction and operation, aligning to Manchester City Council's Low Carbon Build Standard. They promised to use a fabric first approach to minimize energy use through high levels of insulation high-performance windows and airtight construction, whilst also choosing glazing with low solar heat gain. As part of the construction, the contractor pledged to deliver the following sustainable measures:

- Reduction of waste to landfill: reduction of excavated material/contaminated waste exported off site, designing out waste workshops, reuse of materials/components, optimising materials and design for deconstruction/flexibility
- Use of recyclable materials: working with SCPs to source/use materials with high recycled content (e.g. steel), use of closed loop packaging/pallet/protective sheets system, elimination of single use plastics from site, responsibly sourcing all materials
- Procuring of sustainable materials: responsible sourcing all materials, ensuring all timber is FSC/PEFC certified, using local and recycled materials and bio-based materials wherever possible, providing traceability register for all materials to underpin sustainable sourcing
- Contribution to the importance of climate change and the clean air agenda: 100% Renewable Energy Guarantees of Origin backed electricity supplies to site and offices, energy efficient site accommodation, LED temporary lighting used across construction sites, further use of electric plant on sites,

expanding use of HVO as transition fuel from diesel, use of solar pods and batteries for temporary site power needs

- Innovative environmental methods used throughout the construction delivery: retain as many existing trees as possible and enhance vegetation to better support local biodiversity action plans, design landscape with drought-resistant native plants and perennial groundcovers as opposed to traditional lawn, access feasibility of green roof between PVs, explore opportunities to incorporate greywater recycling/reuse, consideration of rooftop water catchment systems for collecting rainwater and using it for landscape irrigation

3.7 Highways Contracts and Carbon Reduction

Highways' contracts merit particular focus because the nature of highways work generally carries a higher carbon content. As part of Highways commitment to supporting the MCC Climate Change Action Plan and the councils aim of becoming a zero-carbon city by 2038, Highways continue to explore new ways in supporting our suppliers in monitoring and reducing their carbon emissions.

- 3.8 As with wider contracts, Highways ensure that the 10% climate change weighting is applied to the scoring framework on all major contracts, in addition to the 20% already used for scoring contributions to social value. The carbon questions are bespoke for each contract type, therefore ensuring that environmental expectations are proportionate to the contract type and length. Due to the increasing urgency of the need to tackle climate change, a greater emphasis is now being put on Highways suppliers/contractors to be working towards becoming net zero rather than carbon neutral (carbon neutral can be achieved through carbon offsetting rather than reductions in emissions) and this is reflected during the tender evaluation period. Highways accepts that carbon neutrality is an important concept, but by a supplier/contractor becoming net zero, greater environmental benefits are achieved.
- 3.9 During the tender stage, a method statement is expected to be produced by potential suppliers/contractors for specific contracts. This gives suppliers/contractors the opportunity to showcase specific carbon saving/environmental enhancement actions they plan to implement on the concerning contract. It is recommended that suppliers/contractors link these actions to specific environmental TOMS, while also proposing environmental targets for the contract. If successful, these actions are then monitored and tracked via regular catch-up meetings, with relevant environmental data (such as tonnes of carbon saved) stored on the Social Value Portal throughout the duration of the contract.
- 3.10 To showcase some of the successful ways, Highways suppliers have reduced their emissions and/or provided environmental enhancement on previous or existing Highways contracts and Highways have created a Social Value Newsletter, which is shared with all current suppliers/contractors. Case studies within the most recent revision of the newsletter include investing in LEV and EV infrastructure, utilising local recycling yards to reduce the amount of waste

going to landfill and giving staff volunteering hours to enhance and maintain existing local green spaces.

3.11 As well as using the Social Value Portal to track environmental data on Highways contracts, Highways are also planning on using a publicly available carbon tool to directly track the scope emissions produced on certain Highways contracts and frameworks. This will allow the service to identify which contracts (and stages of the contract) produce the highest emissions, known as carbon hotspots. Then, by working with Highways suppliers and contractors the service can look to reduce these emissions by exploring and trialing new sustainable practices, materials and technologies.

3.12 Training and Development for Staff

Integrated Commissioning and Procurement are working to support commissioners consider how they can look to drive carbon reduction through their specifications, how they can incorporate carbon reduction into procurement, and how to then manage contracts.

3.13 As part of this, the team have been working with the Workforce Development Manager in HROD and sourced carbon training for commissioners and procurement officers. Two face-to-face training sessions have been delivered by an external environmental consultancy plus an internally delivered session. These sessions included an overview of carbon and climate change, setting the drivers and context of why we need to buy 'low carbon'; an understanding how to measure, calculate and report on carbon; how to blend carbon considerations with sustainable procurement; the process of assessing risks & opportunities for carbon in categories and supply chains and how to explore invitation to tender (or similar) questions that address carbon. The training session received positive feedback, especially around the implications for contract specifications and tender documentation and accessing practical tools and guidance. See Box 2 below for some summary feedback.

Box 2: Feedback on the carbon training from commissioning and contracting staff

- *"The training was engaging, informative, accessible and well presented. Gave a good insight on the different scopes and their meanings, how to think differently regarding carbon/environment and examples of more creative and informed ways to formulate tender questions"*
- *"What I'm taking from this training is the consideration of what the overall carbon footprint impact is throughout the whole process from production to usage to retailer"*
- *"The training was comprehensive giving a good mix – from the overview at the start through to considering ITT questions/responses"*
- *"Very informative training, especially the second half which focused specifically on the supply chain issues, e.g. implications for specifications, tender questions etc"*
- *"The training was a good start to understand how carbon can be applied in our respective areas/roles and how to incorporate into monitoring"*

3.14 Integrated Commissioning and HROD are now working to develop a new e-module on carbon for commissioners, similar to the face-to-face training provided, with the aim of being able to reach a wider audience. To complement this, a new guidance document has also been produced for commissioners.

3.15 Embedding Zero-Carbon

The carbon footprint of some elements of a contract, such as fleet (where applicable), may be easier to understand, along with the corresponding reduction measures (e.g., electrification of fleet, as with waste collection and parking enforcement). However, carbon associated with other elements of contracts can be more challenging to identify and mitigate. One of the aims of the training described above is to help raise awareness and guide commissioners in how our specifications for goods / services / works can be designed to support carbon reduction. With ICT hardware, for example, there is starting to be information available on the embedded carbon within particular products which may help support future buying decisions around which products the council would be interested in.

3.16 At the same time, there will be a degree of needing to reflect what the market can realistically deliver. Home to School transport is an example of a procurement (which is still live at the time of writing) where specifying 100% use of zero carbon vehicles from the start of the contract was not going to be deliverable, but where commissioners have built in expectations and reporting requirements into the specification (see Box 3 below). The Home to School Transport procurement is a good example of where officers have been learning about zero carbon and how it can apply in a contract context, drawing on external tools like the Local Partnerships Scope 3 Emissions Calculator.

Box 3: Home to School Transport

The Social Needs Transport Framework tender process is currently undergoing. The contract specification document for this service included environmental requirements to ensure the environmental impact of the providers' operations is minimised. In particular, all vehicles used in the delivery of this service are to be a minimum of Euro V compliant and under 10 years old.

All providers on the framework must be capable of providing termly data returns for all journeys undertaken, including information on vehicle fuel type, size of vehicle engine for each journey and age of vehicle, i.e. when first registered. These data requirements were developed drawing on Local Partnership's Scope 3 Emissions Calculator, which is being promoted across the local government sector as incorporating good practice.

As part of the tender submissions, providers were requested to provide plans to achieve MCC's target to have zero emission capable (ZEC) only vehicles operating in the City and steps they are taking to measure and reduce their carbon emissions beyond their fleet.

3.17 Another area where the council is changing its specifications / requirements is in relation to single-use plastics, explained further below.

3.18 Single Use of Plastic

Further to the update provided to this Committee in December 2022 on Single Use Plastics, which included action being taken to review the Council's direct procurement of SUP items along with indirect usage through packaging. A Working Group has now been established to drive action to eradicate avoidable Single Use Plastics across the Council in line with the Avoidable Plastic Free by 2024 pledge. The purpose of the Working Group is to:

- report on progress to date, share good practice and escalate challenges
- build on the existing reduction and good practice
- oversee development and delivery of the Avoidable SUP Free by 2024 Action Plan
- support development of a Single Use Plastic Policy to champion good practice across the Council and with partners to influence positive behaviour change

3.19 The Group has membership across all Directorates and will meet quarterly and is chaired by Peter Schofield, Head of Integrated Commissioning and Procurement, who is Senior Responsible Officer (SRO) for this project.

3.20 In January 2023, the UK Government announced upcoming legislation in October 2023 on further SUP items to be banned: plates, trays, bowls, cutlery, balloon sticks, and certain types of polystyrene cups and food containers. This is in addition to cotton buds, straws, and drinks stirrers, which were in banned October 2020. This sharpens the focus on needing to ensure we embed SUPs reductions across our supply chain.

3.21 Wider Engagement

As well as raising awareness around staff, market and VCSE engagement is a priority. There are a few approaches being taken in this regard including:

- supplier engagement events (non-contract specific), which include sessions on social value more generally, including carbon reduction. Services including ICT and (separately) MLCO have established regular market engagement events, which Integrated Commissioning and Procurement have joined and presented on social value and the environment.
- Supplier and partner guidance. The council has for example produced guidance for events suppliers, and culture organisations. We've also worked with MLCO, social care providers and VCSE organisations on developing social value guidance (including carbon) for social care organisations.
- VCSE engagement. The Council's Culture Team provided a report to the Environment and Climate Change Scrutiny Committee on the 9th of March

2023, with an overview of their work in response to the climate emergency, and how the team is working in partnership with the cultural sector to support Manchester's progress towards its 2038 zero carbon objective. The learnings from this work have been shared with colleagues delivering the OMVCS and SCF programme (total of 60 VCSE groups across the city) to commit grant recipients to adopt positive zero carbon actions over the lifetime of their grant. Integrated Commissioning were also part of a VCSE engagement event facilitated by Manchester Climate Change Agency and VCSE leads across the region, looking at steps we can collectively take, and potentially collaborate on, to help reduce carbon.

3.22 Foodbank Stock Procurement

Through the Our Manchester Food Partnership, we are looking to develop some long-term sustainability measures which link community food provision and local supply chains, to resident support. This includes local supply chain usage to supply food providers with ambient stock through our own distribution centre, which also receives donated surplus stock from major local commercial food providers such as Kellogg's and Morrisons. We support a number of local growing projects and are planning on developing some dedicated food growing sites in South and North Manchester, with the food supplied going into community based food providers. We are also working with partners to develop local offers, such as linking Mcr Active to community providers for their Holiday (hunger) activities; and working with Early Help and Care Leavers Team to develop cooking education initiatives for the service users. We are also developing a small grants programme which will improve infrastructure support and sustainability within VCS food provision in the city.

4.0 Challenges

4.1 Scope 3 Measurement

Measuring scope 3 emissions continues to be a challenge. There are two particular elements to this.

- 4.2 The first is estimating a baseline measure of emissions, based on current spend. Such estimates are calculated by looking at spend data and applying estimated carbon impact per pound spent for a given category. These estimates only provide a high-level indication of scope 3 emissions, but they are a useful starting point. The challenge has been in collecting the spend data in a format that can be used for the analysis. The council is not alone in this – Integrated Commissioning and Procurement are on a Core Cities group looking at scope 3 emissions and this is a common issue others are grappling with too. We've also engaged with Manchester Foundation Trust who have undertaken an analysis, and they too confirmed that the largest element of the work was the collection and structuring of spend data. We have however now scoped out, with Finance colleagues, the data requirements and approach and aim to shortly contract with an external supplier to undertake the analysis. Looking further ahead, the council is currently procuring a new finance and HR

system(s) the specification for which contains requirements for various spend reporting functionality.

4.3 The second element is how we capture suppliers' contract-specific (where relevant) and organisation-wide emissions targets. As highlighted to the Committee last year, one of our aims is to collect data more effectively on a database, which can be analysed, as opposed to information captured in bids, which are usually pdf documents. Whilst we are still to achieve this, we are making progress on several fronts:

- Highways and Northwest Construction Hub use the Social Value Portal system, which can track a range of carbon and environmental measures. Integrated Commissioning and Procurement are currently developing a business case for the Social Value Governance Board to introduce a social value system for the organisation more widely, to be used for the larger, more critical contracts.
- The council has awarded a contract for a new contract management system, which is currently in implementation stage. This system will have the ability to record social value and carbon commitments.
- Integrated Commissioning and Procurement have undertaken some preliminary market testing for software that tracks organisation's scope 1, 2 and 3 emissions (a number of new companies / systems are emerging in this space). However, the wider landscape is also changing, with government developing a new procurement portal system in preparation for the Procurement Bill coming into force. Details on this are still sketchy but government's aim is for a 'tell-us-once' facility, where bidders can input frequently asked for information in procurements. This potentially could include data on emissions.

4.4 Resourcing

To support the work on zero carbon, and social value more generally, funding was made available to recruit to two additional new posts in the team (a Procurement Programme Manager and a Procurement Project Manager). The recruitment market for procurement roles Integrated Commissioning and Procurement was particularly challenging in 2022, and we were initially successful only in recruiting the Project Manager position. The beginning of 2023 saw further challenges, with some senior staff retiring, and the Project Manager role also moving on. More recently though, we have recruited a new Procurement Programme Manager and we are currently re-recruiting for the Project Manager position.

5.0 Recommendations

5.1 The Committee is recommended to consider and comment on the information in the report. There are some practical challenges as well as opportunities that we are looking to address and take forward over the next year.