

Manchester City Council Report for Information

Report to: Environment, Climate Change and Neighbourhoods Scrutiny Committee – 18 July 2024

Subject: Manchester City Council Procurement and Scope 3

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

Summary

This report provides an update on the steps being taken on the Council's procurement to support carbon reduction and to report on the Council's consumption-based emissions (Scope 3) and what action is being taken to reduce these including information on the work done to develop the 10% environmental weighting criteria in procurement exercises.

The report also outlines some priorities going forward for inclusion in CCAP 2025-30 over the next 5 years.

Recommendations

The Committee is recommended to consider and comment upon the information included in the 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 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 Our Manchester Strategy/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.</p> <ul style="list-style-type: none"> • Our social value framework identifies six overarching areas of focus, which closely align with the Manchester Strategy outcomes. These are: 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

No Financial Capital or Revenue Consequences

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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

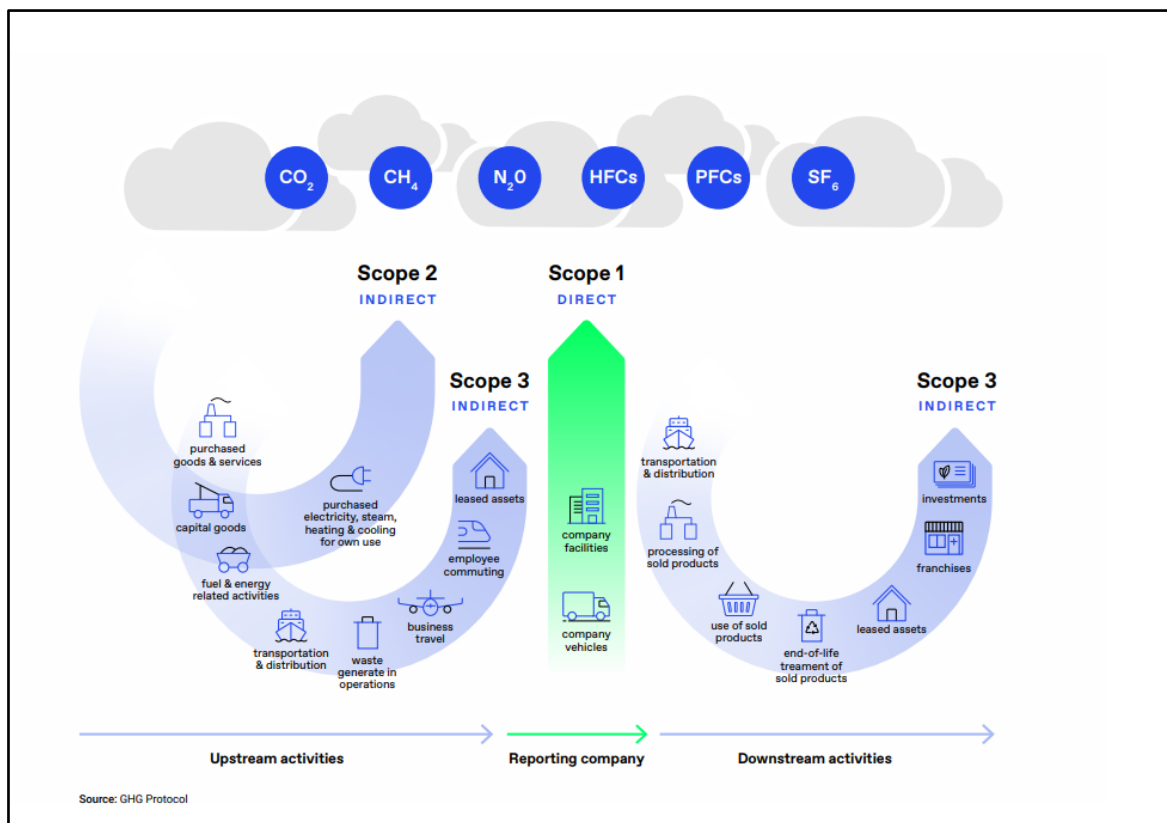
are available up to 4 years after the date of the meeting. If you would like a copy, please contact one of the contact officers above.

Report of Strategic Lead Commissioning, Integrated Commissioning and Procurement to Environment, Climate Change and Neighbourhoods Scrutiny Committee on 25 May 2023 on the subject of Steps being taken on the Council's procurement and wider actions to support reduction in consumption-based emissions
<https://democracy.manchester.gov.uk/documents/s40118/Councils%20procurement%20and%20wider%20actions%20to%20support%20reduction%20in%20consumption-based%20emissions.pdf>

Report of the Head of Integrated Commissioning and Procurement Strategic Lead – Resources and Programmes Sustainability Project Manager, Zero Carbon to Environment, Climate Change and Neighbourhoods Scrutiny Committee on 12 October 2023 on the subject of Single Use Plastics
<https://democracy.manchester.gov.uk/documents/s42486/Single%20Use%20Plastics.pdf>

1. Introduction

- 1.1. The Greenhouse Gas (GHG) Protocol was established in 1998 and is a widely recognised international standard for organisations to use in monitoring GHG emissions. Scope 1 includes Direct Emissions, Scope 2 includes indirect emissions from purchased energy and Scope 3 includes all other indirect emissions.
- 1.2. Scope 3 emissions can also be “upstream” or “downstream” as shown in the diagram below. This further complicates reporting on and addressing an organisation’s Scope 3 emissions.



- 1.3. As shown in the diagram, Scope 3 encompasses indirect emissions that are not produced by the Council itself including as a result of activities from assets owned or controlled by the organisation. It also includes those that the Council is indirectly responsible for via the supply chain.
- 1.4. This report provides updates on:
 - The Council’s consumption-based emissions (Scope 3) and what action is being taken to reduce these.
 - Some results of the Council’s approach to procurement to support carbon reduction by implementing 10% environmental weighting criteria in procurement exercises.

2. Background

- 2.1. The following specific actions are included in the Climate Change Action Plan 2020-25 and owned by Integrated Commissioning and Procurement (IC&P):
 - **Action 3.1 Amendments to the Council's procurement process to:**
Develop a monitoring framework to measure and track the emissions from goods and services procured to establish a baseline to enable a CO2 savings target to be set for future years.
 - **Action 3.5 A shared approach to procurement and commissioning across the City and city region Greater Manchester by:**
Using the MCC supplier toolkit and share this and our learnings with City Partners and GMCA to influence a city region approach.
- 2.2. The Council has a large and diverse supply chain, including contracts for construction and engineering supplies and services, resident-facing services (e.g. waste collection, social care), support services (e.g. facilities management, security), and contracts for goods like IT equipment.
- 2.3. Scope 3 emissions are thought to make up most of an organisation's total emissions, significantly outweighing an organisation's own direct emissions and can account for 70% of the total.
- 2.4. Calculating and then influencing an organisation's Scope 3 emissions can prove difficult for a number of reasons including that:
 - 2.4.1. Suppliers often lack key emissions data – emissions reporting is just starting to enter the mainstream, many suppliers haven't yet felt enough market pressure to begin gathering insights into their product emissions.
 - 2.4.2. No standardised framework exists for reporting certain emissions – this causes significant gaps in transparency and accessibility, making it challenging for companies to accurately report on or make comparisons in relation to their Scope 3 emissions.
 - 2.4.3. Importing materials makes value chains less transparent - supply chain complexity can obscure the trail of Scope 3 emissions, making it hard to accurately track and quantify your full environmental impact.
 - 2.4.4. Measuring emissions of services comes with less clear parameters – Unlike products, services lack clear, quantifiable parameters, making it tricky to determine the emissions they generate.
- 2.5. Organisations – both public and private – are generally therefore still in the early stages of measuring scope 3 emissions (reporting requirements on larger companies only apply to Scope 1 and 2).
- 2.6. The Council's approach to Scope 3 emissions has been to:
 - 2.6.1. Introduce a 10% weighting on potential suppliers' approach to carbon reduction into the procurement process so that a supplier with a strong

approach to carbon accounting is more likely to be successful in winning a council contract. This directly correlates to para 2.3.1 above by applying market pressure to suppliers to initiate change by asking potential suppliers in procurement exercises to set out what steps they are taking to reduce their own emissions, and (where applicable) what actions they will take on the particular contract should they be successful in winning the opportunity.

- 2.6.2. Ensure that members of staff have Carbon Literacy training for a number of reasons including so that specifications for goods and services are developed in a way that is “carbon savvy” and will therefore help to reduce emissions by understanding and designing out high carbon elements of a specification where possible.
- 2.6.3. Take direct action where possible. For example, the Council resolved to eradicate all avoidable single use plastics from all operations with effect from the end of 2024 and has reported under separate cover to this Scrutiny Committee in relation to progress made. This not only reduced carbon emissions by introducing more carbon friendly products (e.g. aluminum cans instead of plastic bottles) but also fits in with the Council’s intention to influence a city region approach.
- 2.6.4. Understand and implement the best approach to measure the scale of Scope 3 emissions, to track progress and build up a more accurate picture of the emissions associated with the Council’s activities.

3. Progress to date

3.1. The 10% weighting in Procurement

- 3.1.1. This weighting was piloted in 2021/22 and adopted in 2022 and has applied to all MCC procurement activity since then.
- 3.1.2. We are in the process of developing a sustainable procurement toolkit for commissioners and contract managers. The toolkit will provide guidance on important principles that should be applied in commissioning, procurement and contract management to deliver relevant economic, social and environmental outcomes, emphasising the importance of the commissioning/pre-procurement stage.
- 3.1.3. It will offer a practical guidance on relevant environmental and social value topics, through the procurement cycle, including examples and case studies which include actions, key lessons and outcomes. This will help the procurement team and service managers to be consistent in evaluating proposals from suppliers. This toolkit will also inform a toolkit on sustainable procurement for suppliers. Both toolkits should be published in autumn.
- 3.1.4. In parallel, the Council has implemented a Contract Management System which went live very recently and will track and monitor actions and achievements against key performance criteria included within contracts. This

relates to contract performance, social value delivery and to the actions included to achieve reduced carbon impact over the life of the contract.

3.1.5. Some examples are included below from across various directorates showing the range of results achieved since the 10% weighting for carbon reduction was introduced.

Directorate:	Neighbourhoods
Procurement:	TC041 - Surface Treatment to Carriageways (2022-2023)
Action:	Use of Recycled surface dressing stone rather than the conventional product, resulting in a CO2 saving of 40 tCO2e. Use of solar powered site offices, reducing generator fossil fuel usage and saving a total of 41.2tCO2e. Prioritise lift sharing to and from site, rather than making individual private car trips. Ensure a high percentage of all waste produced is recycled and diverted from landfill.
Key transferable lesson:	The amount of carbon reduced by sustainable practises implemented.
Specifications:	Carbon reduction measures are monitored via environmental KPIs, which are outlined and set out within all Highways tender documents and contract reports.
Scope 1,2 and 3 emissions:	scope 1 - Prioritise lift sharing to and from site. scope 2 - Use of solar powered site offices. scope 3 - Use of Recycled surface dressing stone rather than the conventional product and ensure a high percentage of all waste produced is recycled and diverted from landfill.

Directorate:	Neighbourhoods
Procurement:	TC699 – Highways AMS Replacement (2021-2023)
Action:	Monetary donations to City of Trees, through the 100 Trees Club scheme. Environmental volunteering with Keep Manchester Tidy, 8 staff members for 5 hours each. Prioritise working from home and use of teams calls rather than in person meetings to reduce individual commuter miles and associated emissions.
Key transferable lesson:	The importance of community engagement to improve the local environment.
Specifications:	Carbon reduction measures are monitored via environmental KPIs, which are outlined and set out within all Highways tender documents and contract reports.
Scope 1,2 and 3 emissions:	scope 1 – Prioritise the use of teams calls rather than in person meetings. scope 2 - scope 3 – Donations to afforestation groups and volunteering hours spent helping local environmental community groups.

Directorate:	Neighbourhoods
Procurement:	TC040 Surfacing of Carriageways (2020-2023)
Action:	Use of low temperature recycled foam binder material saving 92 tCO2e compared to using the conventional equivalent. Utilise contractors own recycling yard located within GM and materials to be reused within the industry creating a saving of 514 tCO2e, rather than waste going to landfill. 100% of construction fleet are a minimum or Euro 6 compliant or LEV.
Key transferable lesson:	The amount of carbon reduced by sustainable practises implemented
Specifications:	Carbon reduction measures are monitored via environmental KPIs, which are outlined and set out within all Highways tender documents and contract reports.
Scope 1,2 and 3 emissions:	scope 1 - 100% of construction fleet are a minimum or Euro 6 compliant or LEV. scope 2 - scope 3 - Use of low temperature recycled foam binder and utilisation of contractors own recycling yard.

Directorate:	Neighbourhoods
Procurement:	Waste, Recycling and Street Management
Action:	Biffa spend a lot of time engaging the local community in activities and events. They have recruited an Engagement Officer who will focus on engagement with local schools. In the time April 2023- November 2023 Biffa reached 4404 children in their 'No time to waste' sessions which focus on correct recycling, they attended 142 community events across Manchester engaging 3306 people. Biffa raise awareness of responsible recycling through events at universities, schools and local groups. Sessions include decorating waste caddy's, making plastic bottles into planters, creating hanging baskets for local areas and litter picking. They also have 'Biffa Student Waste Improvement Champions' and have 6 people inducted so far from the University of Manchester, they have plans in 2024 to roll out their Carbon Literacy Training which is an accredited course.
Key transferable lesson:	Biffa's focus on educating local people, including children about recycling and carbon impact supports MCC's carbon zero priority whilst engaging the community and improving local areas.

Directorate:	Public Health
Procurement:	Sexual Health services – PaSH partnership (BHA for Equality)

Action:	BHA for Equality have committed to achieving certification to ISO:14001 Environmental Management standard by 2024 and have developed policies and procedures to support this including a supplier matrix of local suppliers with good environmental supply chains, ensuring recycling and composting facilities available within all offices and use of refillable environmentally friendly cleaning products to reduce their use of plastic. BHA also has a cycle to work scheme.
Key transferable lesson:	This is a good demonstration showing how improving policies and procedures that align with strategic objectives will deliver results. Using local suppliers with good environmental chains reaches further than just the procured supplier themselves. Ensuring values stretch to suppliers extends the obligations and delivers bigger results for Manchester as a whole.

3.2. Specifications

- 3.2.1. In 2020 the Council committed to ensuring that its workforce would be equipped with the skills and knowledge required to support the city's ambition 'to be Zero Carbon by 2038'. For Manchester City Council staff and Elected Members this is delivered through a programme of Carbon Literacy Training.
- 3.2.2. Carbon Literacy Training was developed with The Carbon Literacy Project and was launched in 2019. The aim of the training is to ensure that staff have the skills and knowledge to understand zero-carbon, the implications of climate change and the need to reduce our carbon output. To complete the training, participants must complete 1-days worth of accredited learning which is provided by one of our internal trainers and following a review of training evidence, is certified by The Carbon Literacy Project.
- 3.2.3. In February 2022, the Council was the first local authority to achieve Silver accreditation from the Carbon Literacy Project in recognition that 15% of the current workforce is Carbon Literate. As a result of this achievement, the City Council pledged to work towards achieving Gold Carbon Literacy Accreditation by March 2025 (which is 50% of the workforce, circa 3,500 staff). All staff are corporately required to attend Carbon Literacy training, for new starters, this will be within the first 13 weeks of their employment.
- 3.2.4. At of the time of this report, 3,066 employees of current deployment including Elected Members and MCC associates are Carbon Literacy Certified which equates to 44% of employees. Workforce planning assumptions are that the council will achieve Gold accreditation by 2025.
- 3.2.5. Whilst the delivery of Carbon Literacy training is ongoing, the IC&P team are working with contract managers across the council to take greater responsibility for challenging specifications for procurement projects to ensure that subject matter experts within services are considering the carbon impact of the specification and developing insightful questions for inclusion in relation to the 10% weighting.

- 3.2.6. Internal e-learning training specific to procurement is in development using a specialist e-learning design platform acquired by our Learning and Development team. The training will support contract managers, commissioners, and procurement officers to procure and manage supplier's commitments towards zero carbon. All staff with commissioning responsibility (from procurement to contract management) must complete this training. Learners will be expected to apply the principles of zero carbon management when outsourcing products or services for MCC and will undertake a competency assessment after completing all the training contents.
- 3.2.7. The training is currently in the design process with various internal teams contributing to the content, structure and learning outcomes, with the aim of completing and uploading on to the internal e-learning platform in autumn 2024. A targeted approach for all managers with commissioning responsibility to complete this training will be delivered using comms support.

3.3. **Direct Action**

- 3.3.1. One high profile example of "Direct Action" being taken is in the Council's approach to Single Use Plastics (SUPs) and a commitment made to eradicate all avoidable SUPs by the end of 2024. This has been subject to previous reports to this committee and as part of the Climate Change Action Plan that not only has a clear impact on carbon reduction but also contributes to the council's leadership role within the city.
- 3.3.2. An example of the policy in practice is in relation to the contracts for Manchester Parks Cafes which have recently been renewed. Contractors have been required to:
- eradicate avoidable single-use plastic and to seek alternative solutions to ensure the offer remains of the highest standard.
 - prioritise reusable crockery and glassware over disposables. For practical reasons, where this is not possible due to lack of facilities, contractors are required to ensure that a sustainable replacement is used, but this is only by exception with permission of the contract manager.
 - where possible, food will be freshly made on the premises to reduce packaging. Again, where this is not possible due to lack of facilities, suppliers must ensure that responsibly sourced packaging (e.g. Cardboard, rPET) is used, in line with guidance on sustainable alternatives available at www.plasticfreegm.com.
 - introduce 'Bring Your Own Cup' discount and promote this to customers so that it becomes first choice for takeaway and to encourage use of reusable bottles by signing up to the Refill scheme
 - to replace plastic drink bottles with a can, glass, or carton alternative.
- 3.3.3. In the wider carbon reduction context, contractors are required to seek to minimise carbon impact in operational aspects including by monitoring energy usage throughout the life of the contract and to minimise food miles by, for example, grouping deliveries to reduce travel and supporting local suppliers.

- 3.3.4. Where possible the contractor must develop a recycling program throughout the duration of the contract which recycles Paper, Card, Cartons, Cans and Glass as a minimum.
- 3.3.5. Suppliers are also expected to work with the Council to implement the Sustainable Food Policy (which is under development) as far as is practically possible. The policy will cover the priorities of the Manchester Food Board and relates to:
- Food waste
 - sustainable diets;
 - increasing the sustainability of food and drink operations;
 - Developing shorter food supply chains
 - Reducing unnecessary product packaging and single use plastics
 - Supporting agroecological food
- 3.3.6. Another example is in relation to Construction projects procurement via the North West Construction Hub. The contract includes clauses on sustainability emphasising that this lies at the heart of design and construction to bring full and lasting environmental, social and economic benefits. Projects implemented under these frameworks are therefore expected to be designed and constructed in line with the following principles:
- The overarching government and industry Strategy for Sustainable Construction Framework for future construction projects
 - Each project will develop a bespoke Sustainability Action Plan which will address environmental, social and economic aspects within relevant standards and include all aspects of the supply chain
 - Targets, including the business case, will be set within all contracts and performance will be monitored and appraised regularly
 - Projects will incorporate best practice approaches to resource use, waste minimisation, carbon performance, employment, training and community engagement
 - Development plans will seek to enhance, create and protect the local natural environment
- 3.3.7. Another example of action taken is in relation to employee commuting (see diagram above in para 1.3). The council introduced a Salary Sacrifice car leasing scheme for employees in 2023. The scheme only applies to Electric Vehicles in order to support employees to move away from Internal Combustion Engine powered vehicles and therefore reduce emissions from commuting and business travel.

3.4. **Measurement of Scope 3 emissions**

- 3.4.1. As detailed above, Scope 3 emissions are inherently challenging to measure given the diversity and complexity involved in the supply chain. Measurement requires insight and detailed data on supplier activities, which in turn requires both suppliers and Council commissioners having the know-how and tools to collect and interrogate that data.

- 3.4.2. The Council has commissioned a specialist consultancy, C02A, to produce baseline estimates of carbon emissions within the supply chain based on spend using a tool that converts spend by categories into carbon estimates. This tool has been used by a number of local authority and NHS organisations and is seen as a consistent starting point to understand our scope 3 emissions, identify the largest and most influenceable areas, set tangible targets, monitor progress and to benchmark against other similar organisations.
- 3.4.3. The data required to support the contract has been collected from the Council's finance system which is considered outdated, so the data extraction has proved difficult to complete but has now been provided to the consultants and results are expected in autumn this year.
- 3.4.4. It is anticipated that the results will enable the Council to develop next steps in relation to high priority areas and to develop a meaningful and realistic target for inclusion in the next iteration of the CCAP (2025-30).

4. Recommendations

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