

## **Report to the Cabinet**

Meeting to be held on Thursday, 7 October 2021

### **Report of the Head of Service - Procurement**

#### **Part I**

Electoral Division affected:  
(All Divisions);

#### **Introduction of Carbon Reduction Plans in Major Contracts**

(Appendix 'A' refers)

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#### **Executive Summary**

Cabinet Office issued a procurement policy note (PPN 06/21) in June 2021 to all Central Government Departments, their External Agencies and Non-Departmental bodies to become effective from 30 September 2021. The procurement policy note requires that companies bidding for contracts above £5 million per annum, where the subject matter of the contract is related and proportionate, should have a Carbon Reduction Plan in place to support the Government's ambitious carbon reduction targets.

The procurement policy note clearly sets out that this requirement is for government departments only but, following a Notice of Motion at Full Council in July 2021, it was agreed that the county council would work towards matching the requirements.

Following further review of the requirements set out in the procurement policy note, this report supports the introduction of the measures for the county council as indicated below.

#### **Recommendation**

Cabinet is asked to approve the adoption of Procurement Policy Note 06/21 from 1 January 2022. This will require companies bidding for county council contracts with an anticipated contract value above £5 million per annum and where the procurement policy note measures are related and proportionate, to provide a Carbon Reduction Plan as part of the tender selection criteria.

## **Background and Advice**

Procurement Policy Note – Taking Account of Carbon Reduction Plans in the procurement of major government contracts (PPN 06/21) was introduced in June 2021 to all Central Government Departments, their External Agencies and Non-Departmental Public Bodies to become effective from 30 September 2021.

The step recognises that environmental and carbon considerations feature in aspects of the delivery of most public contracts and is seen as a welcome opportunity to take the necessary action to support the Government's ambitious commitment to reduce carbon emissions through public procurement.

Bidding suppliers will be required to provide a Carbon Reduction Plan in the form specified in the guidance supporting PPN 06/21. This includes detailed information on current emissions, reporting mechanisms involved, the environmental management measures in place, including certification schemes or specific carbon reduction measures they have adopted that will be applied when performing the contract.

The Government has clearly set out that this requirement applies to government departments only when procuring goods/services/works where the average annual value of the individual contract, calculated with reference to the advertised total value, is above £5 million per annum and where the procurement policy note measures are related and proportionate to the contract. The guidance supporting PPN06/21 anticipates that the procurement policy note will apply in the majority of cases. This is a new initiative which in scope government departments and suppliers need to familiarise themselves with, which is being supported by a programme of training sessions and supplier events.

Members of the Procurement Service and the Planning and Environment Service attended one of the training events and have reviewed the guidance supporting PPN 06/21 to determine the impact of introducing this requirement in line with government departments. Whilst it is acknowledged that the introduction of this requirement is in its infancy and the supplier market is yet to become accustomed to the practise, the current value set at individual contracts over £5m per annum will effectively mean the majority of the council's large supply base will remain unaffected. Over the last two years it is estimated that this would have impacted five county council contracts awarded. It is anticipated that the supplier base this is intended for, given the contract value, will most likely be subject to this requirement through its introduction for central government contracts and the requirement for additional training and information from the county council will be limited.

The procurement policy note requires bidding suppliers to self-declare the position through publishing their Carbon Reduction Plans in line with the guidance provide by Central Government. It is not a requirement, at this phase, that the submitted plans are fully evaluated as part of the tender exercise.

As indicated above, it is a logical step to align public procurement processes to support the Government's carbon reduction targets and the agreement at Full Council in July 2021 to work towards adopting the procurement policy note clearly

recognises this. It is proposed to introduce this requirement for county council contracts from 1 January 2022, which will allow time for the Procurement Service to update the appropriate tender documentation and to cascade the requirements across the Service.

### **Consultations**

N/A

### **Implications:**

This item has the following implications, as indicated:

### **Financial**

There are no significant financial implications at this stage in progressing this recommendation. It is anticipated that this requirement can be accommodated under existing arrangements within the Procurement Service, with the support of the Planning and Environment Service where appropriate, given the low number of contracts which will be impacted and it is not a requirement to fully evaluate the Carbon Reduction Plans as part of the tender exercise.

### **List of Background Papers**

Paper	Date	Contact/Tel
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None

Reason for inclusion in Part II, if appropriate

N/A