

8 June 2021

Briefing Note

CECA Briefing:

National Procurement Policy Statement & Carbon Reduction Plans

This month the UK Government published a National Procurement Policy Statement (NPPS) and a Procurement Policy Note (PPN) which sets out information and guidance which will require contracting authorities to have regard to national strategic priorities for public procurement. These publications are:

- **PPN 05/21: National Procurement Policy Statement** - available to read in full [here](#).
- **Procurement Policy Note 06/21: Taking account of Carbon Reduction Plans in the procurement of major government contracts** - available to read in full [here](#).

This short briefing sets out the main points of relevance to CECA members. If you have any questions or would like to input your views, contact CECA Director of External Affairs [Marie-Claude Hemming](#).

These notices primarily apply to England, as procurement is devolved in Scotland and Wales. However it may be relevant to Scottish and Welsh contractors where they are working for UK-wide clients.

Timing & Scope

The contents of the PPN apply to all contracting authorities as defined in section 39(3) and (4) of the Small Business Enterprise and Employment Act 2015. This includes central government departments, executive agencies, non-departmental public bodies, local authorities, NHS bodies and the wider public sector, hereafter referred to as 'contracting authorities.' The PPN is effective from the date of its publication (3 June 2021).

Background

The UK Government has stated its intention to develop major legislative reforms for public procurement, as set out in its Green Paper *Transforming Public Procurement* (published on 15 December 2020, and available to read [here](#)).

It has stated that public procurement should be leveraged to support priority national and local outcomes for the public benefit, and that contracting authorities should consider the following social value outcomes alongside any additional local priorities:

- Creating new businesses, new jobs, and new skills in the UK;
- Improving supplier diversity, innovation and resilience;
- Tackling climate change and reducing waste.

The UK Government has also advised that contracting authorities should consider benchmarking themselves annually against relevant commercial and procurement operating standards and other comparable organisations. It has also stated its intention to bring forward legislation when Parliamentary time allows to ensure that:

- All contracting authorities are required to have regard to the National Procurement Policy Statement when undertaking procurements;
- Contracting authorities with an annual spend of £200m or more are required from April 2022 to publish procurement pipelines and to benchmark their procurement capability;
- Contracting authorities with an annual spend of £100m or more are required from April 2023 to publish procurement

pipelines and to benchmark their procurement capability.

CECA will keep members informed of the progress of this legislation in due course.

Carbon Reduction Plans in the Procurement of Major Government Contracts

In 2019 the UK became the first major economy to adopt a legal commitment to achieve 'Net Zero' carbon emissions by 2050. To support this, the Government Commercial Function has developed a new commercial policy measure for all central government departments and arm's length bodies. This measure requires suppliers bidding for major government contracts to commit to achieving Net Zero by 2050 and publish a '**Carbon Reduction Plan**.'

The PPN applies to all Central Government Departments, their Executive Agencies, and Non-Departmental Public Bodies (hereafter referred to as 'In-Scope Organisations').

In-Scope Organisations have been advised that they should take action to apply the PPN when procuring goods and/or services and/or works with an anticipated contract value **above £5 million per annum (excluding VAT)** which are subject to the Public Contracts Regulations 2015, save where it would not be related and proportionate to the contract.

In-Scope Organisations must apply the provisions of the PPN to relevant procurements advertised on or after **30 September 2021**.

As part of assessing a supplier's technical and professional ability, In-Scope Organisations have been advised they should include, as a selection criterion, a requirement for bidding suppliers to provide a **Carbon Reduction Plan (CPR)** confirming the supplier's commitment to achieving Net Zero by 2050 in the UK, and setting out the environmental management measures they have in place and which will be in effect and utilised during the performance of the contract.

CPRs should be updated regularly (at least annually) and published and clearly signposted on the supplier's UK website. It should be approved by a director (or equivalent senior leadership) within the supplier's organisation to demonstrate a clear commitment to emissions reduction at the highest level. CPRs must meet the required standard as set out in the supporting guidance to the PPN. This includes, but is not limited to:

- Confirming the bidding supplier's commitment to achieving Net Zero by 2050 for their UK operations
- Setting out the environmental management measures in effect, including certification schemes or specific carbon reduction measures you have adopted, and that you will be able to apply when performing the contract and that support achieving Net Zero by 2050
- Specific details of current carbon emissions. Bidders for any job worth more than £5 million will have to report on scope one emissions (company vehicles, etc), scope two emissions (indirect emissions, such as those used by electricity). For the first time bidders will have to report some scope-three emissions, which include emissions generated by waste disposal and suppliers.

Carbon missions are broken down into three categories by the Greenhouse Gas Protocol:

Scope 1 Emissions – these are direct greenhouse gas emissions that occur from sources that are controlled or owned by the reporting organisation, eg emissions associated with fuel combustion in boilers, furnaces, and vehicles.

Scope 2 Emissions – these cover indirect emissions from electricity, steam, heat or cooling purchased and used by an organisation.

Scope 3 Emissions – these cover all other indirect emissions from activities of an organisation, occurring from sources that they do not own or control. These are usually the greatest share of an organisation's carbon footprint, including emissions associated with business travel, procurement, waste and water.

The UK Government has published a **Carbon Reduction Plan Template** which is accessible [here](#). In addition it has published a Technical Standard for the Completion of Carbon Reduction Plans, which is accessible [here](#). A set of **Frequently Asked Questions** about the PPN is available to download [here](#).