



Cabinet Office

Procurement Policy Note – Taking Account of Carbon Reduction Plans in the procurement of major government contracts

Action Note PPN 06/21

05/06/2021

Issue

1. The UK Government amended the Climate Change Act 2008¹ in 2019 by introducing a target of at least a 100% reduction in the net UK carbon account (i.e. reduction of greenhouse gas emissions², compared to 1990 levels) by 2050. This is otherwise known as the 'Net Zero' target. This Procurement Policy Note (PPN) sets out how to take account of suppliers' Net Zero Carbon Reduction Plans in the procurement of major Government contracts.

Dissemination and Scope

2. This PPN applies to all Central Government Departments, their Executive Agencies and Non Departmental Public Bodies. These organisations are referred to in this PPN as 'In-Scope Organisations'. Please circulate this PPN within your organisation, drawing it to the attention of those with a commercial and procurement role.

3. In-Scope Organisations should take action to apply this PPN when procuring goods and/or services and/or works with an anticipated contract value above £5 million per annum³ (excluding VAT) which are subject to the Public Contracts Regulations 2015 save where it would not be related and proportionate to the contract.

4. This PPN applies to framework agreements and dynamic purchasing systems only where it is anticipated that the individual value of any contract to be awarded under the

¹ Climate Change Act 2008: www.legislation.gov.uk/ukpga/2008/27/contents

² When the reporting of GHG emissions is measured, it is often done so in carbon dioxide equivalent units (CO₂e). The use of CO₂e allows for more accessible reporting and straightforward tracking and reporting of emissions over time. CO₂e includes all of the greenhouse gases defined within the Kyoto protocol: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFC), perfluorocarbons (PFC), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃). Each of these greenhouse gases have a conversion factor as published by DEFRA: <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2020> When the phrase 'Net Zero Carbon' is used, it is referring to both CO₂ and CO₂e emissions and means net zero GHG rather than net zero CO₂.

³ Based on advertised contract value, averaged over the life of the contract, e.g. a contract with a 4 year term with a total contract value of £21m would be in scope, even if the value in the first year was under £5m.

framework agreement or dynamic purchasing system is greater than £5 million per annum (excluding VAT).

5. Contracting Authorities may verify that the supplier remains committed to achieving Net Zero prior to entering into any contract awarded under a framework agreement.

Timing

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

Action

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

8. Carbon Reduction Plans must meet the required standard as set out by the supporting guidance to this PPN. This includes, but is not limited to:

- Confirming the bidding supplier's commitment to achieving Net Zero by 2050 for their UK operations.
- Providing the supplier's current emissions for the sources included in Scope 1 and 2 of the GHG Protocol, and a defined subset of Scope 3 emissions.
- Providing emissions reporting in CO₂e (Carbon Dioxide Equivalent) for the six greenhouse gases covered by the Kyoto Protocol⁴.
- 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.
- Publication of the CRP on the supplier's website.

9. Environmental considerations and carbon reduction will be a factor in most, if not all, contracts and therefore it is expected that in the majority of cases, the application of this PPN will be relevant. This may include, but is not limited to:

- Contracts which have a direct impact on the environment in the delivery of the contract;
- Contracts which require the use of buildings by staff engaged in the delivery of the contract;
- Contracts which require the transportation of goods or people used in the delivery of the contract;
- Contracts which require the use of natural resources in the delivery of the contract.

10. In-Scope Organisations should make their own assessment of the measure's applicability on a case by case basis.

⁴ Carbon dioxide (CO₂), Methane (CH₄), Nitrous Oxide (N₂O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs), and Sulphur Hexafluoride (SF₆)

11. When applying the contents of this PPN, In-Scope Organisations must ensure they act transparently and in accordance with the principles of equal treatment and non-discrimination.

Background

12. The UK has a proud record of global leadership in tackling climate change and supporting clean growth. In 2006, the UK published the first global review into the economics of climate change⁵. This led to the Climate Change Act 2008, which established a comprehensive legal framework for delivering emission reductions in the UK, including a 2050 carbon reduction target and the introduction of carbon budgets.

13. Between 1990 and 2017, the UK reduced its emissions by 42% while growing the economy by more than two thirds⁶. In 2019 the UK Government amended the Climate Change Act 2008 by increasing the target for reducing greenhouse gas emissions in the UK to at least 100% lower than 1990 levels by 2050. This is otherwise known as the Net Zero target. The UK became the first major economy to set this target.

14. The UK's 2050 Net Zero target is one of the most ambitious in the world and was recommended by the Committee on Climate Change, the UK's independent climate advisory body. Net Zero requires a reduction in emissions and (if necessary) that any emissions generated are balanced by schemes to offset an equivalent amount of greenhouse gases from the atmosphere, such as planting trees or using technology like carbon capture and storage.

15. BEIS instituted a reporting regime in 2018 that requires quoted companies, large unquoted companies (including charitable companies) and large Limited Liability Partnerships (LLPs) to self-declare their Scope 1 and 2 emissions under the Streamlined Energy and Carbon Reporting from 1st April 2019. This measure therefore does not require any changes to the data companies are already submitting under SECR or to current procurement regulations.

16. The government is committed to continuing its efforts to reduce greenhouse gas emissions and deliver on its carbon budget commitments, while keeping costs down for consumers and supporting the creation of good jobs and growing the economy. As environmental and carbon considerations feature in the aspects of delivery of most public contracts, this is an opportunity for us to take steps to support that commitment and reduce emissions through public procurement.

⁵ HM Treasury's review into funding the transition to a net zero greenhouse gas economy: <https://www.gov.uk/government/publications/net-zero-review-terms-of-reference/hm-treasurys-review-into-funding-the-transition-to-a-net-zero-greenhouse-gas-economy-terms-of-reference>

⁶ Clean Growth Strategy 2018: <https://www.gov.uk/government/publications/clean-growth-strategy/clean-growth-strategy-executive-summary>



Cabinet Office

CARBON REDUCTION PLAN GUIDANCE

Notes for Completion

Where an In-Scope Organisation has determined that the measure applies to the procurement, suppliers wishing to bid for that contract are required at the selection stage to submit a Carbon Reduction Plan which details their organisational carbon footprint and confirms their commitment to achieving Net Zero by 2050.

Carbon Reduction Plans are to be completed by the bidding supplier entity and must meet the reporting requirements set out in supporting guidance, and include the supplier's current carbon footprint and its commitment to reducing emissions to achieve Net Zero emissions by 2050.

The Carbon Reduction Plan 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. Suppliers may wish to adopt the key objectives of the Carbon Reduction Plan within their strategic plans.

A template for the Carbon Reduction Plan is set out below. Please complete and publish your Carbon Reduction Plan in accordance with the reporting standard published alongside this PPN.

Supplier name: Pacifica Group Limited

Publication date: 5 November 2021

Commitment to achieving Net Zero

Pacifica Group Limited is committed to achieving Net Zero emissions by 2030.

Baseline Emissions Footprint

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured.

Baseline Year: 2020	
Additional Details relating to the Baseline Emissions calculations.	
<i>Pacifica GHG emissions between 01/04/2020 to 31/03/2021. Emissions were calculated GHG Protocol Corporate Standard. No prior baseline emission calculation. Current year chosen as base year. Emissions were calculated using Greenhouse gas reporting: conversion factors 2020.</i>	
Baseline year emissions:	
EMISSIONS	TOTAL (tCO₂e)
Scope 1	1,644.79
Scope 2	106.13
Scope 3 (Included Sources)	9.13 Sources Included are: Electricity Transmission & Distribution losses.
Total Emissions	1,760.04

Reporting Year: 2020	
EMISSIONS	TOTAL (tCO₂e)
Scope 1	1,644.79
Scope 2	106.13
Scope 3 (Included Sources)	9.13 Sources Included are: Electricity Transmission & Distribution losses.
Total Emissions	1,760.04

Emissions reduction targets

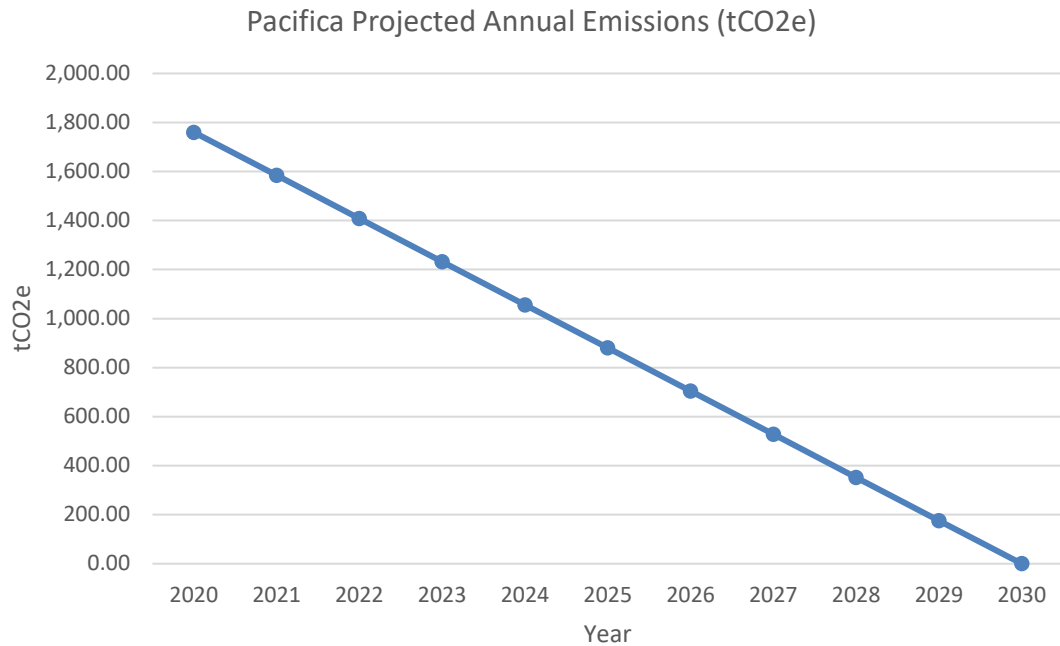
To continue our progress to achieving Net Zero, we have adopted the following carbon reduction targets:

We will reduce our Scope 1,2 and subset Scope 3 carbon emissions to Net Zero by 2030.

We project that scope 1 and 2 emissions will decrease over the next five years to 880 tCO₂e by 2025. This is a reduction of 50%.

We will update our progress each financial year after the base year to illustrate our progress against our targets.

As this is the first year that Pacifica have completed a Carbon Reduction Plan, Scope 3 subset emission data was not available. From this point on we will be developing a robust, clear and consistent reporting methodology for subset Scope 3 emissions and will be reporting fully in our pathway to net zero in April 2022.



Completed Carbon Reduction Initiatives

The following environmental management measures and projects have been completed or implemented. As the current year is the baseline, we are unable to quantify emission reductions from previous years.

1. We are ISO 14001 accredited
2. We purchase 100% renewable electricity for all properties
3. 100kW Solar Photovoltaics installed at main distribution centre
4. All field service managers allocated hybrid vehicles
5. Full EV trial for field-based engineers
6. LED lighting at Warehouse
7. Funding for Tree planting UK
8. Funding to Fareshare
9. Introduction of driver management software to reduce emissions
10. Motion sensor lighting at head office
11. Zero landfill pledge on field waste

In the future we hope to implement further measures such as:

1. Solar at Venter to offset energy use
2. LED lighting for Venter Head Office
3. Full EV trial extended
4. Further investment in tree planting
5. Further investment in Fareshare
6. By 2025 we aim to have at least 50% of the fleet running on full EV or Hybrid.

Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard⁷ and uses the appropriate Government emission conversion factors for greenhouse gas company reporting⁸.

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard⁹.

This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

Signed on behalf of the Supplier:

A handwritten signature in black ink, appearing to read 'Kevin Brown'.

Kevin Brown CEO

Date: 5 November 2021

⁷ <https://ghgprotocol.org/corporate-standard>

⁸ <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

⁹ <https://ghgprotocol.org/standards/scope-3-standard>