

CLIMATE CHANGE & ENVIRONMENT SCRUTINY COMMITTEE	AGENDA ITEM No. 8
8 NOVEMBER 2023	PUBLIC REPORT

Report of:	Cecilie Booth, Executive Director of Corporate Services and S151 Officer	
Cabinet Member(s) responsible:	Councillor Andy Coles, Cabinet Member for Legal, Finance and Corporate Services	
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PROCUREMENT SERVICE AND CLIMATE CHANGE CRITERIA

RECOMMENDATIONS	
FROM: Cecilie Booth, Executive Director of Corporate Services and S151 Officer	Deadline date: N/A
It is recommended that the Climate Change and Environment Scrutiny Committee:	
<ol style="list-style-type: none"> 1. Review and comment on the proposed approach to embedding climate change criteria into procurement documentation as outlined in this report. 	

1. ORIGIN OF REPORT

1.1 The report has been requested by the Climate Change and Environment Scrutiny Committee

2. PURPOSE AND REASON FOR REPORT

2.1 This report is brought to the Scrutiny Committee to share a proposed approach to embedding the 'Climate Change Commercial Ask' into the council's procurement processes and documentation.

2.2 This report is for the Growth, Environment and Resources Scrutiny Committee to consider under its Terms of Reference Part 3, Section 4 - Overview and Scrutiny Functions, paragraph No. 2.1 Functions determined by Council:

4. Climate Change;
5. Reducing Carbon Emissions and achieving Net Zero Carbon Emissions.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. BACKGROUND AND KEY ISSUES

4.1 **Overview:** The council declared a climate emergency in 2019. In doing this, it committed to becoming a net zero carbon organisation by 2030 and to support the city to become net zero.

The council's emissions arise from the fuel it uses in its buildings and vehicles (scope 1), the electricity it purchases (scope 2) and indirect emissions (scope 3). These indirect emissions arise from many different activities, the major ones being staff travel and purchased goods and services.

To become a net zero carbon organisation, the full scope of activities should be included – therefore the council has made a commitment to reduce the emissions arising from our purchased goods and services.

The council does not currently calculate the emissions arising from the goods and services it purchases (the exception to this being those arising from the Highways contract where data is provided by the contractor). Although the council does not have estimates for the totality of its purchased emissions, it is likely that ours are of a similar scale to other local authorities. Others estimate that scope 3 emissions contribute to around 95% of total emissions. This demonstrates the relative scale of our purchased emissions, thus meaning that reducing emissions arising from purchased goods and services is a clear priority for reaching net zero as an organisation.

In addition to directly reducing emissions from our supply chain, many of the council's suppliers are located in or around the city. Supporting our supply chain to decarbonise will likely result in reduced city-wide emissions. Good practice employed within our contracts may also result in the supplier employing these approaches in other contracts thus expanding the impact of a council procurement decarbonisation plan. Any approach taken to decarbonise the supply chain must be carefully planned to ensure smaller organisations in the local area are supported.

4.2 **Key considerations:** HM Government in its Procurement Bill requires Local Authorities to place more value on Social and Environmental matters when purchasing goods, services and works. The method of calculating the best bid submitted by suppliers is changing. Previously the Most Economically Advantageous Tender (MEAT) was preferred, this is now the Most Advantageous Tender (MAT). This demonstrates that other non-financial considerations are to be taken into account. Alongside this HM Government has also stipulated for Government Contracts above a value of £5m, bidders must include an evidenced Carbon Reduction Plan as part of their bid.

The council has many priorities to balance in its procurement strategy. Key aspects to consider include:

- Ensuring value for money.
- Ensuring that local small businesses are not disadvantaged by introducing a complex, time-consuming process for carbon measurement or reduction and that tailored support is available.
- Introducing a long-term plan, and/or vision will allow businesses to plan for future requirements.
- Training will be required to ensure that knowledge of how to consider carbon reduction in procurement and contract management is embedded across the council as there is not sufficient capacity for this to be conducted by the climate change team.
- Ensuring it has access to a competent ethical supply chain.

Officers have considered the various options available and as a result have formulated the approach detailed in this report.

4.3 **Peterborough's Climate Change Commercial Ask:** Procurement and Climate Change officers have researched approaches other local authorities have taken to reduce carbon emissions from their supply chain. Officers deem that Suffolk County Council's (SCC) approach provides a strong basis which could meet Peterborough's needs and future vision.

SCC have introduced an incremental Climate Change Commercial Ask which can be phased to strengthen the decarbonisation ask over time. Initially the Commercial Ask was introduced across existing and bidding suppliers, it was not enforced, but set out the good practice that the council expects. The Commercial Ask was then introduced in tender evaluation, tender criteria and contract management to increase the prominence of decarbonisation in procurement. In order to meet Suffolk's requirements, suppliers are asked to sign up to the Climate Change Commercial Ask and:

- Know and understand the impact that they have on the environment
- Have an Environmental Policy that embeds a culture of reducing negative environmental impacts
- Ensure their environmental impact is measured and regularly reported and overseen at the highest level
- Reduce negative environmental impacts with a clear action plan outlining the work to be undertaken focusing on the biggest impacts, with key targets and timelines detailing actions to be undertaken for example: travel - reduce mileage or travel in more environmentally friendly ways or buildings undertake environmental building survey/s and mitigate negative environmental impact
- Suppliers supply chain - know the environmental impact of the goods/services purchased and mitigate/reduce the negative impact, where the negative impact is not able to be reduced, offset the impact
- Work towards Carbon Net Zero by 2030.

SCC provides a number of resources online; including documents detailing tender marking criteria and contract management checklists. This ensures that bidding suppliers have sight of success criteria and requirements throughout the contract. They also provide support for businesses, including guidance and tools for carbon calculation. This ensures that all businesses have required support for completion of tenders. They also provide training for procurement colleagues, staff running tenders and contract managers to ensure that a fair process is run. SCC have developed their approach to a Commercial Ask to allow for changing criteria. The system allows for revision of the Commercial Ask wording and for how it is used within the tender process.

It is proposed that Peterborough City Council explore a similar model, but tailor it to the city's needs and aspirations whilst critically ensuring that supply chain partners, particularly local SME's, are guided and supported through the process.

4.4 **Implementation in Peterborough:** Officers are in the process of establishing an internal (short term) working group, including colleagues from procurement, legal and climate change to develop a draft policy and project plan, as well as drafts of key documents as outlined below:

Procurement Documents and Requirements - update standard procurement documentation including Invitation to Tender, Service Specifications, Contracts and Standard Selection Questionnaires to ensure that Climate Change forms part of what is expected from a supplier when submitting a bid. A suite of legal clauses, tender questions and tender criteria would be produced to allow colleagues to select aspects appropriate to the procurement. Training requirements will also be identified, and a plan to address this will be produced; this would likely be internal training from the project team.

Support for Providers - produce support for suppliers, such as a draft carbon reduction policy, and carbon calculators as well as briefings and demonstrations of the new requirements and the Council's programme for implementation. A programme of events will be carefully designed, including events scheduled as part of the Opportunity Peterborough Bondholder breakfasts and events with the Chamber of Commerce. This will be further supported by the citywide roll-out of Carbon Literacy training that is due to commence.

It is proposed that the Climate Change Commercial Ask be developed and implemented, and if successful, this could be expanded to also include wider determinants of social value. This would ensure that suppliers are required to complete a familiar/similar format for social value. Should the project reach this stage, a wider project team should be sought. It is intended initially that the draft approach is brought back to CLT for consideration in early September ahead of implementation.

4.5 **Wider considerations:** During the development of this project a number of risks have been identified including increased costs and new policies being introduced too rapidly for suppliers to react. These are detailed as follows:

No.	Risk	Score	Mitigation
1	Increased costs for suppliers	20	Phased approach and alignment of most significant requirements with high value procurements. Provision of documents, carbon calculators, report and policy templates and guidance documents to suppliers free of charge.
2	Implementation programme too short	16	Phased and scalable approach taken. Care taken to carefully manage the burden on SMEs, with involvement from SMEs through engagement events/activities.

5. CORPORATE PRIORITIES

5.1 **The Economy & Inclusive Growth** - the majority of carbon emissions arise through the services/goods/works procured by the City Council. Procuring responsibly will directly contribute to the council's commitment to achieve net-zero emissions by 2030.

Carbon Impact Assessment – whilst there will be some travel requirements to attend events to raise awareness of this work within the local business community this is anticipated to be minimal.

Our Places & Communities - net-zero carbon promotes community health and well-being through the reduction of pollutants through increased use of local suppliers.

Sustainable Future City Council - delivery of this project provides an opportunity to influence 'how we work', 'how we serve' and 'how we enable', ensuring the Climate Change Commercial Ask is understood and procurements undertaken that support the Council to meet its commitment to net-zero. This may help to avoid costlier works to repair damage to buildings and/or infrastructure and avoid closure of services arising from climatic events.

6. CONSULTATION

6.1 This approach has been discussed and agreed by the Council's Corporate Leadership Team. Whilst no further consultation is anticipated further work will be undertaken as follows:

1. Ongoing engagement with suppliers to increase awareness and commitment to the Climate Change Commercial Ask
2. Development of support, training and tools - particularly to smaller suppliers – to enable them to meet the requirements of the Climate Change Commercial Ask

7. ANTICIPATED OUTCOMES OR IMPACT

7.1 It is anticipated that Councillors comment on the proposed approach to embedding the Climate Change Commercial Ask in the procurement documents.

8. REASON FOR THE RECOMMENDATION

- 8.1 To inform the Climate Change and Environment Committee on progress made in delivering the Climate Change Commercial Ask through procurement.

9. ALTERNATIVE OPTIONS CONSIDERED

- 9.1 Officers have considered the following options:

Do nothing – discounted due to the real effect of Climate Change and the Council’s public commitments on this subject.

Reduce scope to simply amending tender documents and processes – rejected as suppliers will need support and guidance to reduce their costs and enable continued ability to tender competitive bids.

Increase the ambition of the Commercial Ask - rejected at this time to ensure that small businesses are not disadvantaged. The option to increase the ambition later is possible.

Commercial solutions are available to estimate purchased emissions however our research shows that these solutions can be expensive and unreliable.

10. IMPLICATIONS

Financial Implications

- 10.1 This work will be undertaken within existing resources and as such there are no direct financial implications. As detailed in the risk section of this report there is the potential that costs from suppliers could increase. This is mitigated by adopting a phased and tailored approach alongside the provision of documents, carbon calculators, report and policy templates and guidance documents to suppliers free of charge.

Legal Implications

- 10.2 There are no legal implications in relation to the recommendations sought. This report is not seeking authorisations/approvals and is for information only.

Equalities Implications

- 10.3 It is not envisaged that there are any equalities impacts relevant to this report.

11. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 11.1 The work undertaken by Suffolk County Council referred to in this report can be viewed here: [Suffolk County Council Climate Change Commercial Ask](#)

12. APPENDICES

- 12.1 N/A

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