



GUIDANCE Note

Supplier's guide to PPN 06/21

Taking account of carbon reduction plans in the procurement of major government contracts

Key information

Procurement Policy Note (PPN) 06/21 applies to all Central Government Departments, Executive Agencies and Non-Departmental Public Bodies in conducting procurement procedures regulated by the Public Contracts Regulations 2015. These bodies are referred to as 'In-scope Organisations' and in this guide, as 'the buyer'.

1. When and how is the PPN be applied?

PPN 06/21 comes into effect for new procurements launched from 30th September 2021.

In-Scope Organisations (buyers) are required to apply PPN 06/21 when procuring goods and/or services/ works subject to the Public Contracts Regulations 2015, where there is an anticipated contract value of £5 million per annum and above (ex VAT) unless it is deemed by the buyer to be not related and proportionate to the contract*.

PPN 06/21 introduces criteria at the procurement selection stage. It requires bidding suppliers to detail their commitment to achieving Net Zero Carbon through the publication of a Carbon Reduction Plan (CRP). Buyers should not 'score' or compare suppliers' CRPs against each other – but check that they meet the necessary requirements.

PPN 06/21 includes procurement for framework agreements and dynamic purchasing systems.

Where a call off (specific contract between a supplier and buyer for the provision of services, goods and/or works) is being made from a framework agreement/dynamic purchasing system.

which includes PPN 06/21, the buyer may verify that the supplier continues to meet the CRP requirements prior to entering into the contract.

PPN 06/21 is not mandatory for the Devolved Administrations, however it may be adopted on a voluntary basis.

*Related and proportionate?

Government guidance says that in the majority of cases for contracts with a value exceeding £5 million per annum, PPN 06/21 will be 'related and proportionate', helping buyers to assess whether a supplier has the necessary carbon management ability in contracts that may include, but are not limited to:

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

2. What emissions should be reported in the CRP?

The CRP is based on the Greenhouse Gas Protocol (GGP), which breaks emissions (carbon dioxide and other greenhouse gases) into three 'Scopes':

- Scope 1 emissions - direct greenhouse gas emissions that occur from sources that are controlled or owned by the reporting organization. e.g., emissions associated with fuel combustion in boilers, furnaces, vehicles.
- Scope 2 emissions - indirect greenhouse gas emissions associated with the purchase of electricity, steam, heat, or cooling. They are accounted for by the reporting organization as they are a result of the organization's energy use.
- Scope 3 emissions - all sources not within an organization's scope 1 and 2 boundary. Scope 3 emissions often represent the majority of an organization's total greenhouse gas emissions.

These emissions fall within 15 categories, though suppliers may not incur emissions in all categories. Suppliers must include UK emissions for Scope 1 and Scope 2, along with a subset of five Scope 3 emissions categories.

Five Scope 3 emissions required

- Business travel
- Employee commuting
- Waste generated in operations
- Upstream transportation and distribution
- Downstream transportation and distribution.

Full details of the CRP greenhouse gas reporting requirements are in the

Technical standard for Completion of Carbon Reduction Plans at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/991625/PPN_0621_Technical_standard_for_the_Completion_of_Carbon_Reduction_Plans_2_.pdf

3. Can other carbon-related commitments etc. be used as the Carbon Reduction Plan?

Not directly - the CRP template outlined in PPN 06/21 should be completed by all suppliers. The CRP template has been created to collate the required information in one place, to help buyers and to minimise the burden of duplication on suppliers (notably SMEs). Suppliers will only need to produce one type of CRP, which can be used for all public sector procurements where the measure is adopted.

Other e.g. voluntary carbon-related initiatives such as the UN 'Race to Zero' do not directly align with the requirements of PPN 06/21 – so a CRP based on the PPN 06/21 template is still required. However, suppliers may refer to their affiliation with schemes such as Race to Zero etc. within their CRP as a clear example of commitment.

Where the supplier's bidding entity is different from their UK parent, CRPs should reflect the greenhouse gas commitments and emissions of the bidding entity. Further information on this aspect is in the Technical standard for Completion of Carbon Reduction Plans.

4. Does the CRP interact with the Social Value Model?

The CRP applies at the earlier selection stage of the procurement process, while the public sector Social Value Model applies at the later evaluation stage, where buyers apply the model to the specific delivery of the contract and choose themes that are most appropriate to contract delivery.

See the Guide to using the Social Value Model at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/940827/Guide-to-using-the-Social-Value-Model-Edn-1.1-3-Dec-20.pdf

Other essential sources of Government information:

www.gov.uk/government/publications/procurement-policy-note-0621-taking-account-of-carbon-reduction-plans-in-the-procurement-of-major-government-contracts

Guidance for buyers on how to assess suppliers is in the Guidance on adopting and applying the Carbon Exclusion Measure in the procurement of major contracts at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/991623/Guidance_on_adopting_and_applying_PPN_06_21_Selection_Criteria_3_.pdf

FAQs for buyers are at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/991626/PPN_0621_Frequently_Asked_Questions_2_.pdf

5. Support for businesses to calculate their Carbon Footprint

Various bodies offer support and tools for businesses that need to calculate their carbon footprint. Some are available for free, while others may charge. The following list is not exhaustive but may be useful to suppliers:

- Carbon Trust: www.carbontrust.com/
- Carbon Trust: SME Carbon Footprint Calculator:
www.carbontrust.com/resources/sme-carbon-footprint-calculator
- Carbon footprint: www.carbonfootprint.com/
- Carbon Footprint: Small Business Calculator:
www.carbonfootprint.com/small_business_calculator.html
- Carbon Smart: www.carbonsmart.co.uk/
- Ricardo-AEA: www.ricardo-aea.com/cms/greenhouse-gas-footprinting-andreporting-services-2/?stage=Live
- CDP partners: www.cdp.net/en
- Waste Resources Action Programme (WRAP): www.wrap.org.uk/
- Greenstone: www.greenstoneplus.com/services/
- Ecometrica: <http://ecometrica.com/>
- Anthesis Group: <https://www.anthesisgroup.com/>
- IEMA: www.iema.net/
- Verco: www.vercoglobal.com/
- Loreus: www.loreus.com/
- WS Group: www.wspgroup.com/en/WSP-UK/



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