

Sustainable procurement

Delivering local economic,
social and environmental
priorities

A toolkit for commissioners,
procurement practitioners
and contract managers

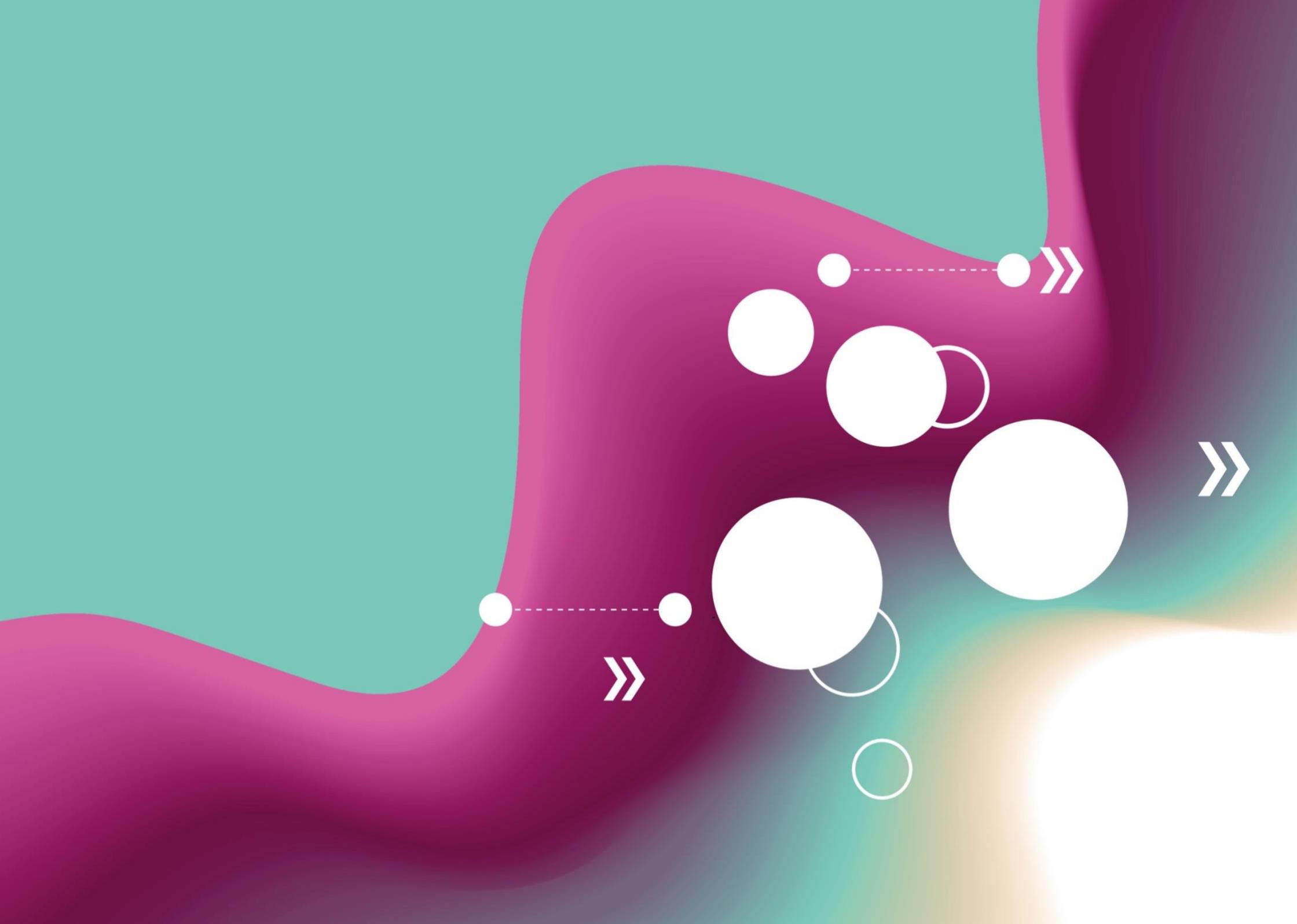






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Some key terms used in this toolkit

Carbon footprint	'CO ₂ e', or Carbon Dioxide equivalent, is a standard unit for measuring carbon footprints, which is a measure of the environmental impact of an organisation, product, material or asset – this expresses the impact of each different greenhouse gas in terms of the amount of CO ₂ that would create the same amount of warming.
Circular economy	A circular economy is an economic system aimed at eliminating waste and enabling the continual use of resources. It employs reuse, sharing, repair, refurbishment, remanufacturing and recycling to create a closed loop system, minimising the use of resource and the creation of waste, pollution and carbon emissions. It moves away from the current linear economy where we make, use and dispose.
Climate change adaptation	Climate change adaptation is the process of adjusting to current or expected climate change and its effects.
Climate change mitigation	Climate change mitigation refers to efforts to reduce or prevent emission of greenhouse gases.
Climate emergency	The climate emergency reflects the need for urgent action to reduce or halt climate change and avoid potentially irreversible environmental damage resulting from it.
Greenhouse gases	The Earth's greenhouses gases trap heat in the atmosphere and warm the planet. While this is a natural process, the greater the concentration of greenhouse gases, the higher the temperature. They have increased significantly due to human activities and are continuing to do so, leading to major impacts on society, economy and the environment. The main greenhouse gases (those focused on within international climate change agreements) are Carbon Dioxide (CO ₂), Methane (CH ₄), Nitrogen Dioxide (N ₂ O) and Hydro-fluorocarbons (HFCs), while others also apply.
Net zero	The UK Government has set a goal to be 'carbon zero' by 2050, which is enshrined in law. Councils and others may have set more ambitious targets. 'Net zero' emissions means: any emissions remaining, after all possible efforts to mitigate them have been undertaken, would be balanced by verified schemes to offset an equivalent amount of greenhouse gases from the atmosphere, such as planting trees or using technology like carbon capture and storage (carbon offset). Only after all possible emissions have been mitigated should offset be considered.
Prior information notice	A prior information notice or 'PIN' – this is a notice which may be used to set out a contracting authority's purchasing intentions, prior to issuing an eventual tender.
Real Living Wage	The real Living Wage is the independently determined minimum level of pay which meets everyday needs. It is higher than the legally binding National Minimum Wage for under-23s and the National Living Wage for over-23s.
SME/MSME	Small and medium sized enterprises, alternatively 'MSME' for micro, small and medium sized enterprises.
VCSE	Voluntary, community and social enterprise sector.

TOMS	'Themes, outcomes, measures' – the National TOMS Framework for reporting and measuring social value.
RFI	Request for information – a process which aims to collect information about the capabilities of potential suppliers, to help inform potential tender requirements.

Executive Summary

Sustainable Procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the local economy, whilst minimising damage to the environment.

Embedding sustainability into procurement can support the objectives of an organisation as set out in relevant policies and strategies and can be adapted to reflect the nature of the contract.

Many sustainability benefits can be achieved through supplier engagement before the procurement process begins which is essential to allow the market to understand and prepare their response to tender requirements.

Also key is the approach to selection of suppliers, the inclusion of relevant and proportionate requirements in the specification, the evaluation of relevant and proportionate award criteria, and an effective contract management process.

Mobilising procurement to deliver local priorities

The role of commissioning, procurement and contract management in delivering local and national priorities is set out in the '[National procurement strategy for local government in England](#)' and been reinforced in the UK Government Green Paper '[Transforming public procurement](#)' and the subsequent [National procurement policy statement](#).

This highlights the delivery of social value and sustainable procurement, including economic, social and environmental outcomes, such as:

- 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 has already put in place mechanisms to increase sustainability and social value to deliver economic, social and environmental outcomes from the procurement of goods and services - these include the Public Services (Social Value) Act 2012, the UK Climate Change Act, Equality Act, Modern Slavery Act and others.

As a result of this councils will need to effectively mobilise procurement to deliver relevant local priorities. Priorities will include targets to achieve 'net zero' or be 'carbon neutral', reducing consumption and waste, and inclusive local economic development.

The role of councillors and chief executives

As key decision makers, chief executives, leaders and councillors have a vital role in ensuring commissioning, procurement and contract management is used effectively to deliver local priorities. All those involved in setting policy and budgets, designing and commissioning services and setting specific procurement requirements, for example, need to consider:

- Does policy reflect the above obligations, challenges and other local priorities?

- Has sufficient time and effort been invested early enough to identify a solution which locks in best value for money and the most positive social and environmental outcomes?
- Has this been carried out in conjunction with internal stakeholders; such as heads of service, heads of planning and subject matter experts – such as climate change, procurement, contract and supplier managers and others, and with local and other potential suppliers and other public bodies?

The role of councillors is highlighted in '[A councillor's guide to procurement: 2019 edition](#)' and the '[Local pathway to net zero – workbook for councillors](#)'.

This toolkit

‘Sustainable procurement’

It is recognised that councils vary in how, and the extent to which, they have mobilised procurement to address local priorities. This may form part of relevant strategies, such as ‘social value’, ‘inclusive growth’, ‘community wealth building’, ‘commissioning’, ‘procurement’, ‘sustainable/responsible procurement’ and ‘green procurement’.

While this toolkit is entitled ‘Sustainable procurement’, the content is aligned with mobilising commissioning, procurement and contract management to deliver relevant economic, social and environmental outcomes, so is applicable whatever term or terms individual councils use.

Guidance for relevant councils and stakeholders

The toolkit is intended for all councils and may be navigated to suit particular roles or requirements. It is designed to highlight key principles which all relevant stakeholders should apply, together with some detail on specific environmental and social topics:

- ◆ **Introduction** – more detail on the background, who the toolkit is for and what is included (suitable for all).
- ◆ **Top tips**
 - how to start out and key principles (suitable for councils starting out or who have limited resources)
 - the importance of early consideration with key stakeholders (suitable for all those involved in setting policy and budgets, designing and commissioning services and setting specific procurement requirements, such as councillors, chief executives, heads of service and planning)
 - procurement tips through the procurement cycle (suitable for procurers who are starting out)
 - contract management tips (suitable for contract and supplier managers and those developing specifications and reporting on outcomes delivered).
- ◆ **Topic specific guidance** (suitable mainly for procurers, contract managers and subject matter experts)
 - where to prioritise effort for categories of procurement
 - environmental and social outcomes – guidance through the procurement cycle, including clauses and case studies where councils and others have addressed these within the commissioning, procurement and contract management stages
 - ‘raise the bar’ guidance – for councils wishing to take their performance to the next level.

Councils may seek to use the toolkit to varying degrees, according to their existing understanding and application. It is intended that this toolkit will add to the resources available to councils to help them better understand and be able to apply relevant actions to future procurements.

This toolkit cannot, however, provide all the answers. It is up to councils themselves to determine what is relevant and proportionate according to the specific procurement (the toolkit may help). Collaboration and sharing of ideas and lessons with other councils and suppliers will continue to be very important.

Council priorities

Councils and their communities are faced with many economic, social and environmental challenges. These include:

- the climate emergency and local targets to achieve 'net zero' or be 'carbon neutral'
- inclusive local economic recovery, development and community improvement
- constrained budgets.

Councils may focus on such challenges through an 'inclusive growth', 'social value' or similar agenda, while supporting national policy and legislation and relevant international commitments. New economic models for local anchor institutions include 'community wealth building' approaches, which seek to create and retain wealth in the local area, such as spend with local suppliers and development of new businesses.

In practice this means a focus on priority outcomes, such as creating local jobs and skills, providing equality of opportunity to all, improving health and wellbeing, reducing emissions, being resource efficient, ensuring best value for money, and others.

As the '[National procurement strategy](#)' emphasised, and is reinforced in the recently published UK Government Green Paper '[Transforming public procurement](#)', a vital mechanism to respond to strategic economic, social and environmental priorities is the 'commissioning, procurement and management' of contracts, as visualised in the 'Golden thread' in Figure 1.

This toolkit provides detail on how all those involved in the commissioning, procurement and managing of contracts can effectively support council priorities, aligning with legislative, national and international commitments. It supports councils who may seek to address such issues within 'social value', 'commissioning', 'procurement', 'sustainable procurement', 'responsible procurement', 'green procurement' or related strategies.

This toolkit is written in the context of changes to public procurement regulations. It seeks to future proof the guidance as much as is possible, although users should consider the impact of changes in regulations on planned procurements.



The 'Preston model': Preston City Council, in conjunction with other local anchor institutions, has adopted community wealth building approaches to economic development and procurement, with a clear focus on enabling local businesses to be involved in their supply chain so that wealth is retained in the region.

This has resulted in a significant increase in spend with Preston and Lancashire based businesses. Other councils have also adopted this, such as the Greater Manchester Combined Authority social value framework and Birmingham City Council's first 'community wealth builder in residence'. Also [Community wealth Building](#) is an example of using procurement to deliver intended local priorities.

Who is this toolkit for?

It is intended that all councils and a range of key stakeholders will benefit from using this toolkit, in part or in whole. For example:

◆ Councils:

- who have limited resources and need to know where and how to start in using this mechanism to secure local priorities
- who need broad up-to-date guidance on how to embed economic, social and environmental value in commissioning, procurement and management of contracts
- who want guidance on specific themes or are keen to take their approach to the next level.

◆ Particular stakeholders:

The toolkit is intended to help those who have responsibility for commissioning, procurement and management of contracts. Relevant stakeholders include:

- those involved in setting policy, designing, commissioning services, setting budgets and procurement requirements. This may include chief executives, councillors, heads of service, heads of planning, procurers, specifiers, budget holders and others
- those involved in procuring requirements
- those involved in managing contracts and undertaking supplier relationship management
- subject matter experts, such as climate change and others.

It references a range of existing guidance which supports key messages, such as the '[Councillor's guide to procurement](#)', the '[Local pathway to net zero – workbook for councillors](#)' and others.



Figure 1: The 'Golden thread' highlighting the role of commissioning and procurement in delivering local government priorities.

What is included?

As Figure 2 shows, the toolkit is aligned with:

- ◆ Local government vision and objectives, recognising that these can vary across councils (centre circle).
- ◆ The [National TOMS Framework](#). While not all councils have adopted this framework, this toolkit focuses on the TOMS four key themes, which all councils would align with (purple wheel).
- ◆ The [UN Sustainable Development Goals](#), which the UK Government and public sector are working towards (outer wheel).

The topic specific guidance included, which supports these, is shown in the orange wheel.

The toolkit is designed to be practical and focuses on issues where the most positive impacts may be made:

- ◆ Provides 'top tips' guidance on important principles that should be applied in commissioning, procurement and contract management to deliver intended relevant outcomes, emphasising the importance of the commissioning/pre-procurement stage.
- ◆ Provides practical guidance on relevant environmental and social topics, through the procurement cycle, including example clauses.
- ◆ Provides case studies which support key lessons.

It is recognised that some councils have devoted considerable effort to applying 'social value' in the procurement process. Good practice examples are included from large and small councils, across a variety of projects and purchases, as well as other relevant case studies. Other councils may be less advanced, due in part to available internal resources. The toolkit therefore includes help on applying social value through procurement but does not duplicate existing good practice social value guidance. This, and other relevant existing guidance, is signposted where relevant.



Figure 2: Toolkit alignment with local government vision, social value themes, environmental and socio-economic topics and UN Sustainable Development Goals.

The declaration of ambitious 'net zero' goals by councils to address the climate emergency means that there is increasing focus on commissioning and procurement as an important mechanism in meeting climate change legal requirements and targets, and this is reflected in the toolkit. This includes the inevitable relationship between a focus on emissions reduction and socio-economic outcomes, such as an objective to reduce vehicle emissions and the link to improving local air quality and community health.

This toolkit does not provide detailed category-specific guidance. However, the topic guidance highlights procurement categories for which the topic is particularly relevant.

Note: the toolkit cannot deal with every possible scenario or way of addressing a particular intended outcome. It has focused on key lessons and examples. It also signposts to other useful guidance. The toolkit is intended to support development and sharing of good practice among councils, other public bodies, buyers and suppliers.

The toolkit is designed so that you can select what you want, according to your role and council requirements or ambition. For example, procurement officers may wish to go to the topic specific guidance.

Disclaimer

This toolkit is provided to support the embedding of relevant and proportionate contract/framework requirements, and the information and examples are provided in good faith. To the extent that this toolkit contains any information concerning procurement law, such information does not constitute advice to you.

The contents of this toolkit are not to be construed as legal advice or a substitute for such advice, which you should obtain from your own legal advisers if required. The Local Government Association is not and shall not be held responsible for anything done or not done by you as a result of this toolkit. You should ensure that requirements included in procurement are relevant and proportionate. The inclusion of case studies for particular suppliers should not be considered a recommendation or endorsement of that supplier.

Need help starting to use this mechanism to deliver local priorities?

[Click here](#)

Involved in setting policy and budgets, designing and commissioning services, setting requirements?

[Click here](#)

Involved in undertaking a procurement exercise?

[Click here](#)

Involved in managing contracts?

[Click here](#)

Top tips

1. [Starting out or limited resources?](#)
2. [Define clear intended outcomes](#)
3. [Prioritise effort](#)
4. [Start early – at commissioning/pre-procurement](#)
5. [Procure to deliver best outcomes](#)
6. [Manage, monitor and share outcomes](#)

Top tips: starting out or limited resources?

If you are a small council with limited resources or are just starting to use the commissioning, procurement and contract management mechanism to help deliver local priorities, consider the following.

Where to start?	1. Start with a clear set of policy intended outcomes, aligned with council objectives, which describes what you intend to achieve through this mechanism, to internal stakeholders and your market. See examples referenced in this toolkit.
	2. Don't try and do everything at once. Use the information in this toolkit to focus effort on one or a few priority categories – use this to identify key internal stakeholders and suppliers.
	1. Engage with internal stakeholders for the priority category(ies). Reinforce key messages in the 'top tips' in this toolkit, for example early consideration of intended outcomes and how best to deliver them. To support this engagement, there needs to be a clear line of sight from local authority objectives to the planned procurement, so that its role in delivering these objectives is clear. See the ' National procurement strategy for local government in England ' for guidance on engaging with key stakeholders.
	2. Engage with the suppliers and potential suppliers for the priority category(ies) – discuss your intended outcomes and their ability to support these. Use this to inform eventual procurement requirements. For example, see Suffolk County Council's 'Social value ask' below.
How do I build in social value to a contract?	<p>1. Look at examples included in this toolkit – start with those that set clear requirements, eg equipment operating to a standard, compliance with UK Government Buying Standards (UK GBS) for relevant categories, and so on.</p> <p>2. Reflect discussions with market, where relevant, to seek outcomes beyond these standards and how outcomes may be monitored.</p>
I have limited resources or understanding to be able to evaluate tenders.	<p>1. Use this toolkit to concentrate on technical specifications that require suppliers to meet social value requirements.</p> <p>2. As you become more confident you may seek evidence of how the bidders can support your intended outcomes. See some examples of outcome-based specifications and what a good response should look like in this toolkit.</p>
How do I monitor delivery of outcomes, with limited resources?	<p>1. Initially focus on compliance with contract conditions such as meeting relevant standards or stated supplier commitments, for example the real Living Wage.</p> <p>2. Use this toolkit and that referenced, together with the engagement with the market, to use relevant key performance indicators (KPIs). Keep them real – don't create a long shopping list of requirements.</p>

Developing further	<ol style="list-style-type: none"> 1. Use this toolkit to identify internal opportunities to share lessons and apply to other categories/procurements. Have you got a case study that can support further development? 2. Learn from other councils who have gone through the same process.
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Top tips: clear intended outcomes

Defining intended outcomes

As highlighted in the ‘Golden thread’, alignment of commissioning, procurement and contract management with international, national and local government objectives needs to be clear.

The [Public Services \(Social Value\) Act](#) and local government focus on ‘social value’ within this mechanism has resulted in a range of good practice, driven in part by the Act but also local economic need.

There is a renewed focus on environmental issues, as a result of the climate emergency, statutory obligations and council targets, as well as clear links from climate change to economic recovery, jobs, skills, protecting the vulnerable and healthy communities.

This renewed focus has highlighted some ‘new language’, such as that opposite. It is therefore important that the role of this mechanism in delivering intended outcomes is clear to all involved in commissioning, procuring and managing contracts and outcomes are clearly articulated.

Enabling innovation

Addressing the myriad challenges councils face will need innovation – new services, new ways of procuring and collaborating as well as new technology. Innovative thinking starts at commissioning.

- ◆ Innovation is not an outcome in its own right – it relates to new ideas that deliver the best intended outcomes regarding specific topics.

Climate change – ‘net zero’

The UK Climate Change Act has established a legally binding target to achieve ‘net zero’ emissions by 2050, with an interim target of 78 per cent reduction by 2035. Many councils have set more ambitious targets. Net zero means any emissions remaining, after all possible efforts to mitigate them have been undertaken, would be balanced by verified schemes to offset an equivalent amount of greenhouse gases from the atmosphere, such as planting trees or using technology like carbon capture and storage. Only after all possible emissions have been mitigated should offset be considered.

Circular economy

A circular economy applies a ‘make, use, remake’ approach as opposed to a ‘make, use, dispose’ linear approach. Nothing is wasted – resources are kept in use for as long as possible, the maximum value is extracted from them whilst in use, and then products and materials are recovered and regenerated at the end of their viable life cycle. This can result in a range of benefits:

- ◆ the environment – reduction of waste, less use of virgin materials and lower emissions
- ◆ the economy – improving productivity, new markets, reduced costs
- ◆ communities – jobs, skills, involvement of MSMES and VCSEs.

It also has the potential to help address supply chain disruption – reducing reliance on new materials and products reduces supply chain risks.

- ◆ By leveraging buying power, local government can stimulate the development of innovative, future-proofed solutions – ‘ask a smart question – get a smart answer’.

Monitor outcomes

While the toolkit deals with contract management and monitoring in more detail, it is worth emphasising here the importance of monitoring the delivery of those relevant outcomes, articulated above, knowing what should be measured. This provides evidence of how a procurement has supported council objectives, acting as a catalyst for improvement.



An example of councils setting out outcomes to the market, which may be delivered through this mechanism, is [Suffolk County Council's social value summary tool](#) for potential suppliers and the 'Social value ask'; and Bromley Council's ['Understanding social value at Bromley Council'](#)

Top tips: prioritise effort

A balanced, prioritised, approach

Given a range of policy priorities it is important to understand those which are core to a potential requirement, so that effort is expended where it can deliver the most positive outcomes. This is particularly the case where councils have limited resources or time available.

There will at times be potentially competing policy priorities. Taking a balanced, structured approach ensures that these may be considered in an objective way.

It helps those responsible for commissioning, procuring and managing contracts understand what should be focused on, and makes the process more efficient and accountable.

<p>At a high level understand which procurement categories represent those which need the most effort.</p>	<ul style="list-style-type: none"> • This reflects a balanced assessment of expenditure, the range of economic, social and environmental risks and opportunities, and scope to do more to improve and market influence. • This acts as a catalyst to consider optimum options as well as market engagement strategy, including the potential for innovation. • It helps those responsible for setting policy, designing and commissioning services, setting budgets and engaging with markets.
<p>Understand where 'hotspots' exist within procurement categories, regarding particular policy priorities.</p>	<ul style="list-style-type: none"> • For example, which categories need the most effort regarding climate change or reducing inequality? • It also helps consider options as well as any need to gather improved market intelligence. • It helps those responsible for setting specific policy, designing and commissioning services, setting budgets and engaging with markets.

The prioritisation approach can also be applied to 'forward plans' once procurement requirements have been determined.

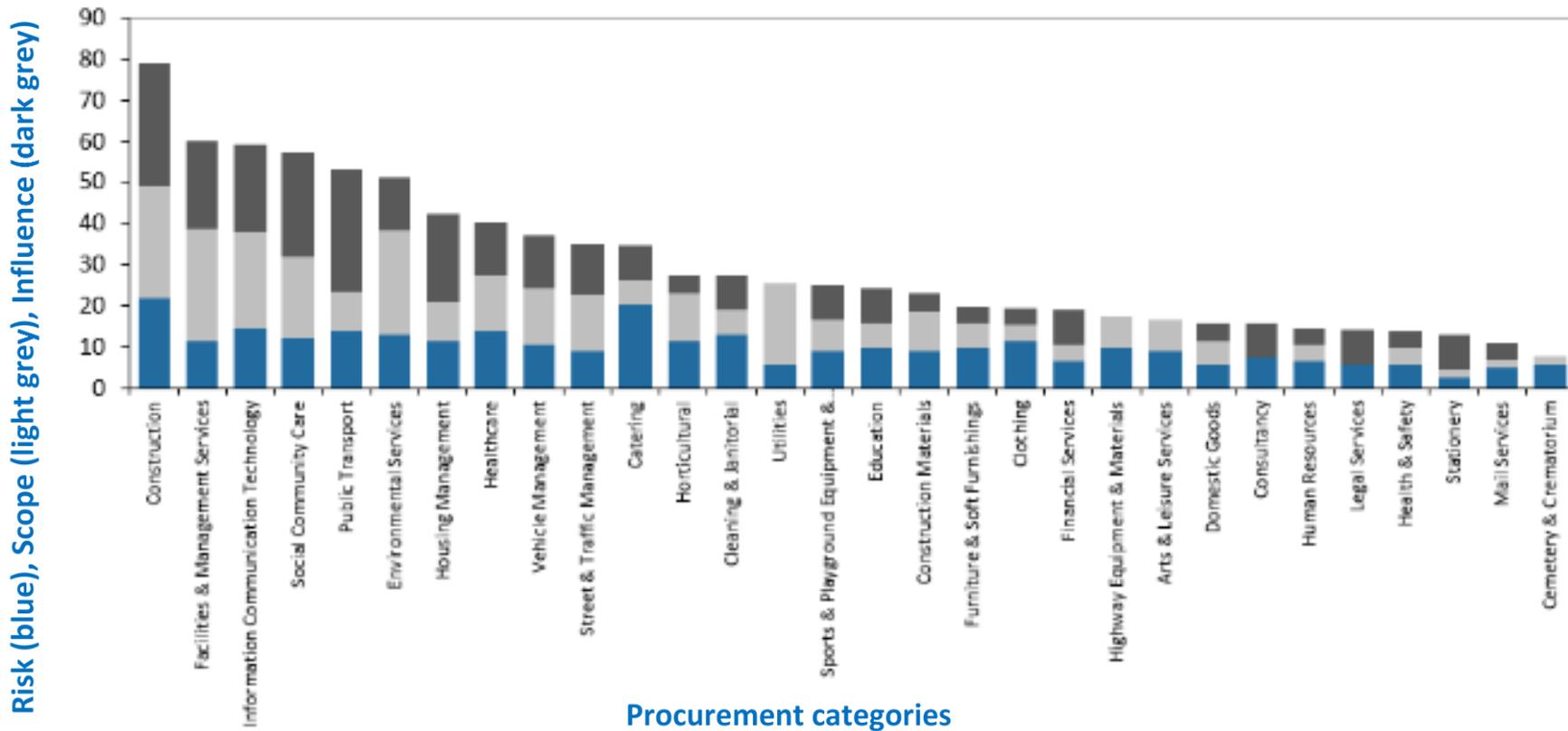
- Helps those responsible for the procurement process focus effort on core economic, social and environmental risks and opportunities, ensuring relevance and proportionality.

Example: prioritising effort

This provides an example of a scored assessment of a council’s procurement categories, taking into account expenditure, the nature and extent of environmental and social risks and opportunities, what more can be done to address risks or capture opportunities (scope) and the extent of market influence. It may be used to identify high-level categories which councils focus effort on when embedding social and environmental improvement.

This may also be undertaken at sub-category/commodity level or using forward plans.

Overall Priority Categories



Top tips: commissioning/pre-procurement

This stage is the most critical in ensuring that relevant outcomes may be delivered, as Figure 3 highlights.

Define and assess need

What is the required function or need that is being considered?

Adopting a hierarchy approach, as set out in Figure 4, ensures that early consideration, with relevant stakeholders, enables a focus on delivering optimum outcomes. While this applies general good procurement practice, such an approach should deliver the most 'sustainable' outcomes.

- ◆ What is the required function, need or intended outcomes, aligned with council objectives – can these be met without the need for a purchase? This may include collaboration with other public bodies or consideration of delivering the intended outcomes using mechanisms other than procurement.
- ◆ Have you involved all relevant stakeholders in this consideration early enough? This includes councillors, heads of service, heads of planning, policy leads, budget holders, specifiers, users of contracts, procurement, suppliers and markets, contract managers, subject matter experts and community partners as relevant.
- ◆ Have you identified there is an 'unmet need'? Do you need to collaborate with the market to enable innovative solutions? Is the council set up to encourage and enable innovative solutions?
- ◆ If a procurement is needed do you need to own, or can the required function be provided through an alternative business model such as lease, hire, rental, or a service that provides the same or better outcomes (eg 'make or buy')?
- ◆ Have you considered all relevant life cycle costs and applied the hierarchy when developing business cases?

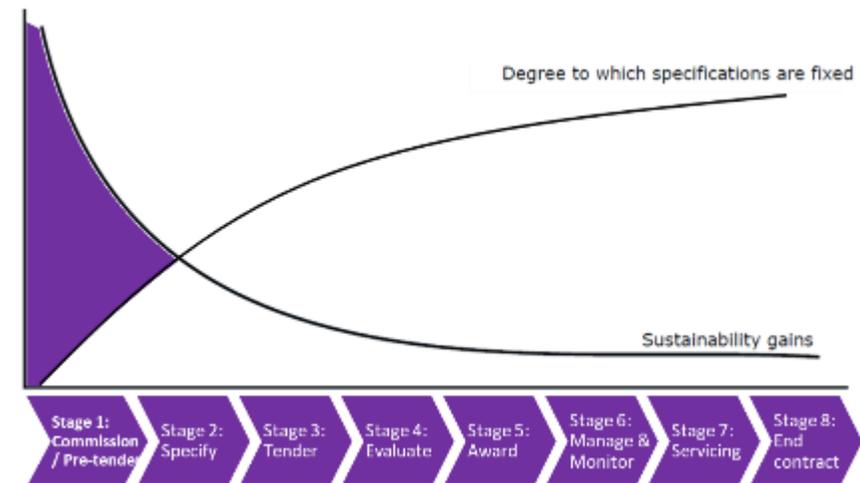


Figure 3: The importance of early consideration.

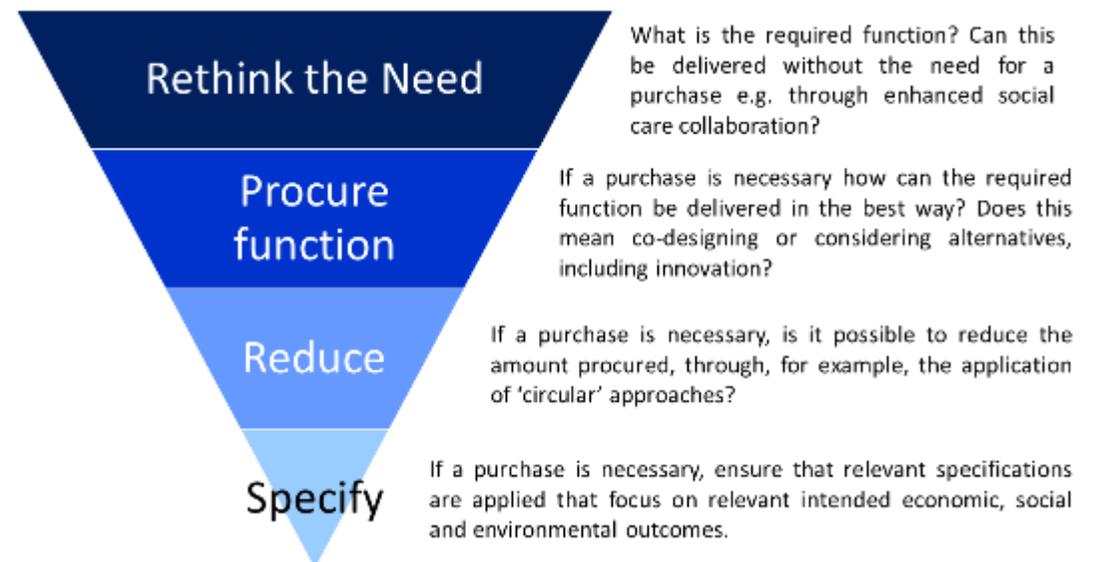


Figure 4: A procurement hierarchy.

Consider relevant risks and opportunities during ‘life cycle’ of product or service

Have you considered relevant risks and opportunities relating to intended outcomes during the life cycle of the relevant procurement or service?

Every product or service goes through a life cycle. For example, a laptop involves materials extracted from the ground, a manufacturing and logistics process, its use and eventual disposal or other ‘end of life’ management. Similarly, a service also has a life cycle. For example, its design and consideration of relevant resources, its development, the delivery of the service and eventual end of the provision of service.

It is good practice, when applying the hierarchy approach above or when considering what economic, social and environmental risks and opportunities are relevant to a particular potential procurement or requirement, to adopt life cycle consideration. This helps clarify relevant risks and opportunities and actions to manage sustainability at relevant stages of the procurement process.

This can also be used to help consider alternatives, so that when you realise the consequences of what they might be about to buy, you consider alternatives.

<p>Impacts of obtaining raw materials/ resource needed for service</p> <p><i>Focus on specification, supplier's own procurement</i></p>	<p>Impacts of manufacturing & logistics/ set up of service</p> <p><i>Focus on supplier selection</i></p>
<p>Impacts during use of product/ delivery of service</p> <p><i>Focus on specification and user awareness</i></p>	<p>Impacts at end-of-life / disposal/ end or transfer of service</p> <p><i>Focus on supplier responsibility, user awareness</i></p>

Understand capability and capacity – engage with markets

- ◆ Have you engaged with the market to clearly set out your intended outcomes?
- ◆ How capable is the market in delivering these ambitions? Are alternatives available? Have you considered the involvement of SMEs and VCSEs – in part to enable them to compete but also particular skills they have that are relevant to the procurement?
- ◆ A request for information (RFI) or market engagement event may be helpful to better understand market capability and maturity.
- ◆ Factor in sufficient time to conduct an effective market dialogue – communicate your intended objectives, outcomes, timescales, and the project business case. This signals your intent to the market (as well as internal



Newcastle City Council has embedded social value at every stage of commissioning. This includes carrying out full market and community engagement at the outset. For example, a social value workshop for potential suppliers for the £8 million winter maintenance contract resulted in an agreed focus on local jobs and skills, particularly for groups such as veterans, ex-offenders, and young people not in employment, education or training (NEET). It also ensured a transition of fleet to lower emission vehicles and routing optimisation, to reduce emissions and environmental impact.

The approach provided valuable lessons – the council embedded training on facilitation of the framework within its learning and development plan. Gaining social value input at this early commissioning stage enabled the council to consider stakeholder views within the service model design.

stakeholders) and helps to determine whether there are risks of placing too large a burden on some suppliers, or whether the market is able to deliver more than you expected, including innovative solutions.

- ◆ The market response to procurement depends on a combination of factors including maturity (understanding, capacity, competition etc) and the complexity of the product/asset (such as technical composition, function, lifetime, length of supply chain). Typically, the more complex a product/asset is, the greater the difference in knowledge between the buyer and the supplier. This will inform the procurement approach in terms of asking more functional or more technical (and prescriptive) questions. This also provides a relevant basis for managing overall performance of any eventual procurement requirements.



New approaches to commissioning to support council priorities

Wirral Council and Surrey County Council both sought to enable opportunities for young people leaving care, given that those who leave the care system are three times more likely to be 'NEET' than their peers. For example, in 2018, Wirral Council's commissioning services team and the young people's 14-19 service discussed the adoption of a new approach to support care leavers into opportunities with frontline service providers/partners who hold council contracts.

The initial approach considered the opportunity for Biffa Waste Services to use their apprenticeship levy to support the employment of individuals. While that was not an appropriate mechanism, Biffa committed to providing a full training and development programme, treating the individuals as regular employees, with the eventual aim of full integration into the existing workforce.

Surrey County Council has worked with Kier, a construction and infrastructure services company, to support vulnerable young people and adults with the opportunity to learn basic highway works that will help improve their chances of gaining mainstream employment: [Kier Skills for Highways](#).

Defining the subject matter

Having determined the procurement need it is important to be clear what the intended outcomes are and to clearly articulate them, within the subject matter and contract notice.

This sends a clear message to the market of the level of your ambitions. It also sets out how you will evaluate responses. This must reflect earlier consideration of those risks and opportunities, and how core those that relate to environmental or social outcomes are to the council's need.

The criteria should allow objective comparison of tenders and not discriminate or favour potential suppliers. Ensure that award criteria reflect the position within procurement regulations and council priorities.

Relevant criteria should consider any focus on innovation. Rather than including a separate criterion relating to 'innovation or added value', it is best practice to thread a focus on innovation through specific requirements. For example, reducing emissions through the application of new processes or technology or innovative approaches to improving health and wellbeing. This should enable objective evaluation and prevent potential challenge.

Supplier selection

At this stage you are determining the capability and capacity of potential bidders to bid for the contract using the standard procurement document.

Are there grounds for exclusion from bidding – for example breaches of environmental or labour laws?

It is inevitable that various procurement routes will be used by councils, including open and restricted procedures. This guide includes a separate section on supplier selection; in practice this may be part of one selection and tender stage, and you should apply the guidance according to the procedure used.

Selection requirements must reflect the subject matter of the contract and be proportionate. For example, is it appropriate to require suppliers, which may include MSMEs or VCSEs, to have a certified environmental management system for a service contract, where the only significant environmental issue you are concerned with is energy efficiency and management, and suitable alternative evidence can be provided of their capability and capacity?

At selection stage it may be appropriate to seek evidence of relevant experience, ensuring the wording provides opportunities for new entrants to the market.

Using frameworks

Framework managers have a responsibility to ensure that framework environmental and social objectives are aligned with national and/or local objectives (according to the reach of the framework) as well as aligned ambitions of framework users (eg climate change and circular economy targets).

At the same time, framework users have a responsibility to ensure that their ambitions reflect relevant obligations and objectives set out in this toolkit, while working with the framework manager to ensure alignment. In addition, framework users must ensure that framework objectives and requirements are applied in a relevant and proportionate manner to call-offs. For example, if the framework has resulted in suppliers who have demonstrated the capability to support the transition to 'net zero', ensure that this is applied in specific project requirements.

Specifying requirements

When determining relevant specifications:

- Ensure they are objective, reflecting the assessment of relevant risks and opportunities through the life cycle of the procurement or service.
- Ensure there is an appropriate balance between technical or outcome-based specifications. Do your specifications allow the opportunity for innovation or are they too prescriptive?
- Consider the resources needed for evaluation – can you set tight specifications regarding economic, social and environmental outcomes so that evaluation risks are limited?
- When using outcome-based specifications, ensure you are clear what you are seeking and what an ‘excellent’ response to a tender should therefore look like.
- Do relevant standards or labels apply which provide sufficient evidence of meeting specific requirements, such as the ‘EPEAT’ for ICT products? Labels must be:
 - linked to the subject of the contract (and all criteria must be relevant)
 - based on solid scientific evidence
 - transparent, fair and non-discriminatory
 - open to anyone who meets the standards
 - certified by a third party, eg ‘Type 1’ eco-labels (based on publicly available specifications, are operated by third parties, involve independent audits and consider life-cycle environmental impacts).

Where not all of a label’s criteria are relevant to a procurement, it is better to set out relevant criteria and requirements in the tender and contract conditions, instead of asking for the label. You may then accept the holding of a relevant eco-label as evidence of compliance with that specification but must be prepared to accept equivalent means of proof that the product or service meets the specification.

- ◆ Is it clear how the specification requirements are to be monitored and measured? For example, see the toolkit for suggestions and TOMS.

Evaluation and award

Evaluation criteria will, of course, be set at the beginning of the procurement process. These will be criteria and questions that seek appropriate evidence. For example, evaluation of a bidder’s approach to meeting skills and training requirements, so that it is clear whether they demonstrate an understanding of how to achieve the required outcomes.

Award criteria are used to determine which bidder is best placed to deliver a contract. While you decide what award criteria to apply, ensure that you are not duplicating questions at the selection stage (for example, relating to their relevant availability of environmental management systems). This is because at this stage suppliers are being assessed on the merits of how they will delivery contract requirements (such as how they will reduce emissions from the relevant use of vehicles), rather than their suitability to bid.

When evaluating:

- Is it clear what an excellent response should look like?

- Who is doing the evaluation? Do they have the necessary skills and understanding regarding the intended outcomes? Do they need the support of subject matter experts to ensure an objective evaluation and to build capability? This is, of course, particularly relevant where specifications are outcome based.
- As indicated in 'Defining the subject matter', ensure that innovation is applied in an appropriate manner.

Evaluating bids

As the above section highlights, it is important to be clear what a good response should look like when evaluating responses to tenders. Within this toolkit some examples are provided. However, the following provides general guidance:

1. Ensure the response answers the question – does it provide evidence of how the requirements will be delivered during the lifetime of the contract? Responses which state the existence of policies or strategies are only relevant if such detail has been requested and evidence is provided of how commitments contained within these will be applied in a relevant way to the contract.
2. The best responses will be clearly aligned with the specification and the tender question, depending on the extent to which you are relying on technical (prescriptive) specifications and/or outcome-based (functional) specifications. If the tender question, for example, asks for evidence of 'how the contractor will support the council's objectives in contract delivery to minimise climate change emissions, including through innovative solutions, while ensuring this is capable of being objectively monitored through contract management', then:
 - a. How will they minimise emissions? Does this relate to energy use or use of vehicles, for example? What measures will they undertake during contract delivery, such as use of energy efficient equipment, including those operating to relevant standards, management measures to ensure efficient use of energy in service delivery, and ensuring relevant workforce apply this (eg through training)? Will they optimise vehicle emissions in contract delivery, such as through optimising route planning, full loads, driver training, low carbon and a possible transition to zero tailpipe emission vehicles?
 - b. What innovation can they offer that relates to the specific requirements? As stated above, in defining the subject matter, rather than including innovation in a separate criterion relating to 'innovation or added value', it is best practice to thread a focus on innovation through specific requirements. So, for example, can they provide innovative solutions relating to reducing energy consumption in contract delivery or in supply of goods and services, which may normally involve the use of vehicles (eg digital alternatives to products if relevant, or the use of bikes for local deliveries instead of vans)?
 - c. Is evidence provided of how this may be objectively monitored, eg ongoing verification of energy efficiency standards applying to products or equipment, vehicle fleet used and emission ratings, changes to the fleet including transition to low/zero carbon (some of this may of course have been required in the specification).
3. Make sure responses are relevant and proportionate. Your expectations should reflect the market for the requirement – it may not, for example, be proportionate to expect micro businesses to mainstream electric vehicle use now, while some larger contractors may be able to do so or transition rapidly to these.

Contract management

Ensure sufficient resources are allocated to ensure there is relevant and proportionate monitoring of intended outcomes. This is a vital stage, to be able to demonstrate whether intended outcomes have been delivered or not and to identify lessons for further development or other contracts.

This must reflect:

- Specification requirements and relevant contract conditions, which have been set according to what is relevant for the market to deliver (eg involvement of MSMEs and VCSEs).
- What is appropriate to measure and how? For example, as the climate change guidance highlights, when setting procurement requirements regarding climate change it will be important to consider how the intended outcomes may be measured and monitored.

This will depend in part on the availability of a baseline against which improvement can be measured.

This is dependent on whether robust and verifiable data is available to confirm the carbon emissions arising from the product, service or other procurement.

In some cases it may not be practical or reasonable to determine a quantified baseline against which improvements can be measured. If so, is it possible to identify qualitative improvements?

- A new service contract which requires carbon emissions to be minimised where practical from the movement of people and materials in service delivery may not have a baseline as it is a new requirement.
- It may be appropriate to seek to establish a baseline sometime after contract award, and measure improvements against this.
- In other cases, carbon data may not readily be available. For example, embodied carbon within products. You should consider this according to identified hotspots and whether it is relevant and proportionate to require this data.
- Where it is not possible to identify quantified outcomes, what qualitative reporting is relevant? For example, improvements in waste management, review of fleet and transition to electric vehicles.
- Opportunities for further improvement should not be ignored – unless a contract condition applies (for example, to transition to new energy standards as they apply), this will be voluntary and councils should undertake mature dialogue to seek the potential for further improvement including innovation, without presenting an unnecessary burden on the supplier in delivering the contract requirements.

Reporting outcomes and lessons

Outcomes from contracts potentially feed into existing internal and external reporting requirements, such as the involvement of MSMEs in supply chains.

Councils should expect increasing scrutiny on outcomes, for example regarding climate change and procurement, as carbon neutral and net zero programmes are developed.

How the procurement has supported council objectives and other commitments, such as UN Sustainable Development Goals, 'closes the loop' – as the 'Golden thread' highlights. It offers the opportunity to:

- Share lessons and inspire others internally and externally. There are many examples of good practice, some of which are published and highlighted in this toolkit. However, there are others which may not be routinely shared beyond immediate colleagues. There is an opportunity to improve collaboration within councils on environmental improvement and social issues which have received less focus than others.
- Review opportunities for changes in services, or the need for enhanced collaboration with markets to enable further innovation – without innovation, for example, meeting net zero goals may be impossible.



Topic guidance: determining relevance

Determining relevant topics – priorities and checklist

Before diving into the toolkit for specific themes and topics, if you are using this toolkit to help inform a planned procurement or a category strategy, use the following to help determine which are relevant.

This describes the specific topics and provides some guidance on categories of procurement where they may be relevant¹. It is designed to help you objectively assess relevance. Please note that each topic specific guidance considers opportunities for innovation where relevant.

When considering whether specific topics are core to a planned procurement or category, you should consider the potential links across the topics.

For example, climate change emissions reduction links to ‘green’ jobs, the transition to low carbon skills and protecting the vulnerable.

Figure 5 provides examples of these links.

Once you have determined those topics that are core (‘Y/N’ in the far-right column below), you may then wish to go to the relevant topic specific guidance.

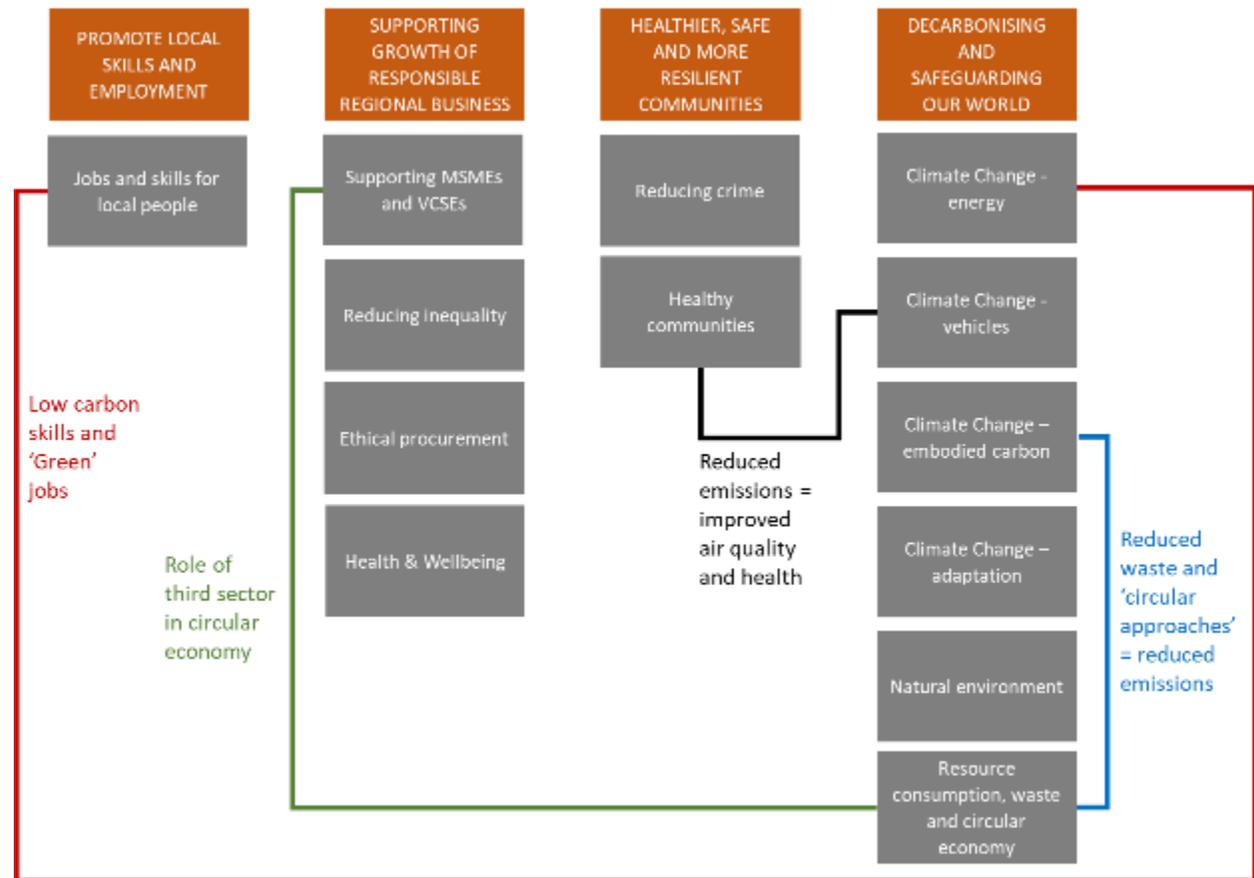


Figure 5: Links between social and environmental topics.

¹ This is not necessarily an exhaustive list and you should consider relevance according to the subject matter of the contract or scope of the category – see the topic specific guidance for more information.

Topic	Description	'Priority' categories (others may be relevant)	Y/N
Climate change – energy	Is energy routinely used in products or services procured? Opportunities to reduce energy and emissions within products and services procured, including through innovation?	Energy use by products procured or used in services, such as: <ul style="list-style-type: none"> • ICT and office equipment, white goods, data centres • facilities management, construction, printing, services 	
Climate change – vehicle emissions	Are vehicles routinely used in the supply of a product procured or in service delivery? Opportunities to minimise vehicle emissions and improve local air quality, including through innovative systems?	<ul style="list-style-type: none"> • transport • construction • community based service contracts • logistics, movement of materials and people in services. 	
Climate change – embodied carbon	Is the manufacture of products, materials or assets procured or used in service delivery heavily dependent on energy and resource consumption?	Some of the categories known to be 'carbon intensive' include: <ul style="list-style-type: none"> • textiles • food • electrical/electronics • furniture • construction/cement • steel and aluminium • ceramics • paper • plastics • chemicals. 	
Climate change – adaptation	Is the supply and resilience of products or delivery of relevant services potentially vulnerable to the impacts of climate change, and is there an opportunity to minimise the impacts? This may include: <ul style="list-style-type: none"> • impacts on local supply and services • other areas vulnerable to climate change • climate change impacts on users of services. 	Where there is a risk to business and/or supply continuity as a result of anticipated climate change, in the lifetime of the contract: <ul style="list-style-type: none"> • construction and infrastructure • facilities management • social care • electronics/ICT 	
Natural environment	Are there concerns regarding: <ul style="list-style-type: none"> • food safety or animal and plant health and welfare regarding products/supplies or services procured • the use of materials derived from vulnerable ecosystems or risk that ecosystems will be damaged in services • hazardous products procured or used within services? 	<ul style="list-style-type: none"> • food and catering – food safety, animal welfare, transmission of infectious diseases in crops and livestock, quarantined pests, invasive alien species and living modified organisms • construction, packaging – timber, card and services provided • services including cleaning, transport. 	
Resources, waste and circular economy	Is waste routinely produced, including single use plastics/microplastics? Are materials included which are known to be scarce or vulnerable to supply disruption? Opportunities to reduce virgin material/resource use, minimise waste, extend useful life of products and assets, enhance high-quality recycling, recover value through	Products and services where waste is routinely generated, circular solutions are possible, eg: <ul style="list-style-type: none"> • construction • packaging • social care • catering • ICT • facilities management. 	

	design, reuse, refurbishment or remanufacturing, including through innovation?		
Jobs and skills for local people	Are there opportunities to generate employment and training, including for local, young and priority disadvantaged people: <ul style="list-style-type: none"> • apprenticeships • vocational qualifications and work placements • school and college engagement • skills for low carbon transition? 	Service and works contracts, eg: <ul style="list-style-type: none"> • construction • facilities management • social care • ICT services. 	
Supporting MSMEs and VCSEs	Opportunities for involvement of MSMEs and VCSEs in co-design and/or delivery of services, where they have relevant skills?	As main contractor or sub-contracting, including: <ul style="list-style-type: none"> • social care • product end-of-life management and services. 	
Reducing inequality	Risks relating to, and opportunities to prevent, discrimination and advance equality of opportunity? Risks relating to, and opportunities to improve, fair employment practices to ensure the workforce is well motivated, well rewarded and well led, including the real Living Wage?	Sectors where discrimination exists, or where inequality such as pay gaps or occupational segregation is prevalent, include: <ul style="list-style-type: none"> • recruitment services • facilities management • ICT and engineering services • uniforms, PPE • food, catering, agriculture • social care • manufacturing • transportation and communication • construction. 	
Ethical Procurement	Are there risks, and opportunities to mitigate these, relating to exploitation, eg human rights, modern slavery, trafficking and working conditions, anywhere within the supply chain? Are there risks relating to, and opportunities to ensure, minerals used in products or equipment procured or used in service delivery are verified as 'conflict free'?	Exploitation: <ul style="list-style-type: none"> • electronics and high tech • construction • textiles, footwear • food processing • agriculture • mining/minerals • logistics and storage • services. 	Conflict minerals: <ul style="list-style-type: none"> • electronic equipment • GPS systems • aircraft/car engine parts • packaging • lithium-ion batteries • recycling/waste • chemical compounds.
Health and wellbeing	Are there opportunities to enhance community health through supporting community consultation on design of local services in contract delivery, encouragement of community initiatives and regeneration of disadvantaged communities?	People-based service contracts, including: <ul style="list-style-type: none"> • construction • social care • facilities management • waste services • ICT • transport. 	

Healthy communities	Are there opportunities to enhance community health through design of local services, encouragement of community initiatives and regeneration of disadvantaged communities?	Community and place-based service and works contracts, eg: <ul style="list-style-type: none"> • social care • education • transport • construction • food and catering. 	
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The following topic specific guidance is based around the commissioning/pre-procurement, procurement and contract management stages. It provides the background to the topic, examples of clauses and case studies to help you deliver economic, social and environmental value.

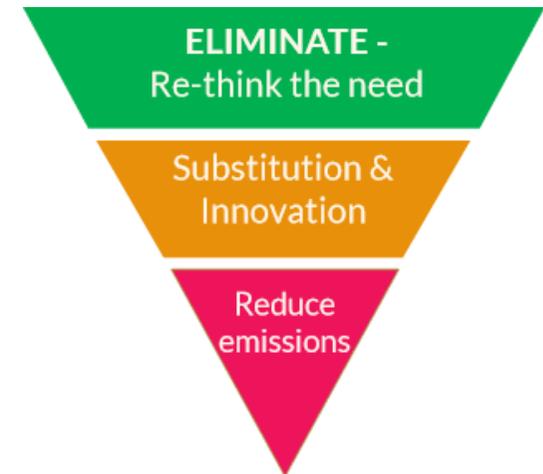
For local government organisations who wish to develop further in this area, including innovation in conjunction with internal stakeholders and the market, there are text boxes headed 'raising the bar'.

Topic: climate change – general

Climate change and procurement ‘road map’

Mobilising the commissioning and procurement of products or services to help councils take collective action to address the climate emergency needs to reflect a focus on priorities. This ensures that effort is expended where it can deliver the best outcomes. This prioritisation reflects:

Strategy and objectives	Clarity in climate change and procurement policy and strategy, aligned with council priorities.
People and capability	'Climate literacy' of priority stakeholders involved in commissioning, designing, specifying, procuring and managing relevant requirements, building confidence in applying requirements in a relevant and proportionate manner. This guidance is part of that.
Market engagement	Prioritising market engagement and encouraging and enabling innovation. By leveraging buying power local government can champion and stimulate the development of innovative, future-proofed solutions, circular economy and low-emissions supply chains, enabling local and other businesses and VCSEs to support climate ambitions.
Operational procurement	<p>Prioritising categories and forward plans – highlighting categories, planned contracts and suppliers which reflect climate change priorities.</p> <p>Consider the potential for carbon reduction as early as possible, with key stakeholders. This reflects a hierarchy approach, considering optimum alternatives.</p> <ul style="list-style-type: none"> • Can you reduce carbon emissions by reducing the amount procured – do you really need to buy? Can you satisfy need by making optimum use of existing products, materials or assets already owned, or by refurbishing/reusing products, materials or assets from elsewhere? • Can you meet the need in a lower carbon way? Innovation or disruptive technologies can radically change the way a need is met. Can the need be future proofed, including delivery through an alternative business model such as 'product as a service' where the supplier retains ownership? • Where a need has been established, focus on the carbon emissions of infrastructure, equipment or services at the procurement stage. This can help to reduce the life cycle costs of ownership for the end user, as well as carbon. Realised financial savings can help to justify the investment of resource or higher upfront costs, where relevant. This may be applied through relevant standards and/or outcome-based requirements.



Monitoring and reporting	Identifying and reporting outcomes from contract management and climate change reporting processes.
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Organisational supply chain carbon accounting

On average, 60 per cent of an organisation's climate impact may relate to procurement and supply chain 'Scope 3' emissions (in accordance with the 'Greenhouse gas [GHG] protocol'²). Where this is based on spend-based carbon factors, it provides an overall indicative estimate only. It is of limited use in supporting decision making about climate change impacts.

Alternative methodologies to determine organisational procurement and supply chain emissions, for example 'hybrid' approaches using the GHG protocol 'corporate value chain (Scope 3) accounting and reporting standard' and prioritised supplier data, are being used by some organisations, but this is an evolving area. This toolkit does not deal with this issue in detail. The focus within the toolkit is on applying practical measures to specific categories, contracts and frameworks. In practice, procurers need to be clear where hotspots of emissions arise within supply chains so that you are able to take appropriate action; initial qualitative assessment of these hotspots helps focus effort.

Purchasing decisions do, of course, have potential to impact on Scope 1, Scope 2 and all sources of Scope 3 emissions.

Contract/project carbon baselines

When setting procurement requirements regarding climate change, it will be important to consider how the intended outcomes may be measured and monitored.

This will depend in part on the availability of a baseline against which improvement can be measured. Establishing a baseline is dependent on whether robust and verifiable data is available to confirm the carbon emissions arising from the product or service.

In some cases it is not practical or reasonable to determine a quantified baseline against which improvements can be measured. If so, is it possible to identify qualitative improvements?

- A new service contract which requires carbon emissions to be minimised where practical from the movement of people and materials in service delivery may not have a baseline, as it is a new requirement.
- It may be appropriate to seek to establish a baseline sometime after contract award, and monitor improvements against this.
- In some cases, baselines may be based on benchmarks. For example, industry standards for the inclusion of recycled content in materials/products and your objective to exceed these, where practical (eg reuse of aggregates in construction or inclusion of recycled content which impact on embodied carbon).
- In other cases, carbon data may not readily be available. For example, embodied carbon within products. While some markets are able to provide this data (such as construction materials and some ICT), it should not be assumed that all suppliers are able to provide it. You should

² GHG protocol <https://ghgprotocol.org/>

consider whether it is relevant, and this must be considered according to identified hotspots and whether it is relevant and proportionate to require this.

This is considered further in the following specific climate change guidance.

Climate change and procurement legal and policy context

Climate change legislation and local government objectives provide a clear focus. Climate change and procurement is aligned with:

	Policy and legislative drivers	Examples and notes
International	UN ‘Sustainable development goals’ (UN SDGs). ‘Paris agreement’ on legally binding emissions targets.	
National	UK Climate Change Act – ‘net zero’ legally binding targets. 25 Year environment plan. Building regulations. ‘Ecodesign for energy-related products regulations 2010’ and 2019 amendment. Electric vehicle transition.	‘Net zero’ means any emissions remaining after all possible efforts to mitigate them have been undertaken would be balanced by verified schemes to offset an equivalent amount of greenhouse gases from the atmosphere, such as planting trees or using technology like carbon capture and storage. Only where all possible mitigation measures have been implemented should offsetting be considered.
Local government climate change objectives	Declaration of a climate emergency. ‘Decarbonising and safeguarding our world’. Council net zero ambitions – ranging from 2025 to 2050. Local area energy planning. Climate change adaptation strategies. Local air quality strategies.	 For example, Lambeth Council – ‘Carbon neutral council 2030’.  The LGA publication ‘Energising procurement – national energy procurement category strategy’ . Support to help councils address the issues of climate change and environmental sustainability Council carbon reduction strategies.
Local government related objectives	A focus on climate and procurement, as part of the ‘decarbonising’ agenda links to: The transition to a circular economy – supporting carbon emission reduction through reducing virgin material use, keeping resources in use for as long as possible, and extracting maximum value whilst in use and at end of life.	See related embedded guidance: <ul style="list-style-type: none"> • jobs and skills for local people • reducing inequality • resource consumption, waste and circular economy.

	The 'green recovery', jobs and skills, transition to low carbon skills, social mobility, fuel poverty and supply chain resilience.	
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The following section provides detail regarding [climate change and energy](#), climate change and vehicles, climate change and embodied carbon, and climate change adaptation.

Readers will also find the LGA 'Social value – climate change emergency' guidance useful, along with the ['Councillor's workbook on the local pathway to net zero'](#).



Topic: climate change – energy

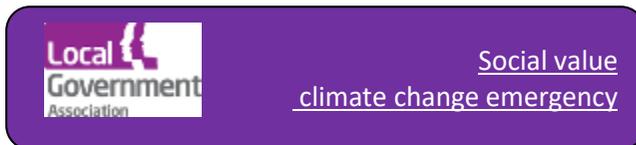
Content

Description and context	Commissioning and pre-procurement	Procurement	Contract and supplier management and monitoring
<ul style="list-style-type: none"> ◆ Description and scope 	<ul style="list-style-type: none"> ◆ Commissioning and pre-procurement guidance 	<ul style="list-style-type: none"> ◆ Supplier selection 	<ul style="list-style-type: none"> ◆ Contract and supplier management
<ul style="list-style-type: none"> ◆ Climate change and procurement 'road map' ◆ Legal and policy context 	<ul style="list-style-type: none"> ◆ Pre-contract notification 	<ul style="list-style-type: none"> ◆ Specification ◆ Evaluation and award 	<ul style="list-style-type: none"> ◆ Monitoring and reporting

Description and scope of guidance

Description	<ul style="list-style-type: none"> ◆ Product or service procured involving consumption of energy (mainly electricity but may also be gas, oil or biomass or other fuel). ◆ Relevant reduction in energy consumption and CO₂ emissions – this may include innovative solutions – it also relates to user behaviour regarding products and services procured. 		
'Priority' categories (sample)	Energy use by products procured or used in services, such as: <ul style="list-style-type: none"> ◆ ICT and office equipment, white goods, data centres ◆ facilities management, construction, printing, services. 		
Outcomes this supports (main, related and UN SDGs)		    	  

Also see:



Commissioning and pre-procurement guidance

Define need

- ◆ Is the procurement really necessary? For example, can the requirement be provided by reusing assets or sharing assets and therefore avoiding energy consumption and emissions? Have all relevant internal stakeholders been involved in this early consideration, such as heads of service, budget holders, finance, specifiers, end users and others?
- ◆ What are the intended outcomes from the planned procurement – functional, technical, performance, end-user requirements – including those that relate to energy?
- ◆ What are your energy ambitions, eg energy and carbon reduction goals, cost savings, renewable energy targets and others?
- ◆ Have all relevant whole life (life cycle) costs been considered, including any that relate to energy?
- ◆ Ownership – do you need to own the product, or can the required function be provided through an alternative business model such as lease, hire, rental, or a service that provides the same or better energy outcomes?
- ◆ Utilisation – who will use the product or service (and how effectively will it be utilised and maintained and at what cost to enable energy efficiency and, where relevant, reduction)?

Market engagement and collaboration

- ◆ Have you engaged with the market to set out your energy and carbon objectives?
- ◆ How capable is the market in delivering these ambitions? The maturity of the market regarding energy efficiency and reduction can vary across categories. For example, the ICT and lighting sectors have improved the energy efficiency of products and data centres and relevant standards apply (see 'specification'), while energy management within services may vary.
- ◆ A request for information (RFI) or market engagement event may be helpful to better understand market capability and maturity.
- ◆ Is there an opportunity for innovative solutions, which may be essential to enable the transition to 'net zero'? Is the finance function in the council engaged/aware/supportive of innovative approaches? Do they allow/encourage 'invest to save' and similar?
- ◆ Factor in sufficient time to conduct an effective market dialogue – communicate your intended energy and carbon reduction objectives, outcomes, timescales, and the project business case. This signals your intent to the market (as well as internal stakeholders), and provides a basis for measuring and managing overall performance.

Pre-contract notification

Having determined intended outcomes and the relevant procurement requirement, it is good practice to notify bidders of any particular contract performance requirements or any essential award criteria early in the process.

This can be done by including details in the contract notice or a prior information notice (PIN), so that potential suppliers can determine whether they can meet the requirements. For example:

Example	Clause
Service – eg facilities management	<p>'The contracting authority has included obligations within the specification and contract conditions relating to energy efficiency and the transition to a low carbon and circular economy, which are relevant to the products/services to be delivered.'</p> <p>'The contract supports the council's objectives to decarbonise our economy [while supporting the transition to low carbon skills/reducing fuel poverty] and inclusive economic growth.'</p> <p>'A requirement of this contract is that all products supplied meet the mandatory level of the Government Buying Standard (GBS) for [insert product standard] for energy efficiency.'</p> <p>'The contractor will be required to minimise the environmental impacts of services delivered, including energy consumption and associated carbon emissions, where practicable.'</p>

Case study

Organisation:	North Hertfordshire District Council
Procurement:	Offices recladding and refurbishment in 2018 to ensure the office was fit for modern day working practices. A £5.3 million contract for a six-storey office building. It was procured through Scape's major works framework.
Action:	This involved a full refurbishment of the office block, including adding new energy saving technology to make the building efficient to run and provide a better working environment. The block was stripped back to original concrete frame and brickwork towers and changed from a series of individual offices on each floor to an open plan working environment, with several meeting rooms on each floor. Energy efficient double-glazed windows and new roof insulation were installed.
Key transferable lesson:	For office refurbishment – extending useful life of offices/buildings and improving energy consumption .

Case study

Organisation:	Cornwall Council
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Procurement:	Social housing – whole house retrofit project 2020-21.
Action:	<p>With the support of funding from the Department for Business, Energy and Industrial Strategy’s ‘Energy innovation programme’, the whole house retrofit project has been developed to pilot improvements to 83 existing council-owned social housing homes to make them more energy efficient. Work started on the first homes in November 2020, using innovative solutions to help reduce running costs by at least 20 per cent and emissions by 80 per cent.</p> <p>This is a key part of the council’s response to the climate emergency.</p>
Key transferable lesson:	The carbon-reducing programme aims to be a cost-effective model to improve energy efficiency to Cornwall’s existing homes. It will cut energy bills for residents and help to reduce fuel poverty.



‘Raising the bar’

Seeking innovative energy solutions

Are the conditions for innovation in place within the council?

Is procurement seen as a mechanism to help deliver energy transition and innovation?

Can you unlock the creativity and innovative ideas of suppliers?

Is there an ‘unmet need’ which the market can be encouraged and enabled to develop a solution to? What is required to bridge the gap and fulfil market potential? Is there the opportunity to shape a market/develop a market?

‘Raising the bar’

If you are seeking to capture innovative energy efficiency opportunities, you may wish to include:

‘We are committed to whole life value for money and encouragement of innovative energy efficiency solutions. The contracting authority wishes to work with contractors who will support the contracting authority’s aims to transition to a low carbon and circular economy, and who will keep up to date with best practice energy efficiency opportunities within the XYZ sector.’

Raising the bar – case study	
Organisation:	Leeds City Council and Balfour Beatty

Procurement:	East Leeds Orbital Route project – large-scale highways contract to build seven kilometres of outer ring roads around Leeds city centre, easing congestion in residential areas and supporting increased traffic flow from surrounding towns.
Action:	<p>Balfour Beatty, in collaboration with Sunbelt and Invisible Systems, has developed a state-of-the-art technology to manage the power supply of site compounds and reduce carbon emissions across its construction sites by up to 80 per cent.</p> <p>The system, known as EcoNet, works by controlling and reducing the energy output from key appliances in cabins, such as those in kitchens, drying rooms and office spaces. EcoNet is configured to autonomously manage power demand by automatically turning appliances and equipment off when not in active use. This helps to regulate power consumption during times when demand is highest, such as when site compounds are fully occupied, equipment is being operated and appliances, such as drying rooms and heaters, are in use.</p> <p>Traditionally, construction sites are powered through connections to the National Grid or with the use of diesel generators. With the use of EcoNet, power demand on the grid or the use of diesel generators is greatly reduced by limiting unnecessary usage, ultimately reducing overall carbon emissions.</p> <p>The system was first launched in May 2020 on the East Leeds Orbital Route project. In the first six months of use, EcoNet resulted in an 83 per cent reduction in carbon emissions across the site by running on a grid supply, actively managing electric vehicle charging and optimising the heating, hot water and external lighting running schedules.</p>
Key transferable lesson:	Discuss opportunities to reduce the energy and carbon impact of construction sites for major projects with the market, including through innovative solutions. Ensure outcomes are monitored (links to ‘Contract management’).

Raising the bar – case study

Organisation:	Transport for London (TfL)
Procurement:	Innovative lighting procurement for the London Underground network.
Action:	<p>Novel early market engagement strategy – to drive competition and stimulate innovation within the lighting market across Europe.</p> <p>Pre-qualification stage – sound out market interest and ensure manufacturers understood TfL’s requirements.</p> <p>Stage two: invitations to tender were sent out to a narrowed group of manufacturers based on their ability to meet TfL’s requirements at stage one. During this stage, manufacturers provided technical information on their products to enable TfL to undertake a comparison of the technologies on offer. The products with the highest scores (those with the best environment performance) were invited to stage three of the process.</p> <p>Stage three: manufacturers successful in stage two submitted samples for ‘in situ’ (hands-on) testing in order to validate their technical claims and the modelling. Many were the same as the ‘paper’ description received at stage two. However, some were</p>

	<p>very different and were rejected as a result. The hands-on assessment was the ‘final filter’ and gave those who will maintain the products on a day-to-day basis (the engineers) an opportunity to input into the process.</p> <p>TfL has introduced a new performance-based process for lighting, which is now applied to other assets due to its success.</p> <p>Total cost savings of up to 50 per cent have been realised.</p>
Key transferable lesson:	<p>While this was a specific requirement for underground lighting, it reinforces the importance of seeking the best available solutions from the market, giving the market the opportunity to understand requirements and propose ideas. In order to achieve ‘net zero’, such innovative solutions will be increasingly needed.</p>

Raising the bar – international case study	
Organisation:	City of Oslo
Procurement:	Street renovation at Olav Vs Gate.
Action:	<p>The City of Oslo has a commitment to have all public construction sites zero-emission by 2025; by 2030, all construction sites in the city should be zero-emission. Fossil-free has been a minimum requirement for public construction procurements since 2017. Overall, the city has a target of reducing CO2 emissions by 95 per cent by 2030, compared to 2009.</p> <p>The city of Oslo was the first in the world to launch a zero-emission construction site, using all electric machinery (diggers, excavators and loaders) to complete street renovation works at Olav Vs Gate. This is using fully electric construction machinery. Several other public construction projects are under development, which will include zero-emission construction machinery.</p> <p>As well as significant reduction in energy use and emissions, this realises various co-benefits – improved air quality, reduced noise and improved health and wellbeing of the community.</p>
Key transferable lesson:	Understand the ‘art of the possible’ and how new technology may be available to meet council objectives and related co-benefits.

Supplier selection

Grounds for exclusion

As indicated in the general guidance, there may be relevant exclusion grounds; these may include breaches of environmental, social or labour law.

A contracting authority should only ask for verification of exclusion grounds from sub-contractors in circumstances where it is regarded as proportionate and necessary to do so. A grounds for exclusion statement from the standardised statement document should be included in the contract notice.

Selection

Selection criteria applied must be relevant and proportionate to the subject matter of the contract. When selecting suppliers, it is essential to assess the technical capabilities that will be required for the products or services you are procuring to meet your needs.

Any selection criteria deemed appropriate must be tested through the format of the single procurement document (SPD).

For example, it may be appropriate, in some circumstances, to require bidders to have an environmental management system in place (such as certified to ISO14001 or EMAS).

Experience

While the standard questionnaire may be used for supplier selection, there may be an opportunity to determine experience of bidders regarding energy efficiency outcomes (ensuring the wording provides opportunities for new entrants to the market).

For example:

Example	Clause
Service – eg facilities management	‘What experience, if any, does your company, in conjunction with partners and its supply chain, have in working with other clients to evaluate and supply products or services in contracts similar in nature that support the transition to a low carbon and circular economy, specifically through energy efficiency measures, identifying outcomes delivered [this may be expanded to focus on specific outcomes as relevant eg lighting/ICT/data centres/specific services/renewable energy or others]?’

A good response would provide the following details:

- ◆ Project experience illustrating how the bidder has previously supported clients to determine costs and benefits of energy efficiency options and supplied relevant products or services that delivered detailed energy and carbon reduction (suitable evidence provided will vary according to project nature).

This may include showing how the bidder has previously collaborated with clients, partners and their supply chain to deliver these outcomes.

Relevance and proportionality

Selection requirements must reflect the subject matter of the contract and be proportionate.

For example, is it appropriate to require suppliers, which may include MSMEs or VCSEs, to have a certified environmental management system for a service contract, where the only significant environmental issue you are concerned with is energy efficiency and management, and suitable alternative evidence can be provided of their capability and capacity?

Specification

Sustainable requirements need to be incorporated into the specification and must be relevant to the procurement, and not to the general capacities or qualities of the operator.

Technical specifications

Technical specifications relating to energy are those that require all suppliers to supply, or use in service delivery, products or equipment that meet specific energy ratings or meet relevant standards.

Minimum energy efficiency standards for energy-using products are incorporated into various standards – see below.

The use of labels

A buyer may ask for a product to have been given an independently verifiable label or operate to a stated standard which certifies that it meets specific energy efficiency characteristics.

For example:

The use of labels

The use of labels needs to be considered with care. They must be:

- linked to the subject of the contract (and all criteria must be relevant)
- based on solid scientific evidence
- transparent, fair and non-discriminatory
- open to anyone who meets the standards
- certified by a third party, eg 'Type 1' eco-labels (based on publicly available specifications, are operated by third parties, involve independent audits and consider life-cycle environmental impacts).

Where not all of a label's criteria are relevant to a procurement, it is better to set out relevant criteria and requirements in the tender and contract conditions, instead of asking for the label. You may accept the holding of a relevant eco-label as evidence of compliance with that specification (including climate change) – but must be prepared to accept equivalent means of proof that the product or service meets the specification.

Standard/label	Notes	Relevant energy scope
EU Green Public Procurement Criteria	<p>The EU GPP criteria facilitate the inclusion of green requirements in public tenders for commonly procured products and services. For the products and services listed opposite they include a focus on energy consumption, as well as other issues.</p> <p>Contracting authorities may, where relevant, require suppliers to be able to meet specific or all of the criteria within these.</p> <p>Prior to the UK's exit from the EU there was increasing alignment between the EU GPP criteria and those within the UK Government Buying Standards (see below). While not mandatory, they provide a useful source of information. They apply at 'core' or 'comprehensive' levels.</p>	<p>GPP criteria relating to:</p> <ul style="list-style-type: none"> ◆ computers and monitors ◆ data centres, server rooms and cloud services, eg 'Swiss data centre efficiency certification/PUE', 'prefer products/services that ensure waste heat reuse, eg in building or district heating networks' ◆ electrical and electronic equipment used in the healthcare sector ◆ electricity ◆ food catering services and vending machines ◆ imaging equipment, consumables and print services ◆ office building design, construction and management ◆ public space maintenance ◆ road design, construction and maintenance ◆ road lighting and traffic signals

		<ul style="list-style-type: none"> ◆ water based heaters.
UK Government Buying Standards (GBS)	Mandatory for central government organisations, the GBS provide a useful source of information and specifications for local government. They also provide sustainability specifications for commonly procured products and services. Those that include, in part, a focus on energy consumption are shown opposite. They apply at 'mandatory' or 'best practice' levels.	<p>GBS criteria relating to:</p> <ul style="list-style-type: none"> ◆ electrical goods eg air conditioning units, condensing units, boilers, white goods, lighting ◆ office ICT equipment ◆ construction projects and buildings ◆ water-using products eg dishwashers (A+ rating), cleaners, showers, taps ◆ food and catering services.
European Ecolabel	This label indicates that the product has been independently assessed and found to meet strict environmental criteria (considering more than just energy consumption).	It covers 23 products and services including appliances, home and garden products and tourist accommodation. Some are referenced within the EU GPP and GBS.
Energy Star	<p>Was the energy standard for various office products.</p> <p>Following the discontinuation of the agreement between the EU and US in 2018 regarding the use of Energy Star labelling on products, the presence of the Energy Star logo on products is no longer required (at present they are still referenced in GPP and GBS).</p> <p>However, a contracting authority may still wish to seek products that meet the underlying criteria within Energy Star, in which case a declaration from the supplier that they meet them will be required.</p>	<p>Energy Star ratings applied within the EU (a wider range are certified by the US EPA) to:</p> <ul style="list-style-type: none"> ◆ computers and monitors ◆ imaging equipment ◆ enterprise servers ◆ uninterruptable power supplies.
<p>Energy Saving Trust – new Energy Label</p> 	The new label, from March 2021, features a new, simpler range: A to G. The label shows total energy consumption and provides other information relevant to that product, such as water consumption and noise levels for washing machines, and screen size for televisions.	<p>Applies to:</p> <ul style="list-style-type: none"> ◆ white goods ◆ TVs ◆ electronic displays.

<p>Energy Saving Trust</p> 	<p>Energy Saving Trust: endorsed product. The Energy Saving Trust endorses energy efficient products that have met industry-agreed standards for energy performance.</p>	<p>Currently offered for: boilers, chemical inhibitors electrical heating, emissions reductions systems, heating controls, heating system additives, heating systems innovations, home appliances, radiators, windows.</p>
<p>EPEAT</p> 	<p>Managed by the Green Electronics Council, EPEAT provides a rating scheme for electronic products satisfying a range of criteria – including materials, design for end of life, product longevity, packaging, life cycle assessment, carbon footprint and social responsibility, as well as energy conservation (some criteria vary for manufacturer's specific products according to different countries).</p> <p>Manufacturers may choose to have their products assessed to either a bronze, silver or gold rating.</p>	<p>Applies to:</p> <ul style="list-style-type: none"> ◆ computers and displays ◆ imaging equipment ◆ mobile phones ◆ photovoltaic modules and inverters. ◆ servers. ◆ TVs.
<p>TCO Certified</p> 	<p>TCO provides sustainability certification for IT products in offices and data centres. It includes criteria relating to environmentally responsible manufacturing, product performance (including energy), lifetime extension, social responsibility and others.</p>	<p>Applies to:</p> <ul style="list-style-type: none"> ◆ computers and displays ◆ smartphones ◆ projectors ◆ networks equipment ◆ data storage ◆ servers.
<p>ARCTIC – Alliance for Responsible, Circular and Transparent procurement of ICT</p> 	<p>ARCTIC is not a standard or label but aims to 'drive towards a harmonised market demand by drawing up harmonized procurement criteria that link to global certification schemes, such as EPEAT and TCO Certified'.</p>	<p>For ICT products – harmonisation of procurement criteria.</p>

For example:

Example	Clause
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Energy using products	'All equipment supplied under the contract must achieve the required criteria to meet the 'A' rated energy efficiency index of 0.64 or less. Evidence of the award of the EU Ecolabel will be accepted or alternatively production of independently verified equivalent tests, if their equivalence is accepted by the competent body assessing the product performance.'
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Outcome or performance specifications

The nature of such specifications will vary according to the subject matter of the contract and energy requirements. For example, where a service will be delivered on the buyer's premises and using the supplier's equipment, it is likely to be appropriate to ask tenderers how they will minimise energy consumption in the delivery of the contract.

If the service is to be provided from the supplier's premises, the levels of energy involved and the proportion of your contract to their overall activity will need to be taken into account in determining the legitimacy of requirements. For example, an off-site laundry or printing service may be sufficiently significant to consider energy efficiency, but for a legal services contract energy use may not be proportionate.

Example	Clause
For a cleaning services contract	<p>As well as ensuring that cleaning products and services operate in accordance with a relevant standard (see above), it is expected that the contractor will use energy efficient cleaning equipment and ensure that energy use is minimised as much as is practicable to ensure required levels of cleaning.</p> <p>The contractor will ensure that all staff and supply chain partners involved in carrying out cleaning services are appropriately trained (ensuring that relevant records are available). This shall include the energy efficient use of cleaning/washing equipment, the use of non-hazardous cleaning agents/minimum use of chemicals, and management of water used and waste generated, in accordance with the waste hierarchy.</p> <p>The contractor will be required to demonstrate how they will meet energy efficiency requirements and minimise energy consumption.</p>

Case study	
Organisation:	Bristol City Council
Procurement:	Biomass woodfuel – a new biomass boiler and wood chip drying facility, 2016.
Action:	<p>The council's plant nursery has multiple polytunnels and glasshouses which are heated using an on-site biomass boiler and a heat main, but due to the growing season for the plants in the nursery, the heat is only needed for a few weeks of the year. The council's management of trees in the city results in sufficient timber to heat the houses, with a significant excess.</p> <p>A new boiler was required to replace the ageing one.</p>
Key transferable lesson:	A full analysis of environmental benefits was undertaken , comparing gas versus woodchip. Where this is an appropriate fuel, this demonstrates the potential benefits available.

Case study

Organisation:	Scottish Procurement
Procurement:	£250m national client devices frameworks (desktops, mobile devices, thin client, workstations, tablets, web based and proprietary etc).
Action:	Extensive market engagement before the tendering process commenced ensured that potential bidders were aware of requirements and provided with the opportunity to obtain necessary accreditation and engage fully with their supply chain. This included a focus on energy efficiency and extending the useful life of devices, through reuse of components and devices as well as packaging. This included a successful contractor introducing a 'buy back' scheme for older tablets. Options available under the frameworks, recently refreshed, include refresh of devices, reuse and potential resale of devices. Technical minimum requirement was for 'EPEAT Gold' for relevant devices.
Key transferable lesson:	Engage with the market to articulate objectives, understand what is possible now and what may be possible to inform tender specification. IT hardware standards included criteria that may be relevant to just IT hardware – in some cases the underlying criteria are applicable for various electrical and electronic hardware . There are also examples of outcomes from the use of the Scottish Procurement office equipment framework , including from Fife Council.

'Raising the bar'

It should be remembered that, where it is relevant and proportionate that products must operate, as a minimum, to a relevant standard or label, it may be appropriate to ask whether the bidder is able to exceed these minimum requirements, including those relating to energy efficiency.

Offsets

As indicated in 'Climate change – general', it is only after all possible mitigation measures have been implemented by suppliers that offsetting may be considered. Where this is appropriate offset schemes must be verified, eg 'Verified carbon standard' or others. This is particularly important to ensure that the offset scheme and investment in it by the supplier can show it will effectively contribute to support climate change measures.

Offsets – example

Carbon offset funds

Greater London Authority [guidance for London's local planning authorities on establishing carbon offset funds](#).

Example	Clause
<p>For energy management, potentially included with a facilities management contract</p>	<p>The contractor is expected to support the contracting authority’s environmental policy and to optimise energy consumption through developing, maintaining and implementing an environmental management plan (EMP) in accordance with the client’s environmental requirements, with specific actions capable of being monitored and reported. The EMP will be agreed in partnership between the client and the contractor during the mobilisation phase, but must include the contractor’s approach to:</p> <ul style="list-style-type: none"> ◆ use of intelligent systems to aid smarter energy usage – working with the client to meet external and internal targets for reducing energy consumption including separate heating, lighting and ventilation strategies ◆ ensuring that all energy-consuming plant under its jurisdiction or control is maintained to operate at optimum efficiency and all fuels, gas and electricity are used economically, in accordance with any operational policies issued by the client ◆ the practical application of innovative solutions, including switching to low and zero carbon technologies and fuel sources ◆ identify and implement energy reduction projects across the estate by carrying out feasibility studies and advising on new and emerging technologies ◆ encouraging responsible energy use by all building occupants. <p>The contractor is required to monitor and report energy consumption (eg energy consumption per square metre, percentage electricity from renewable sources) and provide the client with project feedback in the form of energy, cost and carbon savings realised through implementing energy management projects.</p>
<p>‘Raising the bar’</p> <p>The contracting authority is seeking to optimise energy efficiency within [insert service/site etc] including through innovative solutions.</p> <p>The contractor will be required to demonstrate how it will review existing, or undertake new, energy audits, from which energy saving measures may be determined. Measures may include innovative solutions – demonstrating how they are innovative and transformational, contributing in a practical way to the contracting authority’s energy and carbon targets, and whether potential barriers to implementation may be addressed, including how any profit share would work and trialling of new systems or technology. The contract will include a performance clause requiring a minimum amount of energy saved.</p>	

As indicated above, it is important when developing the specification to consider how delivery of intended outcomes will be measured, and some examples are included above. This is considered in more detail in the ‘contract management’ section.

Evaluation and award

Award criteria must be proportionate and relevant to the works, supplies or services that are the subject matter of the contract, and there must be a clear methodology to evaluate responses. An outcome/performance-based specification can be more challenging for evaluators. An ideal response should be understood, based on intended outcomes agreed by relevant stakeholders including within a user intelligence group, where relevant. Support may be needed from environmental or energy specialists, not just at evaluation but when developing criteria.

Example	Clause
<p>For a service contract (according to subject matter of the contract)</p>	<p>'Please describe your proposed approach for this contract to environmental sustainability, including details of any specific steps taken in the design and manufacture of services to increase energy efficiency and reduce any detrimental environmental impacts.'</p> <ol style="list-style-type: none"> 1. Detail your understanding, experience and achievements in cost-effectively providing [insert service] services that minimise the use of energy and resources and reduce the whole life costs of the contract delivery, and how this will be applied to this contact. 2. Detail your understanding, experience and achievements in communicating the importance of energy efficiency to service users and catalysing changes in behaviour, and how this approach will be applied to this contact. 3. Detail your understanding and experience in providing energy performance data to clients, providing analysis and advice for improvements to increase energy efficiency, and how this will be applied to this contact. <p>An ideal response would provide the following:</p> <ul style="list-style-type: none"> ▪ Evidence of having achieved reduced energy consumption for clients using effective equipment specification, procurement and management, behavioural change and appropriate replacement of systems and infrastructure, and detail of how this will be applied in contract delivery. ▪ Evidence of providing methods of awareness raising among service users, either through training programmes or provision of key user guidance with particular focus on efficient energy use, and detail of how this will be applied in contract delivery. ▪ Evidence of providing clients with energy consumption data with analysis and recommendations for changes/adaptations to improve energy efficiency in a cost-effective way, and detail of how this will be applied in contract delivery.
<p>For a service contract (according to subject matter of the contract)</p>	<p>'Our sustainability targets include a commitment to reduce whole life costs of the service [by X per cent] over the lifetime of the contract, while delivering effective capability. Whole life costs are to include equipment, associated consumables, servicing and maintenance, upgrading, licensing and energy, carbon, WEEE and other waste costs, and all other relevant costs during the lifetime of the contract. Please describe your suggested methodology, including timeline, milestones, outcomes and responsibilities for developing an appropriate service resource management plan for this project which aims to:</p> <ol style="list-style-type: none"> 1. Help us achieve our target for reducing whole life costs, energy and waste resulting from [insert service] services. 2. Provide data/information to support claims that whole life cost and resource savings have been made.

	3. Include measurable targets for the reduction of energy use over the period of the contract.'
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'Raising the bar'

The contracting authority is seeking to optimise energy efficiency within [insert service/site etc] including through innovative solutions.

The contractor will be required to demonstrate how it will review existing, or undertake new, energy audits, from which energy saving measures may be determined. Measures may include innovative solutions – demonstrating how they are innovative and transformational, contributing in a practical way to the contracting authority's energy and carbon targets, and whether potential barriers to implementation may be addressed, including how any profit share would work and trialling of new systems or technology. The contract will include a performance clause requiring a minimum amount of energy saved.

Following contract award it is appropriate to discuss your climate change ambitions, the supplier's response, practical implementation and the inclusion of relevant KPIs in the contract that demonstrate delivery of intended outcomes (we consider this in more detail in the next section).

Contract and supplier management

Relevant KPIs

Where energy efficiency is a relevant contract focus, relevant and proportionate performance indicators need to be developed to ensure delivery of intended outcomes.

The benefits of the contractual requirement must be quantifiable and measurable. As indicated in ‘Climate change – general’, establishing a baseline may be easier in some contracts than others, so contract management requirements must be relevant and proportionate. According to the subject matter of the contract these may include the use of metering to measure reductions of energy use or even the incentive of profit sharing of energy cost savings over the contract term.

Relevant KPIs may include:

- ◆ energy consumption in kilowatt hours (kWh) and carbon emissions as part of energy management service
- ◆ reductions in CO₂ emissions through energy efficiency measures
- ◆ reductions in CO₂ emissions from energy efficiency measures on site (eg increased use of renewables)
- ◆ percentage of buildings meeting energy efficiency targets
- ◆ percentage of products meeting energy efficiency ratings or standards.

Where contract conditions include a specific energy reduction requirement, it must be considered whether this requirement is core to the contract or a secondary issue, as any remedy for breach of performance may be difficult to quantify. In this case a pre-agreed service credit or maintenance rebate would enable recompense for non-performance where termination of the contract would not be an option.

At contract award there is always the opportunity to reach a voluntary agreement with the supplier that they will work with you to deliver agreed energy efficiency outcomes that can be captured as a contract commitment.

Example	Clause
<p>For a service contract (according to subject matter of the contract)</p>	<p>Specific requirements may include:</p> <ul style="list-style-type: none"> ▪ Establish a baseline of energy and carbon emissions within [insert] months/years of commencement of the contract. ▪ Provide total of carbon emissions that arise from energy consumption in the delivery of the service at the end of each 12-month period from commencement of the contract, showing changes and measures undertaken and planned to reduce emissions further, where practical.
<p>‘Raising the bar’</p> <p>Ongoing improvement and innovation can also be built into the management of the contract to further develop the products and services required. Contractual continuous improvement obligations may require updates to adopt new energy efficiency standards.</p> <p>There may also be opportunities to collaboratively work with incumbent suppliers to encourage further improvement.</p>	

Case study

Organisation:	Leeds City Council and Balfour Beatty
Key transferable lesson:	See the outcomes delivered from the use of the EcoNet system by Balfour Beatty at the beginning of this topic. Ensure the use of such new technology is monitored to demonstrate intended outcomes.

Raising the bar – case study

Organisation:	Transport for London (TfL)
Key transferable lesson:	Innovative lighting contract performance clauses: the contract contains a ‘product refresh’ clause that incentivises manufacturers to continue to innovate and produce products that will reduce TfL’s whole life carbons (WLCs) and impact on the environment.

Offsets

Where offsets have been determined to be relevant (only after all possible measures to mitigate energy emissions by the supplier), reporting may include detail of payments into verified offset schemes.

Qualitative improvement

Where energy efficiency has been identified as an important issue for the contract but quantifying intended outcomes is problematic due to lack of reasonably available data (eg a service contract performed on your site with no discreet metering), it may be appropriate to seek qualitative detail of how the contractor is supporting energy efficiency ambitions. In some cases, clear measures are available, such as energy saved and reductions in carbon emissions. In others, there will be a narrative element to reporting. For example, measures the supplier has undertaken, such as measures to reduce energy used in a cleaning service contract including energy efficient equipment and workforce training to comply with site energy policy.

Monitoring and reporting outcomes

Identifying energy outcomes from contracts feeds into:

- ◆ **Internal and external climate change reporting requirements**

It is expected that there will be increasing focus on procurement and how it supports the delivery of climate change outcomes.

- ◆ **Sharing of lessons and good practice**

This includes identifying further opportunities to develop innovative solutions with markets, how councils have delivered energy outcomes through commissioning, procurement and contract management, as well as remaining barriers which enhanced collaboration may help address.



Topic: climate change – embodied carbon

Content

Description and context	Commissioning and pre-procurement	Procurement	Contract and supplier management and monitoring
♦ Description and scope	♦ Commissioning and pre-procurement guidance	♦ Supplier selection	♦ Contract and supplier management
♦ Legal and policy context	♦ Pre-contract notification	♦ Specification ♦ Evaluation and award	♦ Monitoring and reporting

Description and scope of guidance

Description	<p>♦ Is the manufacture of products, materials or assets procured or used in service delivery heavily dependent on energy and resource consumption?</p> <p>The manufacture and end-of-life disposal of products, materials or assets procured can involve the generation of significant harmful emissions that contribute to climate change, due to the use of resources, including energy. Emissions occur during the life cycle of the product or material – extraction of the raw materials, processing in a factory, transporting the product or material as well as end-of-life management. This is referred to as the ‘embodied’ carbon.</p>		
‘Priority’ categories (sample)	<p>Some of the categories known to be ‘carbon intensive’ include:</p> <ul style="list-style-type: none"> ♦ textiles ♦ food ♦ electrical/electronics ♦ furniture ♦ construction and cement 	<ul style="list-style-type: none"> ♦ steel and aluminium ♦ ceramics ♦ paper ♦ plastics ♦ chemicals. 	
Outcomes this supports (main, related and UN SDGs)			

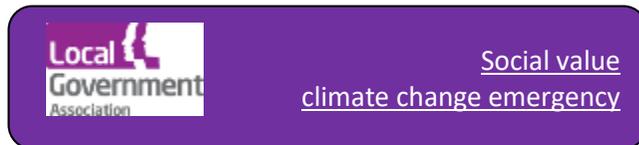
The focus is on whether the embodied carbon can be reduced by making changes through the life cycle, or whether there is a product that can provide the required function that has a lower value of embodied carbon. As this potentially involves a focus on reducing the use of virgin raw materials, reducing waste through the life cycle and maximising the useful life and value of products and materials, this supports a focus on the transition to a circular economy. See also the ‘Resources, waste and circular economy guidance’ and the legal and policy context below.

Most contracts involve the supply or use of products or materials to some extent. It is, however, important to assess whether these are core to the contract. What is the extent of their use within the contract, and does the contract represent a significant part of the business of a potential supplier? For example:

- ◆ a uniforms/workwear contract that involves the supply and use of textiles products as part of contract requirements
- ◆ a construction contract using various construction materials, including steel or concrete
- ◆ a contract for the supply of ICT products and equipment.

This guidance is concerned with the procurement of products or their use within contracted services that are known to be energy/carbon intensive in their production. This includes those shown above as well as specific commodities such as medical devices, pharmaceuticals, laboratory equipment and others.

Also see:



Embodied carbon – specific legal and policy context

A range of policy and legal considerations impact on embodied carbon, as set out in 'Climate change – general'. It is an important part of strategies to address the climate emergency.

- ◆ As indicated above, a focus on embodied carbon is part of the transition to a circular economy. This is one that produces no waste and pollution, by design or intention. It keeps products, parts and materials at their highest use and value at all times: [WRAP and the Circular Economy](#)
- ◆ It focuses on outcomes which involve using fewer resources, extending the useful life of products/materials/assets, minimising waste and keeping materials in circulation, all of which would reduce embodied 'Scope 3' carbon emissions.
- ◆ Within the construction sector there is joint government and industry ambition to reduce emissions associated with the construction industry by 50 per cent by 2025.

Scale of the issue

- ◆ Embodied carbon is responsible for 11 per cent of global greenhouse gas emissions (and 28 per cent of global building emissions).
- ◆ For example, over a 30-year lifetime of a building, roughly half of the carbon emissions generated will come from embodied carbon – from extraction, transportation and manufacturing of materials and use in construction.

Commissioning and pre-procurement guidance

Define need

- ◆ Is the procurement really necessary? For example, can the requirement be provided through reuse, repair or refurbishment of owned products in lieu of new – which reduces embodied carbon?
- ◆ Have all relevant internal stakeholders been involved in this early consideration, eg heads of service, budget holders, finance, specifiers, end users and others?
- ◆ What are the intended outcomes from the planned procurement – functional, technical, performance, end-user requirements – including those that relate to products required or services to be delivered which involve use of products?
- ◆ What are your climate change, cost savings and other goals?
- ◆ Have all relevant whole life (life cycle) costs been considered, including any that relate to the procurement, use, maintenance and end-of-life management of relevant products to be procured or used in service delivery?
- ◆ Ownership – do you need to own the product, or can the required function be provided through an alternative business model such as lease, hire, rental, or a service that provides the same or better emissions outcomes?
- ◆ Utilisation – who will use the product or service (and how effectively will it be utilised and maintained and at what cost)? Can they be better utilised to avoid further acquisition?

'Raising the bar'

Seeking innovative embodied carbon solutions

Are the conditions for innovation in place within the council?

Is procurement seen as a mechanism to help deliver climate change transition and innovation?

Can you unlock the creativity and innovative ideas of suppliers?

Is there an 'unmet need' which the market can be encouraged and enabled to develop a solution to? What is required to bridge the gap and fulfil market potential? Is there the opportunity to shape a market/develop a market?

Market engagement and collaboration

- ◆ Have you engaged with the market to set out your climate change objectives?
- ◆ How capable is the market in delivering these ambitions? The maturity of the market regarding embodied carbon reduction can vary across categories, eg construction, ICT.
- ◆ A request for information (RFI) or market engagement event may be helpful to better understand market capability and maturity.
- ◆ Is there an opportunity for innovative carbon reduction solutions, which may be essential to enable the transition to 'net zero'?
- ◆ Factor in sufficient time to conduct an effective market dialogue – communicate your intended climate change objectives, outcomes, timescales, and the project business case. This signals your intent to the market (as well as internal stakeholders), whether requiring

embodied carbon reduction would place too large a burden on suppliers, and to provide a relevant basis for measuring and managing overall performance.

- ◆ It is important to note that data for the embodied carbon within many products is not routinely available. Engagement with the market may identify opportunities to extend available data, but this must be relevant and proportionate. While an increasing number of suppliers have published such data, it is not widespread across all categories/commodities and sectors. It can be a costly and complex process to determine such data – for example, the cost of conducting an independently verified carbon footprint for a product can be around £10,000-15,000.

Pre-contract notification

Having determined intended outcomes and the relevant procurement requirement, it is good practice to notify bidders of any particular contract performance requirements or any essential award criteria early in the process.

This can be done by including details in the contract notice or a prior information notice (PIN), so that potential suppliers can determine whether they can meet the requirements. For example:

Example	Clause
For a service or supplies contract (according to subject matter of the contract)	<p>‘The contracting authority has included obligations within the specification and contract conditions relating to embodied carbon, which are relevant to the products/services to be delivered.’</p> <p>‘A requirement of this contract is that all products supplied [packaging used to protect products] should include a minimum recycled content of x per cent.’</p>
For a service or supplies contract (according to subject matter of the contract)	<p>‘The contracting authority has included obligations within the specification and contract conditions relating to embodied carbon, which are relevant to the products/services to be delivered.’</p> <p>‘In all of our development work, our aim is to minimise any adverse impacts that construction has on the environment and society. We seek this through the design process, materials selection, construction techniques and operational methods. All organisations appointed to work on our behalf are required to work in accordance with these principles.’</p>

If you are seeking to capture innovative emissions reduction opportunities, you may wish to include:

‘Raising the bar’

‘A requirement of this contract is that all products offered have been assessed in terms of embodied carbon and offer the lowest values whilst meeting functional performance standards.’ (This may only be suitable where it is known that such products are energy/carbon intensive in their production and the market is known to [or should] assess embodied carbon.)

Where it is relevant and proportionate to include a requirement for embodied carbon assessment, it is important to be clear on the parameters to be used. Assessment should be done on a like-for-like basis to ensure results are comparable.

Case study

Organisation:	Swansea City Council
Procurement:	City centre refurbishment – furnishing fittings.
Action:	<p>There was low market maturity initially regarding circular outcomes, but the council undertook extensive market dialogue and, based on this, eventually set a requirement that at least 80 per cent of furniture requirements had to be either upcycled or recycled and include items from existing office furniture.</p> <ul style="list-style-type: none"> • 486 items of furniture have been re-used or remanufactured, diverting around 7.8 tonnes from landfill and saving embodied carbon of 29.1 tonnes CO_{2e}. Remanufactured chairs were supplied with a five-year warranty. • 1,213m² of floorspace was carpeted, with re-used carpet tiles accounting for 530m² (44 per cent of total floorspace) – this reduced waste-to-landfill or incineration by 2.4 tonnes and saved 4.5 tonnes CO_{2e}. • The project reduced the need for space by approximately 25 per cent and doubled the utilisation rate from 0.81 to 1.74. This has enabled surplus space to be rented to other tenants, creating a new revenue stream. <p>The project involved a voluntary/community sector organisation and supported business, enhancing social value outcomes.</p>
Key transferable lesson:	More open tendering and testing of circular market requirements is required – engage with the market early. Understand links from a focus on costs, waste to embodied carbon, and other co-benefits such as the involvement of VCSEs.

Supplier selection

Grounds for exclusion

As indicated in the general guidance there may be relevant exclusion grounds; these may include breaches of environmental, social or labour law – full details are not repeated here.

A contracting authority should only ask for verification of exclusion grounds from sub-contractors in circumstances where it is regarded as proportionate and necessary to do so. A grounds for exclusion statement from the standardised statement document should be included in the contract notice.

Selection

Selection criteria applied must be relevant and proportionate to the subject matter of the contract. When selecting suppliers, it is essential to assess the technical capabilities that will be required for the products or services you are procuring to meet your needs.

Any selection criteria deemed appropriate must be tested through the format of the single procurement document (SPD). For example, it may be appropriate, in some circumstances, to require bidders to have an environmental management system in place (eg certified to ISO14001 or EMAS).

Experience

While the standard questionnaire may be used for supplier selection, there may be an opportunity to determine experience of bidders regarding embodied carbon outcomes (ensuring the wording provides opportunities for new entrants to the market). In terms of materials used, a tenderer may have responsibility for the manufacture of products or materials, or how they are installed. Where the level of embodied carbon is both relevant and proportionate, the following example questions may be helpful.

Relevance and proportionality

Selection requirements must reflect the subject matter of the contract and be proportionate.

For example, is it appropriate to require suppliers, which may include MSMEs or VCSEs, to have a certified environmental management system for a service contract, where the only significant environmental issue you are concerned with is embodied carbon within products used in service delivery, and suitable alternative evidence can be provided of their capability and capacity?

Example	Clause
For a service contract (according to subject matter of the contract)	'Please describe your approach to environmental sustainability, including details of any specific steps taken in the design and manufacture of services to reduce embodied carbon and any other relevant detrimental environmental impacts.' 'Detail your understanding, experience and achievements in cost-effectively providing [insert service] services that minimise the use of significantly high embodied carbon and reduce the whole life costs of the contract delivery.' 'Detail your understanding, experience and achievements in minimising the overall embodied carbon for a similar project.'

An ideal response would provide the following: evidence of having achieved reduced embodied carbon for clients using alternative materials or production methods, and evidence of providing clients with embodied carbon data with analysis and recommendations for changes/adaptations to reduce embodied carbon levels in a cost-effective way.

Specification

Sustainable requirements need to be incorporated into the specification and must be relevant to the procurement, and not to the general capacities or qualities of the operator.

Technical specifications

Technical specifications relating to the supply of products or their use in service delivery, where that is a core element, may include those that require all suppliers to supply, or use in service delivery, products or materials meeting certain embodied carbon standards.

The use of labels

A buyer may ask a product to have been given an independently verifiable label or operate to a stated standard which certifies that it meets specific emissions characteristics.

The use of labels

The use of labels needs to be considered with care. They must be:

- linked to the subject of the contract (and all criteria must be relevant)
- based on solid scientific evidence
- transparent, fair and non-discriminatory
- open to anyone who meets the standards
- certified by a third party, eg 'Type 1' eco-labels (based on publicly available specifications, are operated by third parties, involve independent audits and consider life-cycle environmental impacts).

Where not all of a label's criteria are relevant to a procurement, it is better to set out relevant criteria and requirements in the tender and contract conditions, instead of asking for the label. You may accept the holding of a relevant eco-label as evidence of compliance with that specification (including climate change) – but must be prepared to accept equivalent means of proof that the product or service meets the specification.

Standard	Notes	Relevant scope
EU Green Public Procurement Criteria	<p>The EU GPP criteria facilitate the inclusion of green requirements in public tenders for commonly procured products and services.</p> <p>Contracting authorities may, where relevant, require suppliers to be able to meet specific or all of the criteria within these.</p> <p>Prior to the UK's exit from the EU there was increasing alignment between the EU GPP criteria and those within the UK Government Buying Standards (see below). While not mandatory, they provide a useful source of information. They apply at 'core' or 'comprehensive' levels.</p>	<p>GPP criteria relating to:</p> <p>textiles – AC5: design for reuse and recycling – garments must be designed so that any logos or distinctive identification features can be easily removed or overprinted without damaging the item.</p>
UK Government Buying Standards (GBS)	<p>Mandatory for central government organisations, the GBS provide a useful source of information and specifications for local government. They also provide sustainability specifications for commonly procured products and services. They apply at 'mandatory' or 'best practice' levels.</p>	<p>GBS criteria relating to:</p> <p>furniture – includes design for disassembly requirements.</p>

	While the GBS for transport is dated 2017, it includes: ‘The default is zero or ultra-low emission at tailpipe with alternatives considered only in exceptional circumstances.’	
Certification of recycled content	There are various organisations that provide certification services regarding recycled content within products, which can be sector specific. As there is no single label confirming recycled content, buyers should understand the criteria behind the label to obtain assurance that verification of content is robust.	<p>Samples only – buyers should review underlying criteria for suitability.</p> 

Within the construction sector, the WRAP embodied carbon database is a valuable resource, helping buyers assess relevant embodied carbon values of construction materials – and this can contribute to the evaluation of alternatives.

Additional construction materials are listed in the Building Research Establishment (BRE) ‘Green guide to specification’ which assesses materials and components in terms of their environmental impacts, within comparable specifications, across their entire life cycles.

This guidance does not repeat detail within other guidance regarding embodied carbon and construction and other sectors. These include consideration of whether products or materials required could be of a lower embodied carbon design before creating the specification (eg timber framed furniture in lieu of steel) and if not, could the steel be recycled? See the useful resources section for links to existing guidance. For a construction specification the following requirement could be included:

Example	Clause
Construction services	<p>‘Identify the [5-10] most significant and cost-effective opportunities to reduce the embodied carbon emissions associated with the project (for example, through leaner design, designing out waste, reusing materials, and selecting materials with lower embodied carbon over the project life-cycle), quantify the savings made through individual design changes, and report actions and outcomes.’</p> <p>‘...at least 10 per cent [or other, such as ‘as high a level as is feasible’] of the total value of materials used should derive from recycled and reused content in the products and materials selected.’</p>

Examples below may be used in a specification to highlight the technical requirement to meet sustainability criteria for embodied carbon.

Example	Clause
Products with plastic content, eg ICT	<p>'All materials offered must demonstrate that embodied carbon has been considered and reduced wherever possible.'</p> <p>Or:</p> <p>'All plastic parts ≥ 50g shall be marked for recycling according to ISO 11469 or equivalent and must not contain additions of other materials that may hinder their recycling.'</p>
General services	<p>'Please describe your approach to environmental sustainability, including details of any specific steps taken in the design and manufacture of services to reduce embodied carbon and any other relevant detrimental environmental impacts, and detail how this will be applied to this tender.'</p>
General goods and services	<p>'Where relevant and proportionate to the goods or services being procured as part of this tender, please describe how you will measure and monitor the carbon footprint of those goods or services using accredited methodology such as ISO 14076 and/or PAS 2050.'</p>
Packaging	<p>'The contractor will be required to support a reduction in packaging materials under this contract. This must not hinder the safe delivery of products. This reduction must be supported through:</p> <ul style="list-style-type: none"> • sustainably sourced materials • a minimum of 50 per cent recycled content in plastic and cardboard packaging materials, with a preference for the maximum degree that is feasible • the contractor must ensure that return transit packaging is used throughout the supply chain wherever feasible, including re-usable packaging systems, such as unboxed palletised packaging or others • recyclable materials, including the avoidance as much as possible of single-use plastics • creative packaging design and innovative materials • compliance with all relevant packaging and waste regulations.'
Products	<p>An example of a technical specification regarding recycled content in devices:</p> <ul style="list-style-type: none"> • the use of 'low impact' materials which have little or no impact on the environment (low embodied carbon) • the use of durable materials and systems and those which 'close material loops', including but not necessarily restricted to aggregates, insulation, structural metals, fit-out metals, concrete/cement, composites/SIPs, plasterboard, timber, plastics and glass • the design of products installed, in conjunction with the relevant supply chain, for example to prevent early obsolescence.

Outcome or performance specifications

The nature of such specifications will vary according to the subject matter of the contract and source of vehicle emissions. For example:

Example	Clause
Construction services	<p>'The contractor will inform the client of all relevant circular economy opportunities arising from the [services], including innovative solutions, and work with the client to assess and implement those that align with value for money and cost certainty. These include [others may apply – delete the following as relevant] the following, which are capable of being monitored and reported through contract management.</p> <ul style="list-style-type: none"> • The use of reused, refurbished, remanufactured products/equipment/materials/tools in service delivery which meet all relevant technical and performance requirements. • The use of durable materials and systems, including but not necessarily restricted to [insert as necessary] (all of which meet relevant performance and quality requirements): <ul style="list-style-type: none"> ○ the design of products installed, in conjunction with the relevant supply chain, for example to prevent early obsolescence ○ the durability, repairability and availability of spare parts for products or equipment installed or used in the contract, so that their useful life may be optimised ○ require otherwise redundant products/equipment/materials transferred to other contracts, retained for reuse or repair, or sold.'
Offsets – example	<p>'The contractor will demonstrate how they are able to include building products, fittings and materials sourced from remanufacturers, supplied with a suitable warranty, or where manufacturers operate cradle-to-cradle or closed loop remanufacturing schemes, where products at the end of their life can be returned and remanufactured into new product.'</p>

Case study

Organisation:	The Royal Netherlands Ministry of Defence (MoD)
Procurement:	Textiles procurement – workwear, towels and overalls.
Action:	The first pilot was the collection and sorting of discarded workwear. Discarded items had been incinerated, but the MoD wanted to find a more circular way to deal with disposal and procurement. A contract was awarded to sort 750,000 end-of-life items for reuse or recycling into fibres for use in new textile products (provided by employees who have been out of the labour market for some time).

	<p>The life cycle assessment on the yarns made with 80 per cent recycled military uniforms shows a reduction in water consumption by 87 per cent, decreased energy use by 42 per cent and a reduction in embodied CO₂ emissions by 33 per cent, when compared with a non-recycled yarn.</p> <p>The second pilot was about procuring towels and overalls containing at least 10 per cent recycled post-consumer textiles fibres. Contracts were awarded for 100,000 towels and 10,000 cloths containing 36 per cent recycled content, and 53,000 overalls containing 14 per cent recycled content, reducing embodied carbon significantly.</p>
Key transferable lesson:	<p>Initial market engagement to discuss MoD aims, informing technical specification.</p> <p>The MoD found that the original requirements included too many technical specifications. Instead, circular invitations to tender must be described in much more functional terms to give the market room for solutions, while the market needs reasonable time to respond to tender requests for information. Additionally, the MoD would advise others who are considering a similar path:</p> <ul style="list-style-type: none"> • not to stick too closely to existing tariffs for such a pilot; tight budget ceilings limit development potential • keep suppliers informed on the invitation to tender schedule, so they have plenty of time to anticipate it. <p>"Our historical specifications were defined down to the last detail. We don't want to do that anymore." Stephanie Grieving, Workwear Chain Specialist, Royal Netherlands Ministry of Defence.</p>

Raising the bar – case study	
Organisation:	London Legacy Development Corporation
Procurement:	East Wick – up to 870 mixed housing and community facilities (from the 2018/19 LLDC environmental sustainability report).
Action:	<p>Technical specification included requirements for:</p> <p>A. Maximum five per cent of construction, demolition and excavation waste send to landfill.</p> <p>B. A 15 per cent reduction in embodied carbon in new construction, compared to industry baseline.</p> <p>C. At least 20 per cent of construction materials to be from reused or recycled sources by value.</p> 
Key transferable lesson:	<p>Set out clearly ambitions for circular outcomes early and specify technical requirements, based on known maturity of the market, which will then be monitored effectively (link to 'Contract management').</p> <p>Many major contractors are rapidly developing capability to decarbonise projects and supply chains, so buyers need to undertake sufficient dialogue to understand what is possible. This does not mean costs will necessarily increase – for example at the Event Complex Aberdeen (client – Aberdeen City Council and Henry Boot Developments, main contractor Robertson), one of their supply chain proposed using recycled oil and gas pipes for piling – this saved 2,000 tonnes of steel (reducing embodied carbon emissions by around 3,800 tonnes).</p>

'Raising the bar'

It should be remembered that, where it is relevant and proportionate that products must operate, as a minimum, to a relevant standard or label, it may be appropriate to ask whether the bidder is able to exceed these minimum requirements, including those relating to embodied carbon (eg recycled content).

For example, following engagement with the market, have opportunities been identified to re-design products or services so that embodied carbon may be reduced?

Offsets

As indicated in 'Climate change – general', it is only after all possible mitigation measures have been implemented by suppliers that offsetting may be considered. Where this is appropriate, offset schemes must be verified – eg 'Verified carbon standard' or others. This is particularly important to ensure that the offset scheme and investment in it by the supplier can show it will effectively contribute to support climate change measures. As indicated above, it is important when developing the specification to consider how delivery of intended outcomes will be measured, and some examples are included above. This is considered in more detail in the 'Contract management' section.

At all times requirements must be relevant and proportionate and depend on whether embodied carbon within products is core to the contract.

Offsets - example

Carbon offset funds

[Greater London Authority guidance](#) for London's local planning authorities on establishing carbon offset funds.

Evaluation and award

Award criteria must be proportionate and relevant to the works, supplies or services that are the subject matter of the contract, and there must be a clear methodology to evaluate responses. An outcome/performance-based specification can be more challenging for evaluators. An ideal response should be understood, based on intended outcomes agreed by relevant stakeholders including within a user intelligence group, where relevant. Support may be needed from environmental or transport specialists.

As previously indicated, requirements must be relevant and proportionate for the subject matter of the contract – for example the availability, or otherwise, of embodied carbon data.

Example	Clause
<p>ICT products (according to subject matter of the contract)</p>	<p>‘The external plastic case of the system unit, [monitor and keyboard] should have a post-consumer recycled content of not less than [10 per cent] by mass’ – some <u>IT hardware</u> products include up to 85 per cent post-consumer recycled plastics.</p> <p>‘Packaging should contain a minimum of 50 per cent recycled content or, as an alternative, be sustainably sourced packaging [where cardboard boxes are used, they should be made of at least 80 per cent recycled packaging material].</p> <p>The higher the percentage by weight of post-consumer recycled materials in the external plastic housing of the system unit, screen and keyboard, the higher this component of the tender will be rated. The product must contain an average of at least 10 per cent of post-consumer recycled plastics, measured in relation to the total proportion of weight of plastic in the product, with the exception of circuit boards and the optical plastic components of screens.</p> <p>To verify this the tenderer may be asked for a declaration that concerns the percentage of post-consumer recycled material.’</p>
<p>Construction services (according to subject matter of the contract)</p>	<p>‘The preferred prioritised material selection approach should be:</p> <ul style="list-style-type: none"> • the use of reclaimed or redeployed materials, products or fittings • the use of materials with higher levels of recycled content (with products meeting relevant standards, such as ISO 14021) • the use of primary materials. <p>The contractor should describe how they will apply this hierarchy in the delivery of services relevant to this requirement, including through measures capable of being objectively monitored through contract management.’</p>

A good response will provide a method statement setting out how relevant material use will be assessed for the service, how recycled content may be verified, what per centage of recycled content is proposed and how material use will be reported. Following contract award it is appropriate to discuss your climate change ambitions, the supplier’s response, practical implementation and the inclusion of relevant KPIs in the contract that demonstrate delivery of intended outcomes (we consider this in more detail in the next section).

Contract and supplier management

Relevant KPIs

Where embodied carbon is a relevant contract focus, relevant and proportionate performance indicators need to be developed to ensure delivery of intended outcomes.

The benefits of the contractual requirement must be quantifiable and measurable. As indicated in ‘Climate change – general’, establishing a baseline may be easier in some contracts than others, so contract management requirements must be relevant and proportionate. According to the subject matter of the contract these may include the use of embodied carbon databases.

Where the reduction of embodied carbon is a key issue within the contract, performance indicators need to be developed to ensure delivery. These may include the provision of evidence of the origin of materials or independent verification of process methods.

KPIs may include:

- ◆ material recycled content (by contract value and per centage)
- ◆ products used must contain a minimum of 50 per cent recycled content – the actual per centage of recycled content in products/materials delivered against that specified
- ◆ packaging recycled content per centage
- ◆ The per centage and quantity of ‘end of life’ products/materials that have been reused
- ◆ the per centage and quantity of packaging used that is recycled/reusable/recyclable and does not include single use plastics.

It may be appropriate to independently verify calculations against an agreed standard, for example ISO1407, PAS 2050, or ‘GHG protocol product standard’, and so on. This would ensure that a consistent and accurate calculation method has been used, and act as an ‘audit’ for the results.

Specific requirements may include:

Example	Clause
General (according to subject matter of the contract)	'Establish a baseline of embodied carbon emissions within [insert] months/years of commencement of the contract.'
Hard facilities management (FM) services (according to subject matter of the contract)	Contract management requirements for a ‘hard FM’ service may include reporting on: <ul style="list-style-type: none"> ◆ Use of recycled content within fabric materials. ◆ 'Provide evidence of measures undertaken in the delivery of the service/supply of product at the end of each 12-month period from commencement of the contract, showing changes undertaken and planned to reduce embodied carbon, where practical.'

Packaging	<p>A contract condition such as the following would need to be monitored by the provision of appropriate evidence.</p> <p>'Packaging must consist of:</p> <ul style="list-style-type: none"> ◆ readily recyclable material ◆ and/or materials taken from renewable resources ◆ or be a multi-use system, ie reusable ◆ comprise materials that are easily separable by hand into recyclable parts consisting of one material (eg cardboard, paper, plastic, textile).'
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'Raising the bar'

Ongoing improvement and innovation can also be built into the management of the contract to further develop the products and services required. Contractual continuous improvement obligations may require updates to adopt enhanced availability of embodied carbon data.

Opportunities for continual improvement should be discussed with the supplier. For example:

1. Is there increased capability to reuse equipment or components?
2. Is there the ability to increase the recycled content within hardware installed?

There may also opportunities to collaboratively work with incumbent suppliers to encourage further improvement.

Raising the bar – case study	
Organisation:	London Legacy Development Corporation
Procurement:	East Wick – up to 870 mixed housing and community facilities (from the 2018/19 LLDC environmental sustainability report).
Action:	<p>Technical specification included requirements for:</p> <p>D. Maximum five per cent of construction, demolition and excavation waste send to landfill.</p> <p>E. A 15 per cent reduction in embodied carbon in new construction, compared to industry baseline.</p> <p>F. At least 20 per cent of construction materials to be from reused or recycled sources by value.</p>
Outcomes:	<p>Outcomes identified during contract management:</p> <p>A. Zero waste sent to landfill at East Wick.</p> <p>B. East Wick achieving a 22.4 per cent reduction in embodied carbon in phase 1.</p> <p>C. East Wick achieving 30 per cent recycled content.</p>



Key transferable lesson:	Set out clearly ambitions for circular outcomes early and specify technical requirements, based on known maturity of the market, which are then monitored effectively. Much work is ongoing regarding embodied carbon within construction – ensure the market is given sufficient opportunity to propose measures to reduce embodied carbon.
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Where contract conditions include a specific emissions reduction requirement, it must be considered whether this requirement is core to the contract or a secondary issue, as any remedy for breach of performance may be difficult to quantify.

At contract award there is always the opportunity to reach a voluntary agreement with the supplier that they will work with you to deliver agreed embodied carbon outcomes that can be captured as a contract commitment.

Qualitative improvement

Where embodied carbon has been identified as an important issue for the contract but quantifying intended outcomes is problematic due to lack of reasonably available data (eg embodied carbon data), it may be appropriate to seek qualitative detail of how the contractor is supporting embodied carbon reduction ambitions. In some cases, clear measures are available, eg per centage recycled content. In others there will be a narrative element to reporting, such as measures the supplier has taken to reduce embodied carbon (eg through re-design of products, the availability of services that extend their useful life and value and others).

Monitoring and reporting outcomes

Identifying emissions from vehicles from contracts feeds into:

- **Internal and external climate change reporting requirements**

It is expected that there will be increasing focus on procurement and how it supports the delivery of climate change outcomes.

- **Sharing of lessons and good practice**

This includes identifying further opportunities to develop innovative solutions with markets, how councils have delivered emissions outcomes through commissioning, procurement and contract management, as well as remaining barriers which enhanced collaboration may help address.

Topic: climate change – adaptation

Content

Description and context	Commissioning and pre-procurement	Procurement	Contract and supplier management and monitoring
♦ Description and scope	♦ Commissioning and pre-procurement guidance	♦ Supplier selection	♦ Contract and supplier management
♦ Legal and policy context	♦ Pre-contract notification	♦ Specification ♦ Evaluation and award	♦ Monitoring and reporting

Description and scope of guidance

Description	<p>Is the supply and resilience of products or delivery of a relevant service potentially vulnerable to the impacts of climate change, and is there an opportunity to minimise the impacts? Impacts may be on:</p> <ul style="list-style-type: none"> • local supply and services • supplies from other areas vulnerable to climate change • users of services. 		
‘Priority’ categories (sample)	<p>Where there is a risk to business and/or supply continuity as a result of anticipated climate change, in the lifetime of the contract. For example:</p> <ul style="list-style-type: none"> • construction and infrastructure • facilities management • social care. 		
Outcomes this supports (main, related and UN SDGs)		   	  

Impacts on local supplies and services due to climate change may primarily affect certain contracts, such as construction and infrastructure. However, given the accelerating rate of climate change, impacts on, for example, the ability of the health and social care sector to deliver services (including access to vulnerable people) should be considered as part of business continuity planning. Inclusion of such issues within risk registers should be routine. Mitigation of such issues can, in part, be addressed through procurement and working with supply chains.

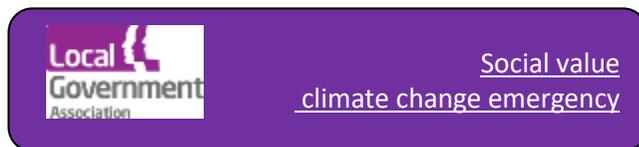
Risks regarding the resilience of supplies and supply chains have been highlighted as a result of the COVID-19 pandemic. Heightened focus on supply chain risk management includes the risks that climate change represents to global supply, including food production and availability, health and safety, working conditions and wellbeing of workers in supply chains, ports and transport infrastructure, factory production, connectivity and telecommunications, market prices and costs.

Reputational risks also apply, according to how public bodies and supply chains deal with such issues. The extent to which these and other climate change risks impact on supplies and services should be considered by those commissioning and procuring. This also links to issues relating to the security of supply of various critical materials (more information is included in the 'Resources, waste and circular economy' guidance.

The transition to a circular economy, reducing reliance on largely imported raw materials and risk management regarding supply chain resilience, can impact local supply. This may include 'onshoring' of supplies, and local government has an important role in working with suppliers to manage such risks and capture relevant opportunities for local jobs, skills and training.

Climate change adaptation

- Actions taken to manage the unavoidable impacts of climate change, including those on population health, goods and services and infrastructure.
- The consequences of doing nothing can be catastrophic, impacting greatest on the most vulnerable, so action should be fair and equitable.



Climate change adaptation – legal and policy context

A range of policy and legal considerations impact on adaptation, as set out in 'Climate change – general'. It is an important part of strategies to address the climate emergency.

- The '[UK climate change risk assessment](#)' (CCRA) is a five-yearly assessment of the major risks and opportunities from climate change to the UK, due to be updated in 2021. This highlights risks to the UK in six key areas, some of which relate to supply chains. Public bodies may be invited to report what plans they have in place.
- Flooding and coastal change risks to communities, businesses and infrastructure.
- Risks to health, well-being and productivity from higher temperatures.
- Risks of water deficits in public water supply and for agriculture, energy generation and industry, with impacts on freshwater ecology.
- Risks to natural capital, including soils, coastal, marine and freshwater ecosystems, and biodiversity.
- Risks from climate-related impacts on domestic and international food production and trade.
- New and emerging pests and diseases and non-native species, affecting people, plants and animals.

The [LGA's Climate Change Survey 2020](#) highlighted the nature and extent of climate change mitigation and adaptation measures underway or planned

Commissioning and pre-procurement guidance

Define risks

- What are the risks to supplies and services from climate change – local and wider supply chains? Some of the climate change effects are happening now but others will take time to manifest themselves. Ensure that risks are considered during the lifetime of the contract in question so that it is core to the subject matter of the contract.
- Is there an opportunity to further mitigate local climate change impacts, reducing adaptation risks and requirements?
- How does this link to wider considerations of supply chain resilience, including local supply?
- At what procurement stages can adaptation be considered?
- What is the extent to which the contracting authority can prescribe adaptation measures?
- Have all relevant internal stakeholders been involved in this early consideration, eg heads of service, budget holders, finance, specifiers, end users and others, including subject matter experts?
- Have all relevant whole life (life cycle) costs been considered, including any that relate to climate change adaptation measures?
- What are the intended climate change adaptation outcomes? These may, for example, include buildings/major refurbishments/infrastructure that are more climate change resilient or facilities management contracts that better consider the whole life costs of operation and maintenance; physical risks to users of services may also be reduced. This may relate to site management and sometimes be outside of scope of the contract but may include the requirement to demonstrate how the contractor is able to provide relevant services remotely and/or ensure access to relevant equipment, products and materials.

Market engagement and collaboration

- Have you engaged with the market to set out your climate change adaptation and resilience objectives?
- How capable is the market in delivering these ambitions?
- A request for information (RFI) or market engagement event may be helpful to better understand market capability and maturity.
- Factor in sufficient time to conduct an effective market dialogue – communicate your intended adaptation objectives, outcomes, timescales, and the project business case. This signals your intent to the market (as well as internal stakeholders), whether adaptation would place too large a burden on suppliers, and to provide a relevant basis for managing overall performance.

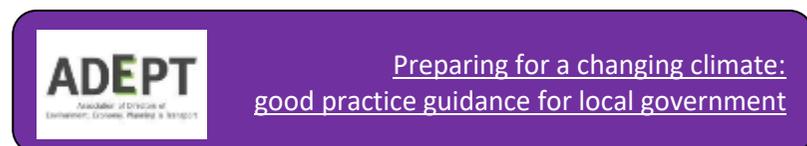
Pre-contract notification

Having determined intended outcomes and the relevant procurement requirement, it is good practice to notify bidders of any particular contract performance requirements or any essential award criteria early in the process.

This can be done by including details in the contract notice or a prior information notice (PIN), so that potential suppliers can determine whether they can meet the requirements. For example:

Example	Clause
General (according to subject matter of the contract)	<p>'The contracting authority has included obligations within the specification and contract conditions relating to adaptation to known or anticipated climate change, which are relevant to the products/services to be delivered.'</p> <p>'A requirement of this contract is that the supply or products and services is as climate resilient as is practicable, reflecting known or anticipated climate change impacts that may affect their supply during the lifetime of this contract.'</p> <p>'The contractor will be required to ensure that the building [infrastructure] design and operation reflects known or anticipated climate change impacts, so that its vulnerability to such impacts is minimised as far as is practicable.'</p>

Case study	
Organisation:	London Borough of Camden
Relevance:	Planning guidance – sustainability.
Action:	Natural ventilation: instead of using air conditioning, buildings should be designed to enable natural ventilation and the removal of heat using fresh air. The use of plant equipment that expels hot air increasing the local outdoor air temperature. Materials with high thermal storage or mass capacity, particularly where it is exposed, can be used to absorb heat during hot periods so that it can dissipate in cooler periods, usually using ventilation.
Key transferable lesson:	This is an example of a council seeking to address known and anticipated changes in climate in the planning process. See the 'Adept' document for more details.



'Preparing for a changing climate' is designed to assist local government with preparing for the impacts of change adaptation. It is designed for a wide range of officers working to implement adaptation within local government – whether that is a combined authority, district council, county council or unitary authority. This includes those responsible for adaptation planning, managing civil contingencies

and contributing to longer term planning, as well as those who want to make their services more resilient.

The guide includes risks to councils and their supply chains.

‘Local authorities should adopt a strategic approach, working with local enterprise partnerships (LEPs) to minimise risks to existing businesses, and ensure that new economic development approaches adequately account for climate change risks. These approaches should cover a wide range of activities, including engaging with businesses to understand their risks and build resilience, as well as wider supply chains, distribution networks, and markets’.

It emphasises the importance of undertaking a risk assessment of climate change exposure and vulnerability within supply chains, to prioritise actions. Where relevant, to then embed requirements for climate resilience or adaptation into key contracts and services, particularly for those provided by local businesses.

Case study	
Organisation:	New Anglia Local Enterprise Partnership
Relevance:	Supply chain risk mapping tool.
Action:	<p>A supply chain risk assessment tool for businesses, including extreme weather and changing climate risks. It provides information on climate risks and opportunities and demonstrates how this understanding can be integrated into established business practices for addressing risk across supply chains.</p>



Supplier selection

Grounds for exclusion

As indicated in the general guidance there may be relevant exclusion grounds; these may include breaches of environmental, social or labour law – full details are not repeated here.

A contracting authority should only ask for verification of exclusion grounds from sub-contractors in circumstances where it is regarded as proportionate and necessary to do so. A grounds for exclusion statement from the standardised statement document should be included in the contract notice.

Selection

Selection criteria applied must be relevant and proportionate to the subject matter of the contract. When selecting suppliers, it is essential to assess the technical capabilities that will be required for the products or services you are procuring to meet your needs.

Any selection criteria deemed appropriate must be tested through the format of the single procurement document (SPD).

For example, it may be appropriate, in some circumstances, to require bidders to have an environmental management system in place (eg certified to ISO14001 or EMAS).

Relevance and proportionality

Selection requirements must reflect the subject matter of the contract and be proportionate.

For example, is it appropriate to require suppliers, which may include MSMEs or VCSEs, to have a certified environmental management system for a service contract, where the only significant environmental issue you are concerned with is embodied carbon within products used in service delivery, and suitable alternative evidence can be provided of their capability and capacity?

Specification

Sustainable requirements need to be incorporated into the specification and must be relevant to the procurement, and not to the general capacities or qualities of the operator.

In the case of climate change adaptation, there may be specific requirements regarding construction and infrastructure and managing risks due to climate change. These may include cooling, thermal comfort requirements and designing buildings with climate change in mind (eg think about climate in 20-30 years' time).

This guidance focuses on seeking evidence of what suppliers are doing to plan for and manage climate change risks that relate to the potential supply of products and services.

With the exception of climate change considerations such as flood resilience, adaptation measures that depend on behaviour and operational criteria may be far more difficult to define and quantify than those relating to mitigation (efforts to reduce or prevent emission of greenhouse gases).

Example	Clause
Service contract	'The contractor will be expected to provide a method statement setting out how it has assessed risks associated with climate change, what those potential risks are, and how they will be managed in the delivery of the contract/project.'

Evaluation and award

Award criteria must be proportionate and relevant to the works, supplies or services that are the subject matter of the contract, and there must be a clear methodology to evaluate responses. An outcome/performance-based specification can be more challenging for evaluators. An ideal response should be understood, based on intended outcomes agreed by relevant stakeholders including within a user intelligence group, where relevant. Support may be needed from climate change specialists.

As previously indicated, requirements must be relevant and proportionate for the subject matter of the contract – for example the availability, or otherwise, of embodied carbon data.

Example	Clause
<p>Service contract</p>	<p>‘The contractor is required to provide a method statement setting out how it has assessed risks associated with climate change, what those potential risks are, and how they will be managed in the delivery of the contract/project.’</p> <p>A good response will provide a method statement setting out how the bidder identifies and assesses climate change risks relevant to the required service/works, eg risks of extreme weather events on accessing services. It will further set out how such risks are to be managed, eg remotely available services, the availability of services locally, the availability of alternative sources and others.</p>
<p>Supplies contract</p>	<p>‘Please provide a copy of your sourcing and resilient supply policy and demonstrate how it relates to the reduction of supply chain risks as a result of known or anticipated climate change associated with the products which are the subject of this tender, and what measures are implemented within sourcing to manage such risks.’</p> <p>A good response will provide not just the policy (a policy on its own does not provide evidence of being able to manage relevant risks) but also evidence, such as in a method statement or similar, setting out how risks relating to sourcing of supplies include climate change, and which climate change risks are relevant to the required supplies in the contract period. It should set out how such risks are managed, eg resilience planning that reflects climate change risks, the availability of alternative sources and others. This may include:</p> <ul style="list-style-type: none"> ● understanding which items being sourced are likely to be delayed or impacted, and planning for worst-case scenarios ● accelerating the introduction of alternative suppliers ● increasing safety stock levels ● mapping suppliers and identifying those known to be located in high-risk geographies, in order to understand the extent of the potential problem ● keeping the lines of communication open with suppliers is important, so that the organisation is informed of developments and challenges being faced by suppliers.

Contract and supplier management

Relevant KPIs

With the exception of climate change considerations such as flood resilience, adaptation measures that depend on behaviour and operational criteria may be far more difficult to define and quantify than those relating to mitigation.

As a result, management of the contract should focus on the extent and nature of continuing risks and measures undertaken to continually reduce or avoid these.

Contract management requirements must be relevant and proportionate.

At contract award there is always the opportunity to reach a voluntary agreement with the supplier that they will work with you to deliver agreed adaptation outcomes that may potentially be captured as a contract commitment.

Example	Clause
Service/works contract (according to subject matter of the contract)	'Provide a report at the end of each 12-month period from commencement of the contract that identifies ongoing risks due to climate change, and changes and adjustments to how these are managed, as appropriate.'

Monitoring and reporting outcomes

Identifying climate change adaptation within supply chains measures feeds into:

- **Internal and external climate change reporting requirements**

It is expected that there will be increasing focus on procurement and how it supports the delivery of climate change outcomes. This includes council adaptation programmes and resilience management/business continuity.

- **Sharing of lessons and good practice**

This includes identifying further opportunities to develop improved adaptation solutions with markets, how councils have worked with suppliers through commissioning, procurement and contract management, as well as remaining barriers which enhanced collaboration may help address.



Topic: climate change – vehicles

Content

Description and context	Commissioning and pre-procurement	Procurement	Contract and supplier management and monitoring
♦ Description and scope	♦ Commissioning and pre-procurement guidance	♦ Supplier selection	♦ Contract and supplier management
♦ Legal and policy context	♦ Pre-contract notification	♦ Specification ♦ Evaluation and award	♦ Monitoring and reporting

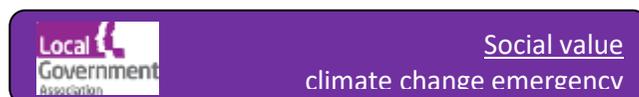
Description and scope of guidance

Description	<ul style="list-style-type: none"> Are vehicles routinely used in the supply of a product procured or in delivery of a service? Are there opportunities to minimise vehicle emissions and improve local air quality, including through innovative systems? 		
‘Priority’ categories (sample)	<ul style="list-style-type: none"> Transport construction. community based service contracts – eg facilities management logistics, movement of materials and people in services. 		
Specific outcomes this supports (local and UN SDGs)			   

Most contracts involve vehicle use to some extent. It is, however, important to assess whether vehicle emissions are core to the contract. What is the extent of this activity within the contract, and does the contract represent a significant part of the business of a potential supplier? For example:

- A service contract that involves regular movement of people, equipment, materials or supplies as part of contract requirements (eg construction, facilities management, social care contracts).
- A contract for products and equipment that involves regular delivery of these to your site(s) (eg ICT delivery).

In addition to this guidance,



see:

Vehicles

A range of policy and legal considerations impact on the use of vehicles within contracts. These relate to climate change but also related air quality strategies:

- UK Government policy to stop sales of new petrol and diesel cars by 2030 and funding to support development of electric charging infrastructure. Also, the potential for new funding arrangements to support operators and local authorities to purchase ultra-low emissions buses (ULEBs) and zero emission buses (ZEBs), along with supporting infrastructure.
- The '[Cleaner road transport vehicles regulations 2011](#)', and amendments. This requires any contracting authority, utility or operator, when purchasing or leasing road transport vehicles, to take into account the operational lifetime energy and environmental impacts in respect of the vehicles to be purchased or leased. Operational lifetime energy and environmental impacts are 1) energy consumption, 2) carbon dioxide emissions, and 3) emissions of:
 - oxides of nitrogen
 - non-methane hydrocarbons
 - particulate matter.
- Local air quality strategies:
 - for example, Southampton City Council 'A clean air strategy for Southampton 2019-2025' and the Green city plan, with one of the five themes being 'delivering clean air'. This includes using the council's influence on the local supply chain to ensure impacts on air quality are considered when making procurement decisions, including in the procurement and operation of its own fleet.
- Ultra low emission zones and electric vehicle strategies, including London's '[Go ultra-low city scheme](#)'. See, for example, the LGA's '[How your council can develop an electric vehicle strategy](#)' and '[The case for electric vehicles](#)'.

In London, half of pollution is caused by transport and it directly contributes to about 4,000 deaths per year. To address procurement requirements, London's strategy includes:

- all TfL buses meet 'Euro VI'
- 380 buses are zero emission at the tailpipe
- all new licensed taxis in London must be zero-emission capable
- a city-wide 'anti-idling' campaign including suppliers, contractors and businesses
- London's 'Go ultra-low' scheme includes a procurement framework that London councils can use to procure electric vehicle charging infrastructure and associated services.



GULCS procurement framework

- Framework available for 3 years (possibility of additional one year extension).
- Suitable for concession and service contracts.
 - Concession contracts 5 to 10 year duration.
 - Service contracts 1 to 5 year duration.

Lot 1: Shared Power Supply <ul style="list-style-type: none">• Charge point power from lighting columns or possibly other street furniture.• Satellite posts or wall-mounted charge points.	Lot 2: Dedicated Power Supply <ul style="list-style-type: none">• Traditional pole mounted.• Wall-mounted charge points.• Power from a feeder pillar.
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Commissioning and pre-procurement guidance

Define need

- Is the procurement really necessary? For example, can the requirement be provided through alternative low carbon or zero carbon services? For example, the use of local cycle delivery services rather by van, therefore avoiding fuel consumption and emissions? Can journeys be replaced by phone, teleconference, video conference facilities or vehicles by walking, cycling and public transport? Is the need for a vehicle still valid or is it just a legacy arrangement? What are the job requirements to justify vehicle purchase/lease (business mileage, carrying goods, out of hours, operational need)?
- Have all relevant internal stakeholders been involved in this early consideration, eg heads of service, budget holders, finance, specifiers, end users and others?
- What are the intended outcomes from the planned procurement – functional, technical, performance, end-user requirements, including those that relate to people and materials movement?
- What are your climate change, electric vehicle (EV) and air quality ambitions, eg EV charging points goals, air pollution reduction goals, cost savings and others?
- Have all relevant whole life (life cycle) costs been considered, including any that relate to the procurement, use, maintenance and carbon cost of vehicles?
- Ownership – do you need to own the vehicle, or can the required function be provided through an alternative business model such as lease, hire, rental, or a service that provides the same or better emissions outcomes? Can car clubs or daily rental provide a more flexible and cost-effective solution?
- Utilisation – who will use the vehicle or service (and how effectively will it be utilised and maintained and at what cost to enable vehicle emissions reduction)? Can journeys be better planned to improve existing vehicle utilisation and avoid further vehicle acquisition?

Market engagement and collaboration

- Have you engaged with the market to set out your climate change and air quality objectives?
- How capable is the market in delivering these ambitions? The maturity of the market regarding transport and climate change can vary across categories, eg buses, vans, taxis as well as within services.
- A request for information (RFI) or market engagement event may be helpful to better understand market capability and maturity.
- Is there an opportunity for innovative solutions, which may be essential to enable the transition to 'net zero'?
- Factor in sufficient time to conduct an effective market dialogue – communicate your intended climate change and air quality objectives, outcomes, timescales, and the project business case. This signals your intent to the market (as well as internal stakeholders), and to provide a basis for measuring and managing overall performance.

'Raising the bar'

Seeking innovative vehicle emission solutions

Are the conditions for innovation in place within the council?

Is procurement seen as a mechanism to help deliver climate change and air quality transition and innovation?

Can you unlock the creativity and innovative ideas of suppliers?

Is there an 'unmet need' which the market can be encouraged and enabled to develop a solution to? What is required to bridge the gap and fulfil market potential? Is there the opportunity to shape a market/develop a market?

Pre-contract notification

Having determined intended outcomes and the relevant procurement requirement, it is good practice to notify bidders of any particular contract performance requirements or any essential award criteria early in the process.

This can be done by including details in the contract notice or a prior information notice (PIN), so that potential suppliers can determine whether they can meet the requirements. For example:

Example	Clause
<p>Services and supplies contract</p>	<p>The contracting authority has included obligations within the specification and contract conditions relating to carbon and other emissions from the use of vehicles, which are relevant to the products/services to be delivered.'</p> <p>'A requirement of this contract is that all products supplied meet the mandatory standards of the Government Buying Standard (GBS) for [insert product standard] for transport for vehicle emissions as a minimum.'</p> <p>'The contractor will be required to minimise the environmental impacts of services delivered, including carbon and other emissions arising from the use of vehicles in product or services delivery, where practicable.'</p>

‘Raising the bar’

If you are seeking to capture innovative emissions reduction opportunities, you may wish to include:

‘We are committed to whole life value for money and encouragement of innovative carbon and air pollution reduction solutions. The contracting authority wishes to work with contractors who will support the contracting authority’s aims to transition to a low carbon and circular economy, and who will keep up to date with best practice carbon and air pollution reduction opportunities relating to the use of vehicles within the XYZ sector.’

Case study	
Organisation:	Southampton City Council
Procurement:	Neighbourhood wardens, waste operations and other teams electric vans.
Action:	<p>The council has taken delivery of 24 zero-emissions-in-use Renault Kangoo Z.E.33 panel vans, which will be used in the upkeep of the city and contribute to its goal of 90 per cent of its fleet to be zero-emission by 2030, by formal tender via the public sector framework. The new vans replace existing diesel vans and will be used by a variety of essential services including neighbourhood wardens and waste operations teams. They will also support the city’s focus on improving air quality.</p> <p>The city has also participated in:</p> <ul style="list-style-type: none"> ◆ Innovative trials for particulate filtering buses: five buses, operated by Go-Ahead, include a filtering system designed to remove particulate matter from the air. ◆ The UK’s first ‘living wall’ on a major road network, in conjunction with Balfour Beatty. This is designed to act as a carbon sink and also reduce particulate matter in the air.
Key transferable lesson:	Assessment suitability of vehicle requirements which reflect climate and air quality co-benefits as well as cost-effectiveness.



Case study	
Organisation:	City of London
Procurement:	City of London has become the first UK local authority to run a fleet of fully electric refuse trucks.
Action:	<p>In partnership with Veolia, City of London has converted refuse collection vehicles to battery power.</p> <p>The company was appointed following a competitive tender process, with the electric fleet to be mobilised within the first year of contract.</p>

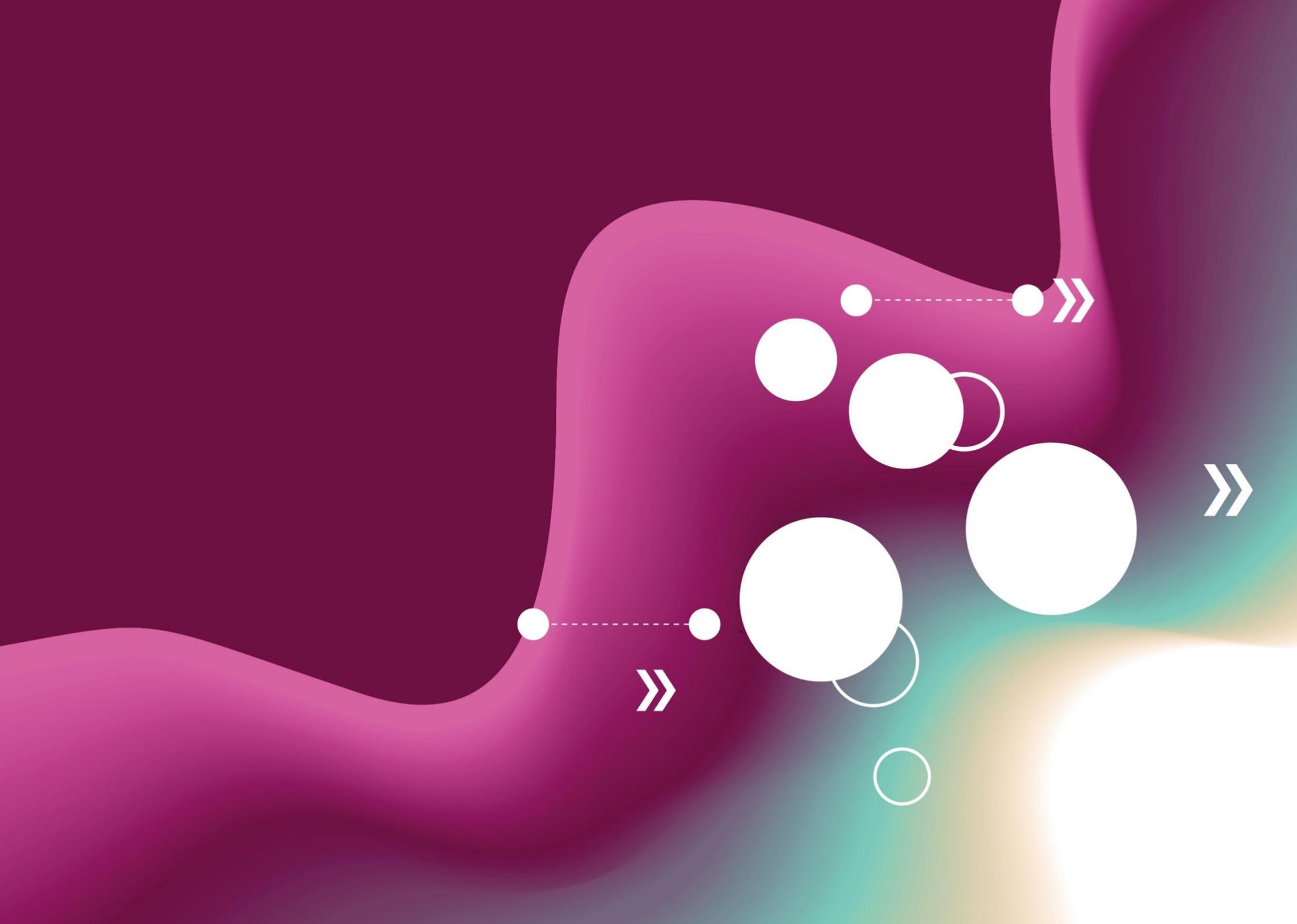
Key transferable lesson:	The market is developing to enable conversion of vehicles to full electric. Ensure options consider full life cycle costs as well as co-benefits, such as improved air quality and community health.
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Raising the bar – case study

Organisation:	Volvo and JCB
Procurement:	Use of all-electric extraction equipment in quarry and urban diggers.
Action:	The development of all-electric construction plant can potentially result in a reduction in embodied carbon of projects . This includes Volvo developing an ‘all-electric quarry’ and JCB developing an electric digger designed for urban environments. Electric plant for construction is now readily available, either to purchase, lease or hire.
Key transferable lesson:	Innovation in vehicles is developing rapidly. This links from embodied carbon within construction to the use of vehicles by contractors within the supply chain – extending from mining and extraction of materials to project operations. Discuss the availability and use of such equipment, such as electric diggers, in local authority projects.

Raising the bar

Organisation:	Coventry City Council
Procurement:	All-electric bus fleet.
Action:	Coventry is set to become one of only two all-electric bus cities in the UK , as part of a Department for Transport (DfT) pilot to test the impact on air pollution. The pilot is designed to improve air quality, significantly lower greenhouse gas emissions and, with cheaper electricity, reduce the costs of running buses. It will see up to £50 million invested by DfT, together with bus-operator investment, to put an all-electric bus fleet on the streets of Coventry by 2025. It is also hoped the huge investment in newer, cleaner vehicles, with features such as fare-capping and on board wifi, will persuade more people to switch to public transport for their commute – further cutting traffic congestion and pollution from private cars.
Key transferable lesson:	While funded by DfT and operators, this project (and others) acts as a test for the implementation of wholesale electric fleets and also demonstrates the market maturity regarding electric vehicles. It has the potential to act as a catalyst for other councils to be able to cost-effectively transition to electric fleets.



Supplier selection

Grounds for exclusion

As indicated in the general guidance there may be relevant exclusion grounds; these may include breaches of environmental, social or labour law – full details are not repeated here.

A contracting authority should only ask for verification of exclusion grounds from sub-contractors in circumstances where it is regarded as proportionate and necessary to do so. A grounds for exclusion statement from the standardised statement document should be included in the contract notice.

Selection

Selection criteria applied must be relevant and proportionate to the subject matter of the contract. When selecting suppliers, it is essential to assess the technical capabilities that will be required for the products or services you are procuring to meet your needs.

Any selection criteria deemed appropriate must be tested through the format of the single procurement document (SPD).

For example, it may be appropriate, in some circumstances, to require bidders to have an environmental management system in place (eg certified to ISO14001 or EMAS).

Experience

While the standard questionnaire may be used for supplier selection, there may be an opportunity to determine experience of bidders regarding carbon and air pollution outcomes (ensuring the wording provides opportunities for new entrants to the market).

For example:

Relevance and proportionality

Selection requirements must reflect the subject matter of the contract and be proportionate.

For example, is it appropriate to require suppliers, which may include MSMEs or VCSEs, to have a certified environmental management system for a service contract, where the only significant environmental issue you are concerned with is vehicle carbon and other emissions and management, and suitable alternative evidence can be provided of their capability and capacity?

Example	Clause
Services and supplies contract	<p>‘What experience, if any, does your company, in conjunction with partners and its supply chain, have in working with other clients to evaluate and supply products or services in contracts similar in nature that support the transition to a low carbon and circular economy, specifically through the use of vehicles in delivery of the service so as to reduce carbon and other emissions that contribute to air pollution, identifying outcomes delivered [this may be expanded to focus on specific outcomes as relevant, eg logistics/deliveries, movement of materials and people]?’</p> <p>A good response would provide the following details:</p> <ul style="list-style-type: none">◆ Project experience illustrating how the bidder has previously supported clients to determine costs and benefits of low carbon and air pollution measures relating to the use of vehicles in the supply of relevant products or services that

	<p>delivered detailed carbon reduction and improvements in local air quality [suitable evidence provided will vary according to project nature].</p> <p>This may include showing how the bidder has previously collaborated with clients, partners and their supply chain to deliver these outcomes.</p>
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Specification

Sustainable requirements need to be incorporated into the specification and must be relevant to the procurement, and not to the general capacities or qualities of the operator.

Technical specifications

Technical specifications relating to the use of vehicles in contract delivery, where that is a core element, may include those that require all suppliers to supply, or use in service delivery, vehicles meeting certain ratings or standards.

The use of labels

A buyer may ask a product to have been given an independently verifiable label or operate to a stated standard which certifies that it meets specific emissions characteristics. This includes the new environmental label for cars and the 'Euro I-VI' emissions standards for new vehicles – UK regulations may of course change in due course.



For example:

Standard	Notes	Relevant scope
<p>EU Green Public Procurement Criteria</p>	<p>The EU GPP criteria facilitate the inclusion of green requirements in public tenders for commonly procured products and services.</p> <p>Contracting authorities may, where relevant, require suppliers to be able to meet specific or all of the criteria within these.</p> <p>Prior to the UK's exit from the EU there was increasing alignment between the EU GPP criteria and those within the UK Government Buying Standards (see below). While not mandatory, they provide a useful source of information. They apply at 'core' or 'comprehensive' levels.</p>	<p>GPP criteria relating to: road transport</p>

The use of labels

The use of labels needs to be considered with care. They must be:

- linked to the subject of the contract (and all criteria must be relevant)
- based on solid scientific evidence
- transparent, fair and non-discriminatory
- open to anyone who meets the standards
- certified by a third party, eg 'Type 1' eco-labels (based on publicly available specifications, are operated by third parties, involve independent audits and consider life-cycle environmental impacts).

Where not all of a label's criteria are relevant to a procurement, it is better to set out relevant criteria and requirements in the tender and contract conditions, instead of asking for the label. You may accept the holding of a relevant eco-label as evidence of compliance with that specification (including climate change) – but must be prepared to accept equivalent means of proof that the product or service meets the specification.

UK Government Buying Standards (GBS)	<p>Mandatory for central government organisations, the GBS provide a useful source of information and specifications for local government. They also provide sustainability specifications for commonly procured products and services. They apply at ‘mandatory’ or ‘best practice’ levels.</p> <p>While the GBS for transport is dated 2017, it includes: ‘The default is zero or ultra-low emission at tailpipe with alternatives considered only in exceptional circumstances’.</p>	GBS criteria relating to: transport (vehicles)
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For example:

<p>‘All vehicles supplied under the contract must achieve the required criteria within the EU Green Public Procurement Criteria for road transport [use GPP criteria relating to specific vehicle requirements].’</p> <p>‘The contractor is required to meet the contracting authority’s anti-idling policy and requirements, to minimise emissions and air pollution.’</p>

Outcome or performance specifications

The nature of such specifications will vary according to the subject matter of the contract and source of vehicle emissions. For example, where a service includes the use of vehicles to move materials and people (eg construction, facilities management, social care), it is likely to be appropriate to ask tenderers how they will minimise vehicle emissions in the delivery of the contract.

To highlight the requirement to meet environmental considerations/mitigate climate change through vehicle emissions, the following wording could be included in a specification:

Example	Clause
For a cleaning services contract	‘The contractor will be expected to have an environmental sustainability plan in place as part of this contract, including actions and estimated quantifiable reductions to vehicle emissions and any other detrimental environmental impacts associated with the purchase, maintenance and operation of their transport fleet.’
For routine use of vehicles within a services contract	<p>The contractor is expected to support the contracting authority’s environmental policy and to optimise reductions in emissions and pollution from the use of vehicles through developing, maintaining and implementing an environmental management plan (EMP) in accordance with the client’s environmental requirements, with specific actions capable of being monitored and reported. The EMP will be agreed in partnership between the client and the contractor during the mobilisation phase but must include the contractor’s approach to:</p> <ul style="list-style-type: none"> ◆ use of intelligent systems to aid efficient movement of materials and people ◆ the transition to low/ultra-low and zero carbon vehicles ◆ the practical application of innovative solutions, including switching to low and zero carbon technologies and fuel sources and measures, which avoid the need for travel while delivering the required level of service.

	<p>The contractor is required to monitor and report its vehicle fleet used in service delivery, emissions ratings and miles travelled on the contracting authority's behalf, and provide the client with project feedback in the form of cost and carbon savings realised through implementing vehicle management projects. If a vehicle of the service fleet is replaced, the new vehicle must help in keeping or improving the service fleet features (composition and technologies) in terms of greenhouse gas emissions and air pollutant emissions as offered in the tender.</p>
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'Raising the bar'

It should be remembered that, where it is relevant and proportionate that products must operate, as a minimum, to a relevant standard or label, it may be appropriate to ask whether the bidder is able to exceed these minimum requirements, including those relating to vehicle use.

For example, following engagement with the market, have opportunities been identified to speed the transition of supplier fleet to low or zero carbon vehicles and agree targets for inclusion of electric vehicles beyond existing standards?

'Raising the bar'

The contracting authority is seeking to optimise emissions reduction within [insert service/site etc] including through innovative solutions.

The contractor will be required to demonstrate how it will review existing, or undertake new, fleet audits, from which emissions saving measures may be determined. Measures may include innovative solutions – demonstrating how they are innovative and transformational, contributing in a practical way to the contracting authority's carbon targets, and whether potential barriers to implementation may be addressed, including trialling of zero carbon vehicles or systems.

Offsets

As indicated in 'Climate change – general', it is only after all possible mitigation measures have been implemented by suppliers that offsetting may be considered. Where this is appropriate offset schemes must be verified, eg 'Verified carbon standard' or others. This is particularly important to ensure that the offset scheme and investment in it by the supplier can show it will effectively contribute to support climate change measures.

As indicated above it is important when developing the specification to consider how delivery of intended outcomes will be measured, and some examples are included above. This is considered in more detail in the 'Contract management' section.

At all times requirements must be relevant and proportionate and depend on whether the use of vehicles is core to the contract. For example, it may not be proportionate to require some SMEs and VCSEs to transition to zero carbon vehicles quickly. It may be more appropriate to focus on how they use their fleet efficiently to minimise emissions.

Offsets – example
Carbon offset funds
[Greater London Authority guidance](#)
 for London's local planning authorities on establishing carbon offset funds.

Evaluation and award

Award criteria must be proportionate and relevant to the works, supplies or services that are the subject matter of the contract, and there must be a clear methodology to evaluate responses. An outcome/performance-based specification can be more challenging for evaluators. An ideal response should be understood, based on intended outcomes agreed by relevant stakeholders including within a user intelligence group where relevant. Support may be needed from environmental or transport specialists.

Where a service involves frequent deliveries or the movement of personnel around various sites and will use a significant number of the supplier's vehicles, it is likely to be appropriate to ask tenderers how they will minimise vehicle emissions in the delivery of the contract (for example in an off-site laundry contract or home-to-school transport). However, if the service will be provided from the supplier's premises, both the levels of transport involved and the proportion of your contract to their overall activity will need to be taken into account in determining the legitimacy of requirements. For example, for the procurement of occasional products or for a consultancy service contract provided remotely, vehicle emissions may not be proportionate or relevant.

Where the level of transport and associated carbon emissions is relevant and proportionate, the following may be relevant:

Example	Clause
<p>For a service contract (according to subject matter of the contract)</p>	<p>'Please describe your approach to environmental sustainability, including details of any specific steps taken in the purchase, maintenance and operation of your transport fleet to reduce vehicle emissions and any other detrimental environmental impacts, and detail how this will apply to this contract.</p> <ol style="list-style-type: none"> 1. Detail your understanding, experience and achievements in cost-effectively providing [insert service] services that minimise the use of transport and resources and reduces the whole life costs of the contract delivery, and detail how this approach will be applied to this contract. 2. Detail your understanding, experience and achievements in communicating the importance of fuel-efficient driving to your drivers, and detail how this approach will be applied to this contract. <p>An ideal response would provide evidence of:</p> <ul style="list-style-type: none"> ▪ having achieved reduced transport and associated emissions for clients using effective routing and scheduling ▪ providing fuel efficiency training to drivers encouraging behavioural change ▪ providing clients with vehicle performance data with analysis and recommendations for changes/adaptations to the services to reduce vehicle emissions in a cost-effective way ▪ using fuel-efficient vehicles which are maintained and serviced regularly.

Following contract award it is appropriate to discuss your climate change ambitions, the supplier's response, practical implementation and the inclusion of relevant KPIs in the contract that demonstrate delivery of intended outcomes (we consider this in more detail in the next section).

Contract and supplier management

Relevant KPIs

Where vehicle emissions are a relevant contract focus, relevant and proportionate performance indicators need to be developed to ensure delivery of intended outcomes.

The benefits of the contractual requirement must be quantifiable and measurable. As indicated in ‘Climate change – general’, establishing a baseline may be easier in some contracts than others, so contract management requirements must be relevant and proportionate. According to the subject matter of the contract these may include the use of tracking to measure reductions of emissions.

Relevant KPIs may include:

- fleet – emissions ratings and changes
- reductions in CO₂ emissions, through vehicle use and management
- percentage of fleet that are zero emissions at the tailpipe
- number of avoided vehicle movements through alternative means of transportation.

Where contract conditions include a specific emissions reduction requirement it must be considered whether this requirement is core to the contract or a secondary issue, as any remedy for breach of performance may be difficult to quantify.

At contract award there is always the opportunity to reach a voluntary agreement with the supplier that they will work with you to deliver agreed energy efficiency outcomes that can be captured as a contract commitment.

Example	Clause
<p>For a service contract (according to subject matter of the contract)</p>	<p>Specific requirements may include:</p> <p>'Establish a baseline of vehicle emissions (in relation to delivery of product of services) within [insert] months/years of commencement of the contract.'</p> <p>'Provide total of carbon emissions that arise from vehicle movements in the delivery of the service at the end of each 12-month period from commencement of the contract, showing changes and measures undertaken and planned to reduce emissions further, where practical.'</p>
<p style="text-align: center;">‘Raising the bar’</p> <p>Ongoing improvement and innovation can also be built into the management of the contract to further develop the products and services required. Contractual continuous improvement obligations may require updates to adopt new vehicle emissions standards.</p> <p>There may also opportunities to collaboratively work with incumbent suppliers to encourage further improvement.</p>	

Case study

Organisation:	SPP Regions (Regional Networks for Sustainable Procurement)
Procurement:	Examples of vehicle procurement within Europe are available from this site. They include electric vehicles and tender model documentation including technical specifications applied, environmental and cost analysis.

Offsets

Where offsets have been determined to be relevant (only after all possible measures to mitigate energy emissions by the supplier), reporting may include detail of payments into verified offset schemes.

Qualitative improvement

Where vehicle emissions have been identified as an important issue for the contract but quantifying intended outcomes is problematic due to lack of reasonably available data (eg it is not possible to accurately determine mileage undertaken by a supplier of a service contact), it may be appropriate to seek qualitative detail of how the contractor is supporting emissions reduction ambitions. In some cases, clear measures are available, eg mileage reduced or emissions saved. In others there will be a narrative element to reporting.

Monitoring and reporting outcomes

Identifying emissions from vehicles outcomes from contracts feeds into:

- ◆ **Internal and external climate change reporting requirements**

It is expected that there will be increasing focus on procurement and how it supports the delivery of climate change outcomes.

- ◆ **Sharing of lessons and good practice**

This includes identifying further opportunities to develop innovative solutions with markets, how councils have delivered emissions outcomes through commissioning, procurement and contract management, as well as remaining barriers which enhanced collaboration may help address.

Topic: natural environment

Content

Description and context	Commissioning and pre-procurement	Procurement	Contract and supplier management and monitoring
<ul style="list-style-type: none"> Description and scope 	<ul style="list-style-type: none"> Commissioning and pre-procurement guidance 	<ul style="list-style-type: none"> Supplier selection 	<ul style="list-style-type: none"> Contract and supplier management
<ul style="list-style-type: none"> Legal and policy context 	<ul style="list-style-type: none"> Pre-contract notification 	<ul style="list-style-type: none"> Specification ♦ Evaluation and award 	<ul style="list-style-type: none"> Monitoring and reporting

Description and scope of guidance

Description	<ul style="list-style-type: none"> Biosecurity – are there concerns regarding food safety or animal and plant health and welfare regarding products/supplies or services procured? Biodiversity and natural capital: Are materials derived from vulnerable ecosystems or risks that ecosystems will be damaged in services? Are hazardous products procured or used within services that may potentially cause pollution? 						
‘Priority’ categories (sample)	<ul style="list-style-type: none"> Food and catering – food safety, animal welfare, transmission of infectious diseases in crops and livestock, quarantined pests, invasive alien species and living modified organisms. Construction, packaging – timber, card and services provided. Services including construction, facilities management, cleaning, transport. 						
Outcomes this supports (main, related and UN SDGs)							

This guidance is concerned with:

- Ensuring materials, procured separately or within products or assets, do not derive from vulnerable ecosystems and/or are legally sourced.
- Ensuring biosecurity risks relating to products and services procured are managed to ensure safe and healthy communities.
- Ensuring biodiversity is not negatively impacted, and where possible enhanced, including through prevention of pollution of air, land and water in the supply and use of products and services procured.

Biosecurity

This may involve risks relating to food safety, transmission of infectious diseases in crops and livestock, quarantined pests, invasive alien species and living modified organisms. Food safety and animal and plant health and welfare is dependent on vigilance and good biosecurity, which helps to prevent outbreaks.

Examples include:

- Construction, infrastructure and service delivery – protection measures needed when undertaking projects (eg invasive species) and the sourcing of timber and plants and planting media (eg impacts on peatbogs).
- Food traceability and identification/sourcing – legal compliance and reducing distances that food is transported, reducing the greenhouse gas emissions of transport and refrigeration which may have indirect benefits for biodiversity.
- Farming and food production – such as animal management and transport, the use of pesticides, field margin habitats and hedgerows.

Natural capital and biodiversity

‘Natural capital’ is the sum of our ecosystems, providing us with food, clean air and water, wildlife, energy, wood, recreation and protection from hazards. The natural capital approach will make it easier for public and private organisations to better assess and value the environment. This will help deliver benefits including long-term flood risk reduction, boosts to wildlife, improvements to water and air quality, and opportunities for biodiversity net gain.

Policy, including that applied to procurement, will impact biodiversity, which is part of a natural capital approach, if it is likely to cause the following types of changes:

- gains or losses in the variety of species
- gains or losses in variety and abundance within species
- gains or losses in the amount of space for ecosystems and habitats
- gains or losses in the physical connectedness between ecosystems and habitats
- environmental changes within ecosystems and habitats.

Guidance for policy and decision makers to help them consider the value of a natural capital approach: [ENCA Enabling a natural capital approach](#)

Natural environment – legal and policy context

A range of legislation applies regarding biosecurity, including that concerned with food traceability, invasive species, farming practices, disease causing agents.

Councils have a duty to have regard to conserving biodiversity as part of policy or decision making. Conserving biodiversity can include restoring or enhancing a population or habitat. This includes:

- develop policies and strategies and put them into practice
- manage the planning system
- manage:
 - land and buildings
 - woodlands and nature reserves
 - gardens, parks and public open space
 - community amenities, eg sports grounds and cemeteries
 - waste and pollution
 - energy and water
 - wood and plant products
 - develop infrastructure, ie roads, buildings or flood defences
 - make decisions about procurement
 - implement economic, environmental and social programmes.

Sites and species within local authority regions are protected by national or international law or government policy such as CITES.

- British Standard BS8545:2014, for example, focuses on the growing of trees and states that 'biosecurity is an important consideration. To minimise the risk of pests and or diseases being imported directly into the UK, all young trees produced abroad but purchased for transplanting should spend at least one full growing season on a UK nursery and be subjected to a full pest and disease control programme.'
- The UK 'Timber procurement policy' requires procurers and their suppliers to have documentary evidence to show the timber supplied is from legal and sustainable sources.

Case study	
Organisation:	Hackney Council
Procurement:	Highways contract – tree planting.
Action:	<p>Examples of biodiversity as part of Hackney Council’s carbon reduction strategy.</p> <p>The council has plans to plant 5,000 new street trees between 2018 and 2022, along with 1,000 new trees and 30,000 saplings in parks and green spaces.</p> <p>This is part of the council's commitment to reach net zero emissions by 2040 and respond to the climate emergency.</p> <p>They offer additional greenery, shade and benefits to mental health and wellbeing, increasing on-street canopy cover from 20 per cent to 30 per cent by 2022, playing an important role in filtering polluted air, sequestering carbon, providing more shade and reducing extreme temperatures in the summer, and helping to mitigate local flooding.</p> <p>The five species planted are a mix of native and non-native trees, ensuring that trees are appropriate for their setting and resilient to pests and the changing climate. The mix of species also means an increase in local biodiversity and that the trees are colourful throughout the year.</p>
Key transferable lesson:	This is an example of a biodiversity project with multiple benefits – driven by climate change policy, it also realises local health and wellbeing and resilience benefits.

Case study	
Organisation:	Durham Council
Procurement:	Setting policy commitments regarding biodiversity and procurement.
Action:	<p>Specific policy commitments for biodiversity and land use include the following.</p> <ul style="list-style-type: none"> ◆ Consider the council’s statutory duty to protect biodiversity when scoping contracts, ensuring our procurement activity supports the requirements of the ‘Durham biodiversity action plan’. ◆ Encourage suppliers to consider the biodiversity impacts of their operations, and those of their supply chain, and to take steps to prevent or mitigate any negative impacts. ◆ Build a requirement for specific biodiversity risks to be managed into the specification of relevant contracts. ◆ Encourage suppliers to consider the impact of their operations on land use, and to take steps to ensure efficient and responsible land use throughout their supply chain. ◆ Support the progress of Durham City to becoming a ‘Sustainable fish’ city, through specifying sustainably sourced fish wherever possible in our food and catering contracts and ensuring that the council purchases no fish which are on the Marine Stewardship Council’s ‘fish to avoid’ register.

Key transferable lesson:

[Durham Sustainable Procurement and Social Value Policy Statement 2018-2019](#)

Commissioning and pre-procurement guidance

Define need

- Does the planned procurement (works, goods or service):
 - Involve the use of products and services where there are risks regarding food sourcing, health and welfare of animals, plants and people?
 - Involve the use of materials or products and generation of waste that may be hazardous and potentially cause pollution to air, land and water if not managed appropriately?
 - Involve the use of materials that may be derived from unsustainable or illegal sources?
 - involve interaction with protected sites or species or otherwise potentially impact on biodiversity in service delivery?
- What are the intended outcomes from the planned procurement – functional, technical, performance, end-user requirements?
- What are your biosecurity and biodiversity ambitions, eg biodiversity enhancement (net gain) goals, local circular economy development, climate change goals, cost savings and others? This may include waste goals – for example the avoidance of single use items where practicable (and impacts on littering and ocean plastics).
- Have all relevant whole life (life cycle) costs been considered, including any that relate to the procurement, use, maintenance and end of life of relevant products or assets?
- Is the procurement really necessary? Can potential impacts on biodiversity be prevented through avoiding the procurement?
- Have all relevant internal stakeholders been involved in this early consideration, eg heads of service, budget holders, finance, specifiers, end users and others?
- Utilisation – how are products and services used, so as to prevent risks to biosecurity and biodiversity, including appropriate management of waste?

Market engagement and collaboration

- Have you engaged with the market to set out your biosecurity and biodiversity objectives?
- How capable is the market in delivering these ambitions?
- A request for information (RFI) or market engagement event may be helpful to better understand market capability and maturity.
- Factor in sufficient time to conduct an effective market dialogue – communicate your intended objectives, outcomes, timescales, and the project business case. This signals your intent to the market (as well as internal stakeholders) and to provide a basis for measuring and managing overall performance.

Case study	
Organisation:	Scottish Borders Council
Procurement:	Renewable energy developments and biodiversity offset.
Action:	<p>Scottish Borders Council's local development plan requires that wind farm developers demonstrate that they have considered options for minimising impacts, including options for locating the wind farm in relation to the biodiversity interest of the site and surrounding area. However, for locally important biodiversity, local development plan policy allows that the reasons in favour of development may sometimes outweigh the desirability of retaining particular habitat features on a development site. Where this is demonstrated, the council's policy seeks local compensation measures aimed at ensuring no net loss of local biodiversity action plan habitats, including the creation of new habitats or the enhancement of existing habitats to deliver multiple benefits adopting an ecosystem approach.</p> <p>The council and stakeholders have developed a biodiversity offset scheme that accounts for the residual environmental impacts of renewable energy on black grouse, blanket bog and other upland habitats, and to compensate for loss of woodland in accordance with the Scottish Government's policy. The programme of works for an offset project is agreed with a third party (a local environmental NGO) and secured with the council by a legal agreement through the statutory planning process.</p>
Key transferable lesson:	The offset scheme illustrates a policy approach to conserving and improving biodiversity, based on a hierarchy of policy options. Developing a mechanism that brings together a partnership of planners, developers and NGOs has been invaluable, as has the specific formation of effective delivery partnerships that are able to work closely with the farming community.

Case study	
Organisation:	Bath and North East Somerset Council
Procurement:	Food procurement and involvement of local businesses.
Action:	<p>The council's 'Think local' procurement policy provides social value by increasing the amount of council business awarded to local suppliers and SMEs by requiring local suppliers to be approached first for quotations for any commission below £50,000.</p> <p>The council is working to increase procurement of local food and drink in a number of ways: it is working with Equilibrium Markets, a local food distribution company, to enable a wide range of local producers and businesses to supply the council's school food service and supplies organic milk from a local dairy for use in its offices.</p> <p>Work with Equilibrium Markets focuses on dynamic food procurement, embedding transparency and supporting food security and Soil Association certified supplies.</p>

Key transferable lesson:	Bath and North Somerset Healthy and Sustainable Food Procurement is an example of new approaches that combine local supply with food requirements/transparency/environmental and social value.
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Pre-contract notification

Having determined intended outcomes and the relevant procurement requirements, it is good practice to notify bidders of any particular contract performance requirements or any essential award criteria early in the process. This can be done by including details in the contract notice or a prior information notice (PIN), so that potential suppliers can determine whether they can meet the requirements. For example:

Example	Clause
Biosecurity	<p>‘The contracting authority has included obligations within the specification and contract conditions relating to biosecurity, which are relevant to the products/services to be delivered.’</p> <p>It is good practice to notify suppliers early in the process of particular conditions of the contract, and as such this should also be included in the contract notice rather than just in the specification:</p> <p>‘A requirement of this contract is that the contractor demonstrates a comprehensive set of biosecurity measures to reduce relevant risks in the area in which the service is delivered.’</p>
Timber	<p>‘A requirement of this contract is that timber must be supplied in accordance with the UK Government’s timber procurement policy. Only timber and timber products originating either from independently verified legal and sustainable sources or from a licensed Forest Law Enforcement Governance and Trade (FLEGT) partner can be supplied.’</p>
Biodiversity	<p>‘The contracting authority has included obligations within the specification and contract conditions relating to the impact on biodiversity, which are relevant to the products/services to be delivered.’</p>
<p>‘Raising the bar’</p> <p>Biodiversity</p> <p>‘Biodiversity should be managed in contract delivery in accordance with the following approach:</p> <ul style="list-style-type: none"> ● prevent negative biodiversity impacts ● minimise any impacts arising ● restore or enhance ecosystems affected ● only where all opportunities to restore or enhance have been exhausted, offset biodiversity impact. <p>A requirement of this contract is that a planned tangible positive impact is made to enhance the biodiversity of the area in which the service is delivered, which is capable of being objectively assessed and monitored.’</p>	

'Raising the bar'

Seeking innovative biodiversity solutions

Are the conditions for innovation in place within the council?

Is procurement seen as a mechanism to help deliver biodiversity innovation?

Can you unlock the creativity and innovative ideas of suppliers?

Is there an 'unmet need' which the market can be encouraged and enabled to develop a solution to? What is required to bridge the gap and fulfil market potential? Is there the opportunity to shape a market/develop a market?

Supplier selection

Grounds for exclusion

As indicated in the general guidance there may be relevant exclusion grounds; these may include breaches of environmental, social or labour law – full details are not repeated here.

A contracting authority should only ask for verification of exclusion grounds from sub-contractors in circumstances where it is regarded as proportionate and necessary to do so. A grounds for exclusion statement from the standardised statement document should be included in the contract notice.

Selection

Selection criteria applied must be relevant and proportionate to the subject matter of the contract. When selecting suppliers, it is essential to assess the technical capabilities that will be required for the products or services you are procuring to meet your needs.

Any selection criteria deemed appropriate must be tested through the format of the single procurement document (SPD).

For example, it may be appropriate, in some circumstances, to require bidders to have an environmental management system in place (eg certified to ISO14001 or EMAS).

Experience

While the standard questionnaire may be used for supplier selection, there may be an opportunity to determine experience of bidders regarding biosecurity and biodiversity (ensuring the wording provides opportunities for new entrants to the market). For example:

Example	Clause
Biosecurity	'Please detail your understanding, experience and achievements in cost-effectively providing [insert service] services that minimise biosecurity risks.'

An ideal response would provide the following:

- evidence of having achieved comprehensive biosecurity management for clients using alternative products/materials
- recommendations for changes/adaptations to reduce adverse impacts in a cost-effective way.

For example, 'movement pathways' regarding organisms and approaches that minimise risk of contamination and the spread of pests and invasive plants.

Relevance and proportionality

Selection requirements must reflect the subject matter of the contract and be proportionate.

For example, is it appropriate to require suppliers, which may include MSMEs or VCSEs, to have a certified environmental management system for a service contract where the only significant environmental issue you are concerned with is timber used in a contract, and suitable alternative evidence can be provided of their capability and capacity?

Where biosecurity or biodiversity management have been identified as core to the contract (eg a construction or infrastructure contract), it may be appropriate to require such a system.

Example	Clause
Biodiversity	<p>‘Please detail your understanding, experience and achievements in cost-effectively providing [insert service] services that minimise the harm and maximise the enhancement of biodiversity.’</p> <p>‘Please detail your understanding, experience and achievements in providing alternative products or materials to reduce adverse biodiversity impacts for a similar project.’</p> <p>An ideal response would provide evidence of:</p> <ul style="list-style-type: none"> ◆ having achieved reduced adverse impacts or made improvements for clients ◆ having achieved reduced adverse biodiversity impact for clients using alternative products/materials and providing recommendations for changes/adaptations to reduce adverse impacts in a cost-effective way. <p>This may include showing how the bidder has previously collaborated with clients, partners and their supply chain to deliver these outcomes.</p>

Specification

Sustainable requirements need to be incorporated into the specification and must be relevant to the procurement, and not to the general capacities or qualities of the operator.

Technical specifications

Technical specifications relating to biosecurity and biodiversity outcomes, where that is a core element, may include those that require all suppliers to supply or use materials in accordance with certain standards or specifications.

The use of labels

A buyer may ask a product to have been given an independently verifiable label or operate to a stated standard which certifies that it meets specific resources/materials/waste characteristics. It may be argued that the certification landscape for biodiversity is subject to various overlaps and some are subject to intense scrutiny.

As the details on labels shows below, there exist a number. This is just a sample and ongoing work includes an EU project to improve biodiversity protection in policy and criteria of food standards and sourcing requirements of food companies and retailers' - [Recommendations to improve biodiversity protection in policy and criteria of food standards and sourcing requirements of food companies and retailers](#).

Contracting authorities must therefore be clear what specific biodiversity outcomes are being sought and whether these or other labels provide relevant proof. Environmental considerations may be included in the technical specification of a procurement; requirements must be relevant and proportionate to the particular procurement.

There are a range of food and animal welfare standards – not detailed here.

Construction standards such as BREEAM, CEEQUAL, 'Considerate constructors' and the 'Home quality mark' will also identify, measure and enable reporting of impacts on biodiversity as part of environmental assessments for specific projects.

The use of labels

The use of labels needs to be considered with care. They must be:

- linked to the subject of the contract (and all criteria must be relevant)
- based on solid scientific evidence
- transparent, fair and non-discriminatory
- open to anyone who meets the standards
- certified by a third party, eg 'Type 1' eco-labels (based on publicly available specifications, are operated by third parties, involve independent audits and consider life-cycle environmental impacts).

Where not all of a label's criteria are relevant to a procurement, it is better to set out relevant criteria and requirements in the tender and contract conditions, instead of asking for the label. You may accept the holding of a relevant eco-label as evidence of compliance with that specification (including biodiversity) – but must be prepared to accept equivalent means of proof that the product or service meets the specification.

Standard/label	Notes	Relevant scope
EU Green Public Procurement Criteria	<p>The EU GPP criteria facilitate the inclusion of green requirements in public tenders for commonly procured products and services.</p> <p>Contracting authorities may, where relevant, require suppliers to be able to meet specific or all of the criteria within these.</p> <p>Prior to the UK's exit from the EU there was increasing alignment between the EU GPP criteria and those within the UK Government Buying Standards (see below). While not mandatory, they provide a useful source of information. They apply at 'core' or 'comprehensive' levels.</p>	<ul style="list-style-type: none"> ◆ Public space maintenance – includes a focus on pest control, mulching, soil improvers, control water demand, biodiversity enhancement such as developing flora and fauna, natural plant cycles, native species, compostable packaging (also consider impacts of climate change on relevant species).
UK Government Buying Standards (GBS)	<p>Mandatory for central government organisations, the GBS provide a useful source of information and specifications for local government. They also provide sustainability specifications for commonly procured products and services. They apply at 'mandatory' or 'best practice' levels.</p>	<p>GBS criteria relating to:</p> <ul style="list-style-type: none"> ◆ horticulture and park services – focus is similar to GPP but less detailed ◆ food ◆ furniture and construction – timber.
Forest Stewardship Council (FSC) & Programme for the Endorsement of Forest Certification (PEFC)		<p>Widely used sustainable forest certification schemes.</p>
Rainforest Alliance		<p>'Building an alliance to protect forests, improve the livelihoods of farmers and forest communities, promote their human rights, and help them mitigate and adapt to the climate crisis.'</p>
Roundtable on Sustainable Palm Oil (RSPO)		<p>Oil palm producers, processors or traders, consumer goods manufacturers, retailers, banks/investors, and environmental and social non-governmental organisations, to develop</p>

		and implement global standards for sustainable palm oil.
Better Cotton Initiative (BCI)		Includes a focus on farmers minimising the harmful impact of crop protection practices, water stewardship, care for the health of the soil, enhance biodiversity and using land responsibly.

The following may be relevant specifications:

Example	Clause
Food and catering	'All fish are to be demonstrably sustainable, with all wild-caught fish meeting the FAO 'Code of conduct for responsible fisheries' (includes Marine Stewardship Council certification and Marine Conservation Society 'Fish to eat').'
Grounds maintenance	To protect native plant species within a grounds maintenance service contract, the following could be used: 'All products and services procured should comply with the latest version of the 'Horticultural code of practice' covering invasive non-native plants.' A requirement could also be placed on the contractor to include insect-friendly planting or wildflower areas.

Case study	
Organisation:	Dorset County Council
Procurement:	The A338 major maintenance scheme comprised of the complete reconstruction of nine kilometres of the Bournemouth Spur Road. The scheme required the reconstruction of the failed carriageway, replacement of the central barrier and the renewal of both the drain and culvert systems. The construction area included the carriageway, verge and ditch, including the area behind the ditch as far as the highway boundary fence. The road passes through, and provides linking habitat between, several otherwise isolated blocks of lowland heathland.
Action:	Measures included: <ul style="list-style-type: none"> ◆ vegetation clearance carried out in the winter and early spring, when all reptiles were below the ground surface in hibernation

	<ul style="list-style-type: none"> ◆ keeping works vehicles off the road verge ◆ removing potential breeding sites during winter ◆ removing potential winter refuge sites during summer ◆ restoration of heathland within 50 metres of the A338 by the removal of trees, scrub, bracken, rhododendron and gaultheria ◆ creation of sand patches to provide additional breeding habitat for sand lizards ◆ creation of habitat piles to provide additional reptile refuges. <p>See link to 'Contract management' for outcomes achieved.</p>
Key transferable lesson:	Close collaboration between Natural England, the developer and the main contractor, which reduced costs throughout the scheme by ensuring early resolution of issues before they became problematic. Net gain examples include: 'Biodiversity net gain: good practice principles for development' including Teignbridge District Council and Scottish Borders Council.

Outcome or performance specifications

The nature of such specifications will vary according to the subject matter of the contract and routine use of resources/materials and generation of waste which may cause pollution of air, land and water. For example, where a service includes the use of a range of hazardous materials, it is likely to be appropriate to ask tenderers how they will manage the use of such materials and any waste arising so as to prevent pollution in the delivery of the contract. At all times, requirements must be relevant and proportionate and depend on whether this is core to the contract.

Example	Clause
Hazardous pollution prevention	<p>'The contractor is expected to prevent pollution to air, land and water during delivery of the contract and is required to provide evidence of how this will be achieved, including (which are capable of being objectively monitored):</p> <ul style="list-style-type: none"> ◆ the sourcing and use of materials and products ◆ management of materials and products used, as well as movement of people and materials ◆ the generation and management of waste arising.'
Service – biodiversity	<p>'The contractor is required to demonstrate how the service will be delivered to minimise the harm and maximise the enhancement of biodiversity.</p> <p>'This will include the identification and assessment of biodiversity risks and relevant measures applied to mitigate those risks and other measures that may be applied to enhance biodiversity, where practicable, including how they may be objectively monitored.'</p>
<p>'Raising the bar'</p> <p>Gardening practices and enhancement of biodiversity (EU GPP)</p> <p>The contractor must carry out gardening practices to enhance biodiversity that may involve a combination of the following:</p>	

- ◆ ensuring that no species exceeds X per cent of all the ornamental plants or trees planted
- ◆ developing spontaneous natural flora and fauna
- ◆ implementing best landscaping and forestry activities measures.

As indicated above, it is important when developing the specification to consider how delivery of intended outcomes will be measured, and some examples are included above. This is considered in more detail in the 'Contract management' section.

Evaluation and award

Award criteria must be proportionate and relevant to the works, supplies or services that are the subject matter of the contract, and there must be a clear methodology to evaluate responses. An outcome/performance-based specification can be more challenging for evaluators. An ideal response should be understood, based on intended outcomes agreed by relevant stakeholders including within a user intelligence group, where relevant. Support may be needed from environmental specialists.

Where a service involves frequent movement of people or materials within areas where biosecurity or biodiversity may be a risk, where services may potentially impact on local biodiversity, or where products or materials supplied or used are sourced from areas which may impact on vulnerable ecosystems, it is likely to be appropriate to ask tenderers how they will minimise negative impacts and, where possible, enhance biodiversity. However, if a service has little interaction with ecosystems and the proportion of your contract to their overall activity is limited, a focus on biodiversity may not be proportionate or relevant.

Where this is relevant the following may be suitable:

Example	Clause
Biosecurity – for a service or supply contract (according to subject matter of the contract)	'Please describe your approach to biosecurity, including details of any specific steps taken in the design and manufacture of services relating to food safety, animal and plant life and health in relation to the services which are the subject of this tender.'
Biodiversity – service	'Please describe your approach to environmental sustainability, including details of any specific steps taken in the design and manufacture of services [construction services] to protect and/or enhance biodiversity of the immediate vicinity of the services which are the subject of this tender.'

Following contract award it is appropriate to discuss your biosecurity and biodiversity ambitions, the supplier's response, practical implementation and the inclusion of relevant KPIs in the contract that demonstrate delivery of intended outcomes (we consider this in more detail in the next section).

Contract and supplier management

Relevant KPIs

Where biosecurity and biodiversity are a relevant contract focus, relevant and proportionate performance indicators need to be developed to ensure delivery of intended outcomes.

The benefits of the contractual requirement must be quantifiable and measurable.

Where biosecurity and biodiversity are core to the contract, it may be appropriate to establish or require a baseline (for example within 6-12 months of start of the contract). According to the subject matter of the contract, these may include the monitoring of 'before enhancement' biodiversity status.

Relevant KPIs may include, according to subject matter of the contract:

- ◆ evidence of the origin of materials used – chain of custody
- ◆ changes, including reductions, in hazardous materials used
- ◆ pollution incidents – number, nature, mitigation measures and prevention measures
- ◆ biodiversity enhancement – actions taken and, where part of the contract, evidence of outcomes (net gain) for biodiversity.

At contract award there is always the opportunity to reach a voluntary agreement with the supplier that they will work with you to deliver agreed biosecurity/biodiversity outcomes that can be captured as a contract commitment.

Case study	
Organisation:	Dorset County Council
Procurement:	<p>The A338 major maintenance scheme comprised of the complete reconstruction of nine kilometres of the Bournemouth Spur Road.</p> <p>The scheme required the reconstruction of the failed carriageway, replacement of the central barrier and the renewal of both the drain and culvert systems. The construction area included the carriageway, verge and ditch, including the area behind the ditch as far as the highway boundary fence. The road passes through and provides linking habitat between several otherwise isolated blocks of lowland heathland.</p>
Action:	<p>Measures included:</p> <ul style="list-style-type: none">● vegetation clearance carried out in the winter and early spring, when all reptiles were below the ground surface in hibernation● keeping works vehicles off the road verge● removing potential breeding sites during winter● removing potential winter refuge sites during summer

	<ul style="list-style-type: none"> • restoration of heathland within 50 metres of the A338 by the removal of trees, scrub, bracken, rhododendron and gaultheria • creation of sand patches to provide additional breeding habitat for sand lizards • creation of habitat piles to provide additional reptile refuges.
Outcomes:	<ul style="list-style-type: none"> • Dorset County Council estimate that the new approach saved about £450,000 compared to the previous methodology, representing a 45 per cent saving on the predicted budget. • No European Protected Species reptiles were reported harmed. • 30 hectares of heathland was restored, including 17 hectares of pine removal. • 113 large sand patches were created. • Habitat piles/reptile refuges were created regularly along 17 kilometres of road verge. • Stock-proof fencing was provided, enabling grazing of two 'Sites of special scientific interest' (SSSI) and European heathland sites. • Prevention of road run-off that was causing localised nutrient enrichment to SSSI wet heath. • Nutrient rich topsoil was removed from 16 kilometres of road verge providing a continuous ecological corridor linking key international sites. About seven kilometres of verge adjacent to SSSIs was spread with heather cuttings, the remainder reseeded with a simple grass mix.
Key transferable lesson:	<p>Close collaboration between Natural England, the developer and the main contractor reduced costs throughout the scheme by ensuring early resolution of issues before they became problematic. Full details and many other net gain examples: 'Biodiversity net gain: good practice principles for development', including Teignbridge District Council and Scottish Borders Council.</p>

Monitoring and reporting outcomes

Biodiversity management through procurement potentially links to a range of policy objectives, including climate change, local resilience, natural capital and health and wellbeing.

Increasing scrutiny on the role of procurement in enabling the transition to 'net zero' therefore potentially requires a clear understanding of the role of biodiversity management in supporting this, and how measures undertaken contribute to natural capital objectives as well as climate goals (both climate change mitigation and adaptation).

Identifying outcomes from biodiversity therefore feeds into:

- **Internal and external reporting requirements**

This may include increasing focus on procurement and how it supports the delivery of natural capital and biodiversity outcomes.

- **Sharing of lessons and good practice**

This includes identifying further opportunities to develop innovative solutions with markets; how councils have delivered biodiversity net gain through commissioning, procurement and contract management, including the importance of a collaborative approach; as well as remaining barriers which enhanced collaboration may help address.



Topic: resources, waste and circular economy

Content

Description and context	Commissioning and pre-procurement	Procurement	Contract and supplier management and monitoring
♦ Description and scope	♦ Commissioning and pre-procurement guidance	♦ Supplier selection	♦ Contract and supplier Management
♦ Legal and policy context	♦ Pre-contract notification	♦ Specification ♦ Evaluation and award	♦ Monitoring and reporting

Description and scope of guidance

Description	<ul style="list-style-type: none"> Is waste routinely produced within products and services procured, including single use plastics/microplastics? Are materials included which are known to be scarce or vulnerable to supply disruption? Are there opportunities to reduce virgin material/resource use, minimise waste, extend useful life of products and assets, enhance high-quality recycling and/or recover value through design, reuse, refurbishment and remanufacturing, including through innovation? 		
‘Priority’ categories (sample)	<p>Products and services where waste is routinely generated, scarce materials are used, or circular solutions are possible, eg:</p> <ul style="list-style-type: none"> construction and infrastructure packaging facilities management ICT and electronics furniture textiles social care. 		
Outcomes this supports (main, related and UN SDGs)			

Resources – scarcity and security of supply

Resources used with products or materials include various raw materials as well as energy, while waste is generated. Some will be carbon intensive as a result – see the ‘Climate change – embodied carbon’ guidance for more information. Some materials are known to be scarce, while others that are critical for certain products or services may be subject to supply disruption (‘critical raw materials’).

Products containing critical raw materials (those which are economically and strategically important for our economy, but have a high risk associated with their supply and for which applying the waste hierarchy is therefore important) include bauxite, which is used in aluminium production, and gallium and indium, which are used in electronics. Materials known to be scarce or unsustainable/critical raw materials include timber and water, and minerals such as:

- antimony (used in flame-proofing and glass)
- gallium (used in semi-conductors)
- magnesium (used in chemicals, medicine and fertilisers)
- tantalum (used in electronics/electronic equipment)
- rare earth metals/elements (used in magnets, batteries and steel)
- other materials where supply chain risks are emerging include:
 - copper (used as a building material and in electrical wiring)
 - indium (used in semi-conductors and glass).

CRMs are particularly important for sectors/industries and emerging innovations such as ICT, furniture, automotive, renewable energy, defence, high-tech products and construction.

Waste

Virtually all contracts will result in some form of waste being generated. It is however important to assess whether waste is core to the contract. What is the extent of this activity within the contract, and does the contract represent a significant part of the business of a potential supplier?

Waste may be ‘regular’ or ‘occasional’ discards, and both need to be considered by the contracting authority:

- ◆ regular discards – items thrown away on a daily, weekly or monthly basis, eg paper, cardboard, plastic film from packaging, toner cartridges and light bulbs
- ◆ occasional discards – not regularly thrown away, eg office furniture.

This guidance is concerned with the procurement of products or services that may result in the production of waste.

Circular economy

A circular economy approach has the potential to preserve valuable raw materials by ensuring that materials are retained within productive use, in a high value state, for as long as possible. It focuses on reshaping business and economic systems so that waste is 'designed out'. It is therefore an approach that can support risks relating to material scarcity and security and waste, while capturing opportunities for:

- ◆ The economy – by improving productivity, opening up new markets and cutting costs.
- ◆ Communities – by providing local employment opportunities and lower cost options to access the goods we need (see 'jobs and skills' guidance).
- ◆ The environment – by cutting waste, the use of virgin materials and related carbon emissions.
- ◆ Supply chain resilience – it has the potential to help address supply chain disruption – reducing reliance on new materials and products reduces supply chain risks.

Actions to address such risks may therefore include:

- Minimising use/using alternative materials – wherever possible strive to reduce the overall amount of materials used and reduce the amount of primary or new material resources used by replacing these with reused or recycled materials.
- Effective production techniques – any virgin materials used must be sustainably sourced and utilised through the management of renewable material resources and minimising the impacts of extracting non-renewable resources.
- Effective recovery through closed loop systems – use materials as efficiently and sustainably as possible, preserving their value as long as possible, and recovering them wherever possible.

This guidance therefore considers potential actions relevant in the commissioning, procurement and contract management stages.

Resources, waste and circular economy

The waste hierarchy – waste regulations require that councils should ensure that contractors apply the waste hierarchy while meeting all relevant waste regulations. In its simplest form, the waste hierarchy gives top priority to preventing waste. When waste is created, it gives priority to preparing it for reuse, then recycling, then other recovery, and last of all disposal (ie landfill).

The least preferable options result in a loss of resources, significant costs and environmental degradation, so the emphasis must be on the most preferable options.

Applying the waste hierarchy is an effective way of applying a circular approach, whereby resources are kept in use for as long as possible, the maximum value is extracted from them whilst in use, and then products and materials are recovered and regenerated at the end of a product's viable life cycle.

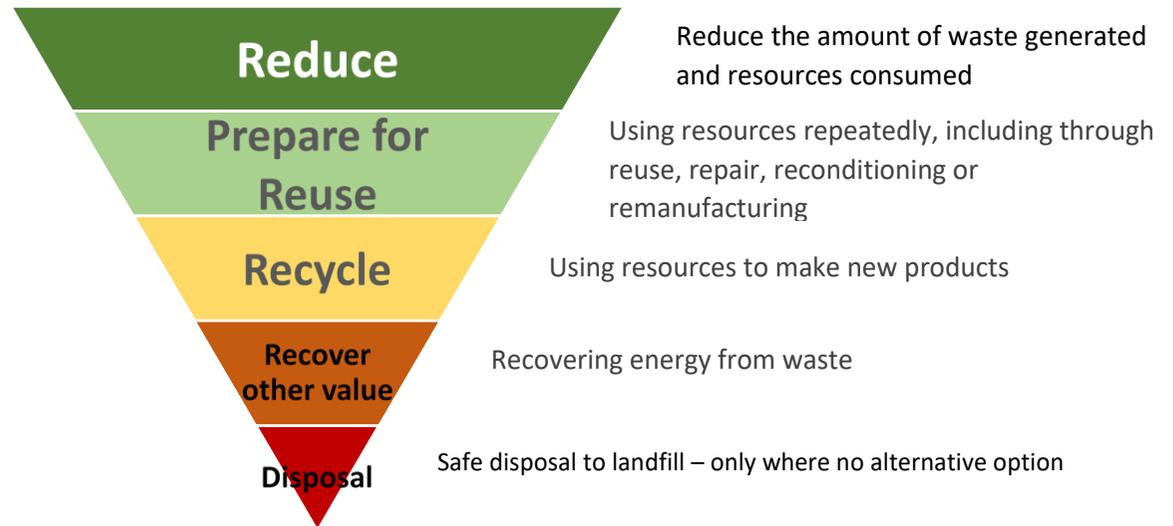
Climate change obligations – waste reduction is aligned with emissions reduction, so is aligned with the Climate Change Act obligations.

Producer responsibility obligations – are in place to make sure businesses that manufacture, import and sell certain products are responsible for those products once they become waste. Producer responsibility law in the UK covers packaging, electrical and electronic equipment (EEE), batteries and vehicles. The regulations require businesses to:

- minimise waste arising from these products and promote their re-use
- ensure the waste products are treated and meet recovery and recycling targets for the waste materials
- design products by reducing material use and enhancing reusability and recyclability.

This includes waste recycling targets issued by [Defra](#) for packaging for 2021-22.

- ◆ **Critical raw materials** – reports in 2017 and 2018 by the EU highlighted critical raw materials and the importance of management regarding them to transition to a low-carbon, resource-efficient and more circular economy. This highlights that the risks of supply chain disruption or constraint could be as a result of supply from politically sensitive regions, a supply chain which is restricted to a limited number of suppliers or limited supply sources, or which may be affected by labour, environmental and other factors such as civil unrest, crime, natural disaster or pandemic. For example:
 - a chemical factory fire in Germany, which controlled the bulk of the market for such chemicals



- rare earth minerals, critical for many electronic products including ICT, disrupted due to restrictions on supply from China
- a Japanese tsunami severely affected the motor industry and availability of certain parts
- COVID-19 restricting availability of a range of products, some of which are critical.

Commissioning and pre-procurement guidance

Define need

- Does the planned procurement (works, goods or service) involve the use of material resources, products, commodities, equipment, assets, or generate waste?
- What are the intended outcomes from the planned procurement – functional, technical, performance, end-user requirements?
- What are your climate change, waste reduction and circular economy ambitions, eg waste targets, local circular economy development, climate change goals, cost savings and others?
- Have all relevant whole life (life cycle) costs been considered, including any that relate to the procurement, use, maintenance and end of life of relevant products or assets?
- Is the procurement really necessary? Apply the waste hierarchy – ‘reduce’ and ‘prepare for reuse’: can waste and resource consumption be avoided?
 - Can needs be satisfied by making use of existing products, materials or assets already purchased or available? Are asset registers in place and up to date? What infrastructure exists or is required to deal with this?
 - Can needs be satisfied by refurbishing existing products and assets/materials already purchased or available?
 - Can needs be satisfied by making use of existing reused or refurbished products, materials or assets already in circulation outside the organisation?
- Have all relevant internal stakeholders been involved in this early consideration, eg heads of service, budget holders, finance, specifiers, end users and others?
- Do you need to own the product/asset? Can the required function be delivered in a better way, such as shared/leased ownership models/managed service? This may reduce the likelihood that they will become waste, as the provider will have an incentive (and will be better placed) to provide durable, flexible products and ensure effective end-of-life management (although buyers should seek assurance that these assets are managed by suppliers so as to minimise waste and resource consumption). Examples may include a managed equipment service, hiring of uniforms, managed furniture services, repair, reconditioning services and others.
- Can an ICT hardware requirement be combined with operation (servicing, maintenance, repair) and/or disposal (reuse and recycling options)?
- You should consider costs and benefits of alternative business models, making sure they deliver the intended functional,

Example

Commodities where there may be opportunities for reuse, repair, recondition or remanufacture might include (not an exhaustive list):

catering equipment and services, cleaning equipment and services, construction, electronic equipment, flooring, furniture, medical devices and equipment, outdoor play, power and hand tools, textiles, tyres, vehicles and waste services.

There are significant markets for reuse, repair, reconditioning and remanufacture services. The third sector is heavily involved in these markets as well as private sector businesses. There are also models for reuse (e.g. [WARPit](#) - this is a commercial model and other exchanges exist) and internal or external reuse. Engagement with the market is essential to understand capability and capacity.

technical, performance requirements and circular outcomes, in conjunction with internal stakeholders and the market.

- Utilisation – ensure optimal use and maintenance of products, components and materials during ownership, and enable subsequent cycles to retain economic value as far as possible by closing product and materials loops to minimise the environmental impacts of consumption.
- According to the responsibility for ‘end of life’ management, does this extend the useful life of assets/products/materials and/or maximise value for money?

Market engagement and collaboration

- Have you engaged with the market to set out your resources, waste and circular economy objectives?
- How capable is the market in delivering these ambitions? The maturity of the market regarding circular approaches can vary across categories (see Figure 6). For example, are approaches available that reduce virgin material use, reduce waste and extend useful life of products, materials or assets? Where relevant, are products and materials recyclable and, even better, made from recycled materials?
- Is the market reliant on unsustainable materials or those identified as critical raw materials, and what measures are in place to reduce reliance?
- A request for information (RFI) or market engagement event may be helpful to better understand market capability and maturity.
- Is there an opportunity for innovative solutions, which may be essential to enable the transition to a circular economy and ‘net zero’?

		Complexity		
		Low	Medium	High
Maturity	High		Transport – vehicles ICT – mobile telecom devices	Infrastructure – civil projects ICT – office equipment Construction development (new build)
	Medium	Catering	Facilities Management Furniture – office Workwear - uniforms	Refurbishment Transport infrastructure ICT - hardware
	Low	Packaging	Transport – specialist (blue light etc)	Workwear – PPE ICT –specialist devices

Figure 6: Circular economy categories maturity.

- Factor in sufficient time to conduct an effective market dialogue – communicate your intended resources, waste and circular economy objectives, outcomes, timescales, and the project business case. This signals your intent to the market (as well as internal stakeholders) and to provide a basis for measuring and managing overall performance.

The focus on innovation within procurement is highlighted within the ‘Encouraging innovation in local government procurement’ National Advisory Group report.



‘Ask a smart question – get a smart solution’.

Case studies

There are an increasing number of case studies available regarding the application of ‘circular’ thinking to procurement, many of which relate to construction. This guidance does not repeat all of them but provides a sample, most of which do not relate to the local authority sector but still provide useful lessons.

Case study	
Organisation:	City of Aalborg, Denmark
Procurement:	Circular playground.
Action:	Market dialogue – discussing the vision for future playgrounds with suppliers was truly beneficial. Aalborg understood better how their goals could feasibly be met by the market, which improved their call for tender, and suppliers left with new ideas and an understanding of the future direction of playgrounds in Aalborg and how to best provide these.
Key transferable lesson:	<p>When this pilot began, it was and still is the first of its kind. This meant that Aalborg spent a longer time in the pre-procurement phase than is usually possible for public buyers. By doing this, Aalborg has now created a framework for circular playgrounds, which it will continue to use in all its future purchases. By supporting the creation of this guide, they hope that other public buyers throughout Europe and beyond can also follow their lead.</p> <p>Allow time – circular solutions are still very new and innovative, meaning they are not yet deeply embedded in the market. Innovation needs collaboration and creative thinking, both of which take time. But through proper preparation, the hope (and expectation) is that time and money can be saved in the longer term: Preparing for a Circular Playground: procuring creative spaces to play and learn in City of Aalborg</p>

Case study	
Organisation:	GLA Group

Action:	<p>Within London there is a clear focus on applying, where relevant, a circular approach to procurement to deliver relevant economic, environmental and social outcomes. This supports the lead taken by London Waste and Recycling Board (LWARB), the Mayor’s Office, the GLA Group, London boroughs, the London Responsible Procurement Network and others.</p> <p>As part of its responsible procurement programme, the GLA Group has developed commissioning and procurement guidance that supports the delivery of ‘circular’ outcomes for priority categories.</p> <p>While this is an internal document, supported by e-learning, promotion of the responsible procurement programme is ongoing with London boroughs.</p> <p>Related work includes Bromley Council developing a sustainable procurement toolkit, with a strong emphasis on circular outcomes.</p> 
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Case study

Organisation:	Brighton & Hove City Council
Procurement:	Madeira Terrace renovation.
Action:	<p>Madeira Terrace, built in the 1890s, is said to be the longest cast-iron structure in Britain, its seafront arches running 850 metres and boasting decorative flourishes such as images of classical deities. It fell into disrepair and has been closed to the public since 2012.</p> <p>The renovation plans include applying circular economy thinking, such as the principle of enabling zero waste on site, in line with Brighton & Hove City Council’s pledge to become carbon neutral by 2030. The project has a strong focus on sustainability, embedding circular economy principles, and demonstrating environmental sustainability throughout its restoration and operation, described as ‘pioneering’ by the Architects’ Journal.</p>
Key transferable lesson:	Involve the market early in how your corporate objectives may be delivered through a specific project - Madeira Terrace designs get the go ahead for next steps article

Case study

Organisation:	Greater Manchester Combined Authority (GMCA)
Relevance:	<p>‘Our people our place’ – the Greater Manchester strategy.</p> <p>This sets out GMCA’s focus on the circular economy and how it is linked to other policy outcomes and procurement:</p> <p>‘To conserve economically valuable resources, we need to encourage the development of a more circular economy with better design, maintenance, repair, reuse and recycling of goods. To achieve this we need to work with the public and private sectors to transform how resources are procured, used, consumed and disposed of, using public sector procurement to stimulate public</p>

	<p>sector resource efficiency and market growth. Low carbon practices need to be embedded within procurement and other services through increased knowledge and training as part of both publicly funded business support activity and private sector led activity. Priorities for future action include supporting businesses, residents and the public sector to improve their resource efficiency; increasing the sustainability of our waste collection and disposal systems; and increasing the efficiency of resource use within local authorities and the wider public sector.’</p> <p>There is also a clearly set out focus on avoiding single use plastics and the link to supply chains:</p> <p>‘Work is progressing to develop a [Greater Manchester] ‘Plastics roadmap’ and ‘Plastic pact’ for the public sector – a single, collaborative plan to reduce the consumption and avoid the use of problematic and avoidable single-use plastics across GMCA and partnering authorities. This includes a commitment to eradicate avoidable single-use plastic on the public estate by 2024: Greater Manchester Combined Authority Production and consumption resources priorities.</p>
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Case study	
Organisation:	Public Health Wales (PHW)
Procurement:	Furniture – phase 1 accommodation strategy (furniture reuse and refurbishment).
Action:	Initial expectation from the estates rationalisation programme was that PHW would need around 2,500 new items from a furniture framework. However, there was extensive internal engagement to consider reusing furniture rather than buying new. A PIN was issued and a supplier event identified supplier capability. The tender confirmed the requirement for reused items, encouraging collaboration and related social value. An inventory of existing furniture was then produced for reuse and refurbishment; other second-hand items were sourced. A consortium of businesses and local social enterprises provided the service.
Outcome:	<p>Some cost savings against purchase price of new; 550 task chairs are award-winning and top of the range – staff liked them; avoided costs of removal and disposal of old furniture; longer life of higher quality furniture; enhanced PHW reputation. Also:</p> <ul style="list-style-type: none"> ● 1,143 items re-used ● 1,270 items re-manufactured ● 670m² re-used carpet tiles ● 2,435 employed hours for eight people with barriers to work ● deeper understanding within PHW of the positive impact public bodies can have on local economies ● carbon benefits: 134 tonnes CO_{2e} saved, which could fill 800 double-decker buses.
Key transferable lesson:	<p>Estates rationalisation strategies – avoid new procurement – reuse and remodel what you have.</p> <p>Early internal consideration of procurement alternatives and market engagement yields results.</p> <p>Inclusion of social enterprises – not tokenistic but pivotal, supporting social value objectives.</p>

	Re-manufacture approach changes the narrative for a major organisational change project: Procura: Reuse and refurbishment of furniture .
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Case study	
Organisation:	General Electric
Procurement:	The Ark Building
Action:	<p>The General Electric project team conducted a full pre-refurbishment audit to determine what materials could be retained and what should be replaced. This saved over £1 million through extensive re-use of products and materials, thanks to pre-refurbishment surveying and continual monitoring of waste minimisation options throughout the design and specification stages:</p> <ul style="list-style-type: none"> ○ all existing ceiling tiles were re-used and set into a replacement ceiling grid ○ all (4,861m²) of the raised floor access was re-used ○ all of the carpet tiles were segregated onsite to be used by charities for re-use or recycling.
Key transferable lesson:	Benefits of refurbishment survey and circular objectives set out in tender: WRAP Resource Efficiency Clusters .

Raising the bar – case study	
Organisation:	Tideway – London’s ‘super sewer’
Procurement:	Tunnelling contractors addressing the extraction of four million tonnes of materials and the use of significant quantities of concrete.
Action:	<p>‘Tideway innovation portal’:</p> <p>Contractors using higher percentages of by-products, such as ground granulated blast furnace slag and PFA (pulverised fuel ash) in concrete. Run test on 100 per cent cement-free products to prove them in long-term use; test the three products on the market in some of the public realm areas and monitor performance.</p>
Key transferable lesson:	<p>Enable innovative solutions to be trialed to reuse materials and reduce high carbon intensity of concrete. Note how ‘innovation’ through procurement is best delivered, monitored and reported by linking it to specific measures (such as carbon emissions reduction, as in this case). This makes it easier to evaluate on a like-for-like basis and helps to create a level playing field for bidders: New Civil Engineer: Circular Economy Infrastructures.</p> <p>Other examples of innovation include the use of old tyres rubber crumb for asphalt mix on the M1 by Highways England: CIPS: Recycled tyres trialed for eco-friendly road material.</p>

Pre-contract notification

Having determined intended outcomes and the relevant procurement requirements, it is good practice to notify bidders of any particular contract performance requirements or any essential award criteria early in the process. This can be done by including details in the contract notice or a prior information notice (PIN), so that potential suppliers can determine whether they can meet the requirements. For example:

Example	Clause
<p>Materials scarcity and circular approaches</p>	<p>'The contracting authority has included obligations within the specification and contract conditions relating to the sustainability of materials used and the application of relevant circular economy outcomes, which are relevant to the products/services to be delivered.'</p> <p>'The contracting authority has included obligations within the specification and contract conditions relating to the security of supply of materials, products and equipment, including through sustainability of materials used and services undertaken, which are relevant to the products/services to be delivered.'</p> <p>'The contractor will be required to minimise, and where practical eliminate, the use of unsustainable materials and enable relevant circular economy outcomes in the delivery of the service, so that materials and products' useful life may be extended.'</p> <p>'The contractor will be required to apply the waste hierarchy in contract delivery so as to maximise the reduction in waste, use of virgin materials and related emissions including through relevant re-use, repair, reconditioning or remanufacturing of products, equipment or materials, including innovative solutions.'</p>
<p>Products known to be vulnerable to material security risks</p>	<p>'It is a requirement of this contract that manufacturing and production processes are efficient in terms of the use of X material (eg metals/rare earth elements), and that these are recovered from products at the end of their useful life.'</p> <p>'The contracting authority has included obligations within the specification and contract conditions relating to the practical prevention of disruption to supply of materials, products and equipment, including through sustainability of materials used and services undertaken, which are relevant to the products/services to be delivered.'</p>
<p>Timber</p>	<p>'A requirement of this contract is that timber must be supplied in accordance with the UK Government's timber procurement policy. Only timber and timber products originating either from independently verified legal and sustainable sources or from a licensed Forest Law Enforcement Governance and Trade (FLEGT) partner can be supplied.'</p>
<p>Recycled product content</p>	<p>'A requirement of this contract is that [a minimum of X per cent of the product or the components thereof shall be re-used or recycled at end of life] [materials used or supplied must comprise a minimum X per cent recycled content].'</p>
<p>Packaging</p>	<p>'A requirement of this contract is that a minimum of [X per cent] of total packaging weight derives from re-used and recycled content.'</p>

Construction aggregates	'The contracting authority has included obligations within the specification and contract conditions relating to sustainability matters including use of recycled aggregates, materials or building products which are relevant to the service to be delivered.'
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'Raising the bar'

'We are committed to supporting the transition to a more circular economy by [where relevant for assets/products/equipment/materials/buildings or infrastructure]:

- retaining existing assets through reuse, refurbishment and repair
- design for durability and flexibility, facilitating disassembly, repair, refurbishment and remanufacture
- extending the useful life through end-of-life management that reuses, refurbishes and remanufactures as relevant.

We are committed to whole life value for money and encouragement of innovative solutions which support the transition to a de-carbonised, circular economy. The contracting authority wishes to work with contractors who will support these aims and who will keep up to date with best practice resource, waste and circular economy opportunities relating to [insert contract] within the XYZ sector.'

'Raising the bar'

Seeking innovative engineering solutions

Are the conditions for innovation in place within the council?

Is procurement seen as a mechanism to help deliver climate change and air quality transition and innovation?

Can you unlock the creativity and innovative ideas of suppliers?

Is there an 'unmet need' which the market can be encouraged and enabled to develop an innovative solution to? What is required to bridge the gap and fulfil market potential? Is there the opportunity to shape a market/develop a market? Examples include the original 'Forward commitment procurement' involving HM Prison mattresses; Rotherham Foundation Trust NHS lighting; more recent social examples in the 'Encouraging innovation in local government procurement' report, and the development of maintenance-free footbridges for the City of Geelong, Australia.

Case study

Organisation:	Perth and Kinross Council and Kinross Wooden Products
Procurement:	The council has worked with Kinross Wooden Products on directing surplus furniture out of the waste stream for many years. Kinross has provided services to local authorities in Perth, Dundee, Angus, Edinburgh, Falkirk, Stirling, Camden and Manchester, as well as London Fire Brigade.
Action:	<p>This has resulted in 20,000 items being put back into reuse, and annual savings for Perth and Kinross Council of around £143,000.</p> <p>COVID-19 has also highlighted the need for services that can take surplus office furniture and repurpose them. This includes remodelling so that they are fit for domestic use.</p>
Key transferable lesson:	<p>While furniture reuse is widespread, there has been a limit to remodelling of office furniture. This highlights what is possible and the outcomes achievable (this must of course reflect the current and future situation regarding council estates rationalisation and furniture requirements).</p> <p>Enabling such services within English regions has the potential to realise significant environmental benefit and added social value through jobs and skills, including for disadvantaged people: Circular Tayside: Kinross wooden products.</p>

Supplier selection

Grounds for exclusion

As indicated in the general guidance there may be relevant exclusion grounds; these may include breaches of environmental, social or labour law – full details are not repeated here.

A contracting authority should only ask for verification of exclusion grounds from sub-contractors in circumstances where it is regarded as proportionate and necessary to do so. A grounds for exclusion statement from the standardised statement document should be included in the contract notice.

Selection

Selection criteria applied must be relevant and proportionate to the subject matter of the contract. When selecting suppliers, it is essential to assess the technical capabilities that will be required for the products or services you are procuring to meet your needs.

Any selection criteria deemed appropriate must be tested through the format of the single procurement document (SPD).

For example, it may be appropriate, in some circumstances, to require bidders to have an environmental management system in place (eg certified to ISO14001 or EMAS).

Experience

While the standard questionnaire may be used for supplier selection, there may be an opportunity to determine experience of bidders regarding carbon and air pollution outcomes (ensuring the wording provides opportunities for new entrants to the market). For example:

Relevance and proportionality

Selection requirements must reflect the subject matter of the contract and be proportionate.

For example, is it appropriate to require suppliers, which may include MSMEs or VCSEs, to have a certified environmental management system for a service contract, where the only significant environmental issue you are concerned with is vehicle carbon and other emissions and management, and suitable alternative evidence can be provided of their capability and capacity?

Example	Clause
Service or supply contract	<p>‘What experience, if any, does your company, in conjunction with partners and its supply chain, have in working with other clients to evaluate and supply products or services in contracts similar in nature that support the transition to a circular economy, identifying outcomes delivered [this may be expanded to focus on specific circular principles/outcomes as relevant, eg ‘cradle to cradle’ products or closed loop remanufacturing schemes]?’</p> <p>A good response would provide the following details:</p> <p>Project experience illustrating how the bidder has previously supported clients to determine costs and benefits of circular options and supplied relevant products or services that delivered detailed circular outcomes [suitable evidence provided will vary according to the nature of the project].</p>

Supplies contract	<p>‘Please detail your understanding, experience and achievements in providing alternative products or materials that minimise waste arising, maximise recycling and enable re-use, reconditioning or remanufacturing for a similar project.’</p> <p>‘Please detail your understanding, experience and achievements in providing [insert service] services that utilise sustainable/recycled materials for a similar project.’</p>
Managed service	<p>‘Please detail your understanding, experience and achievements in providing a managed service, as an alternative to supply of products or materials, that delivered circular economy outcomes through minimising use of materials and/or use of sustainable/recycled/re-usable materials within all products and equipment used in the delivery of the service.’</p> <p>An ideal response would provide evidence of having achieved reduced use of scarce materials by adopting alternative production methods and/or alternative materials, putting processes in place to recover materials for reuse or recycling, and making recommendations for changes/adaptations to reduce adverse sustainability impacts in a cost-effective way.</p> <p>An ideal response would provide the following (not all may apply):</p> <ol style="list-style-type: none"> 1. Evidence of having achieved a reduction in waste and relevant application of the waste hierarchy through a range of measures including re-use and recycling, while meeting regulations for clients. 2. Evidence of having achieved a reduction in waste for clients using alternative products/materials and providing recommendations for changes/adaptations to reduce waste in a cost-effective way. 3. Evidence of having achieved reduced waste production for clients using effective material specification, procurement and management, behavioural change and appropriate replacement of systems and infrastructure. 4. Evidence of providing methods of waste awareness raising amongst service users, either through training programmes or provision of key user guidance. 5. Evidence of providing clients with waste management data with analysis and recommendations for changes/adaptations to reduce waste production in a cost-effective way. 6. Evidence of having effectively used pre-owned, refurbished or remanufactured equipment in delivery of a contract similar in nature to the service required. 7. Evidence of the re-use, regular maintenance and repair/refurbishment of equipment, and where practical remanufacturing. 8. Evidence of the management of repair, re-use, reconditioning and remanufacturing within its supply chain including sub-contractors and links to SMEs, the VCSE sector or supported businesses involved. 9. Evidence of a focus on durability, longevity in service and end-of-life options to optimise re-use, repair and remanufacture. 10. Evidence of application of relevant standards (eg UK GBS) and relevant eco label criteria (eg the ‘EU Ecolabel’). 11. Evidence of analysis of carbon impacts of differing manufacturing options in the supply chain. 12. Evidence of an in-use assessment tool or methodology to identify interventions that would limit equipment damage and extend the life of [x].

	<p>13. Evidence of understanding the key circular economy opportunities and management requirements, including an example management plan.</p>
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This may include showing how the bidder has previously collaborated with clients, partners and their supply chain to deliver these outcomes.

Specification

Sustainable requirements need to be incorporated into the specification and must be relevant to the procurement, and not to the general capacities or qualities of the operator.

Technical specifications

Technical specifications relating to the use of resources/materials, waste and circular outcomes, where that is a core element, may include those that require all suppliers to supply materials in accordance with certain standards or specifications.

The use of labels

A buyer may ask a product to have been given an independently verifiable label or operate to a stated standard which certifies that it meets specific resources/materials/waste characteristics.

Environmental considerations may be included in the technical specification of a procurement; requirements must be relevant and proportionate to the particular procurement. For instance, if the buyer wishes to ensure that a product's life can be extended, both the design and the availability of spares may be important.

The use of labels

The use of labels needs to be considered with care. They must be:

- linked to the subject of the contract (and all criteria must be relevant)
- based on solid scientific evidence
- transparent, fair and non-discriminatory
- open to anyone who meets the standards
- certified by a third party, eg 'Type 1' eco-labels (based on publicly available specifications, are operated by third parties, involve independent audits and consider life-cycle environmental impacts).

Where not all of a label's criteria are relevant to a procurement, it is better to set out relevant criteria and requirements in the tender and contract conditions, instead of asking for the label. You may accept the holding of a relevant eco-label as evidence of compliance with that specification (including climate change) – but must be prepared to accept equivalent means of proof that the product or service meets the specification.

Standard	Notes	Relevant scope
EU Green Public Procurement Criteria	<p>The EU GPP criteria facilitate the inclusion of green requirements in public tenders for commonly procured products and services.</p> <p>Contracting authorities may, where relevant, require suppliers to be able to meet specific or all of the criteria within these.</p> <p>Prior to the UK's exit from the EU there was increasing alignment between the EU GPP criteria and those within the UK Government Buying Standards (see below). While not mandatory, they provide a useful source of information. They apply at 'core' or 'comprehensive' levels.</p> <p>They provide some specifications that include a focus on waste management including re-use, repair and remanufacturing, and specifying for optimum life (through re-use, durability, disassembly, repair during the original life and upgrade).</p>	<p>Various GPP criteria include a focus on relevant outcomes. These include:</p> <ul style="list-style-type: none"> ◆ cleaning products ◆ computers ◆ catering services ◆ textiles ◆ furniture ◆ traffic signals ◆ construction, and others.

<p>UK Government Buying Standards (GBS)</p>	<p>Mandatory for central government organisations, the GBS provide a useful source of information and specifications for local government. They also provide sustainability specifications for commonly procured products and services. They apply at ‘mandatory’ or ‘best practice’ levels.</p>	<p>GBS criteria relating to: food and catering – includes requirements for reducing landfill and food and packaging waste</p>
<p>EPEAT</p> 	<p>Managed by the Green Electronics Council, EPEAT provides a rating scheme for electronic products satisfying a range of criteria – including materials, design for end of life, product longevity, packaging, life cycle assessment, carbon footprint and social responsibility, as well as energy conservation (some criteria vary for manufacturer's specific products according to different countries).</p> <p>Manufacturers may choose to have their products assessed to either a bronze, silver or gold rating.</p>	<ul style="list-style-type: none"> • Computers and displays • imaging equipment • mobile phones • photovoltaic modules and inverters • servers • TVs. <p>Example: leading ICT brands such as HP are rated as ‘EPAT Gold’ across many products.</p>
<p>TCO Certified</p> 	<p>TCO provides sustainability certification for IT products in offices and data centres. It includes criteria relating to environmentally responsible manufacturing, product performance, lifetime extension, social responsibility and others.</p>	<ul style="list-style-type: none"> ◆ Computers and displays ◆ smartphones ◆ projectors ◆ networks equipment ◆ data storage ◆ servers.
<p>Cradle to Cradle Certified</p> 	<p>Under the ‘Cradle to Cradle Certified’ standard, products are assessed for environmental and social performance across five critical sustainability categories, supporting the circular economy and other outcomes: material health, material reuse, renewable energy and carbon management, water stewardship and social fairness. A product is assigned an achievement level (basic, bronze, silver, gold, platinum) for each category.</p>	<p>Includes:</p> <ul style="list-style-type: none"> ◆ auto and tyres ◆ building materials ◆ textiles ◆ office supply ◆ furniture ◆ packaging.

The following may be relevant specifications:

Example	Clause
Recycled content – furniture	<p>'The average recycled content of plastic parts (not including packaging) shall be at least 30 per cent by weight. This criteria shall only apply if the total content of plastic material in the furniture product exceeds 20 per cent of the total product weight (excluding packaging).'</p> <p>'Any wood (including solid, woodchip and wood fibres), cork, bamboo or rattan material, as appropriate, shall be sustainable certified virgin material and/or recycled material. This criteria shall only apply if the total content of these materials in the furniture product exceeds five per cent of the total product weight (excluding packaging).'</p> <p>'The tenderer should indicate the percentage by weight of recycled content and/or refurbished and re-used components in the electrical and electronic equipment.'</p> <p>'A requirement of this contract is that [a minimum of X per cent of the product or the components thereof shall be re-used or recycled at end of life] [materials used or supplied must comprise a minimum X per cent recycled content].'</p>
Electrical and electronic products – refurbished and remanufactured	<p>'Pre-owned, refurbished and remanufactured electrical and electronic equipment (EEE) should be supplied with an appropriate warranty [which may be shorter than the original warranty, unless fully remanufactured, in which case it must be supplied with a warranty which is at least as long as the original warranty] and must have been supplied by an appropriately certified company. In addition, all relevant waste electrical and electronic equipment (WEEE) and/or data security regulatory requirements must be complied with'.</p>
Packaging	<p>'A minimum of 70 per cent of the total packaging weight should derive from re-used and recycled content (pre-and post-consumer).'</p> <p>'A minimum of 70 per cent by weight of the total EEE packaging should derive from re-used and recycled content (pre-and post-consumer).'</p> <p>'The contractor will be expected to adhere to all packaging and waste regulations where applicable and ensure that plastics used for product packaging do not contain halogen containing polymers. Packaging should not contain single use plastics, and should contain recycled content or be sustainably sourced packaging. This may include minimising packaging use while ensuring safe and effective delivery of products, using reusable packaging, arranging take-back of packaging, and the use of sustainable and innovative packaging materials.'</p> <p>'Packaging must consist of:</p> <ul style="list-style-type: none"> ▪ readily recyclable material ▪ and/or materials taken from renewable resources ▪ or be a multi-use system, ie reusable ▪ comprise materials that are easily separable by hand into recyclable parts consisting of one material (eg cardboard, paper, plastic, textile).'

Raising the bar – case study

Organisation:	London Legacy Development Corporation
Procurement:	East Wick – up to 870 mixed housing and community facilities (from the 2018/19 LLDC environmental sustainability report).
Action:	<p>Technical specification included requirements for:</p> <ul style="list-style-type: none"> G. Maximum five per cent of construction, demolition and excavation waste send to landfill. H. A 15 per cent reduction in embodied carbon in new construction, compared to industry baseline. I. At least 20 per cent of construction materials to be from reused or recycled sources by value.
Key transferable lesson:	<p>Set out clearly ambitions for circular outcomes early and specify technical requirements, based on known maturity of the market, which will then be monitored effectively (link to contract management).</p> <p>Many major contractors are rapidly developing capability to decarbonise projects and supply chains, so buyers need to undertake sufficient dialogue to understand what is possible. This does not means costs will necessarily increase – for example, at the Event Complex Aberdeen (client - Aberdeen City Council and Henry Boot Developments, main contractor Robertson), one of their supply chain proposed using recycled oil and gas pipes for piling – this saved 2,000 tonnes of steel (reducing embodied carbon emissions by around 3,800 tonnes).</p>



Outcome or performance specifications

The nature of such specifications will vary according to the subject matter of the contract and routine use of resources/materials and generation of waste. For example, where a service includes the use of a range of materials (eg facilities management), it is likely to be appropriate to ask tenderers how they will minimise waste and resource/material use in the delivery of the contract. At all times requirements must be relevant and proportionate, and depend on whether the use of resources/materials and generation of waste is core to the contract. For example, it may not be proportionate to require some SMEs and VCSEs to transition to circular business models immediately but to encourage and enable opportunities for development, including through supply chain partnerships.

Example	Clause
Product	‘The supplier shall demonstrate that their product has been eco-designed to enable an extended useful life of the product, easy repair, disassembly for recycling and, preferably, for reuse, in part or whole.’

Furniture	'Suppliers shall provide details of services which could be made available in the management of [furniture] so that its useful life may be sustainably extended.'
Food waste	'The contractor will be expected to have a food waste minimisation plan in place as part of this contract, including actions and estimated quantifiable reductions, and will ensure appropriate best practice food waste minimisation training is given to staff.'
ICT – extending useful life	'XYZ public body is committed to sustainable ICT services/equipment while enabling SMEs, the voluntary and community sector and supported businesses to compete for contracts. Bidders are required to demonstrate in a method statement how they will extend the useful life of ICT equipment supplied/used in the delivery of this service, through relevant durability, repairability and upgradability features of the equipment, and through repair, refurbishment, remanufacturing and re-use, during or after the contract period. This may include lease arrangements, sub-contracting arrangements, the supply of remanufactured product and other innovative solutions. This should include suggested performance measures which are capable of monitoring and reporting through contract management.'
Textiles	'Supplier(s) will be expected to offer solutions throughout the life of the contract to extend the useful life of the [garments] and [goods] through relevant durability, repair, re-use, refurbishment or remanufacturing including, but not necessarily restricted to, repair, recycling and re-use, including through sub-contracting arrangements and innovative solutions. Where practical, supplier(s) should demonstrate how recycled content is included within [garments] supplied'
Packaging	'Suppliers are expected to apply relevant end-to-end innovative packaging solutions which could be made available at no additional cost to [the customer], including details of plans and proposed initiatives to reduce and eliminate packaging and waste under this contract, including re-use.'
Products and equipment within a service	<p>'Our sustainability targets include a commitment to reduce life cycle costs of the service [by X per cent] over the lifetime of the contract, while delivering effective capability. Life cycle costs to include equipment, associated consumables, servicing and maintenance, upgrading, licensing and energy, carbon, WEEE and other waste costs, and all other relevant costs during the lifetime of the contract.</p> <p>Suppliers will be expected to describe a methodology, including timeline, milestones, outcomes and responsibilities, for developing an appropriate service resource management plan which aims to:</p> <ul style="list-style-type: none"> ◆ help us achieve our target for reducing life cycle costs through the appropriate maintenance and repair or reconditioning of products and equipment, re-use of otherwise redundant products, and use of remanufactured products or equipment resulting from [insert service] services, in accordance with all relevant safety, performance and quality standards ◆ provide data/information to support claims that life cycle cost and resource savings have been made.'
Construction	'The contractor will be expected to support the contracting authority's commitment to deliver whole life value for money, including by applying the waste hierarchy; this includes meeting construction and demolition waste recycling targets and applying relevant re-use and recovery of materials and equipment'.

Material security

'The supplier shall demonstrate that they have a comprehensive risk management process in place to ensure, as much as is possible, the security of supply of materials, products or equipment essential to the delivery of the required product/service. This shall include supply chain management, sourcing strategies, stock management, assessment of potential risks to supply and appropriate mitigation measures, so as to understand which items being sourced are likely to be delayed or impacted, and planning for worst-case scenarios, whether there is a need for the introduction of alternative supply chain partners, the need to increase safety stock levels, mapping suppliers and supply chain partners or identifying those known to be located in high-risk geographies, in order to understand the extent of the potential problem and keeping us informed of developments and challenges being faced by suppliers.'

'Raising the bar'

It should be remembered that, where it is relevant and proportionate, products must operate, as a minimum, to a relevant standard or label. It may be appropriate to ask whether the bidder is able to exceed these minimum requirements, including those relating to resources/materials and waste. This may include higher levels of recycled content, waste reuse and recycling targets, and targets for supply of remanufactured products that meet required quality standards.

In addition, following engagement with the market, have opportunities been identified to develop innovative circular approaches, such as new materials, alternative product or service design?

Offsets

As indicated in 'Climate change – general', it is only after all possible mitigation measures have been implemented by suppliers that offsetting may be considered. Where this is appropriate, offset schemes must be verified, eg 'Verified carbon standard' or others. This is particularly important to ensure that the offset scheme and investment in it by the supplier can show it will effectively contribute to support climate change measures.

As indicated above, it is important when developing the specification to consider how delivery of intended outcomes will be measured, and some examples are included above. This is considered in more detail in the 'Contract management' section.

Evaluation and award

Award criteria must be proportionate and relevant to the works, supplies or services that are the subject matter of the contract, and there must be a clear methodology to evaluate responses. An outcome/performance-based specification can be more challenging for evaluators. An ideal response should be understood, based on intended outcomes agreed by relevant stakeholders including within a user intelligence group, where relevant. Support may be needed from environmental specialists.

Where a service involves frequent deliveries or the movement of personnel around various sites and will use a significant number of the supplier's vehicles, it is likely to be appropriate to ask tenderers how they will minimise vehicle emissions in the delivery of the contract (for example in an off-site laundry contract or home-to-school transport). However, if the service will be provided from the supplier's premises, both the levels of transport involved and the proportion of your contract to their overall activity will need to be taken into account in determining the legitimacy of requirements. For example, in the procurement of occasional products or for a consultancy service contract provided remotely, vehicle emissions may not be proportionate or relevant.

Where the level of transport and associated carbon emissions is relevant and proportionate, the following may be relevant:

Example	Clause
<p>For a service contract (according to subject matter of the contract)</p>	<p>'Please provide a copy of your environmental policy and highlight how it will relate to the reduction of scarce material use [list any particular relevant materials that are high risk] in the products and/or services which are the subject of this tender.'</p> <p>'Please describe your proposed approach to environmental sustainability as part of this contact, including details of any specific steps taken in the design and manufacture of services to maximise use of sustainable and innovative materials, apply the waste hierarchy and relevant circular economy outcomes.'</p> <p>'Please provide a copy of your environmental policy and highlight how commitments made within it directly relate to contributing to the transition to a circular economy, including through use of sustainable materials, in the delivery of the services which are the subject of this tender.'</p> <p>'A requirement of this contract is that a minimum of 25 per cent of the product or components thereof will be re-used or remanufactured at end of life. Please describe your operational process and how this will ensure a minimum of 25 per cent of the product or components will be re-used or remanufactured at end of life'.</p>
<p>Packaging</p>	<p>'Please provide details of any end-to-end innovative packaging solutions which could be made available at no additional cost to [the customer]; include details of your plans and proposed initiatives to reduce and eliminate packaging and waste under this contract.'</p>
<p>General services</p>	<p>'Please describe your approach to environmental sustainability, including details of any specific steps taken in the design and manufacture of services to apply the waste hierarchy while ensuring legal compliance, including through relevant re-use, repair and remanufacturing.'</p>

Service	<p>Our sustainability targets include a commitment to reduce life cycle costs of the service [by X per cent] over the lifetime of the contract, while delivering effective capability. Life cycle costs to include equipment, associated consumables, servicing and maintenance, upgrading, licensing and energy, carbon, WEEE and other waste costs, and all other relevant costs during the lifetime of the contract.'</p> <p>'Please describe your suggested methodology, including timeline, milestones, outcomes and responsibilities, for developing an appropriate service resource management plan which aims to:</p> <ul style="list-style-type: none"> • help us achieve our target for reducing life cycle costs, energy and waste resulting from [insert service] services • provide data/information to support claims that whole life cost and resource savings have been made.'
ICT devices	<p>'Please provide details of the services which could be made available under this contract in the end-of-life management of devices, promoting their re-use, re-condition, re-manufacture and recycling as well as compliance with security and WEEE requirements.'</p>
ICT devices	<p>'Supplier(s) will be expected to offer solutions throughout the life of the contract to extend the useful life of the devices including, but not necessarily restricted to, repair, recycling and re-use, including through sub-contracting arrangements and innovative solutions. Please provide details of the services which could be made available under this contract in the end-of-life management of devices, promoting their re-use, re-condition, re-manufacture and recycling as well as compliance with security and WEEE requirements.'</p>
Textiles	<p>'Please describe your approach to delivering relevant outcomes relating to the following.</p> <p>Where practical, supplier(s) should demonstrate how recycled content is included within garments supplied.</p> <p>The supplier(s) must be able to offer a recycling service for end-of-life garments at no cost to the customer. Waste transfer notes, stating the tonnage of material collected and how it was disposed of, must be provided to the customer when garments are recycled under this contract.</p> <p>When used garments are received by the supplier(s) then the items should be checked to see if they can be re-used by the customer. This may mean that garments will need to be cleaned or refurbished with logos or sub brands, repackaged/labelled and warranties adjusted for future distribution. Re-use must take priority to recycling wherever possible under this contract.'</p>

Case study

Organisation:	City of Aalborg, Denmark
Procurement:	Circular playgrounds.
Action:	<p>In the development of the Scotland Excel playground equipment framework for Scottish local authorities, extensive engagement has taken place with the market and other authorities to identify good practice regarding the application of circular approaches, which seek to reduce waste and use of virgin raw materials.</p> <p>The City of Aalborg established the following award criteria in its relevant requirement.</p> <p>Landscape modelling:</p> <p>This will partly be assessed based on the submitted landscape modelling. In this connection, the tenderer is required to enclose drawings of the proposed landscape modelling and interior design. Furthermore, it will be positively assessed that the elements terrain, play surface planting, learning environments, outdoor workshop, tools and learning are met as far as possible in landscape modelling. The tenderer's interior design solution is desired with high functionality and flexibility for play and learning for ages from 0-16 years.</p> <p>The sub-criterion 'circular economy' will be assessed based on the tenderer's answer to the following five sub-criteria, as well as in landscape modeling.</p> <p>Part criterion 'lifetime' (weight: 30 per cent)</p> <p>It is considered positive that a long-life guarantee is offered in addition to the minimum requirements for the following:</p> <ul style="list-style-type: none"> ◆ the elements from terrain modeling, for example, hills, slopes, ditches ◆ planting ◆ play equipment such as swings and climbing towers ◆ tiles and coating ◆ play surface ◆ other elements such as learning environments, fences, sheds. <p>The product warranty offered must be stated for several years.</p> <p>Part criterion 'maintenance' (weight: 25 per cent)</p> <p>The tenderer is requested to state the spare parts offered on other items, play equipment and substrates that exceed the minimum criteria. The spare parts warranty offered must be stated for a number of years.</p> <p>It is considered positive if the tenderer in the landscape model designs the elements so that minimum maintenance is required.</p> <p>It is considered positive if the offeror provides a user-friendly maintenance plan for the operation and maintenance of the terrain and plantings.</p> <p>Sub-criterion 'recycled materials and share of recycled materials in new products' (25 per cent)</p> <p>It is positively important that the tenderer uses, as far as possible, recycled materials such as recycled plastic, recycled wood, second-hand products/elements or transforms a product into a new product with a new function, thereby reducing the environmental impact.</p>

	<p>It is positively emphasised that, when using land for terrain/landscape modelling, opportunities for using surplus land and assessing the environmental impact of land transport are being sought.</p> <p>Part criterion ‘maintenance’ (10 per cent) It is considered positive that the tenderer offers products with the opportunity to disassemble the product and change any parts to extend the life of the product.</p> <p>Part criterion ‘material recycling’ (10 per cent) It is considered positive that the use of clean materials or materials is kept separate, which after end of life can be directly included in material loops.</p> <p>Learning The learning must reflect children aged 0 to 16, corresponding to a crèche, kindergarten and the three basic steps in primary school (schooling, middle school and schooling), and the activity categories: dissemination, dialogue, physical movement, immersion and studies/production.</p> <p>Economy It should be noted that a price that does not exceed the stated budgetary framework cannot be exceeded.</p>
Key transferable lesson:	Learn lessons from others with similar requirements: Preparing for a Circular: : procuring creative spaces to play and learn in the city of Aalborg.

Following contract award it is appropriate to discuss your climate change ambitions, the supplier’s response, practical implementation and the inclusion of relevant KPIs in the contract that demonstrate delivery of intended outcomes (we consider this in more detail in the next section).

Contract and supplier management

Relevant KPIs

Where resources/materials, waste and circular economy are a relevant contract focus, relevant and proportionate performance indicators need to be developed to ensure delivery of intended outcomes.

The benefits of the contractual requirement must be quantifiable and measurable. As indicated in 'Climate change – general', establishing a baseline may be easier in some contracts than others, so contract management requirements must be relevant and proportionate. Where materials and waste are core to the contract, a baseline should be available or required (for example within 6-12 months of start of the contract). According to the subject matter of the contract these may include the monitoring waste generated, materials reuse and others. For example:

Example	Clause
Products/assets	Specific requirements may include: 'Establish a register of relevant [assets], determine those that are fit for purpose, undertake an assessment of the feasibility of extending the useful life of others through repair or refurbishment or otherwise pass for reuse internally or externally, within [insert] months/years of commencement of the contract.'

If it is impractical to obtain a baseline (for example where materials' quantity cannot be tied to the delivery of a specific contract), the focus within contract management should be on continual improvement in materials management practices.

Where requirements around materials' scarcity or the reduction of the use of unsustainable materials will be built into the contract, relevant and proportionate performance indicators also need to be developed to ensure delivery. These may include evidence of the origin of materials or independent verification of process methods.

Relevant KPIs and contract conditions may include, according to subject matter of the contract.

Waste and materials:

- ◆ percentage of materials and products diverted from landfill for re-use (tonnes)
- ◆ percentage diversion from landfill for recycling (tonnes)
- ◆ waste reduction savings (£)
- ◆ percentage of materials/products supplied or used in service delivery that meet sustainably sourced and/or recycled requirements
- ◆ The provision of yearly verification that materials used within products or services supplied meet the specification requirements of [X per cent recycled content] [sustainably sourced]
- ◆ training records of those requiring waste management training in accordance with the waste hierarchy
- ◆ percentage of end-of-life products re-used, reconditioned and remanufactured
- ◆ percentage of products supplied/used meeting relevant performance and quality requirements that are refurbished or remanufactured
- ◆ percentage and quantity of packaging used that is reusable/recyclable and does not include single use plastics

- ◆ expected useful life of products/equipment/fittings installed, extended by upgrade and maintenance where appropriate, before replacement is required.

Materials security:

- ◆ the provision of [quarterly/yearly] confirmation of supply chain details relating to essential materials, products or equipment supplied or reliant upon within service delivery, and evidence of ongoing assessment of risks to security of supply and appropriate mitigation measures.

It may also be appropriate to include ongoing improvements in outcomes over the life of the contract. For example:

Example	Clause
Service, eg facilities management/waste contract	Through the possible incentive of profit sharing of waste reduction savings over the contract term: 'The contractor hereby agrees to increase the rate of diversion from landfill by [x] per cent year on year over the [x] years of the contract.'
'Raising the bar'	
Particularly in the application of circular economy outcomes, there may also opportunities to collaboratively work with incumbent suppliers to encourage further improvement. This is an area which is developing, and contracting authorities should be cognisant of market capability and capacity regarding this.	

At contract award there is always the opportunity to reach a voluntary agreement with the supplier that they will work with you to deliver agreed resource/materials, waste and circular economy outcomes that can be captured as a contract commitment.

Offsets

Where offsets have been determined to be relevant (only after all possible measures to mitigate emissions by the supplier), reporting may include detail of payments into verified offset schemes.

Qualitative improvement

Where resource/materials, waste and circular economy have been identified as an important issue for the contract but quantifying intended outcomes is problematic due to lack of reasonably available data, it may be appropriate to seek qualitative detail of how the contractor is supporting the transition to a circular economy through a narrative element to reporting.

Monitoring and reporting outcomes

Identifying emissions from vehicles outcomes from contracts feeds into:

- ◆ **Internal and external climate change reporting requirements**

It is expected that there will be increasing focus on procurement and how it supports the delivery of climate change outcomes.

- ◆ **Sharing of lessons and good practice**

This includes identifying further opportunities to develop innovative solutions with markets, how councils have delivered emissions outcomes through commissioning, procurement and contract management, as well as remaining barriers which enhanced collaboration may help address.

Finally, it is important to bear in mind that particularly in service contracts, social considerations may well be applicable for waste management and circular approaches including re-use, repair and remanufacturing in terms of the voluntary and community sector, social enterprises, skills and training. This may be as part of the sourcing requirement or at the end-of-life stage for reuse, remanufacture or recycling. Any required benefits must be tangible and measurable.



Related guidance which provides further detail on applying materials, waste and circular approaches includes:

- ◆ [‘Procuring for: repair, re-use and remanufacturing – category and commodity guidance.’](#)
- ◆ [‘Procuring resource efficient construction projects.’](#)

Topic: jobs and skills

Content

Description and context	Commissioning and pre-procurement	Procurement	Contract and supplier management and monitoring
♦ Description and scope	♦ Commissioning and pre-procurement guidance	♦ Supplier selection	♦ Contract and supplier management
♦ Legal and policy context	♦ Pre-contract notification	♦ Specification ♦ Evaluation and award	♦ Monitoring and reporting

Description and scope of guidance

Description	<p>Are there opportunities to generate employment, skills and training, including for local, young and other priority disadvantaged people? This includes:</p> <ul style="list-style-type: none"> ♦ targeted recruitment and training for those furthest from the labour market – reflecting local priorities according to the subject matter of the contract ♦ addressing skills gaps ♦ apprenticeships ♦ vocational qualifications ♦ job shadowing/work placements/experience ♦ school and college engagement and support ♦ developing skills for low carbon transition. 									
‘Priority’ categories (sample)	<p>Service and works contracts, eg:</p> <ul style="list-style-type: none"> ♦ construction ♦ facilities management ♦ social care ♦ ICT services. 									
Outcomes this supports (main, related and UN SDGs)										

When considering whether these are relevant for a planned procurement, consider:

- ◆ Does the activity address a community need?
- ◆ Does the activity support a local authority's community objectives – for example, what are your priority groups?
- ◆ Does the activity produce a measurable community benefit?
- ◆ Is it additional activity over and above just good business practice?

This guidance focuses on employment, skills and training. Given the description above, there are inevitable links to multiple outcomes – for example links to community initiatives such as enabling digital access, reducing fuel poverty, reducing social isolation/loneliness and supporting health and wellbeing.

This may support disadvantaged groups including those with unspent convictions and ex-offenders who face problems with securing employment and high risks of re-offending, which will help make communities safer and reduce inequality.

This is considered in more detail in the 'Reducing inequality' and Healthy communities' guidance.

England's most disadvantaged groups

The Equality and Human Rights Commission has identified Gypsies, Travellers and Roma, homeless people, people with learning disabilities, migrants, refugees and asylum seekers as being the most disadvantaged in England. Does this match your local situation or, as a result of COVID-19, is there also wider concern regarding young people, long-term unemployed, veterans, survivors of modern slavery, those at risk of reoffending and others?

This guidance – the legal and policy context

It is recognised that many councils have effectively focused on delivering social value, including jobs, skills and training, as a result of the the Public Services (Social Value) Act and local social value strategies.

This guidance therefore concentrates on:

1. 'Worked examples' with relevant clauses at commissioning, procurement and contract management. These relate to one which addresses a range of potential opportunities and another concentrating on a specific opportunity, based on the scope of the categories/contracts.
2. Highlighting other relevant guidance which supports embedding jobs, skills and training requirements within procurement – for example below.
3. Highlighting good practice examples which councils may learn from.



Citb National Skills Academy for Construction
Examples of skills and training within construction services.



London Councils 'Employment and skills opportunities through procurement'
Guidance and toolkit (while some years old it provides good detail, including for voluntary or contractual arrangements).



LGA 'District councils social value toolkit'

Commissioning and pre-procurement guidance

Define need

- ◆ What are the intended outcomes from the planned procurement – functional, technical, performance, end-user requirements?
- ◆ How does the planned procurement relate to community objectives – eg economic recovery and local economic development, inclusive growth, community wealth building, decarbonisation of the economy?
- ◆ Have you undertaken relevant engagement with community groups to understand their needs and interests to enable targeting of jobs, skills and training outcomes?
- ◆ Have all relevant internal stakeholders been involved in this early consideration, eg heads of service, budget holders, finance, specifiers, end users and others?

Market engagement and collaboration

- ◆ Have you engaged with the market to set out your community-based objectives?
- ◆ How capable is the market in delivering these ambitions? In designing contracts where training and skills development requirements are to be built in, early market engagement is important to identify the capacity of the market to deliver these.
- ◆ A request for information (RFI) or market engagement event may be helpful to better understand market capability and maturity.
- ◆ Is there an opportunity for innovative solutions, eg the need for new skills to support the transition to 'net zero'?
- ◆ Factor in sufficient time to conduct an effective market dialogue – communicate your intended community objectives, outcomes, timescales, and the project business case. This signals your intent to the market (as well as internal stakeholders), and to provide a basis for measuring and managing overall performance.

Pre-contract notification

Having determined intended outcomes and the relevant procurement requirement, ensuring these are relevant and proportionate, it is good practice to notify bidders of any particular contract performance requirements or any essential award criteria early in the process.

This can be done by including details in the contract notice or a prior information notice (PIN), so that potential suppliers can determine whether they can meet the requirements. For example:

Example	Clause
Facilities management contract – general	‘Under this [contract] the contractor and its supply chain will be required to actively participate in the achievement of social objectives relating to skills development, employment and training programmes in accordance with the [where relevant – the contracting authority’s employment and skills strategy] in order to support community programmes.’
Facilities management contract – specific opportunities	<p>‘Community benefits are included in this requirement in support of the contracting authority’s [sustainable development/social inclusion/economic and social regeneration/equal opportunities]. The contracting authority is particularly interested in:</p> <ul style="list-style-type: none"> ◆ targeted recruitment and training for those furthest from the labour market – in particular young people and long-term unemployed ◆ vocational qualifications which support transferable skills.’
Example	<p>Stockton-on-Tees Council</p> <p>The council decided to embed social value into a contract for CCTV maintenance, primarily as it was felt this was outside of the usual tenders where social value would normally be included. It felt that if it could demonstrate a positive outcome, then this would be a good measure of the potential success of the social value ‘National TOMs framework’ and something that could then be developed, incorporated and rolled out as standard across future procurement exercises.</p>
<p>‘Raising the bar’ – seeking innovative solutions</p> <p>Are the conditions for innovation in place within the council? Is procurement seen as a mechanism to help deliver energy transition and innovation?</p> <p>Can you unlock the creativity and innovative ideas of suppliers? Is there an ‘unmet need’ which the market can be encouraged and enabled to develop a solution to or co-design? What is required to bridge the gap and fulfil market potential? Is there the opportunity to shape a market/develop a market?</p> <p>Does this mean there is a need for new local skills?</p>	
<p>Raising the bar – social care requirements</p> <p>This may include collaborative responses to COVID-19, such as in the health and social care sector. This may include:</p> <ul style="list-style-type: none"> ◆ a default to co-production of systems, including the involvement of those receiving services ◆ enhancing adaptation of care systems to reduce inequalities ◆ collaboration between NHS, councils and the and VCSE sector on supporting innovation in care services. <p>These may impact on development and adaptation of relevant services with markets and relevant procurement requirements.</p>	

Case study

Organisation:	Greater Manchester Combined Authority (GMCA)
Procurement:	Education, work and skills provision framework.
Action:	<p>A key issue in the selection of the jobs and skills requirements is what relevant training and employment services are available locally, and how accessible and affordable they are. Clarity on the range of support services that exist, and the access routes available to businesses seeking to offer training and employment opportunities, will be critical to the successful deployment of social clauses. For example:</p> <p>'GMCA 2020 wishes to procure a multi-supplier flexible procurement system which will contain external suppliers capable of delivering a variety of education, work and skills provision, including but not limited to:</p> <ul style="list-style-type: none"> ◆ support and guidance into work for a variety of vulnerable, marginalised or underrepresented groups ◆ careers support for young people ◆ support, guidance and training for in-work adults ◆ accredited training in a variety of professions up to Level 6 ◆ non-accredited skills training and continuous professional development ◆ working in partnership with industries and employers to design specific training provision to upskill those in employment and the unemployed where there is an identified skills gap ◆ providing support and training to identified groups, suppliers and individuals.' <p>Greater Manchester Work and Skills Strategy and Priorities</p>
Key transferable lesson:	Clearly articulate the scope of jobs and skills requirements which are aligned with the local authority's objectives.

CASE STUDY

Organisation:	Plymouth City Council
Initiative:	'Skills 4 Plymouth' – construction.
Action:	<p>In response to COVID-19 and the 'Green Deal'/net zero, there is an urgent focus on using capital projects as catalyst for regeneration, reducing unemployment and creating sustainable jobs. This includes:</p> <p>'Capitalise on the expected outcomes of project-specific employment and skills plans. Generate greater social value through increased weighting and improved assessment through procurement.'</p>
Key transferable lesson:	Mapping capital projects to employment and skills opportunities as well as alignment with net zero transition and new technology: Resurgam: Construction built environment .

CASE STUDY

Organisation:	Leicester City Council
Procurement:	Construction projects – school/college engagement.
Action:	<p>The council’s employment hub provides support for businesses to enable local jobs and skills. ‘Whether you are a Leicester-based company or not, we strongly encourage you (and where relevant, your supply chain) to consider how you can support the employment of people in Leicester. We ask that all job opportunities related to our contracts, where the opportunity is within reach of Leicester, are advertised in Leicester job centres and through Leicester organisations.</p> <p>We would like you to work with our employment hub to offer these opportunities to local people. The employment hub can offer you advice on apprenticeship and training schemes, and advise you if funding may be available to support you when you create these opportunities.’</p> <p>The hub organised a site visit for a group of 30 students and staff from Moat Community College to learn about design and construction. They visited the re-development site of the former Southgates bus station and were greeted by Winvic, the construction company turning it into new student accommodation. It was a great opportunity for them to see a large construction site in action and understand how different disciplines go hand in hand to achieve such a project.</p>
Key transferable lesson:	Engaging and supporting the supply chain to enable local jobs, skills and education.

CASE STUDY

Organisation:	Liverpool City Council
Procurement:	Construction projects.
Action:	<p>‘Skills boost as Willmott Dixon launches Liverpool skills hub.’</p> <p>The contractor behind several important building projects in Liverpool has launched a skills academy in the city to equip dozens of local people with qualifications to get jobs in the construction industry.</p> <p>Willmott Dixon has opened the ‘Building Lives Academy’ adjacent to its project to build King’s Dock car park, for Liverpool City Council, with the intention of upskilling vulnerable young people, ex-offenders and individuals on licence from HMP Thorn Cross, so they can enjoy a career working on the region’s key building projects.</p>
Key transferable lesson:	Working with contractors to build capability and skills benefits a wide range of priority groups in the community.

Supplier selection

Grounds for exclusion

As indicated in the general guidance there may be relevant exclusion grounds; these may include breaches of environmental, social or labour law – full details are not repeated here.

A contracting authority should only ask for verification of exclusion grounds from sub-contractors in circumstances where it is regarded as proportionate and necessary to do so. A grounds for exclusion statement from the standardised statement document should be included in the contract notice.

Selection

Selection criteria applied must be relevant and proportionate to the subject matter of the contract. When selecting suppliers, it is essential to assess the technical capabilities that will be required for the products or services you are procuring to meet your needs.

Any selection criteria deemed appropriate must be tested through the format of the single procurement document (SPD).

Experience

While the standard questionnaire may be used for supplier selection, there may be an opportunity to determine experience of bidders regarding energy efficiency outcomes (ensuring the wording provides opportunities for new entrants to the market). It will not always be appropriate to assess community benefits at this stage of the procurement process. Contracting authorities must give consideration to whether previous experience of delivering a particular type of community benefit is required to be able to deliver the proposed contract. While you may wish to encourage as many suppliers as possible to deliver community benefits, a balance must be struck in establishing relevant experience.

For example:

Example	Clause
Service contract – general	'Please [also] describe your experience of incorporating social benefits into previous contracts, similar in nature to this requirement, including details of any specific steps taken in the design of services to increase employment and training opportunities.'
Service contract – specific opportunities	'Please give examples [number] of your involvement in each of the following [delete as relevant]: <ul style="list-style-type: none">◆ generating employment and training opportunities for long-term unemployed people◆ providing training opportunities for young people and retaining them after the completion of training◆ the development of trade skills in your existing workforce◆ equal opportunities recruitment procedures. What was your exact involvement in each of the above activities? Which of the examples you have cited have been more successful, and which have been less successful, and why?'

A good response would provide the following details:

- ◆ Project experience illustrating how the bidder has delivered relevant community benefits which are additional to normal business practice [suitable evidence provided will vary according to project nature].

This may include showing how the bidder has previously collaborated with clients, partners and their supply chain to deliver these outcomes.

Specification

Sustainable requirements need to be incorporated into the specification and must be relevant to the procurement, and not to the general capacities or qualities of the operator. This should consider the nature of relevant jobs and skills requirements and whether specific quantitative requirements are relevant (eg number of person weeks of employment for each [£x]).

Example	Clause
Service contract – general	'What arrangements will you make to provide mentoring and support for trainees and work placements to ensure maximum retention and achievement of industry accreditations?'
Long term service contract – specific opportunities	Bidders are required to submit a targeted recruitment and training method statement with the tender, using the attached pro-forma, setting out how the following outcomes will be achieved. Developing jobs and skills relevant for the contract that support the local authority objectives to decarbonise its estate and facilities, including through innovative solutions, with a particular focus on those further from the jobs market: young, long-term unemployed [or others according to the council's objectives].
Major construction/servicecontract – ex-offenders	'The contractor is required to support council objectives to make communities safer, reduce inequality and reduce risks of re-offending through relevant provision of employment and training opportunities for ex-offenders, in the delivery of this contract. This should include prisoner/offender awareness training of all staff involved in the contract, engagement with VCSEs and agencies who have appropriate expertise [notified by the contracting authority], and regular reporting of training provided and the involvement of ex-offenders in contract delivery.'

It is important when developing the specification to consider how delivery of intended outcomes will be measured – for example those included in the TOMS framework. This is considered in more detail in the 'Contract management' section.

Case study	
Organisation:	Stockton-on-Tees Borough Council
Procurement:	Embedding social value into procurement – CCTV maintenance 2019.
Action:	The investment in the council's CCTC network, control room and network systems included upgrades to a number of cameras and a refit to the control room. To safeguard this investment and to ensure that all public surveillance systems and building monitoring is fully operational to optimum performance, the council required a CCTV maintenance contract. The council decided to embed relevant social value into this contract, with an emphasis on jobs and skills. This was a type of contract where social value would perhaps not normally be included, so could act as a potential example to be applied to other procurements. The council, working in collaboration with the National Social Value Task Force, the NEPO Regional Social Value Delivery

	Group and a range of other internal stakeholders (including legal services and the principal employability officer), developed its invitation to tender (ITT) documents. This included developing the current ITT to detail and provide examples of the social value requirements, producing new contractual clauses, and producing a presentation to deliver to prospective providers at a planned bidder event.
Key transferable lesson:	This project has secured a strong, reliable and measurable commitment to social value that covers a range of measures across 'jobs', 'growth' and 'social, healthier and more resilient communities'. See 'Embedding social value into procurement – CCTV maintenance' on the Social Value Portal.

Case study	
Organisation:	Wirral Council and Surrey County Council
Procurement:	Apprenticeships and employment opportunities in supply chains for local authority care leavers.
Action:	<p>Wirral Council sought to enable opportunities for those leaving care, given that those children who leave the care system are three times more likely to be NEET (not in education, employment or training) than their peers, and the council had a corporate parenting responsibility of between £20,000 and £25,000 per year for each care leaver.</p> <p>In March 2018, Wirral Council's commissioning services team and the young people's 14-19 service discussed the adoption of a new approach to support care leavers into opportunities with a couple of frontline service providers/partners who hold council contracts.</p> <p>The initial approach considered the opportunity for Biffa Waste Services to use their apprenticeship levy to support the employment of individuals. While this was not an appropriate mechanism, Biffa committed to providing a full training and development programme, treating the individuals as regular employees, with the eventual aim of full integration into the existing workforce.</p> <p>Surrey County Council has worked with Kier to support vulnerable young people and adults with the opportunity to learn basic highway works that will help improve their chances of gaining mainstream employment: Kier: Skills for highways.</p>
Key transferable lesson:	Adopting the same model as that pursued with Biffa, Wirral worked with Continental Landscapes to enable the placement of two care leavers with the company on a full-time basis as permanent employees. This example has acted as a model to support care leavers and involve other service partners across place, people and corporate services: Social Value Portal: Apprenticeships and employment opportunities in supply chains .

Also see the 'STAR' (shared procurement service for Stockport, Trafford and Rochdale councils) [range of case studies](#). This includes the following example.

CASE STUDY

Organisation:	Rochdale Council
Procurement:	Adult care lift maintenance, servicing and repair.
Action:	Through a focus within tender on: <ul style="list-style-type: none">◆ promote employment and economic sustainability◆ raise the living standard of local residents◆ promote participation and citizen engagement◆ build capacity and sustainability of the voluntary and community sector◆ promote equity and fairness◆ promote environmental sustainability.
Key transferable lesson:	See link to 'Contract management' for outcomes.

Evaluation and award

Award criteria must be proportionate and relevant to the works, supplies or services that are the subject matter of the contract, and there must be a clear methodology to evaluate responses. An ideal response should be understood, based on intended outcomes agreed by relevant stakeholders including within a user intelligence group, where relevant. Support may be needed from economic development specialists.

In evaluating tenders in relation to community benefit award criteria, this must include evaluation of the bidder's proposed approach to meeting the requirement and ensuring they demonstrate an understanding of how to achieve the required community benefit.

Example	Clause
<p>Service – eg facilities management</p>	<p>'The organisation specifically wishes to support the development of skills in the facilities management sector [specify specific service as relevant]. Please describe how you will contribute to this aim, including developing trade skills within your existing workforce.'</p> <p>Appropriate information may include [according to subject matter of contract and relevant requirement]:</p> <ul style="list-style-type: none"> ◆ Who in the organisation will be responsible for managing the training scheme and overseeing the proposals? ◆ Which education and training providers will be involved with delivery of the project? ◆ What types of accredited and non-accredited training are expected to be offered, and who are expected to be the main beneficiaries of this training? ◆ Which trades or occupational areas is it envisaged will be offering apprenticeship opportunities? ◆ What types of apprenticeship are expected to be offered? ◆ How will the target outputs, as set out in the specification, be delivered? ◆ How will health and safety issues be managed? ◆ What actions will be taken to ensure the support of trade contractors and subcontractors working on the project? ◆ How will compliance be managed [and monitored] with respect to organising trade contractors and subcontractors? <p>It may be appropriate to require the bidders to complete a histogram demonstrating at which project stage the expected jobs and training opportunities are to be delivered.</p>

Following contract award it is appropriate to discuss your jobs and skills ambitions, the supplier's response, practical implementation and the inclusion of relevant KPIs in the contract that demonstrate delivery of intended outcomes (we consider this in more detail in the next section).

Contract and supplier management

Relevant KPIs

Where jobs and skills is a relevant contract focus, relevant and proportionate performance indicators need to be developed to ensure delivery of intended outcomes.

The benefits of the contractual requirement must be quantifiable and measurable.

TOMS provides a range of potential measures, not repeated in full here. Relevant KPIs may include:

Example	Clause
Service – eg facilities management	<ul style="list-style-type: none"> ◆ Number of local direct employees. ◆ Number of jobs filled from disadvantaged groups, eg long-term unemployed, young people, ex-offenders. ◆ Number of weeks on vocational training qualifications completed. ◆ Number of work placements for school pupils, college and university students. ◆ Number of work placements for priority groups. ◆ Number of qualifications achieved through training by priority groups. ◆ Number of qualifications achieved through training by other employees.

Case study

Organisation:	Stockton-on-Tees Borough Council
Procurement:	Embedding social value into procurement – CCTV maintenance 2019.
Action:	<p>The investment in the council’s CCTC network, control room and network systems included upgrades to a number of cameras and a refit to the control room. To safeguard this investment and to ensure that all public surveillance systems and building monitoring is fully operational to optimum performance, the council required a CCTV maintenance contract.</p> <p>The council decided to embed relevant social value into this contract, with an emphasis on jobs and skills. This was a type of contract where social value would perhaps not normally be included, so could act as a potential example to be applied to other procurements.</p> <p>The council, working in collaboration with the National Social Value Task Force, the NEPO Regional Social Value Delivery Group and a range of internal stakeholders (including legal services and the principal employability officer), developed its invitation to tender (ITT) documents. This included developing the current ITT to detail and provide examples of the social value requirements, producing new contractual clauses, and producing a presentation to deliver to prospective providers at a planned bidder event.</p>
Outcomes:	The measures the successful bidder committed to are as follows:

	<ul style="list-style-type: none"> ◆ two new FTE (full time equivalent) positions as a direct result of being awarded the contract, with a social value of £56,426 ◆ 39 weeks of apprenticeships on the contract at Level 2, 3 or 4+, with a social value of £6,553 ◆ four weeks of work placements or pre-employment courses (unpaid) with a social value of £575 ◆ £1,000 of equipment or resources donated to VCSEs ◆ £10,000 spent in the local supply chain through the contract ◆ £10,000 spent through the contract with local SMEs ◆ £1,000 donated or contributed to local community projects. <p>The total value attributed to social value as defined in the social value TOMs proxy values is £77,575 per annum, £232,726 for the initial three-year term. A robust contract management plan has been developed to ensure the successful bidder's compliance with their tender throughout the contract duration. The annual value of the contract is approximately £200,000, meaning the social value that will be delivered is approximately 39 per cent additional to the annual value of the contract, demonstrating a gain in excess of the initial expectations.</p>
Key transferable lesson:	This project has secured a strong, reliable and measurable commitment to social value that covers a range of measures across 'jobs', 'growth' and 'social, healthier and more resilient communities'. See 'Embedding social value into procurement – CCTV maintenance on the Social Value Portal.'

Case study	
Organisation:	Rochdale Council
Procurement:	Adult care lift maintenance, servicing and repair.
Action:	<p>Through a focus within tender on:</p> <ul style="list-style-type: none"> ◆ promote employment and economic sustainability ◆ raise the living standard of local residents ◆ promote participation and citizen engagement ◆ build capacity and sustainability of the voluntary and community sector ◆ promote equity and fairness ◆ promote environmental sustainability.
Outcomes:	<ul style="list-style-type: none"> ◆ Create one new job (minimum) in the local economy from within the Rochdale region. ◆ Create one apprenticeship for local residents across the Rochdale region. ◆ Provide two days of meaningful work experience for local residents from Rochdale's region.

	<ul style="list-style-type: none"> ◆ Support two people back to work by providing career mentoring for job clubs, including mock interviews, CV advice and careers guidance. ◆ Employ one ex-offender (or other group of people who typically face additional challenges in competing in the labour market) across the service from Rochdale. ◆ Support one new business start-up from Rochdale by running practical workshops with enterprise clubs. ◆ Support the local economy by spending 30 per cent of total expenditure in the local supply chain. ◆ Support the local supply chain by spending 15 per cent of total expenditure within Rochdale. ◆ Sheridan will provide two employee days each year across the Rochdale area to support community initiatives. ◆ Support local VCSE organisations through the supply chain by spending five per cent of total expenditure with community and voluntary sector providers based in Rochdale.
Key transferable lesson:	A range of multiple outcomes – including jobs, skills, support for ex-offenders, local supply and involvement of the VCSE sector: STAR Procurement: Lift maintenance case study .

Case study	
Organisation:	STAR Procurement (shared procurement service for Stockport, Trafford, Tameside and Rochdale councils)
Procurement:	Architect and design for the delivery of the new build Lisburne Send Primary School.
Action:	<p>Through a focus within tender on:</p> <ul style="list-style-type: none"> ◆ provision of training and employment opportunities ◆ promotion of a sustainable environment ◆ building quality, affordable social housing ◆ health and wellbeing ◆ successful and thriving places ◆ pride in our area ◆ green and connected ◆ focus on local priorities and Stockport local plan.
Outcomes:	<ul style="list-style-type: none"> ◆ Eight local people (FTE) employed on contract. ◆ One job (FTE) created for disabled people. ◆ Twelve hours local school and college visits. ◆ Ten weeks spent on working with long-term unemployed on skills and education weeks. ◆ One Level 7 apprentice retained on contract for four years. ◆ Five unpaid work placements on contract for duration of project.

	<ul style="list-style-type: none"> ◆ 15,600 miles saved on contract through duration of project. ◆ £1,000 donated to Stockport food banks. ◆ 300 hours volunteering time spend on green space projects in Stockport. ◆ 39 per cent social value achieved against contract value.
Key transferable lesson:	A range of multiple outcomes – including jobs, skills, support for ex-offenders, local supply and involvement of third sector. See STAR procurement .

Case study	
Organisation:	STAR Procurement (shared procurement service for Stockport, Trafford, Tameside and Rochdale councils)
Procurement:	Redevelopment of the former Sale magistrates' court site.
Action:	<p>Through a focus within tender on:</p> <ul style="list-style-type: none"> ◆ provision of training and employment opportunities ◆ promotion of a sustainable environment ◆ building quality, affordable social housing ◆ health and wellbeing ◆ successful and thriving places ◆ pride in our area ◆ green and connected ◆ targeted support.
Outcomes:	<ul style="list-style-type: none"> ◆ 260 local people (FTE) employed on contract. ◆ Two employees (FTE) taken on who are long-term unemployed. ◆ Two young employees (FTE) taken on who were not in employment, training or education. ◆ Two employees (FTE) taken on, rehabilitating young offenders. ◆ One job (FTE) created for disabled people. ◆ 32 hours dedicated to supporting unemployed people aged over 24 into work. ◆ 100 hours local school and college visits. ◆ 102 weeks training opportunities on contract, Level 2, 3, or 4+. ◆ 306 weeks apprenticeships on the contract, Level 2, 3, or 4+. ◆ 24 hours dedicated to support young people into work. ◆ 30 weeks spent on meaningful work placements of one to six weeks (unpaid).

	<ul style="list-style-type: none"> ◆ Eight weeks meaningful paid work placements of six weeks or more (internships). ◆ 100 hours provision of expert business advice to VCSEs and SMEs. ◆ £12,800,000 total amount spent through contract with local MSMEs. ◆ 500 hours commitment to work practices that improve staff wellbeing, for example. ◆ 40 hours diversity training provided for contractors and subcontractors. ◆ All procurement contracts include commitments to ethical procurement etc. ◆ £10,000 initiatives to tackle homelessness. ◆ £30,000 initiatives to engage people in health or wellbeing initiatives in the community. ◆ £2,000 initiatives to support vulnerable people to build stronger community networks. ◆ £2,000 donations or in-kind contributions to local community projects (cash and materials). ◆ 50 hours volunteering time provided to support local community projects. ◆ £900 support provided to help local community draw up their own community charter. ◆ 87 per cent social value achieved against contract value.
Key transferable lesson:	A range of multiple outcomes – including jobs, skills, support for ex-offenders, local supply and involvement of third sector. See STAR procurement .

At contract award, there is always the opportunity to reach a voluntary agreement with the supplier that they will work with you to deliver agreed jobs and skills that can be captured as a contract commitment.

Monitoring and reporting outcomes

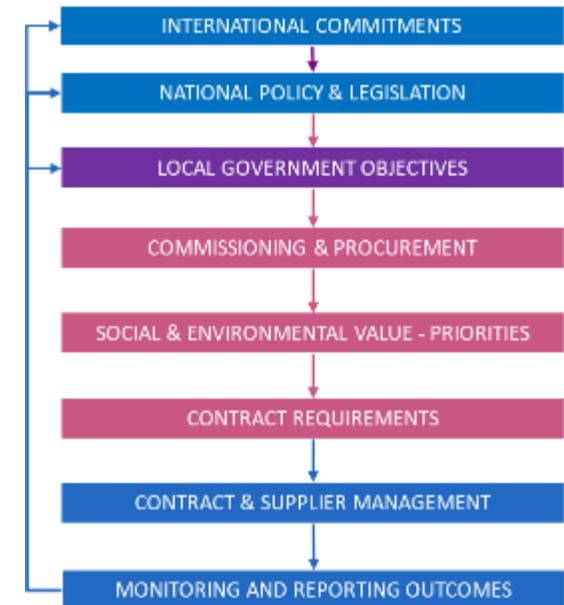
Identifying energy outcomes from contracts feeds into:

- ◆ **Internal and external climate change reporting requirements**

A focus on jobs and skills is already part of reporting requirements, such as involvement of SMEs in supply chain and local employees on contracts. It is expected that there will be increasing focus on procurement and how it supports the delivery of climate change outcomes, and this may impact on reporting requirements – such as those supporting the transition to a decarbonised economy.

- ◆ **Sharing of lessons and good practice**

This includes identifying further opportunities to develop innovative solutions with markets, how councils have delivered jobs and skills through commissioning, procurement and contract management, as well as remaining barriers which enhanced collaboration may help address.



Topic: MSMEs and VCSEs

Content

Description and context	Commissioning and pre-Procurement	Procurement	Contract and supplier management and monitoring
<ul style="list-style-type: none"> ◆ Description and scope 	<ul style="list-style-type: none"> ◆ Commissioning and pre-procurement guidance 	<ul style="list-style-type: none"> ◆ Supplier selection 	<ul style="list-style-type: none"> ◆ Contract and supplier management
<ul style="list-style-type: none"> ◆ Legal and policy context 	<ul style="list-style-type: none"> ◆ Pre-contract notification 	<ul style="list-style-type: none"> ◆ Specification ◆ Evaluation and award 	<ul style="list-style-type: none"> ◆ Monitoring and reporting

Description and scope of guidance

Description	Are there opportunities to enhanced social value through the involvement of micro, small and medium sized enterprises (MSMEs) and voluntary, community and social enterprises (VCSEs) in co-design and/or delivery of services, where they have relevant skills?									
‘Priority’ categories (sample)	As main contractor or sub-contracting, including: <ul style="list-style-type: none"> ◆ social care ◆ construction ◆ facilities management ◆ other services ◆ product end-of-life management and related services. 									
Outcomes this supports (main, related and UN SDGs)										

MSMEs and VCSEs are key drivers of social value:

- ◆ they bring diversity and increased competition to the public sector
- ◆ they can be innovative and have specialist skills
- ◆ as primarily local organisations their involvement increases local spend
- ◆ as local organisations they often understand local needs
- ◆ VCSE activities directly support local social outcomes.

As a result, councils should determine the potential role of these organisations in planned procurements. In practice this means:

- ◆ Making sure that the MSME and VCSE sectors are given the opportunity to be involved in the design and delivery of services, according to their skills and understanding.
- ◆ Incorporating relevant community benefits in contracts to optimise social value.
- ◆ Enabling MSMEs and VCSEs to compete for business through advertising potential contracts so that they are aware of opportunities to bid directly or be involved as a sub-contractor, contracts are structured such as through lotting, relevant opportunities for them to be involved in supply chains are encouraged, prompt payment requirements.
- ◆ Using appropriate procurement mechanisms – this may include dynamic purchasing systems.

Councils will often provide support to MSMEs and VCSEs. For example, as part of supplier development and business support to MSMEs, VCSEs such as accounting/human resources/health and safety competing for contracts advice; and the LGA and UK Government guidance opposite.

It is recognised that councils may support VCSEs through grant funding rather than competed contracts. In practice, the principles regarding social value apply to both grants and contracts. Yearly grant funding giving way to longer term contracts may well provide greater opportunities to deliver social value.

There are inevitable links to multiple outcomes; for example, links to community initiatives according to their particular areas of expertise, such as supporting the transition to a circular economy, supporting jobs and skills for disadvantaged people, reducing social isolation/loneliness and supporting health and wellbeing. You may therefore want to look at other sections within this guidance, including:

- ◆ resources, waste and circular economy
- ◆ jobs and skills



[A guide to dynamic purchasing systems within the public sector](#)



[Getting the most from social value: a step-by-step guide for SMEs and VCSEs](#)

[VCSEs: A guide to working with government](#)

- ◆ reducing inequality.

See examples



in:



The Scottish Government published in December 2020 the results of an analysis of the impact of the '[Sustainable procurement duty](#)', which requires contracting authorities to:

'Before carrying out a regulated procurement, consider how in conducting the procurement process it can:

1. improve the economic, social, and environmental wellbeing of the authority's area
2. facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses in the process
3. promote innovation.'

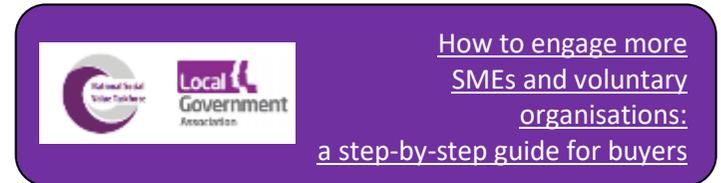
Chapter 3 focuses on the second point above. As well as the involvement of this cohort as contractors and sub-contractors, the study highlighted that 31 per cent of public bodies reported community benefits related to supporting SMEs, social enterprises and/or the voluntary and community sector in 2018-19, with much of this activity related to events and support designed to enhance the capacity of these organisations.

This guidance and the legal and policy context

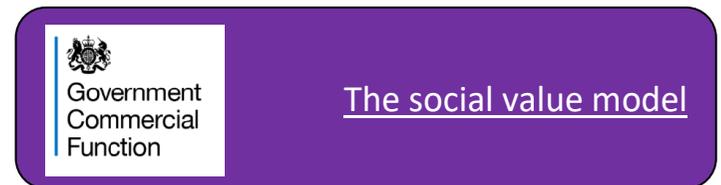
It is recognised that many councils have effectively focused on delivering social value, including jobs, skills and training, as a result of the the Public Services (Social Value) Act and local social value strategies.

This guidance therefore concentrates on:

1. 'Worked examples' with relevant clauses at commissioning, procurement and contract management. These relate to one which addresses a range of potential opportunities and another concentrating on a specific opportunity, based on the scope of the categories/contracts.
2. Highlighting other relevant guidance which supports the involvement of MSMEs and VCSEs within procurement. For example, existing guidance opposite emphasises key principles when ensuring that social value requirements enable MSMEs and VCSEs to be involved in contracts.
3. Highlighting good practice examples which councils may learn from.



Within central government there has been a move to ensure a consistent approach to applying social value in procurement. The '[Social value model](#)' was therefore developed in 2020. This has been developed with input from the Federation of Small Businesses, the SME Advisory Panel and the Voluntary, Community and Social Enterprise Advisory Panel. 'It is based on qualitative responses from bidders and not on volumes. This means that larger suppliers are not able to win on scale alone. All bidders must set out what they will deliver and how they will deliver it. It is this information that will be scored in bid evaluations'. While not aimed at councils, there may be clauses that are relevant for planned procurements.



For example, the model under 'Sub-criteria for MAC 2.1: entrepreneurship, growth and business creation' includes:

The tenderer's existing or planned:

- ◆ Understanding of the level of small, medium and large organisations and voluntary, community, social enterprises and mutuals participation in the contract supply chain.
- ◆ Identification of opportunities to grow supplier diversity in the contract supply chain or in the location/community where the contract is performed, including SME and VCSE participation and new business creation.

Case study

Organisation:	UK Government
Revisions:	The UK Government's 'Transforming public procurement' proposals included: 'A new flexible procedure that gives buyers freedom to negotiate and innovate to get the best from the private, charity and social enterprise sectors', with the aim to 'speed up and simplify procurement processes, place value for money at their heart, and unleash opportunities for small businesses, charities and social enterprises to innovate in public service delivery.'
Key transferable lesson:	Councils are already seeking opportunities to regenerate local economies through enabling SMEs and VCSEs to be involved in their supply chains. Regulations may enhance this focus – although councils have existing mechanisms which they are able to use: Cabinet Office: Transforming public procurement and Charities give cautious welcome to public procurement proposals .

Commissioning and pre-procurement guidance

Define need

- ◆ What are the intended outcomes from the planned procurement – functional, technical, performance, end-user requirements?
- ◆ How does the planned procurement relate to community objectives – eg economic recovery and local economic development, inclusive growth, community wealth building, decarbonisation of the economy?
- ◆ Have you undertaken relevant engagement with community groups to understand their needs and interests to enable a focus on SME and VCSE involvement?
- ◆ Have all relevant internal stakeholders been involved in this early consideration, eg heads of service, budget holders, finance, specifiers, end users and others?

Market engagement and collaboration

- ◆ Have you engaged with the market to clearly set out your objectives and build market capacity, eg ‘meet the buyer’ events and requests for information (RFI)?
- ◆ Have commissioners provided opportunities, where relevant, to involve VCSEs in the co-design of relevant services, for example by setting out intended outcomes and inviting proposals?
- ◆ How capable is the market in delivering these ambitions? Where the market involves large contractors, MSMES and VCSEs, is there an opportunity to encourage and enable collaborative supply chain partnerships to improve delivery of intended outcomes? In designing contracts where training and skills development requirements are to be built in, early market engagement is important to identify the capacity of the market to deliver these.
- ◆ Is there an opportunity for innovative solutions, eg the need for new skills or technology which MSMEs or VCSEs may be able to develop, to support the transition to ‘net zero’ or improve the delivery of council services?
- ◆ Factor in sufficient time to conduct an effective market dialogue – communicate your intended community objectives, outcomes, timescales, and the project business case. This signals your intent to the market (as well as internal stakeholders) and to provide a basis for measuring and managing overall performance.

Example

In the supply of ICT or furniture, can the required function be provided through a partnership between the supplier of products and SMES or VCSEs who can provide repair services or end-of-life management to extend the useful life of products – thereby supporting circular economy ambitions and enabling MSMES and VCSEs to be involved?

Pre-contract notification

Having determined intended outcomes and the relevant procurement requirement, ensuring these are relevant and proportionate, it is good practice to notify bidders of any particular contract performance requirements or any essential award criteria early in the process.

This can be done by including details in the contract notice or a prior information notice (PIN), so that potential suppliers can determine whether they can meet the requirements. For example:

Example	Clause
Facilities management (FM) contract – involvement of SMEs and VCSEs	‘Under this [contract] the contractor will be required to actively participate in the achievement of the contracting authority’s social objectives through, where relevant, the involvement of MSMEs and VCSEs in contract delivery.’
FM contract – specific opportunities	‘Community benefits are included in this requirement in support of the contracting authority’s [sustainable development/social inclusion/economic and social regeneration/equal opportunities]. The contracting authority is particularly interested in: <ul style="list-style-type: none"> ◆ supporting local economic development through relevant mentoring and training MSMEs and VCSEs.’
<p>‘Raising the bar’ – seeking innovative solutions</p> <p>Are the conditions for innovation in place within the council? Is procurement seen as a mechanism to help deliver innovation?</p> <p>Can you unlock the creativity and innovative ideas of suppliers? Is there an ‘unmet need’ which the market can be encouraged and enabled to develop a solution to or co-design and for which MSMEs and VCSEs may have particular skills? What is required to bridge the gap and fulfil market potential? Is there the opportunity to develop a local market?</p> <p>Does this mean there is a need for new local skills, new services or technology which MSMEs or VCSEs may help deliver?</p>	
<p>Raising the bar – social care requirements</p> <p>This may include collaborative responses to COVID-19, such as in the health and social care sector.</p> <p>This may include:</p> <ul style="list-style-type: none"> ◆ a default to co-production of systems, including the involvement of VCSEs and those receiving services ◆ enhancing adaptation of care systems to reduce inequalities ◆ collaboration between the NHS, councils and the voluntary/community sector on supporting innovation in care services. <p>These may impact on development and adaptation of relevant services with markets and relevant procurement requirements.</p>	

See the STAR procurement (shared procurement service for Stockport, Trafford and Rochdale councils) range of case studies, available from [here](#). This includes:

Case study	
Organisation:	Rochdale Council
Procurement:	Adult care lift maintenance, servicing and repair.
Action:	<p>Through a focus within tender on:</p> <ul style="list-style-type: none"> ◆ promote employment and economic sustainability ◆ raise the living standard of local residents ◆ promote participation and citizen engagement ◆ build capacity and sustainability of the voluntary and community sector ◆ promote equity and fairness ◆ promote environmental sustainability.
Key transferable lesson:	See link to 'Contract management' for outcomes .

Case study	
Organisation:	Gloucester City Council
Procurement:	Local delivery of grass cutting in Podsmead, 2018.
Action:	The model proposed was not that of a traditional simple commercial contract, but instead it would work so that several local residents would be trained and provided with equipment to then take on the work as self-employed contractors. These residents would learn new skills, including business management, and the scheme would help to tackle the issue of unemployment. Also, there would be benefits for the wider community, as those involved would be required to discuss their service each month with local residents, which would build relationships within the community.
Key transferable lesson:	This is a model that if successful has potential for growth areas such as garden maintenance, highway furniture cleaning (road signs etc) and pathway maintenance (edging and weeding): Gloucester City Council: Local Delivery of Grass Cutting in Podsmead .

Case study	
Organisation:	NHS Scotland – national procurement
Procurement:	Office and other furniture framework.
Actions:	<p>Detailed market engagement to set out the intention to obtain circular furniture solutions during the lifetime of the framework, while meeting all quality, safety and performance requirements. This included a PIN and supplier event which sought feedback from suppliers across the UK regarding the buyer's ambitions, to determine market maturity regarding circular furniture. Suppliers were able to deliver some circular services now, while others needed time to develop.</p> <p>The market comprised a mixture of Scottish and other UK SMEs as well as social enterprises. There was a specific objective to support the involvement of supported businesses in relevant supply chains, and the event was an opportunity to encourage dialogue between potential partners – 'encourage and drive increased access for SMEs, the third sector and supported businesses via first-tier contracting, especially for circular furniture and services'.</p>
Key transferable lesson:	Early engagement with the market to articulate intended circular objectives and understand market maturity and the role of SMEs and VCSEs in supporting policy objectives, to inform relevant and proportionate tender requirements.

Case study	
Organisation:	Bath and North East Somerset Council
Procurement:	Food procurement and involvement of local businesses – example of dynamic purchasing system.
Action:	<p>The council's 'Think local' procurement policy provides social value by increasing the amount of council business awarded to local suppliers and SMEs, by requiring local suppliers to be approached first for quotations for any commission below £50,000.</p> <p>The council is working to increase procurement of local food and drink in a number of ways. It is working with Equilibrium Markets, a local food distribution company, to enable a wide range of local producers and businesses to supply the council's school food service, and supplies organic milk from a local dairy for use in its offices.</p> <p>Work with Equilibrium Markets focuses on dynamic food procurement, embedding transparency and supporting food security and Soil Association certified supplies.</p>
Key transferable lesson:	This is an example of new approaches that combine local supply, including SMEs, with food requirements/transparency/environmental and social value: Bath and North Somerset: Healthy and sustainable food procurement .

Supplier selection

Grounds for exclusion

As indicated in the general guidance there may be relevant exclusion grounds; these may include breaches of environmental, social or labour law – full details are not repeated here.

A contracting authority should only ask for verification of exclusion grounds from sub-contractors in circumstances where it is regarded as proportionate and necessary to do so. A grounds for exclusion statement from the standardised statement document should be included in the contract notice.

Selection

Selection criteria applied must be relevant and proportionate to the subject matter of the contract. When selecting suppliers, it is essential to assess the technical capabilities that will be required for the products or services you are procuring to meet your needs.

Any selection criteria deemed appropriate must be tested through the format of the single procurement document (SPD).

Experience

While the standard questionnaire may be used for supplier selection, there may be an opportunity to determine experience of bidders regarding the involvement of SMEs and VCSEs (ensuring the wording provides opportunities for new entrants to the market). Contracting authorities must give consideration to whether previous experience of delivering a particular type of community benefit is required to be able to deliver the proposed contract. While you may wish to encourage as many suppliers as possible to deliver community benefits, a balance must be struck in establishing relevant experience.

For example:

Example	Clause
Service contract – specific opportunities	'Please include examples of your experience of incorporating social benefits into previous contracts, including details of any specific steps taken in the design of services to involve MSMEs and VCSEs.'

A good response would provide the following details:

- ◆ Project experience illustrating how the bidder has designed services similar in nature to involve MSMEs/VCSEs, including details of their specific role and skills and the proportion of contract value [suitable evidence provided will vary according to project nature].

Specification

Relevant requirements need to be incorporated into the specification and must be relevant to the procurement, and not to the general capacities or qualities of the operator. This should consider the nature of relevant involvement of MSMEs and VCSEs and whether specific quantitative requirements are relevant (eg details of SMEs/VCSEs involved, contract value and proportion).

Example	Clause
Service contract	<p>'Relevant to the contracting authority's core purpose of [community wealth building or other], the contracting authority is seeking to maximise social value that can be delivered through performance of the services. As a result for this contract the following requirements and KPIs are relevant:</p> <ul style="list-style-type: none"> ◆ advertise sub-contract opportunities relating to this contract ◆ develop, in partnership, an awareness and capacity building programme capable of enabling more MSMEs and VCSEs able to trade with your firm in performance of this contract ◆ creation/delivery of activities aimed at enhancing the ability of MSMEs and VCSEs to form part of supply chains.'

Case study	
Organisation:	Birmingham City Council
Procurement:	Managed print services – CCS framework.
Actions:	<p>Birmingham City Council, one of the UK's largest councils, required a fully managed end-to-end print service which would deliver minimum guaranteed savings of 15 per cent. The council also wanted to use a Birmingham based supply chain to boost the local economy and comply with the council's 'Business charter for social responsibility'. The contract went to CDS.</p> <p>Ninety-two per cent of external print jobs were placed within the local economy (KPI 90 per cent) and CDS actively promoted the Birmingham supply chain to other CDS contracts, leading to a net influx of £255,000 of additional revenue into the local economy.</p> <p>"We felt from the outset that CDS was committed to Birmingham City Council's CSR [corporate social responsibility] objectives and they have delivered on this commitment with positive outcomes for local SME suppliers to develop the Birmingham economy." Andrea Webster, Strategic Contracts Manager, Birmingham City Council.</p>
Key transferable lesson:	Using a national framework and mini-competition with clear local objectives, including involvement of local SMEs: Birmingham City Council saves £1.7 million on managed print - Case study .

Case study

Organisation:	NHS Scotland
Procurement:	National procurement of office and other furniture framework.
Actions:	<p>Detailed market engagement set out the intention to obtain circular furniture solutions during the lifetime of the framework, while meeting all quality, safety and performance requirements. This included a PIN and supplier event which sought feedback from suppliers across the UK regarding the buyer’s ambitions, to determine market maturity regarding circular furniture. Suppliers were able to deliver some circular services now, while others needed time to develop.</p> <p>The market comprised a mixture of Scottish and other UK SMEs as well as social enterprises. There was a specific objective to support the involvement of supported businesses in relevant supply chains, and the event was an opportunity to encourage dialogue between potential partners – ‘encourage and drive increased access for SMEs, the third sector and supported businesses via first-tier contracting, especially for circular furniture and services’.</p> <p>‘It is a mandatory requirement that suppliers engage with the supported businesses to understand how they their services can be utilised in the provision of the NHS Scotland requirement. Tender responses will be required to detail how the services will be utilised, in particular in delivery of a repair and refurbishment service.’</p> <p>Tender included a minimum requirement to comply with the UK Government Buying Standard for furniture which includes some focus on circular outcomes (eg design for disassembly), as well as provide repair, refurbishment and re-upholstery services. In addition, suppliers were invited to offer a range of circular services during the lifetime of the framework, recognising that not all could be immediately provided (including the supply of reused, refurbished or remanufactured furniture in lieu of new, and alternative business models such as hire, lease and managed services). This was within an overall weighting of 25 per cent of quality criteria for circular services.</p>
Key transferable lesson:	Early engagement with the market to articulate intended circular objectives; understand market maturity and the role of SMEs and VCSEs in supporting policy objectives, to inform relevant and proportionate tender requirements.

It is important when developing the specification to consider how delivery of intended outcomes will be measured – for example those included in the TOMS framework. This is considered in more detail in the ‘Contract management’ section.

Evaluation and award

Award criteria must be proportionate and relevant to the works, supplies or services that are the subject matter of the contract, and there must be a clear methodology to evaluate responses. An ideal response should be understood, based on intended outcomes agreed by relevant stakeholders including within a user intelligence group, where relevant. Support may be needed from economic development specialists.

In evaluating tenders in relation to community benefit award criteria, this must include evaluation of the bidder's proposed approach to meeting the requirement, and ensuring they demonstrate an understanding of how to achieve the required community benefit.

Example	Clause
Service – eg facilities management	'Describe the activities you will undertake to develop, in partnership, an awareness and capacity building programme capable of enabling more MSMEs and VCSEs to trade with your firm in performance of this contract? What steps will you take to ensure sub-contractors make opportunities available to MSMEs and, where relevant, VCSEs? Describe the deliverables you anticipate realising from your activities under the above questions, and steps you will take to meet these and to keep the contracting authority informed?'

Following contract award it is appropriate to discuss your MSME and VCSE ambitions, the supplier's response, practical implementation and the inclusion of relevant KPIs in the contract that demonstrate delivery of intended outcomes (we consider this in more detail in the next section).

Contract and supplier management

Relevant KPIs

Where the involvement of MSMEs and VCSEs in supply chains is a relevant contract focus, relevant and proportionate performance indicators need to be developed to ensure delivery of intended outcomes.

The benefits of the contractual requirement must be quantifiable and measurable.

TOMS provides a range of potential measures, not repeated in full here. Relevant KPIs may include:

Example	Clause
Service – eg facilities management, which involves SMEs and VCSEs in supply chain	<ul style="list-style-type: none"> ◆ Total amount (£) spent with VCSEs within the contract supply chain. ◆ Provision of expert business advice to VCSEs and MSMEs by supply chain partners (eg financial advice/legal advice/HR advice/health and safety advice/support on decarbonisation). ◆ Total amount (£) spent with local micro and small enterprises within your supply chain through the contract.

CASE STUDY

Organisation:	Rochdale Council
Procurement:	Adult care lift maintenance, servicing and repair.
Action:	Through a focus within tender on: <ul style="list-style-type: none"> ◆ promote employment and economic sustainability ◆ raise the living standard of local residents ◆ promote participation and citizen engagement ◆ build capacity and sustainability of the voluntary and community sector ◆ promote equity and fairness ◆ promote environmental sustainability.
Outcomes:	<ul style="list-style-type: none"> ◆ Create one new job (minimum) in the local economy from within the Rochdale region. ◆ Create one apprenticeship for local residents across the Rochdale region. ◆ Provide two days of meaningful work experience for local residents from the Rochdale region. ◆ Support two people back to work by providing career mentoring for job clubs, including mock interviews, CV advice, and careers guidance.

	<ul style="list-style-type: none"> ◆ Employ one ex-offender (or other group of people who typically face additional challenges in competing in the labour market) across the service from Rochdale. ◆ Support one new business start-up by running practical workshops with enterprise clubs from Rochdale. ◆ Support the local economy by spending 30 per cent of total expenditure in the local supply chain from Rochdale. ◆ Support the local supply chain by spending 15 per cent of total expenditure within Rochdale. ◆ Sheridan will provide two employee days per annum across Rochdale to support community initiatives. ◆ <u>Support local community and voluntary sector organisations through the supply chain by spending five per cent of total expenditure with community and voluntary sector providers based in Rochdale.</u>
Key transferable lesson:	A range of multiple outcomes – including jobs, skills, support for ex-offenders, local supply and involvement of the VCSE sector. STAR Procurement: Lift maintenance service repair case study .

At contract award there is always the opportunity to reach a voluntary agreement with the supplier that they will work with you to deliver agreed jobs and skills that can be captured as a contract commitment. For example, it may also be appropriate to understand any changes in supply chain as a result of the objective to involve MSMEs and VCSEs to be involved in supply chains during contract delivery, what relevant skills they have and how this maintains or improves the level of service provided.

Monitoring and reporting outcomes

Identifying energy outcomes from contracts feeds into:

- ◆ **Internal and external climate change reporting requirements**

A focus on the involvement of SMEs and VCSEs will often be part of existing reporting requirements, such as involvement of SMEs in the supply chain and local employees on contracts. It is expected that there will be increasing focus on procurement and how it supports the delivery of climate change outcomes, and this may impact on relevant reporting requirements – such as MSMEs and VCSEs supporting, or supported to enable, the transition to a decarbonised economy.

- ◆ **Sharing of lessons and good practice**

This includes identifying further opportunities to develop innovative solutions with markets, including the role of MSMEs and VCSEs in commissioning, procurement and contract management, as well as remaining barriers which enhanced collaboration may help address.



Topic: reducing inequality

Content

Description and context	Commissioning and pre-procurement	Procurement	Contract and supplier management and monitoring
<ul style="list-style-type: none"> ◆ Description and scope 	<ul style="list-style-type: none"> ◆ Commissioning and pre-procurement guidance 	<ul style="list-style-type: none"> ◆ Supplier selection 	<ul style="list-style-type: none"> ◆ Contract and supplier management
<ul style="list-style-type: none"> ◆ Legal and policy context 	<ul style="list-style-type: none"> ◆ Pre-contract notification 	<ul style="list-style-type: none"> ◆ Specification ◆ Evaluation and award 	<ul style="list-style-type: none"> ◆ Monitoring and reporting

Description and scope of guidance

Description	<ul style="list-style-type: none"> ◆ Are there risks relating to and opportunities to prevent discrimination and advance equality of opportunity? ◆ Are there risks relating to and opportunities to improve fair employment practices, to ensure the workforce is well motivated, well rewarded and well led, including the real Living Wage? 		
'Priority' categories (sample)	Sectors where discrimination exists, or where inequality such as pay gaps or occupational segregation is prevalent, include: <ul style="list-style-type: none"> ◆ recruitment services ◆ facilities management ◆ ICT and engineering services ◆ uniforms, PPE ◆ food, catering, agriculture. ◆ social care ◆ manufacturing ◆ transportation and communication ◆ construction 		
Outcomes this supports (main, related and UN SDGs)		  	   

Inequality can result from, for example:

- ◆ Discrimination, harassment, victimisation or other unlawful conduct as a result of people having protected characteristics. These are defined in the Equality Act 2010 as: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- ◆ Equality considerations are relevant to all contracts. However, sectors where discrimination may be particularly embedded, or where inequality such as pay gaps or occupational segregation may be prevalent, might include those shown above as well as occupational health services and staff welfare (any personal services); science, technology, engineering and mathematics (STEM); contracts that require a high level of contact with the public or the contracting authority's workforce; and contracts where supply chains extend beyond the UK.
- ◆ This guidance is concerned with preventing discrimination as above, and to advance equality outcomes relevant to a planned procurement. This can relate to some or all of users of the contract, employees of the contracting authority, the wider community, those working on delivery of the contract and the supply chain workforce.

Inequality can also relate to:

- ◆ Issues with compliance with workplace standards and labour laws. This can include employment rights regarding equality, human rights and discrimination, employment access and security, health and safety, recruitment and working hours, personal development opportunities, low pay, unequal pay or pay gaps, and workforce engagement and representation. This can make a real difference to employees, to the organisation and to the way the contract is delivered.
- ◆ This guidance is therefore also concerned with fair employment practices of suppliers.

Councils may encourage contractors to go beyond minimum legal requirements, eg using the [real Living Wage](#). This can potentially increase innovation, improve health and wellbeing of the relevant workforce and improve business productivity, therefore supporting local economic development and social objectives, and also improve contract delivery.

As highlighted in the 'Equality framework for local government', it is important that councils take account of the diverse needs of clients, and that providers understand the requirements of the 'Public sector equality duty' in commissioning and procurement processes.

A focus on reducing inequality links to community initiatives such as enabling digital access, reducing fuel poverty, reducing social isolation/loneliness, supporting health and wellbeing and enabling equality of opportunity for jobs and skills. You may therefore wish to review guidance regarding jobs and skills, ethical procurement and healthy communities.

Real Living Wage

Research shows that paying the real Living Wage helps businesses recruit and retain better staff, reduce absenteeism and encourage higher productivity; 93 per cent of businesses say living wage accreditation has improved their reputation.

The real Living Wage should not be confused with the National Minimum Wage/National Living Wage, which are the legal minimum an employer must pay an employee under or over the age of 23 and are set by the UK Government. The real Living Wage is a voluntary rate of pay which is calculated by the Resolution Foundation and overseen by the Independent Living Wage Commission.



[Equality framework for local government 2020 version](#)

This guidance and legal and policy context

Legislative provisions include:

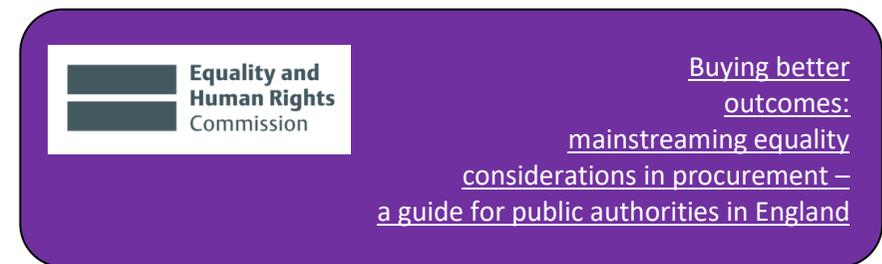
◆ Public sector equality duty

Introduced in the Equality Act 2010, this duty requires public bodies to have due regard to three equality aims when exercising their functions, including procurement:

- eliminate unlawful discrimination, harassment and victimisation and other prohibited conduct
- advance equality of opportunity between people who share a relevant protected characteristic and those who do not
- foster good relations between people who share a protected characteristic.

This is referred to as the general duty and is a legal requirement for all procurements.

The general equality duty applies to the procurement (including commissioning) function of public authorities subject to the duty. Equality and Human Rights Commission guidance (see opposite) provides advice on commissioning and procurement equality considerations. Also see [‘Public sector equality duty essential guidance.’](#)



◆ Equality impact assessment (EQIA)

When planning a procurement, the need for an equality impact assessment (EQIA) should be considered. This considers how the procurement might impact on people with protected characteristics and helps to identify and mitigate impacts and opportunities to promote equality. For example, when commissioning social care services, considerations may include:

- Do current arrangements adversely affect people with protected characteristics or unlawfully discriminate against them?
- Are there indicators available, such as service take up or satisfaction levels, implying disadvantage/discrimination among people with protected characteristics, or that the service does not meet their needs? If there are no indicators available should these be developed?
- Are there demographic changes that might create or shape new needs?
- Are there changes you could make to what you buy/how you buy it?
- Is it possible to widen access to the services such as the inclusion of reasonable adjustments, eg making changes to the built environment or providing auxiliary aids to make a service accessible?
- The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 require employers with 250 employees to publish their gender pay gap information annually. In addition, employers can choose to provide a supporting narrative with their data that explains their view of why a gender pay gap is present and what they intend to do to close it.

◆ Employment law

This covers issues such as age discrimination; bullying and harassment; disability; discrimination based on race, religion, sexuality or gender; dismissal and employee grievances; employment contracts; equal pay; flexible working; holiday pay; minimum wage; parental leave, and redundancy.

The Scottish Government has developed extensive guidance on fair work practices in procurement. While written with a Scottish context, it provides useful guidance that councils may wish to review.

It is recognised that many councils have Equality Act and procurement guidance, including that for suppliers.

This guidance therefore concentrates on:

1. Some 'worked examples' with relevant clauses at commissioning, procurement and contract management.
2. Highlighting other relevant guidance which supports embedding jobs, skills and training requirements within procurement – for example those identified above.
3. Highlighting good practice examples which councils may learn from.

Case studies included in this topic almost inevitably also link to other topics, such as 'Jobs and skills'.



Scottish Government
Riaghaltas na h-Alba
gov.scot

[Best practice guidance on addressing fair work practices, including the Real Living Wage, in procurement](#)



Brighton & Hove
City Council

[Equalities in procurement: a suppliers guide](#)

Commissioning and pre-procurement guidance

Define need

- ◆ What are the intended outcomes from the planned procurement – functional, technical, performance, end-user requirements? How does this relate to particular targeted disadvantaged groups based on equality or demographic data?
- ◆ What is the relevance of equality to their particular procurement? Is this the main subject matter of the contract or not?
 - **Primary:** when a service or good is designed to meet a particular equality requirement or group, such as home care for the elderly or transport for disabled children.
 - **Additional:** where equality is not the main subject matter of contract but is relevant to a greater or lesser degree, for example because of the diverse end users of a service. A contract for providing a web-based service, for example, should consider how to ensure the service is fully accessible, so may also specify that the service caters for people who do not speak English as a first language, or those who are visually impaired.
 - **Wider benefits:** where equality is not the main subject matter of contract but there is an opportunity to add value to the contract. This could be through achieving wider social aims or encouraging wider participation such as employment, fair work, fairness and social cohesion. Any wider benefits will need to be underpinned by a business case and represent value for money.
- ◆ Have all relevant internal stakeholders been involved in this early consideration, eg heads of service, budget holders, equality, diversity and inclusion specialists and policy leads, finance, specifiers, end users and others?
- ◆ Has an equality impact assessment (EQIA) been undertaken? Has this indicated that there could be a positive or negative impact on people with protected characteristics?
- ◆ Is it necessary to involve experts in the design and commissioning of services, including equality and diversity staff within the council, end users with protected characteristics, other experts such as Stonewall, the Equality and Human Rights Commission and others?
- ◆ Does this link to promoting equality and reducing inequality by targeting recruitment and training at particular priority groups?
- ◆ Would it be relevant to ask suppliers to be members of any particular equality-related employer accreditation scheme?

Market engagement and collaboration

- ◆ Have you engaged with the market to set out your equality and fair employment objectives?
- ◆ How capable is the market in delivering these ambitions? For example, real Living Wage.
- ◆ A request for information (RFI) or market engagement event may be helpful to better understand market capability and maturity.
- ◆ Factor in sufficient time to conduct an effective market dialogue – communicate your intended community objectives, outcomes, timescales, and the project business case. This signals your intent to the market (as well as internal stakeholders) and to provide a basis for measuring and managing overall performance.

Pre-contract notification

Having determined intended outcomes and the relevant procurement requirement, ensure these are relevant and proportionate. It is good practice to notify bidders of any particular contract performance requirements or any essential award criteria early in the process.

This must, for example, reflect:

Whether the contract will typically be delivered by a supply chain of sub-contractors, self-employed workers, sole traders, small, medium or micro businesses, or whether suppliers from other countries are likely to bid.

Whether the supply chain is susceptible to exploitative practices. For example, in construction contracts where the workforce can typically be made up of sole traders or self-employed workers, consideration should be given to whether this is appropriate.

Example	Clause
General – equality	‘The contracting authority has included obligations within the specification and contract conditions relating to equality duties which are relevant to the products/services to be delivered.’
Construction and similar – equality	‘Every vacancy on site, including those with sub-contractors, is to be notified to agencies named by the authority, and candidates identified by these agencies are to have an equal opportunity in the selection process.’
General – equality and fair employment	‘The contracting authority has included obligations within the specification and contract conditions relating to employment law and fair employment practices which are relevant to the products/services to be delivered.’

Raising the bar – social care requirements

This may include collaborative responses to COVID-19, such as in the health and social care sector.

This may include:

- ◆ a default to co-production of systems, including the involvement of those receiving services such as those with protected characteristics
- ◆ enhancing adaptation of care systems to reduce inequalities
- ◆ collaboration between the NHS, councils and the voluntary/community sector on supporting innovation in care services.

These may impact on development and adaptation of relevant services with markets and relevant procurement requirements.

Supplier selection

Grounds for exclusion

As indicated in the general guidance there may be relevant exclusion grounds; these may include breaches of environmental, social or labour law – full details are not repeated here.

A contracting authority should only ask for verification of exclusion grounds from sub-contractors in circumstances where it is regarded as proportionate and necessary to do so. A grounds for exclusion statement from the standardised statement document should be included in the contract notice.

Selection

Selection criteria applied must be relevant and proportionate to the subject matter of the contract. When selecting suppliers, it is essential to assess the technical capabilities that will be required for the products or services you are procuring to meet your needs.

Any selection criteria deemed appropriate must be tested through the format of the single procurement document (SPD).

Experience

While the standard questionnaire may be used for supplier selection, there may be an opportunity to determine experience of bidders regarding equality and fair employment outcomes (ensuring the wording provides opportunities for new entrants to the market). It will not always be appropriate to assess community benefits relating to these at this stage of the procurement process. Contracting authorities must give consideration to whether previous experience of delivering a particular type of community benefit is required to be able to deliver the proposed contract. While you may wish to encourage as many suppliers as possible to deliver equality outcomes, a balance must be struck in establishing relevant experience.

For example:

Example	Clause
Service contract – minimum requirement	<p>‘Bidders will be required to adhere to and fulfil all obligations relevant under the Equality Act 2010, and the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.’</p> <p>It might also be appropriate to require compliance with relevant UK access standards such as BSI 830015 or equivalent in relation to building construction. This could be done in the quality assurance schemes and environmental management standards section of the SPD.</p>
Experience	<p>It may be appropriate to require bidders to demonstrate their experience of eliminating discrimination and promoting equality in their practices in performing similar contracts. This could be worked into the experience-related sections of the SPD.</p> <p>‘Please describe your experience of eliminating discrimination and promoting equality in both your own practices and those of your sub-contractors, including details of any specific steps taken in the design of services to increase opportunities to deliver the types of requirements detailed in the contract notice or the relevant section of the site notice.’</p>

	<p>'Please describe your experience of eliminating discrimination and promoting equality, including through employment access and security, health and safety, recruitment and working hours, personal development opportunities, pay, and workforce engagement and representation, in both your own practices and those of your sub-contractors, including details of any specific steps taken in the design of services to increase opportunities to deliver the types of requirements detailed in the contract notice or the relevant section of the site notice.'</p>
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This may include showing how the bidder has previously collaborated with clients, partners and their supply chain to deliver these outcomes.

Specification

Equality requirements need to be incorporated into the specification and must be relevant to the procurement, and not to the general capacities or qualities of the operator. This should consider the nature of equality and employment risks, the subject matter of the contract, the size and status of the market and whether specific quantitative requirements are relevant.

Is it appropriate to require compliance with accreditations, or equivalent, or involvement in relevant networks? For example (sample only):

- ◆ [C2E](#) (Committed2Equality) and the 'National equality register'
- ◆ the Mayor of [London's 'Good work' standard](#)
- ◆ [Investors in People](#)
- ◆ [Investors in Young People](#)
- ◆ [Stonewall's 'Workplace equality index'](#)
- ◆ CITB's ['Be FaIR framework'](#)
- ◆ the ['Disability confident employer' scheme](#)
- ◆ the EHRC ['Working forward' scheme.](#)

Specifications must reflect the nature of the contract and where equality and fair employment aspects are relevant (eg primary/additional/wider benefits: see 'Commissioning/procurement' guidance).

For example the specification must take account of the different needs of users, such as through equality impact assessments.

Example	Clause
Service - equality	'The contractor is required to demonstrate how they and their supply chain will take a positive approach to equality matters for the workforce who will be engaged on the contract. This includes [improving the wider diversity of the workforce, improving the gender balance in supervisory and management roles, providing part time/flexible working opportunities for all workers, providing skills and training that are accessible to all workers including those from under-represented groups, opportunities to increase people from under-represented groups in the workforce, and workforce engagement to ensure fair representation and complaints resolution – ie to resolve claims of discrimination, harassment and victimisation].'
Equality information requirements	<p>'The specification includes the requirement for information on:</p> <ul style="list-style-type: none"> ◆ equality performance and compliance with the Equality Act 2010 ◆ equal employment opportunities and compliance with employment law ◆ the provision of copies of relevant policies and procedures ◆ equality management systems to track and report on performance ◆ continuous improvement requirements post-award, including open book audits ◆ proposals for ongoing delivery of equality and diversity systems and training to the extent relevant to the contract ◆ proposals for quality assurance of the service to be delivered under the contract.

	<p>OR</p> <p>'The contractor is required to have appropriate equality, bullying and harassment, and other appropriate workplace policies in place and comply with them in the delivery of this contract. This should include having appropriate grievance mechanisms in place to enable the contractor's workers to raise any concerns about their own workplace and staff, or the authority's workplace and staff.'</p> <p>OR</p> <p>'The contractor shall at all times comply with the requirements of the Equality Act 2010 and all other related statutory and regulatory requirements. Where the contractor's staff work on the authority's premises or alongside authority staff, they will comply with the requirements of the authority's policies and procedures relating to equal opportunities and shall not treat any person or group of people less favourably than another on the grounds of age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; and sexual orientation. Copies of the authority's policies and procedures relating to equal opportunities are available on request.'</p>
Equality – trades	'The contract will include a requirement that the contractor or sub-contractor must be able to demonstrate that it is actively taking steps to encourage women to take up its apprenticeships.' (For example, in trades where women are under-represented: plumbing, carpentry, brick-laying, plastering and decorating, etc.)
Equality – accessibility and language	'The contractor must ensure that all written information produced or used in connection with this contract, ie signage, written correspondence and internet pages, is as accessible as possible to disabled people and to people whose level of literacy in English is limited.'
Real Living Wage	'The contractor is required to confirm whether it pays or will be able to pay the real Living Wage to workforce involved in the delivery of the contract. Payment of the real Living Wage will be confirmed through contract management.'
Pay gaps	'The contractor is required to confirm that they have investigated pay gaps in their organisation and supply chain and are taking steps to address it, where relevant.'

Case study	
Organisation:	Greater Manchester Combined Authority
Procurement:	Disposal of ICT equipment.

<p>Action:</p>	<p>Greater Manchester councils plus the police, fire and rescue service and Transport for Greater Manchester required cost reductions over existing practices through an environmentally and operationally ethical means of disposing of ICT equipment at end of useful life.</p> <p>This included ensuring destruction of data in line with industry standards and equipment tracking for data protection reasons. The framework provides a value for money service (authorities benefited from cost reductions of up to £100,000 per annum) that is compliant with all legislative requirements and exceeds environmental requirements through a ‘tier one’ guarantee that zero waste goes to landfill. The contract provides social value that is particularly relevant to the Greater Manchester ‘Stronger together’ strategy by:</p> <ul style="list-style-type: none"> ◆ Assisting ex-offenders to gain employment by providing a CV and a commitment to a working lifestyle that demonstrates work readiness to prospective employers. This reduces the demand on public sector support and potential future health issues that result from long-term unemployment. ◆ Reducing re-offending rates: research shows that offending behaviour programmes can reduce reconviction rates by up to 14 per cent. ◆ Saving the UK economy significant revenue: a re-offending ex-prisoner is estimated to cost the criminal justice system an average of £65,000 in addition to the costs of keeping prisoners in prison, which average £37,500 per year. ◆ Helps victims of crime, the other public agencies who provide support and the national economy through loss of income, the communities in which they live, as well as the prisoners themselves and their families.
<p>Key transferable lesson:</p>	<p>This links to multiple outcomes – jobs and skills, supporting disadvantaged people and reducing inequality, as well as safe and healthy communities.</p>

<h3>Case study</h3>	
<p>Organisation:</p>	<p>Scottish Prison Service</p>
<p>Procurement:</p>	<p>The Scottish Prison Service was the lead procurement organisation for a collaborative occupational health service tender and framework contract covering approximately 78 Scottish central government organisations with approximately 24,000 employees.</p>
<p>Action:</p>	<p>Key considerations included ensuring the availability of occupational health services which appropriately support HR (human resources) teams to deal with sensitive healthcare issues.</p> <p>The contract also specifically supports management of disability issues, for example where the service provider may be asked to make recommendations about reasonable adjustments within the workplace.</p> <p>As a person-centred service, management of equality and diversity matters by suppliers was specifically evaluated and scored, with tenderers being asked to evidence how they deliver services including to:</p>

	<p>'...groups with protected characteristics, recognising different health and wellbeing needs, all in a sensitive and appropriate manner across the range of workplace situations.'</p> <p>The tender also tested what training (including equality and diversity) and management oversight existed within the organisation to embed and support equality and diversity within day-to-day activities.</p>
Key transferable lesson:	<p>Ensure that the focus on promoting equality is clearly linked to the subject matter of the contract: Procurement and the public sector equality duty: A guide for public authorities (Scotland)</p>

It is important when developing the specification to consider how delivery of intended outcomes will be measured – for example those included in TOMS. This is considered in more detail in the 'Contract management' section.

Evaluation and award

Award criteria must be proportionate and relevant to the works, supplies or services that are the subject matter of the contract, and there must be a clear methodology to evaluate responses. An ideal response should be understood, based on intended outcomes agreed by relevant stakeholders including within a user intelligence group, where relevant. Support may be needed from economic development specialists.

In evaluating tenders in relation to equality, this must include evaluation of the bidder's proposed approach to meeting the requirement and ensuring they demonstrate an understanding of how to achieve the required outcome.

Example	Clause
<p>Service– eg facilities management</p>	<p>‘Please provide a copy of your equality policy, and highlight how its commitments will be applied in the delivery of the required contract to eliminate discrimination and promote equality of opportunity in the provision of the services which are the subject of this tender.’</p> <p>OR</p> <p>‘Please describe how your employment policies and practices in the delivery of the services have due regard to the need to promote equality of treatment and opportunity.’</p>
<p>Good answers will provide reassurance that the bidder takes a positive approach to rewarding staff at a level that helps tackle inequality (eg through a commitment to paying at least the real Living Wage); improves the wider diversity of your staff; provides skills and training, and opportunities to use skills which help staff fulfil their potential; avoids exploitative employment practices (eg in relation to matters such as the inappropriate use of zero-hours contracts); takes the engagement and empowerment of staff engaged on this contract seriously, including having arrangements in place to ensure trade union representation where possible or otherwise alternative arrangements to give staff an effective voice; and that the bidder will demonstrate organisational integrity with regards to the delivery of those policies.</p> <p>This reassurance can include a variety of practices which demonstrate the bidder's approach to fair employment, and should be tangible and measurable examples that can be monitored and reported during contract management procedures.</p> <p>A commitment by suppliers to advance equality and reduce inequality might include:</p> <ul style="list-style-type: none"> ◆ publishing ethnic minority and gender pay gap information and action plan to address any gaps ◆ publishing information on disability, mental health and wellbeing in the workplace ◆ undertaking an equal pay audit or review ◆ equality, diversity and inclusion training for all workers, with prominent focus on induction ◆ line manager training on recruitment and employee support, including for example pregnancy and maternity, menopause, sexual harassment and domestic abuse ◆ policies and practices which are tailored to improving the recruitment, progression and ongoing support for under-represented groups in the workplace, such as mentoring and women returnship programmes ◆ use of the ‘family friendly working’ strapline 	

- ◆ employer accreditation membership.

Raising the bar

'In carrying out work under this contract, the contractor should take all opportunities to make recommendations that would enable the authority to prevent discrimination more effectively or to promote wider access to the authority's services or premises.'

Case study

Organisation:	Government of Catalonia, Spain
Procurement:	Cleaning services.
Action:	<p>Out of nine lots, one lot (worth €5 million) was reserved for special employment centres and reintegration companies, which provide workers with disabilities with remunerative employment and facilitate their access to the labour market. Social considerations included social award criteria (covering occupational health and safety aspects, gender equality measures, measures to promote work-life balance, training for workers, and limitations on hazardous substances in textiles of the uniforms).</p> <p>At the award stage, points were awarded to bidders who could prove their commitment towards socially responsible employment practices through a quality plan. This quality plan was worth 49 points in total, and covered the following aspects:</p> <ul style="list-style-type: none"> ◆ occupational health and safety measures (up to 10 points) ◆ measures to promote equal treatment and opportunities for women and men (up to 10 points) ◆ measures to promote work-life balance (up to five points) ◆ incident resolution procedure (up to 12 points) ◆ methodology for evaluating the quality of service (up to 12 points). <p>In order to be assessed on the first three points, bidders were asked to complete annexes indicating their proposed activities to meet each criterion, the objective of these activities, the actions that will be followed, the timeline for implementing the activity and indicators against which progress can be measured.</p>
Key transferable lesson:	A clear focus on reducing gender inequality and promoting equality, with appropriate monitoring: EU: Making socially responsible public procurement work.

At the point of potential award there is always scope to reach a voluntary agreement with the supplier that both parties will work together through the period of the contract with the aim of improving equality performance, and to deliver identified (and agreed) outcomes that can be captured as contract commitments.

Following contract award it is appropriate to discuss your reducing inequality ambitions, the supplier's response, practical implementation and the inclusion of relevant KPIs in the contract that demonstrate delivery of intended outcomes (we consider this in more detail in the next section).

Contract and supplier management

Relevant KPIs

Where reducing inequality is a relevant contract focus, relevant and proportionate performance indicators need to be developed to ensure delivery of intended outcomes.

The benefits of the contractual requirement must be quantifiable and measurable. Is this requirement core to the contract or a secondary issue – any remedy for breach of performance may be difficult to quantify?

TOMS provides a range of potential measures, not repeated in full here. Relevant KPIs may include:

Example	Clause
<p>Service – eg facilities management</p>	<p>Where equality requirements are built into the contract, performance indicators need to be developed to ensure delivery. For example, requiring contractors to complete monthly monitoring forms or provide evidence of recruitment practices used.</p> <p>For high-risk procurements, the following enhanced contract management should be considered for inclusion in the terms of the contract:</p> <ul style="list-style-type: none"> ◆ Prime contractor's median gender salary pay gap for staff – small and medium enterprises. ◆ Percentage of staff on contract that is paid at least the relevant real Living wage as specified by the Living Wage Foundation. ◆ Percentage of contractors in the supply chain required (or supported if they are micro and small business) to pay at least the real Living Wage. ◆ Consumer or end-user surveys to assess delivery performance including that relating to, for example, accessibility. ◆ Initiatives delivered to improve equality outcomes, including those relating to fair employment, such as those to reduce the gender pay gap for staff employed in relation to the contract or those which improve opportunities for disadvantaged groups (also see 'Jobs and skills' guidance).

Case study	
Organisation:	Municipality of Ballerup, Denmark
Procurement:	Cleaning services, 2020.
Action:	The social objective of the municipality was to create employment opportunities for two target groups who faced problems with accessing work opportunities, so addressing inequality:

	<ul style="list-style-type: none"> ◆ 'Activity ready' unemployed welfare recipients, who experience other challenges along with unemployment. They need a specially designed training trajectory, including supporting measures to attain employment. ◆ Persons on long-term sick leave. Many in this category will be able to resume a job when they are fit for work again. They will need a training trajectory, potentially including supporting measures to return to the job market.
Outcomes:	<p>The winning tenderer offered a solution containing a method considered to support the achievement of positive processes for the target group (candidates with problems other than unemployment), including:</p> <ul style="list-style-type: none"> ◆ Establishing four training courses at four selected locations in Ballerup. A permanent service manager and 'buddies' from the contractor plan and complete training courses and recruitment courses for the candidates. ◆ The 'buddies' are an old-fashioned master teaching feature. ◆ Four candidates are brought into training at a time. Each time a candidate attains employment, a new candidate can begin training. The contractor expects eight candidates to participate each year. ◆ The candidates will be part of the team at the workplace and there will be a gradual training, starting with an appropriate number of hours per week. The goal is for apprentices to attain regular jobs, possibly as a 'flex job' or employment with a wage subsidy. ◆ The training course is individually adapted to the candidate. ◆ The contractor sets up close cooperation with the job centre. This includes involvement on visitation, training courses, language training and supportive measures.
Key transferable lesson:	<p>"By using social award criteria, we make social responsibility an object of competition. This gives the market freedom to decide the extent, as well as the design, of the social responsibility effort, as opposed to the contracting authority formulating requirements based on an informed guess." Mette Kongsgaard Jensen, Chief of Procurement, Municipality of Ballerup.</p>

At contract award there is always the opportunity to reach a voluntary agreement with the supplier that they will work with you to deliver agreed jobs and skills that can be captured as a contract commitment. As part of your continual improvement agenda, you may seek to improve the equality performance of suppliers in a way that goes beyond their contractual obligations. This would help fulfil the need to advance equalities under the general duty. For example, a council may work with its suppliers to improve their equality and diversity policies and practices and to share best practice among them.

Monitoring and reporting outcomes

Identifying equality outcomes from contracts feeds into:

◆ Internal and external reporting requirements

A focus on reducing inequality may already be part of reporting requirements, such as involvement of MSMEs, women-owned businesses and BAME-owned businesses in the supply chain, and workforce paid the real Living Wage.

It is expected that there will be increasing focus on procurement and how it supports the delivery of climate change outcomes, and this may impact on equality reporting requirements – such as those supporting the just and equitable transition to a decarbonised economy.

◆ Sharing of lessons and good practice

This includes identifying how councils have effectively reduced inequality through the commissioning, procurement and contract management stages, further opportunities to develop innovative solutions with markets, as well as remaining barriers which enhanced collaboration may help address.

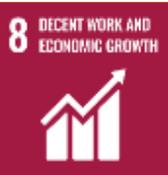


Topic: ethical procurement

Content

Description and context	Commissioning and pre-Procurement	Procurement	Contract and supplier management and monitoring
<ul style="list-style-type: none"> ◆ Description and scope 	<ul style="list-style-type: none"> ◆ Commissioning and pre-procurement guidance 	<ul style="list-style-type: none"> ◆ Supplier selection 	<ul style="list-style-type: none"> ◆ Contract and supplier management
<ul style="list-style-type: none"> ◆ Legal and policy context 	<ul style="list-style-type: none"> ◆ Pre-contract notification 	<ul style="list-style-type: none"> ◆ Specification ◆ Evaluation and award 	<ul style="list-style-type: none"> ◆ Monitoring and reporting

Description and scope of guidance

Description	<ul style="list-style-type: none"> ◆ Are there risks relating to, and opportunities to mitigate exploitation – eg human rights, modern slavery, trafficking and working conditions, anywhere within the supply chain? ◆ Are there risks relating to, and opportunities to ensure, minerals used in products or equipment procured or used in service contracts are verified as ‘conflict free’? 		
‘Priority’ categories (sample)	<p>Exploitation:</p> <ul style="list-style-type: none"> ◆ electronics and high tech ◆ construction ◆ textiles, footwear ◆ food processing ◆ agriculture ◆ mining/minerals ◆ logistics and storage ◆ services – facilities management, social care. 	<p>Conflict minerals:</p> <ul style="list-style-type: none"> ◆ electronic equipment ◆ GPS systems ◆ aircraft/car engine parts ◆ packaging ◆ lithium-ion batteries ◆ recycling/waste ◆ chemical compounds. 	
Outcomes this supports (main, related and UN SDGs)	   	   	

Ethical procurement is concerned with potential risks within supply chains regarding compliance with International Labour Organization (ILO) conventions – conditions where human rights may be infringed or conditions that could foster exploitation. This can include the following.

- ◆ Pay: poor pay and working conditions including low pay, delays in payment, excessive wage deductions.
- ◆ Working hours: excessive working hours.
- ◆ Recruitment restrictions: including excessive fees for recruitment, accommodation, health checks, documents or equipment.
- ◆ Safe working: poor health and safety standards and working conditions.
- ◆ Representation: restrictions on workforce representation, grievance procedures and labour rights.
- ◆ Freedom of movement: restrictions on changing employer, including identity documents withheld.
- ◆ Forced labour: including child labour and human trafficking.

Modern slavery

[Modern slavery](#) can include:

- ◆ human trafficking
- ◆ forced labour, eg for prostitution, labour, criminality, marriage or organ removal
- ◆ debt bondage/bonded labour
- ◆ descent-based slavery
- ◆ slavery of children
- ◆ forced marriage.

Councils have an important role, not just in identifying and supporting modern slavery victims through safeguarding services, but also identifying and minimising risks within supply chains. Risks of modern slavery may be greater where there is a reliance on labour supply from recruitment agencies, migrant or seasonal workers, or temporary/agency staff.

The risks can be dynamic. For example, recession and cost pressures, whether caused by pandemic or economic cycles, impacting on business profitability or survival and consequent risks of 'cutting human rights corners' to save money – for example factory safety, COVID-19 safety measures, impacts on migrant workers, suspension of labour laws or lack of severance payments.

While a focus on modern slavery may concentrate on exploitation within the local authority community, risks of exploitation exist in local, regional and global supply chains.

Modern slavery is therefore just one issue within a focus on broader human rights risks. Almost every industry is potentially at risk of some form of exploitation, especially where there is a complex supply chain or lack of transparency in the supply chain, labour intensive production processes, and low-skill and low-pay occupations. These can include:

- ◆ agriculture

- ◆ mining
- ◆ logging
- ◆ fishing and fisheries
- ◆ construction
- ◆ manufacturing and electronics
- ◆ garment/textile production, including footwear
- ◆ food processing
- ◆ services, including hospitality, security services, cleaning and catering
- ◆ transportation and storage
- ◆ waste management services
- ◆ service work – catering, cleaning services, hospitality, domestic service
- ◆ healthcare, social care – [research in 2020](#), for example, highlighted potential risks arising from the shift to online recruitment as a result of COVID-19.

The [Gangmasters and Labour Abuse Authority \(GLAA\)](#) provides profiles for industries prone to exploitation as well as ‘Spot the sign’ guides.

There is existing guidance available that supports the focus on modern slavery in supply chains. This guidance highlights this, where relevant.

Conflict minerals

There are also specific exploitation risks involved in the use of minerals within products that may be mined in areas where they are obtained under duress and traded to fund armed groups. These areas tend to be subject to the following conditions:

Conditions	‘Conflict minerals’ include	Areas affected (sample only)	Relevant products
<ul style="list-style-type: none"> ◆ Prevailing conflict ◆ political instability ◆ widespread corruption ◆ prevalence of exploitation ◆ limited social, environmental and labour laws. 	<ul style="list-style-type: none"> ◆ Cobalt ◆ copper ◆ diamonds ◆ gold ◆ illegal timber from rainforests ◆ tantalum ◆ tin ◆ tungsten. 	<ul style="list-style-type: none"> ◆ Afghanistan (parts of) ◆ African Great Lakes region ◆ Bangladesh ◆ Central African Republic ◆ China ◆ Colombia ◆ Democratic Republic of Congo (DRC) ◆ Ethiopia ◆ India ◆ Myanmar ◆ Nigeria 	<ul style="list-style-type: none"> ◆ GPS systems ◆ Electronic equipmentGPS systems ◆ aircraft and cars, eg engine parts ◆ packaging ◆ lithium–ion batteries ◆ chemical compounds (for example fire-proofing cloth, pesticides, wood preservatives).

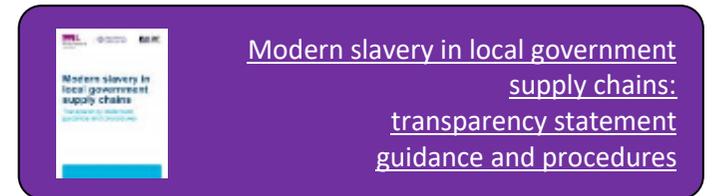
		<ul style="list-style-type: none"> ◆ Pakistan ◆ Russia ◆ Thailand ◆ Venezuela ◆ Zimbabwe. 	
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This guidance therefore concentrates on:

1. 'Worked examples' with relevant clauses at commissioning, procurement and contract management, that relate to:
 - a. modern slavery and other forms of exploitation
 - b. conflict minerals within relevant products.
2. Highlights other relevant guidance which supports the above focus – for example, the 2019 guidance regarding modern slavery in supply chains produced in conjunction with the LGA.
3. Highlights good practice examples which councils may learn from.

There are links to other topics and multiple outcomes; for example, links to community initiatives such as a jobs and skills focus on providing opportunities for disadvantaged groups, including those who have been the victim of modern slavery, which also links to reducing inequality.

This is considered in more detail in the 'Jobs and skills' and 'Reducing inequality' guidance.



This guidance and legal and policy context

Ethical procurement is governed by a range of legislation and commitments.

- ◆ The UK is signed up to the International Labour Organisation (ILO) core conventions, the eight fundamental principles of which are:
 - Freedom of association and protection of the right to organise convention, 1948 (No. 87).
 - Right to organise and collective bargaining convention, 1949 (No. 98).
 - Forced labour convention, 1930 (No. 29).
 - Abolition of forced labour convention, 1957 (No. 105).
 - Minimum age convention, 1973 (No. 138).
 - Worst forms of child labour convention, 1999 (No. 182).
 - Equal remuneration convention, 1951 (No. 100).
 - Discrimination (employment and occupation) convention, 1958 (No. 111).
- ◆ The UK has also signed up to the 'International covenant on economic, social and cultural rights', which requires signatories to protect, respect and fulfil fundamental economic, social and cultural human rights, which include rights to work, health, and an adequate standard of living (including food and housing). The right to work encompasses fair work and decent working conditions.
- ◆ The United Nations (UN) 'Guiding principles on business and human rights' are a set of guidelines for states and companies to prevent, address and remedy human rights abuses committed in business operations.
- ◆ UN Sustainable Development Goals – UN SDG 8: promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
- ◆ Modern Slavery Act, which requires every organisation in the UK with a total annual turnover of £36 million or more to produce a statement setting out the steps taken to ensure there is no modern slavery in their own business and their supply chains, approved and signed by the board and published on the organisation's website with a link in a prominent place on the homepage.
- ◆ Conflict minerals:
 - The US 2010 Dodd-Frank Act set requirements for companies whose products incorporate the '3TGs' (tantalum, tungsten, tin, plus gold) from DRC and its neighbours – sources, due diligence, status checking and reporting. This has resulted in some changes within major manufacturers such as Apple, Dell and HP, who tend to focus on organisational policy, identifying risks and auditing.
 - The OECD published the framework 'Due diligence for responsible supply chains of minerals from conflict-affected and high-risk areas'.
 - The '[Responsible minerals initiative](#)' uses third-party audits to identify smelters and refiners that have systems in place to provide assurance of conflict-free sourcing.
 - From 2021 the EU introduced regulations obliging EU companies to source their imports of the 3TGs responsibly and to ensure that their supply chains do not contribute to funding armed conflict.



[OECD due diligence guidance for responsible supply chains of minerals from conflict-affected and high-risk areas](#)

Commissioning and pre-procurement guidance

Define need

- ◆ What are the intended outcomes from the planned procurement – functional, technical, performance, end-user requirements?
- ◆ How does the planned procurement relate to community objectives – eg economic recovery and local economic development, jobs and skills, reducing inequality? How is it aligned with local authority policy?
- ◆ Risk assessment:
 - Have you prioritised a focus on human rights, including modern slavery, within local, regional and global supply chains based on risk assessment of products and services commissioned, including existing contracts? If risks exist in existing contracts are you working with the supplier to eradicate them?
 - Have you undertaken relevant engagement with community organisations, including VCSEs, colleagues and other public bodies including the police, to help understand where modern slavery risks are prevalent within local supply chains?
- ◆ As the guidance opposite highlights, consider risks according to the following – see the guidance for detailed content:
 - the industry type – such as those highlighted above
 - nature of the workforce – eg low skilled, temporary/seasonal/agency, dangerous work, isolated workers
 - supplier location – based on assessment of supply chains. Where are risks in the supply chain? If, for example, you are procuring ICT equipment via a UK reseller, it may still be reasonable to expect them to demonstrate how relevant risks are managed within the supply chain, eg in connection with risks in the manufacturing of equipment, and therefore how their original equipment manufacturer partners manage such risks
 - context in which the supplier operates – eg poor labour laws, cheap labour, conflict areas, poor worker protection, discrimination, poverty
 - commodity type – eg based on the 'Global slavery index'
 - business/supply chain model – the extent of complexity adding to risks.

EXAMPLE

[Manchester City Council Ethical \(Procurement\) Policy](#)



[Tackling modern slavery in government supply chains: a guide for commercial and procurement professionals](#)

While the above guidance relates to modern slavery, the principles and tools support a focus on wider human rights risks.

- ◆ Have all relevant internal stakeholders been involved in this early consideration, eg heads of service, policy leads, victim support, budget holders, finance, specifiers, end users and others?
- ◆ Has risk assessment used relevant available resources, which may include:
 - Human rights:

- [‘CSR risk check’](#) – an assessment tool and map that highlights risks for particular products and services and countries
- [ITUC ‘Global rights index’](#) – annual survey of human and trade union rights by country
- [‘Freedom in the world’](#) – this ranks countries’ political rights and civil liberties
- [Transparency International ‘Corruption perception index’](#) – ranks countries according to corruption
- [Ethical Trading Initiative](#) – ‘ETI base code’ of labour practice based on ILO standards
- [SEDEX](#) – ethical trade membership organisation, working with businesses to improve working conditions in global supply chains
- various sector specific initiatives, including [Clean Clothes Campaign](#) and [Electronics Watch](#) – which provides procurement clauses for electronics products.
- Modern slavery and trafficking:
 - [‘Global slavery index’](#) – a country or regional analysis of modern slavery issues and the actions governments are taking
 - [‘Modern slavery map’](#) – an online tool that can be searched by location, sector, issues and organisation type for anti-human trafficking initiatives
 - [‘Responsible sourcing tool’](#) – mapping trafficking risk in supply chains
 - [ILO ‘Indicators of forced labour’](#) – indicators represent the most common signs or ‘clues’ that point to the possible existence of a forced labour case
 - have existing suppliers published a statement in compliance with the Modern Slavery Act 2015, eg on their website or in a modern slavery registry? Do these highlight particular risks in their industry or sector?
- Conflict minerals:
 - [Public-Private Alliance for Responsible Minerals Trade](#) – supports supply chain solutions to conflict minerals challenges in the DRC and the African Great Lakes region
 - [Responsible Minerals Initiative.](#)

Market engagement and collaboration

- ◆ Have you engaged with the market to set out your ethical procurement objectives? Are such risks (human rights, modern slavery and conflict minerals) clear to the market?
- ◆ Have you assessed risks and supplier/market prioritisation based on supply chain mapping and engagement with the market? Has this included the use of relevant resources by suppliers, such as the [‘Modern slavery assessment tool’](#) (designed to help public sector organisations work in partnership with suppliers to improve protections and reduce the risk of exploitation of workers in their supply chains)?
- ◆ A request for information (RFI) or market engagement event may be helpful to better understand market capability and maturity.
- ◆ Factor in sufficient time to conduct an effective market dialogue – communicate your intended ethical procurement objectives, outcomes, timescales, and the project business case. This signals your intent to the market (as well as internal stakeholders), and to provide a basis for measuring and managing overall performance.

- ◆ Have you identified the role of MSMEs and VCSEs in supply chains? You must be proportionate in your approach and not impose any unnecessary burdens that would deter a wide diversity of suppliers, including MSMEs and VCSEs, from competing for public contracts.

Pre-contract notification

Having determined intended outcomes and the relevant procurement requirement, ensuring these are relevant and proportionate, it is good practice to notify bidders of any particular contract performance requirements or any essential award criteria early in the process.

This can be done by including details in the contract notice or a prior information notice (PIN), so that potential suppliers can determine whether they can meet the requirements. For example:

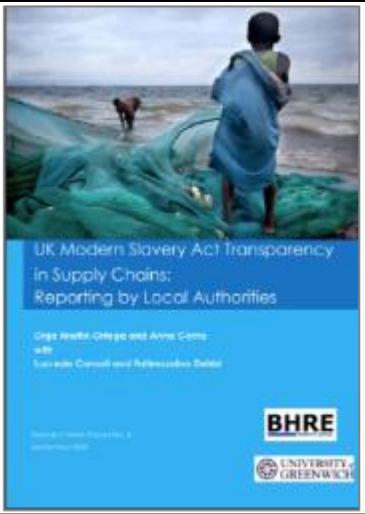
Example	Clause
General – ethical working conditions and standards	<p>'The contracting authority has included obligations within the contract conditions relating to ethical working conditions and labour standards, which are relevant to the products/services to be delivered.'</p> <p>'The contracting authority expects those it contracts with to adopt ethical business practice and to ensure transparency in their supply chains. Criteria will be included to ensure that bidders support these principles in practice.'</p>
Conflict minerals	<p>'The contracting authority has included obligations within the specification and contract conditions relating to the use of conflict minerals, which are relevant to the products or services to be delivered.'</p> <p>'It is a requirement of this contract that suppliers provide evidence of policy and systems that aim to prevent the inclusion of conflict minerals in products supplied and demonstrate continual improvement.'</p> <p>OR</p> <p>'Throughout the term of the contract, the contractor will be required to demonstrate how they assess the likelihood of conflict minerals within products, and what measures they have undertaken to minimise and eliminate, where practical, such minerals. The contractor will be required to comply with existing and any new legislation and/or self-certification system.'</p> <p>OR</p> <p>'The contracting authority has included obligations within the contract conditions relating to compliance with human rights legislation with a strategic aim to improve working conditions and prevent worker exploitation within the supply chain, including the elimination of the use of conflict minerals.'</p>
Example	<p>As part of the strategy, two tools were used to identify relevant sustainability and social responsibility risks for individual procurements at the pre-contract stage, the 'Sustainable public procurement prioritisation tool' and the 'Sustainability test tool'. These tools also enable the procurement team to identify opportunities to mediate these risks at the contract and post-contract stages of a procurement.</p>

	<p>This research at the pre-contract stage highlighted work practices as the main area of concern for the procurement. Companies providing data input services are often located overseas in developing countries and have been connected to exploitative work practices, such as unfair wages and poor standards of welfare for workers.</p>
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‘Raising the bar’ – addressing a dynamic problem

Are the conditions for continual review and assessment of human rights risks in place within the council?
 This includes changes in supply chains, the extent and nature of risks in supply chains including those that are local.

Case study

Organisation:	Tower Hamlets Borough Council, Lewisham Council, City of London Corporation	
Initiative:	<p>Electronic equipment: Tower Hamlets became the first council in England to become an affiliate member of Electronics Watch (Lewisham Council followed suit in 2019).</p> <p>As set out in the 2020 report ‘UK modern slavery transparency in supply chains: reporting by local authorities’, this reflects the identification of known risks in the provision of ICT hardware, including modern slavery, and a series of mitigating measures regarding use of shared services and joint procurement agreements.</p> <p>The City of London also sets out measures reflecting good practice. They range from meeting a corporate responsibility code for textile suppliers (for the City of London police, led by the Metropolitan Police) and requiring construction contractors to present their due diligence procedures and developing a mutual action plan, to the requirement that contractors for contracts involving electrical equipment produce a map of their supply chain.</p>	 <p>The image shows the cover of a report titled 'UK Modern Slavery Act Transparency in Supply Chains: Reporting by Local Authorities'. The cover features a photograph of a person standing on a beach with a dog. Below the photo, the title and authors are listed: 'Digital Health, Gifford and Anna Caine with Tower Hamlets Council and Lewisham Council'. Logos for 'BHRE' and 'UNIVERSITY OF GREENWICH' are visible at the bottom.</p>
Key transferable lesson:	<p>Sending a message to suppliers of the importance of ethical procurement and supply and using resources and examples. Electronics watch is not the only way to do this, of course.</p>	

Supplier selection

Grounds for exclusion

As indicated in the general guidance there may be relevant exclusion grounds; these may include breaches of environmental, social or labour law, including child labour and other forms of trafficking in human beings and the Modern Slavery Act – full details are not repeated here.

A contracting authority should only ask for verification of exclusion grounds from sub-contractors in circumstances where it is regarded as proportionate and necessary to do so. A grounds for exclusion statement from the standardised statement document should be included in the contract notice.

Selection

Selection criteria applied must be relevant and proportionate to the subject matter of the contract. When selecting suppliers, it is essential to assess the technical capabilities that will be required for the products or services you are procuring to meet your needs.

Any selection criteria deemed appropriate must be tested through the format of the single procurement document (SPD).

Example	Clause
Service contract – general	'Bidders will be required to confirm that they have (or have access to) the relevant supply chain management and tracking systems used by them to deliver the requirements reading ethical supply chain practices detailed in the contract notice. These include relevant protocols, standards and systems, including those from [the International Labour Organisation, Fairtrade Foundation, Ethical Trading Initiative, SA8000 or ISEAL], or equivalent.'

Case study	
Organisation:	University of Edinburgh
Procurement:	The 'Digitising Scotland' project and Mobius Knowledge Services
Action:	The University of Edinburgh currently has an employee record management process that is heavily manual and paper-based. To move towards a more standardised and efficient system, the university's human resources transformation programme (H RTP) is creating a single electronic file for each employee. As part of this process, the H RTP project team needed to procure the services of an external company to digitise the existing paper records. In 2018, Haven Document Services was contracted to provide this service. The contract, which is ongoing until the digitisation is completed, has been an opportunity for the university's procurement office to promote equality and diversity in a procurement.
Outcomes:	After the pre-contract research, the procurement office embedded several considerations around fair work practices into the awarding of the contract. Under EU public procurement legislation, all bidders must sign with a 'yes' or 'no' in the European single procurement document (ESPD) to confirm they comply with social, environmental and labour law. However, the ESPD does not specify which laws are applicable, nor automatically requests supporting information.

	<p>The procurement office therefore decided to include specific grounds for exclusion of bidders related to work practices and to embed scored award criteria related to fair work.</p> <p>With non-compliance as a possible ground for exclusion, the procurement office asked for explicit confirmation that bidders comply with the International Labour Organisation's eight 'fundamental conventions'. A further ground for exclusion was sub-contracting of the digitisation services to another company. This was included to ensure that the work practices of bidders were directly applicable to the workers who would carry out the transcription. All bidders were also asked to sign and comply with the APUC (Advanced Procurement for Universities and Colleges) supply chain code of conduct.</p>
<p>Key transferable lesson:</p>	<p>Ensure exclusion grounds address key risks within supplier selection: Ensuring Fair Work Practices: The Digitising Scotland Project and Mobius Knowledge Services.</p>

Specification

Ethical procurement requirements need to be incorporated into the specification and must be relevant to the procurement, and not to the general capacities or qualities of the operator. This should consider the nature of relevant jobs and skills requirements and whether specific quantitative requirements are relevant (eg number of person weeks of employment for each [£x]).

The use of labels

A buyer may ask a product to have been given an independently verifiable label or operate to a stated standard which certifies that it meets specific social and ethical characteristics.

The use of labels

The use of labels needs to be considered with care. They must be:

- linked to the subject of the contract (and all criteria must be relevant)
- based on solid scientific evidence
- transparent, fair and non-discriminatory
- open to anyone who meets the standards
- certified by a third party, eg 'Type 1' eco-labels (based on publicly available specifications, are operated by third parties, involve independent audits and consider life-cycle environmental impacts).

Where not all of a label's criteria are relevant to a procurement, it is better to set out relevant criteria and requirements in the tender and contract conditions, instead of asking for the label. You may accept the holding of a relevant eco-label as evidence of compliance with that specification (including climate change) – but must be prepared to accept equivalent means of proof that the product or service meets the specification.

There are many labels or standards which relate to ethical procurement. They may have a different focus or sector. As indicated above, it is important to focus on relevant criteria and ensure they are independently verified.

Some of the following involve subscription fees. This guidance seeks to highlight lessons for contracting authorities including those who be unable or unwilling to commit to such subscriptions. It should also be noted that some labels will include criteria relating to social and ethical responsibility, as well as other environmental criteria. This includes EPEAT, TCO certified, 'Cradle to cradle', 'Global organic textile standard' and others.

Standard/label	Notes
Product/issue specific	
UK Government Buying Standards (GBS)	Mandatory for central government organisations, the GBS provide a freely available useful source of information and specifications for local government. They also provide sustainability specifications for commonly procured products and services. Those that include, in part, a focus on ethical supply are textiles and food and catering services. They apply at 'mandatory' or 'best practice' levels.
Electronics Watch	An independent monitoring organisation, combining public sector buyers and civil society organisations in electronics production regions. Procurement clauses are available.
The European Partnership for Responsible Minerals (conflict minerals)	A multi-stakeholder partnership with the objective to increase the proportion of responsibly produced minerals from conflict-affected and high-risk areas and to support socially responsible extraction of minerals that contributes to local development.
Responsible Cobalt Initiative (conflict minerals)	Help downstream and upstream companies recognise and align their supply chain policies with the OECD 'Due diligence guidance for responsible supply chains of minerals from conflict-affected and high-risk areas' and the Chinese 'Due diligence guidelines for responsible mineral supply chains'.
Fairtrade	Fairtrade sets social, economic and environmental standards for both companies and farmers and workers, including protection of workers' rights. Products are certified to meet these standards.
BES 6001/6002 'Responsible sourcing of construction products and ethical labour sourcing'	6001: A framework standard for organisational governance, supply chain management and environmental and social aspects that must be addressed in order to ensure the responsible sourcing of construction products. 6002: Ethical labour sourcing framework to provide assurance that organisations have made a measurable commitment to manage ethical labour sourcing challenges in their company and supply chains.
Organisational ethical standards/membership	
Ethical Trading Initiative	Membership organisation, working with businesses to improve working conditions in global supply chains.
SEDEX	Membership organisation, working with businesses to improve working conditions in global supply chains.
SA8000	The SA8000 standard is based on internationally recognised standards of decent work, including the Universal Declaration of Human Rights, ILO conventions and national laws.
ISEAL	Membership organisation that focuses on sustainability credibility principles and general codes of practice including for standards – informing principles and criteria for standards and labels.

Certified B Corporations	A standard for businesses that meet standards of verified social and environmental performance, with legal compliance through updating of their articles of association.
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It should also be remembered that there may be industry-specific labour or employment standards that are applicable to the contract and which should therefore be included in the specification.

The following may be useful for procurement specifications:

Example	Clause
General ethical sourcing	<p>'The contractor is expected to have appropriate standards for its organisation and its supply chain regarding legal, ethical and social issues.'</p> <p>OR</p> <p>'The contractor will perform its obligations in accordance with the authority's ethical sourcing policy, which is to promote appropriate standards regarding legal, ethical and social issues including, for example, human rights, working conditions, labour standards, modern slavery, trafficking and other forms of exploitation and corruption.'</p>
Textiles – ethical sourcing	'Bidders must provide information to illustrate that suppliers and production sites should hold an independently audited and internationally-recognised standard relevant to the product, in order to demonstrate how they are addressing ethical and social issues such as living wage provision, avoidance of child labour, application of fair trade principles, adequate working conditions and animal welfare in the manufacture of textiles.' (UK Government Buying Standard for textiles)
Construction – materials	<p>'The contractor must take all reasonable steps to ensure that materials used under this contract reflect due regard to ethical sourcing and human rights, working conditions, human trafficking and exploitation, modern slavery, other exploitation and corruption. This includes all International Labour Organisation (ILO) core conventions that have been ratified by the country of their origin. The contractor promotes human rights including security of employment rights, equality of opportunity, prevention of corruption and fair trade within the supply chain in connection with this contract. As a result:</p> <ul style="list-style-type: none"> ◆ The contractor demonstrates it has a comprehensive system to assess relevant risks within its supply chain of civil engineering materials and products. This should include demonstrating that suppliers meet BES6001 'The framework standard for responsible sourcing' and BES6002 'Ethical labour sourcing', or equivalent. ◆ The contractor demonstrates compliance with the Modern Slavery Act 2015. While transparency requirements apply to organisations with a turnover of more than £36 million in any part of the United Kingdom, the impact will still be felt by commercial organisations with a turnover of less than £36 million who are likely to be in the supply chains of larger businesses.

	<ul style="list-style-type: none"> ◆ The contractor considers and reports on what steps it has taken or are to be taken to seek out and prevent modern slavery and human trafficking occurring in its supply chains associated with the implementation and continual delivery of the contract.’ <p>Buyers should recognise that UK legislation may not be imposed on countries where it does not have jurisdiction.</p>
<p>Supplies – ethical supply and systems</p>	<p>‘The contractor is expected to have a comprehensive system which demonstrates an ongoing and systematic approach to identifying and managing relevant risks relating to human rights, working conditions, labour standards and forms of exploitation, in the supply chains relevant to this contract. This should include:</p> <ul style="list-style-type: none"> ◆ policy ◆ roles and responsibilities ◆ objectives, targets and programmes ◆ training and awareness ◆ communications (including ‘whistle blowing’) ◆ documentation and procedures ◆ supply chain management ◆ emergency response ◆ monitoring and reporting (including identification of all contractors, changes made and audits undertaken in accordance with appropriate standards, eg ‘ETI base code’, SEDEX or equivalent) ◆ corrective action and review. <p>The contractor will be required to demonstrate continual improvement in these areas in order to manage identified risks while enhancing policies and systems and, where relevant, work with the client during the term of the contract to ensure compliance with new and emerging legislation.</p> <p>The contractor shall take appropriate action to ensure that labour standards are being maintained in line with ILO core conventions and local labour laws, throughout its supply chain(s), for products and materials used or supplied in the delivery of this contract.</p> <p>The contractor shall also take action to promote human rights including security of employment rights, equality of opportunity, prevention of corruption and fair trade within the supply chain in connection with delivery of this contract.’</p>
<p>Modern slavery – high-risk contracts</p>	<p>‘The contractor is expected to have a comprehensive system which demonstrates an ongoing and systematic approach to identifying and managing relevant risks relating to modern slavery in the supply chains relevant to this contract. This should include:</p> <ul style="list-style-type: none"> ◆ Process and responsibility in place to assess and identify modern slavery risks within supply chains and how this is reviewed.

	<ul style="list-style-type: none"> ◆ The management of subcontractors so that modern slavery risks are managed and monitored, including how any instances will be addressed. ◆ Employment practices relating to the staff involved in contract delivery which demonstrate your approach to tackling modern slavery and human rights abuses. ◆ Recruitment process for staff involved in delivering the contract, including agencies used and any fees payable by those being recruited. ◆ [Workforce conditions in factories used to produce goods to be delivered under the contract, including wages, working hours and rest breaks – where relevant].’
Conflict minerals	<p>If, for example, ICT equipment is to be procured, this may be from a manufacturer or reseller (who may be in partnership with a manufacturer or offering a catalogue of equipment from various manufacturers). Manufacturers should be able to provide details of what they are doing to minimise the use of conflict minerals, while resellers should be able to obtain detail from the manufacturer(s).</p> <p>‘The supplier shall supply products that minimise and, where practical, eliminate the use of conflict minerals, and continually improve.’</p> <p>OR</p> <p>‘Throughout the term of the contract, the contractor will be required to demonstrate how they assess the likelihood of conflict minerals within products, and what measures they have undertaken to minimise and eliminate, where practical, such minerals. The contractor will be required to comply with any new and emerging legislation and/or self-certification system.’</p>
For high-risk products – ethical sourcing	<p>‘The contractor must prepare a method statement setting out how they will meet the contracting authority’s ethical sourcing objectives. This must include:</p> <ul style="list-style-type: none"> ◆ Your ethical sourcing policy, and how commitments made will be delivered during contract delivery. ◆ Processes in place to comply with, or to be put in place, to comply with the ‘ETI base code’, or an equivalent. ◆ Transparency in supply chain – make up and how changes will be notified. ◆ How the contractor will ensure that any relevant sub-contractors implement equivalent ethical sourcing policies and how this will be monitored and reported. ◆ How the contractor will ensure relevant staff and sub-contractors have relevant capability to be able to deliver the above and report accordingly. ◆ How the contractor will report audit findings.’

Raising the bar

Given known limitations with the veracity of audits undertaken to determine ethical sourcing, which include issues with identifying some non-compliance, such as discrimination, worker abuse and fraud, it is best practice to go beyond audits, implementing capacity building programmes.

This involves engaging with local NGOs who are working with the workforce involved in supply chains, often during confidential engagement, to better understand relevant risks. Therefore, it is best practice to require one or more capacity building actions to be undertaken over the course of the contract. For example:

- ◆ worker rights training – training for the workers and supervisors in the factories
- ◆ engagement with local labour rights groups/NGOs – to gain a better understanding of priority risks and opportunities to improve
- ◆ implementation of anonymous worker grievance procedure at a factory
- ◆ root cause analysis – understanding of the root, systemic causes of non-compliances, and development of processes to address these.

Raising the bar – case study

Organisation:	Transport for London (TfL)
Procurement:	Textiles.
Action:	<p>TfL is committed to ensuring that the people who make its employee uniforms are treated fairly. It includes clear requirements around safeguarding human rights and working conditions in relevant contracts and has set new levels of excellence for supply chain due diligence in public procurement.</p> <p>Uniforms are manufactured in Bangladesh and China. Every year factories are contractually required (terms and conditions) to undergo an independent, third-party social audit against the nine principles of the Ethical Trading Initiative 'ETI base code'. Following this, action plans are agreed upon to address any areas of non-compliance. Through the Sedex online platform, audit results can be viewed and plans can be tracked.</p> <p>TfL recognises the limitations of social audits in addressing the root causes of non-compliance.</p> <p>Therefore, the uniforms contract also requires the supplier to carry out further activity at the manufacturing sites. Staff have, for example, undertaken training on workers' rights, health and safety and Bangladesh labour laws, including how and when to use complaint letters for raising grievances. One factory is partnering with a local university to host interns, with a view to helping them qualify as technicians and designers. This builds the capacity of vulnerable workers while helping them to better understand their rights in the workplace.</p> <p>TfL has liaised with the Fairtrade Foundation to make sure the cotton used in its uniforms is sourced from certified producers, meaning both farmers and workers get a fair deal. TfL has replicated this approach to the ethical procurement of uniforms in its recent workwear contract.</p>

	A 2018 report by the International Corporate Accountability Roundtable and the Corporate Responsibility Coalition found that 'in comparison to the central government departments featured in this report, TfL's procurement practice is significantly more socially responsible and advanced.'
Key transferable lesson:	Lessons on addressing flaws with the audit process of global supply chains: EU: Making socially responsible public procurement work.

It is important when developing the specification to consider how delivery of intended outcomes will be measured – for example those included in TOMS. This is considered in more detail in the 'Contract management' section.

Evaluation and award

Award criteria must be proportionate and relevant to the works, supplies or services that are the subject matter of the contract, and there must be a clear methodology to evaluate responses. An ideal response should be understood, based on intended outcomes agreed by relevant stakeholders including within a user intelligence group, where relevant. Support may be needed from supply chain and modern slavery specialists.

In evaluating tenders in relation to ethical procurement award criteria, this must include evaluation of the bidder's proposed approach to meeting the requirement and ensuring they demonstrate an understanding of how to achieve the required outcome.

Example	Clause
<p>Ethical sourcing – general</p>	<p>'Please demonstrate what process you have in place to ensure that labour standards are being maintained in line with ILO core conventions and local labour laws, throughout its supply chain(s) for goods relevant to the framework agreement.'</p> <p>OR</p> <p>'Please provide relevant evidence to demonstrate that suppliers and production sites hold an independently audited and internationally recognised standard relevant to the product, in order to demonstrate how you are addressing ethical and social issues such as the avoidance of child labour, application of fair trade principles and adequate working conditions, in the manufacture of [xxx].'</p>
<p>Ethical sourcing – high risk general</p>	<p>'Please demonstrate what comprehensive system you have which demonstrates an ongoing and systematic approach to identifying and managing relevant risks relating to human rights, working conditions, labour standards and forms of exploitation, in the supply chains relevant to this contract. This should include:</p> <ul style="list-style-type: none"> ◆ policy ◆ roles and responsibilities ◆ objectives, targets and programmes ◆ training and awareness ◆ communications (including 'whistle blowing') ◆ documentation and procedures ◆ supply chain management ◆ emergency response ◆ monitoring and reporting (including identification of all contractors, changes made and audits undertaken in accordance with appropriate standards. eg 'ETI base code', SEDEX or equivalent) ◆ corrective action and review. <p>This should demonstrate continual improvement in these areas in order to manage identified risks while enhancing policies and systems and, where relevant, work with the client during the term of the contract to ensure compliance with new and emerging legislation.'</p>

	<p>A good response will address all the above areas in detail, but not just repeat policy commitments. It should identify supply chain risk assessment, processes in place to monitor risks and how any incidents within supply chains are responded to.</p> <p>An excellent response will address the above and identify how it will work with local NGOs to improve the veracity of the auditing and review process, with the emphasis on obtaining evidence from the supply chain workforce in a safe and confidential manner.</p>
<p>Ethical sourcing – textiles</p>	<p>‘Bidders must provide information to illustrate that suppliers and production sites should hold an independently audited and internationally-recognised standard relevant to the product, in order to demonstrate how they are addressing ethical and social issues such as living wage provision, avoidance of child labour, application of fair trade principles, adequate working conditions and animal welfare in the manufacture of textiles.</p> <p>Verification: relevant protocols and standards include those by the ILO, Fair Trade Foundation, Ethical Trading Initiative. Indicative standards are SA8000 or ISEAL. Other private or national textile labels fulfilling the listed criteria can also be accepted. Any other appropriate means of proof, such as a technical dossier of the manufacturer or a test report from a recognised body, will also be accepted.’ (UK Government Buying Standard for textiles)</p>
<p>Modern slavery</p>	<p>‘Please demonstrate how you systematically identify and manage relevant risks relating to modern slavery in the supply chains relevant to this contract. This should include:</p> <ul style="list-style-type: none"> ◆ Process and responsibility in place to assess and identify modern slavery risks within supply chains and how this is reviewed, including the use of relevant systems, resources and tools such as the ‘Modern slavery assessment tool’. ◆ The management of subcontractors so that modern slavery risks are managed and monitored, including how any instances will be addressed. ◆ Employment practices relating to the staff involved in contract delivery which demonstrate your approach to tackling modern slavery and human rights abuses. ◆ Recruitment processes for staff involved in delivering the contract, including agencies used, to include confirmation that you do not charge those being recruited any recruitment-related fees. ◆ How you will seek to continually improve your supply chain so as to prevent modern slavery risks, as well as how you will report any identified instances in your supply chain and how you will work with local agencies and VCSEs to ensure relevant support is provided. ◆ How you will monitor and report relevant risks and any instances and how you will apply relevant remedies to the contracting authority on an ongoing basis.’
<p>Conflict minerals</p>	<p>‘Please provide evidence of your capability to minimise, or eliminate, the use of conflict minerals within products supplied as part of this tender. This can be demonstrated through a comprehensive policy, systems and processes, which may reflect the OECD ‘Due diligence guidance’ or membership of the Responsible Minerals Initiative or equivalent.’</p> <p>OR</p>

	'Please demonstrate how you will assess the likelihood of conflict minerals within products, and what measures you have undertaken and will undertake to minimise and eliminate, where practical, such minerals. The contractor should also demonstrate how it will keep up to date with any relevant new and emerging legislation and/or self-certification system.'
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Following contract award it is appropriate to discuss your jobs and skills ambitions, the supplier's response, practical implementation and the inclusion of relevant KPIs in the contract that demonstrate delivery of intended outcomes (we consider this in more detail in the next section).

Case study	
Organisation:	University of Edinburgh and Mobius Knowledge Services
Procurement:	The 'Digitising Scotland' project and Mobius Knowledge Services.
Action:	<p>At the award stage, the following 'fair work' question was included and scored four per cent of tender weight:</p> <p>The bidder must describe how it commits to maintain fair working practices and labour conditions for the workers involved in this contract throughout the duration of this project. The response may refer to national or international standards adhered to, but these standards must be explained in the bidder's response, in terms of what they mean for the workers. The response must include, but is not limited to, explanation of how the following fair working practice objectives will be met for employees on this contract:</p> <ul style="list-style-type: none"> • fair and reasonable remuneration • guaranteed hours contracts • the right to organise and other recourse against poor working conditions • safe working hours, shifts and breaks • anti-discrimination and gender equality in working life • safe physical working conditions.
Key transferable lesson:	<p>Evaluating the bidder's responses to this fair work question was challenging for the procurement office. With bidding companies in India and the Philippines, a considerable amount of additional research to understand the laws around work practices in these countries was required to compare the bidders fairly. Combining the information provided by the bidders and this additional research, the procurement office were able to evaluate the bidders' responses from a more informed point of view. The contract was finally awarded to Mobius Knowledge Services, based in Chennai, India. Ensuring Fair Work Practices: The Digitising Scotland Project and Mobius Knowledge Services.</p>

Contract and supplier management

Relevant KPIs

Where ethical procurement is a relevant contract focus, relevant and proportionate performance indicators need to be developed to ensure delivery of intended outcomes.

The benefits of the contractual requirement must be quantifiable and measurable.

TOMS provides a range of potential measures, not repeated in full here. Relevant KPIs may include:

Example	Clause
Modern slavery – audit and review	‘The contractor must provide details of the supply chain involved in contract delivery, any changes to this, audits undertaken on supplier sites by the main supplier, and reviews of supply chain partners’ slavery and human trafficking statements, published as a requirement (where applicable) of the Modern Slavery Act 2015.’
Ethical sourcing – audit and review	‘The contractor must provide details of the supply chain involved in contract delivery, any changes to this and third party audits undertaken on supplier sites, together with details of findings.’
Ethical sourcing – audit and review	<p>‘The supplier shall provide a third-party audit report no more than twelve months old for each site of production, prior to the commencement of production.</p> <p>Audits shall be conducted using the SMETA audit protocol, or equivalent, and conducted by a recognised auditor, such as those listed in the SA8000 Accredited Certification Bodies.</p> <p>The audit report shall address how the supplier has complied with each of the nine key areas set out in the ‘ETI base code’, and such report shall be supplied at the supplier’s cost.’</p>
Ethical sourcing – audit and review (best practice)	<p>‘The contractor must provide details of capacity building actions undertaken since [period or date]. This includes [delete as applicable]:</p> <ul style="list-style-type: none"> ◆ Worker rights training – training records for workers in the factories, and for supervisors. ◆ Details of engagement with local labour rights groups/NGOs – to gain a better understanding of priority risks and opportunities to improve. ◆ Details of anonymous worker grievance procedures established and reports of findings. ◆ Evidence of systemic non-compliance with relevant requirements and proposed urgent remedies, which will provide the contracting authority with future assurance regarding human rights, decent working conditions and labour standards within the supply chain, and which reasonably avoids the need for the contacting authority to take further action.’ <p>This reflects an approach by buyers such as TfL (see ‘Specification’ section).</p>

<p>Child labour</p>	<p>‘Please identify any instances of child labour reported as a result of periodic social audits of your supply chain.’</p> <p>The approach taken to working with supply chains can make a difference. For example, upon discovering potential issues with child exploitation, rather than prohibit procurement (and thereby potentially increase poverty), it may be better to work with the supplier to improve conditions and introduce social benefit (such as education and health care) for current employees, while seeking to eliminate the need for child labour.</p>
<p>Conflict minerals</p>	<p>Where clauses in respect of conflict minerals have been built into the contract, performance monitoring methods must be developed to ensure delivery. This may include the provision of ongoing evidence of conflict free status and independent verification of process methods.</p> <p>‘The provision of yearly verification that products supplied do not contain conflict minerals.’</p> <p>OR</p> <p>‘The provision of an annual summary of its due diligence and risk management measures consistent with the OECD ‘Due diligence guidance’.</p> <p>OR</p> <p>‘Demonstration of support for institutional mechanisms to advance responsible sourcing of minerals consistent with OECD ‘Due diligence guidance’. Evidence could include, for example, participation and support of the [Responsible Minerals Initiative, the Public-Private Alliance for Responsible Minerals Trade, the European Partnership for Responsible Minerals, or others].’</p> <p>OR</p> <p>‘Evidence of participation in in-region responsible sourcing programs/initiatives for tantalum, tin, tungsten and gold (the 3TGs), such as inclusion on the list of members to the initiative/program.’</p> <p>OR</p> <p>‘A public list of its smelters/refiners of tantalum, tin, tungsten, and gold reported for its supply chain.’</p>
<p>Modern slavery</p>	<p>‘Confirmation of results from the ‘Modern slavery assessment tool’, including within your relevant supply chain.’</p> <p>‘Modern slavery statements updated as required.’</p>
<p>Modern slavery</p>	<p>‘Number and type of initiatives throughout the supply chain to identify and manage the risks of modern slavery occurring (ie supply chain mapping, staff training, contract management) in relation to the contract (describe and document initiatives).’</p> <p>‘Number of supply chain audits undertaken in the supply chain to identify and manage the risk of modern slavery occurring in relation to the contract.’</p> <p>‘Number of people employed in the supply chain to identify and manage the risk of modern slavery occurring in the supply chain, in relation to the contract.’</p>

Case study

Organisation:	University of Edinburgh and Mobius Knowledge Services
Procurement:	The 'Digitising Scotland' project and Mobius Knowledge Services.
Action:	It is rare that the procurement office can verify working conditions in its overseas supply chains on the ground. This procurement, however, has offered a rare opportunity to do just that. The 'Digitising Scotland' project team visited Mobius in Chennai in 2017, not only to confirm technical and security arrangements but also to check the working conditions for the transcribing team. For the procurement office, this was a confirmation of the fair work practices that Mobius had described in its statement.
Key transferable lesson:	<p>Risk assessment must reflect the nature and extent of supply chain risks in supply chains and the relevance of auditing and monitoring.</p> <p>Councils will rarely have the resources to undertake audits such as this, so should seek to learn from examples such as this and collaborate with third party organisations, including local NGOs, to identify compliance with requirements.</p> <p>Given resource constraints, cross-sector sharing of information and good practice is essential regarding this topic.</p>

At contract award there is always the opportunity to reach a voluntary agreement with the supplier that they will work with you to deliver agreed ethical procurement outcomes that can be captured as a contract commitment.

Monitoring and reporting outcomes

Identifying ethical procurement outcomes from contracts potentially feeds into:

- ◆ **Internal and external risk management processes and reporting requirements**

As an issue of concern to the public and NGOs this represents a significant reputational risk, as well as risks to workers involved.

Modern slavery reporting is already in place but a focus on ethical procurement also relates to jobs and skills and reducing inequality, so this will impact on relevant reporting requirements.

- ◆ **Sharing of lessons and good practice**

This includes identifying further opportunities to develop innovative approaches to ensuring ethical supply, how councils have ensured ethical supply through commissioning, procurement and contract management, as well as remaining barriers which enhanced collaboration may help address.



Topic: health and wellbeing

Content

Description and context	Commissioning and pre-procurement	Procurement	Contract and supplier management and monitoring
<ul style="list-style-type: none"> Description and scope 	<ul style="list-style-type: none"> Commissioning and pre-procurement guidance 	<ul style="list-style-type: none"> Supplier selection 	<ul style="list-style-type: none"> Contract and supplier management
<ul style="list-style-type: none"> Legal and policy context 	<ul style="list-style-type: none"> Pre-contract notification 	<ul style="list-style-type: none"> Specification Evaluation and award 	<ul style="list-style-type: none"> Monitoring and reporting

Description and scope of guidance

Description	<ul style="list-style-type: none"> Are there risks relating to, and opportunities to enhance, health and wellbeing (health and safety, physical and mental health) of the workforce involved in supply of products or services and/or users of products or those affected by related service delivery? 		
'Priority' categories (sample)	People-based service contracts, including: <ul style="list-style-type: none"> construction social care facilities management. 	<ul style="list-style-type: none"> waste services ICT transport 	
Outcomes this supports (main and UN SDGs)			

This guidance focuses on managing risks and capturing opportunities regarding health and safety and physical and mental health and wellbeing of the workforce involved in contract delivery, and of users of relevant products or services. Such outcomes also link to related guidance:

- jobs and skills guidance
- reducing inequality guidance
- healthy communities guidance
- climate change – vehicle emissions guidance.

A focus on improving health and wellbeing of the workforce involved in contract delivery supports council community objectives and improves business productivity, staff retention and contract delivery. Examples how this may relate to contracts include:

- ◆ health and safety – within construction and environmental services contracts
- ◆ physical health and wellbeing – food nutrition standards
- ◆ mental health – working hours, flexible working, social care services (eg increased pressures as a result of COVID-19).

User health and wellbeing are potentially impacted by a range of products and services procured by the public sector. This includes care services for adults and children, construction, facilities management (eg food and catering services, cleaning), ICT and transport.

This guidance and legal and policy context

It is recognised that many councils will implement clear requirements regarding health and safety within contracts. There is increasing focus on health and wellbeing, for example as a result of the COVID-19 pandemic and temporary or permanent changes in ways of working, along with other factors.

This guidance concentrates on:

1. 'Worked examples' with relevant clauses at commissioning, procurement and contract management.
2. Highlighting other relevant guidance which supports embedding health and safety and health and wellbeing within procurement.
3. Highlighting good practice examples which councils may learn from.

Legislative obligations include:

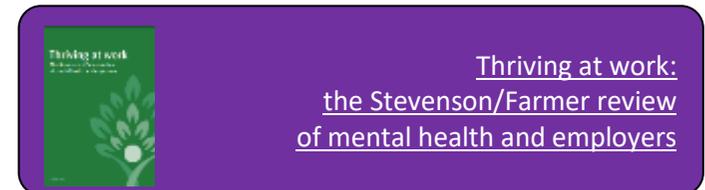
- ◆ The Health and Safety at Work Act 1974 and the Management of Health and Safety at Work Regulations 1999, which require employers to be responsible for protecting the safety of their employees at work by preventing potential dangers in the workplace. It places general duties on employers to ensure the health, safety and welfare of all persons while at work. For public bodies, this duty extends to contractors. It is therefore essential that contracting authorities have in place a policy for promoting compliance by contractors and subcontractors with the Health and Safety at Work Act and any provision made under that Act.
- ◆ The Working Time Regulations 1998 are also an important piece of health and safety legislation.

Work related stress is a significant problem within many industries. The Health and Safety Executive found that in 2019/20, the total number of cases of [work related stress](#), depression or anxiety was 828,000, although this did not reflect the impact of the COVID-19 pandemic. While workload was identified as a significant factor, it is by no means the only one. Industries identified as having higher than average levels include electricity, gas, steam and air conditioning supply, public administration, health and social care, education, and financial and insurance.

The '[Thriving at work](#)' report set out a framework of actions – called 'core standards' – based on best practice that all employers can and should put in place. The core standards are:

1. Produce, implement and communicate a mental health at work plan.
2. Develop mental health awareness among employees.
3. Encourage open conversations about mental health and the support available when employees are struggling.
4. Provide employees with good working conditions and ensure they have a healthy work-life balance and opportunities for development.
5. Promote effective people management through line managers and supervisors.
6. Routinely monitor employee mental health and wellbeing.

This guidance does not signpost to all resources available to support employers improve workforce mental health. They include that available from [Health and Safety Executive](#), [Mind](#) and [Mental Health at Work](#). Some of these, and others, may be relevant to signpost to employers or require them to utilise.



[Thriving at work:
the Stevenson/Farmer review
of mental health and employers](#)

User health and wellbeing are potentially impacted by a range of products and services procured by the public sector. Most obvious are care services for adults and children but other services and products are also relevant in this consideration, including food and catering services, cleaning, use of technology and transport.

The '[Beyond greenspace' research](#) highlights the links from natural environments and health and wellbeing. This includes initiatives being undertaken by councils such as Bradford, Cornwall, Camden, Islington and Dorset.

Resources for businesses within supply chains include:

- ◆ Inevitable links to 'jobs and skills' and 'reducing inequality', including guidance within '[Employing disabled people and people with health conditions](#)'.
- ◆ The 'Mental health for employers toolkit' helps employers pick out the most valuable resources, and helps to develop an approach that works. For larger organisations, the toolkit is also a useful resource to share with businesses in their supply chain and across their network.



Commissioning and pre-procurement guidance

Define need

- ◆ What are the intended outcomes from the planned procurement – functional, technical, performance, end-user requirements?
- ◆ How does the planned procurement relate to the health and safety and health and wellbeing of a) the workforce involved in contract delivery and b) users of products and services procured? How does it link to community objectives – eg reducing inequality, healthy communities and climate change?
- ◆ Have all relevant internal stakeholders been involved in this early consideration, eg heads of service, health and safety managers, budget holders, finance, specifiers, end users and others?

Market engagement and collaboration

- ◆ Have you engaged with the market to set out your community-based objectives?
- ◆ How capable is the market in delivering these ambitions? In designing contracts where health and wellbeing requirements are to be built in, early market engagement is important to identify the capacity of the market to deliver these.
- ◆ A request for information (RFI) or market engagement event may be helpful to better understand market capability and maturity.
- ◆ Is there an opportunity for innovative solutions, eg the need for new skills to support the transition to ‘net zero’?
- ◆ Factor in sufficient time to conduct an effective market dialogue – communicate your intended community objectives, outcomes, timescales, and the project business case. This signals your intent to the market (as well as internal stakeholders), and to provide a basis for measuring and managing overall performance.
- ◆ Preliminary market consultation is crucial to be able to determine whether the market is capable of delivering a specific outcome or whether requiring such would place too large a burden on suppliers.

Pre-contract notification

Having determined intended outcomes and the relevant procurement requirement, ensuring these are relevant and proportionate, it is good practice to notify bidders of any particular contract performance requirements or any essential award criteria early in the process.

This can be done by including details in the contract notice or a prior information notice (PIN), so that potential suppliers can determine whether they can meet the requirements. For example:

Example	Clause
Service – health and wellbeing	‘The contracting authority has included obligations within the specification and contract conditions relating to further requirements to achieve [physical and mental] health and wellbeing outcomes which are relevant to the services to be delivered.’

Service – health and wellbeing (users)	‘A method statement is required describing an assessment of potential impacts of the proposed service on the health and wellbeing of the service users. It must include all the risks and opportunities identified in the assessment and the measures needed to minimise risks.’
Service – health and safety	‘The contracting authority has included obligations within the specification and contract conditions relating to further requirements to achieve health and safety outcomes which are relevant to the services to be delivered.’
Service – health and safety	‘A safety method statement is required and will need to describe in a logical sequence exactly how the contract will be performed in a safe manner and without risks to health. It must include all the risks identified in the risk assessment and the measures needed to control those risks.’

‘Raising the bar’ – seeking innovative solutions

Are the conditions for innovation in place within the council? Is procurement seen as a mechanism to help deliver improved health and wellbeing within supply chains and users of products or services?

Can you unlock the creativity and innovative ideas of suppliers? Is there an ‘unmet need’ which the market can be encouraged and enabled to develop a solution to or co-design? What is required to bridge the gap and fulfil market potential? Is there the opportunity to shape a market/develop a market?

For example, does this mean there is a need for new services that focus on mental health and wellbeing and remote working? Does it mean a new focus on how suppliers ensure the mental health and wellbeing of the workforce involved in contract delivery, given changes in working practices?

Supplier selection

Grounds for exclusion

As indicated in the general guidance there may be relevant exclusion grounds; these may include breaches of environmental, social or labour law – full details are not repeated here.

A contracting authority should only ask for verification of exclusion grounds from sub-contractors in circumstances where it is regarded as proportionate and necessary to do so. A grounds for exclusion statement from the standardised statement document should be included in the contract notice.

Selection

Selection criteria applied must be relevant and proportionate to the subject matter of the contract. When selecting suppliers, it is essential to assess the technical capabilities that will be required for the products or services you are procuring to meet your needs.

Any selection criteria deemed appropriate must be tested through the format of the single procurement document (SPD).

Experience

While the standard questionnaire may be used for supplier selection, there may be an opportunity to determine experience of bidders regarding health and safety and health and wellbeing outcomes (ensuring the wording provides opportunities for new entrants to the market). Contracting authorities must give consideration to whether previous experience of delivering a particular type of health and wellbeing outcome is required to be able to deliver the proposed contract. While you may wish to encourage as many suppliers as possible to deliver such outcomes, a balance must be struck in establishing relevant experience.

For example:

Example	Clause
Service contract – health and wellbeing	‘Please describe your experience of improving the health and wellbeing of the users of your service over the past [three or five years, depending on type of contract] where measurable improvements have been secured.’
Service contract – mental health and wellbeing	‘Please describe your experience of support provided in improving the mental health and wellbeing of the workforce involved in a contract similar in nature to this requirement over the past [three or five years, depending on type of contract], which supports the contracting authority’s objectives to [reduce inequality, enable wellbeing within community and supply chains, ensure the workforce within supply chains is motivated and well led], where measurable improvements have been secured.’
Service contract – health and safety	Depending on the degree of competence required for the work, it may be appropriate to request more detailed information about a bidder’s previous experience of health and safety measures. This would for example be in instances where the contract involves significant levels of risk, including heavy machinery or hazardous substances. In such instances, the following statement could be included in the contract notice:

	‘Please describe your experience of your recent health and safety performance over the last [three or five years, depending on type of contract], including numbers of accidents and cases of ill health you had and any action the HSE has taken against you.’
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This may include showing how the bidder has previously collaborated with clients, partners and their supply chain to deliver these outcomes.

Specification

Health and wellbeing requirements need to be incorporated into the specification and must be relevant to the procurement, and not to the general capacities or qualities of the operator. This should consider the nature of relevant jobs and skills requirements and whether specific quantitative requirements are relevant (eg number of person weeks of employment for each [£x]).

Example	Clause
Service contract – health and wellbeing	<p>‘The contractor is required to demonstrate how it will ensure effective delivery of the contract requirements [in accordance with specific service requirements] in a timely manner while ensuring that workforce health and wellbeing is reflected in working hours and other workplace measures.’</p> <p>OR</p> <p>‘The organisation specifically wishes to support the enhancement of the health and wellbeing of its users. Please describe how you will contribute to this aim including reducing the risks within this contract.’</p>
Services – mental health standards	<p>‘The contractor is required to demonstrate that it has or will implement the mental health core standards [within a required period from contract commencement], [and also the mental health enhanced standards for companies with more than 500 employees], as set out in ‘Thriving at work: the Stevenson Farmer review on mental health and employers.’</p> <p>‘The contractor is also required to demonstrate how it will cascade these standards through its supply chain involved in contract delivery’.</p>
Service contract – higher risk activities	<p>‘Bidders are required to submit a method statement describing in a logical sequence exactly how the work will be carried out in a people-centric manner and without risks to health and wellbeing, including all the risks identified in the risk assessment and the measures needed to control those risks. Bidders are also required to provide a risk assessment for the services, including what resources will be allocated to manage the risks identified.’</p>
Service contract – health and safety	<p>‘In furtherance of the contracting authority’s objective to enhance community wellbeing and economic potential through better employment opportunities, the contractor will be required to provide a health and safety risk assessment for the contracted services, including what resources will be allocated to manage the risks identified.’</p> <p>‘In the carrying out of this contract, the contractor will be required to [complete monthly risk assessment forms/provide evidence of insurance/of training provided].’</p>

A focus on the health of users of services will, of course, include food. Although this is not considered in detail in this guidance, relevant standards and examples include:

Food

- The [Government Buying Standard for food and catering services](#) (updated in 2015) includes a focus on snacks, confectionery, sugar beverages, nutrient standards and labelling.
- Examples of councils' approach to food procurement include: '[Healthy and sustainable food procurement Bath and North East Somerset](#)'.

It is important when developing the specification to consider how delivery of intended outcomes will be measured – for example those included in TOMS. This is considered in more detail in the 'Contract management' section.

Case study	
Organisation:	Devon County Council
Procurement:	Healthy lifestyles service.
Action:	<p>This project involved South West Forum and Devon County Council, who worked together to embed social value in the procurement of a new healthy lifestyles service.</p> <p>The council's vision for this procurement was the design and creation of a new innovative healthy lifestyles service capable of empowering, enabling and motivating Devon residents who wish to take responsibility for their own health and wellbeing and consequently change their behaviour. The aim of the service was to reduce premature deaths and health inequality in Devon, with a focus on:</p> <ul style="list-style-type: none"> • stopping smoking • reducing harmful drinking • achieving a healthy weight • reducing physical inactivity. <p>An extract from the 'invitation to tender' questionnaire:</p> <p>"The service must demonstrate the delivery of social value. A key element within the service for delivering additional social value will be in relation to the function of connecting and enabling people to utilise community assets. Critical to this is the development of effective relationships with key service providers and local communities so they can easily connect clients to existing communities, groups and programmes. The service is a key stakeholder in ensuring communities, particularly those in greatest need, have thriving community groups (assets), in which to connect people into as part of the client's action plan. Describe how your organisation will deliver social value in relation to this contract and within your answer demonstrate how you will undertake the connecting and enabling function. Your answer may include supporting charts and diagrams, 1,000 word count, 10 per cent weighting."</p>

Key transferable lesson:	<p>“Good practice is about recognising and understanding social value from the earliest stages of a commissioning process.</p> <ul style="list-style-type: none"> ● Embedding social value is not about ‘retro-fitting’ social value requirements into a service specification that has already been nailed down. ● Social value, and what it might look like, needs to be clearly and explicitly described in the service specification. Otherwise, potential bidders may not understand what social value means.” South West Forum & Devon County Council: Social Value case study.
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Case study	
Organisation:	Municipality of Ballerup, Denmark
Procurement:	Cleaning services: daily cleaning services and periodic window cleaning services at 157 different municipal buildings, including public schools, daycare centres, libraries, swimming pools and sports arenas.
Action:	<p>The social objective of the municipality was to create employment opportunities for two target groups:</p> <ul style="list-style-type: none"> ◆ ‘Activity ready’ unemployed welfare recipients, who experience other challenges along with unemployment. They need a specially designed training trajectory, including supporting measures to attain employment. ◆ Persons on long-term sick leave. Many in this category will be able to resume a job when they are fit for work again. They will need a training trajectory, potentially including supporting measures to return to the job market. <p>Award criteria: in the contract award process the most economically advantageous tender was identified on the basis of the best price/quality ratio using the following weights:</p> <ul style="list-style-type: none"> ● price: 60 per cent ● quality assurance: 20 per cent ● social responsibility: 20 per cent. <p>In this tender, social responsibility meant the creation of employment opportunities for unemployed people receiving a welfare benefit and for persons on long-term sick leave.</p>
Key transferable lesson:	The procurement policy has given the procurement department a strong mandate to include social considerations, which has facilitated the process.

Case study

Organisation:	Transport for London
Procurement:	Contracts involving use of HGVs (heavy goods vehicles) in London.
Action:	<p>The pioneering 'Direct vision standard' (DVS) and HGV safety permit is part of the Mayor of London's 'Vision zero' plan to eliminate all deaths and serious injuries on London's transport network by 2041.</p> <p>The DVS and safety permit for HGVs requires operators of lorries over 12 tonnes gross vehicle weight to apply and obtain a permit to enter or operate in Greater London, or they may receive a penalty charge notice.</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div data-bbox="376 475 1025 730" style="text-align: center;">  <p>Example zero star 'worst' rated HGV</p> </div> <div data-bbox="1055 443 1704 730" style="text-align: center;">  <p>Example five star 'best in class' rated HGV</p> </div> <div data-bbox="1733 459 2047 730">  </div> </div>
Key transferable lesson:	<p>A great deal of interest has been generated within the UK and Europe and could potentially be relevant for other large cities: Direct Vision Standard and TfL: Direct Vision Standard and HGV Safety Permit.</p>

Evaluation and award

Award criteria must be proportionate and relevant to the works, supplies or services that are the subject matter of the contract, and there must be a clear methodology to evaluate responses. An ideal response should be understood, based on intended outcomes agreed by relevant stakeholders including within a user intelligence group, where relevant. Support may be needed from economic development specialists and others.

In evaluating tenders in relation to relevant award criteria, this must include evaluation of the bidder's proposed approach to meeting the requirement and ensuring they demonstrate an understanding of how to achieve the required health and wellbeing outcome.

Example	Clause
Service – eg facilities management	<p>'Bidders are required to provide a health and wellbeing risk assessment for the services, including what resources will be allocated to manage the risks identified.'</p> <p>'Please describe how you involve the users of your service to contribute to its design and delivery to find opportunities to enhance health and wellbeing.'</p>
Food	<p>'Please describe how you will successfully introduce healthy alternative products in the delivery of this service.'</p>
Service – health and safety	<p>'Please identify any health risks, such as high levels of noise, handling of the products, chemicals or hazardous substances required and describe how these will be managed, and please describe what health improvements you intend to make during the performance of this contract through changes to equipment, products or working methods.'</p>
Re-use services	<p>'Contractor(s) will be required to ensure sufficient quality and safety of products supplied and services delivered. The contractor must ensure that items are prepared for re-use in an appropriate manner, involving checking, cleaning or repairing items so that they can be re-used for their original purpose without further processing. This shall include the collection and transportation of items, sorting of items into those that are suitable for re-use or recycling, preparing them for re-use and training of staff.'</p>
Service – health and wellbeing of workforce	<p>'The contracting authority specifically wishes to support the improvement of the health and wellbeing and sustainable productivity of its contractors. Please describe how you will contribute to this aim, including through mental health support for the workforce involved in contract delivery.'</p>

Following contract award, it is appropriate to discuss your health and wellbeing ambitions, the supplier's response, practical implementation and the inclusion of relevant KPIs in the contract that demonstrate delivery of intended outcomes (we consider this in more detail in the next section).

Contract and supplier management

Relevant KPIs

Where health and wellbeing is a relevant contract focus, relevant and proportionate performance indicators need to be developed to ensure delivery of intended outcomes.

The benefits of the contractual requirement must be quantifiable and measurable.

TOMS provides a range of potential measures, not repeated in full here. Relevant KPIs may include:

Example	Clause
Service – mental health support	<ul style="list-style-type: none"> ◆ Number of employees provided with workplace screening and support for anxiety and depression for [insert relevant sector]. ◆ Details of mental health campaigns and support for staff involved in contract delivery. ◆ Training to supplier workforce on mental health awareness and support services available. ◆ Compliance with the mental health core standards for all companies, and also the mental health enhanced standards for companies with more than 500 employees, as set out in ‘Thriving at work: the Stevenson Farmer review on mental health and employers’.
Health and safety – workforce	<ul style="list-style-type: none"> ◆ Incidents at work in contract delivery.
Health and safety – users	<ul style="list-style-type: none"> ◆ Results of satisfaction surveys from users of services or products regarding health and safety.
Health and wellbeing – workforce	<ul style="list-style-type: none"> ◆ Number of employees/percentage of employees including sub-contractors on the contract that have been provided with health and wellbeing programmes that include advice and support on: <ul style="list-style-type: none"> ● physical and mental health assessment ● physical health programmes including active travel and nutrition ● mental health programmes ● energy efficiency advice and warm homes support to improve their health and wellbeing ● working practices including flexible working.

At contract award there is always the opportunity to reach a voluntary agreement with the supplier that they will work with you to deliver agreed jobs and skills that can be captured as a contract commitment.

Monitoring and reporting outcomes

Identifying health and wellbeing outcomes from contracts may feed into:

- ◆ **Internal and external reporting requirements**

A focus on health and wellbeing may be part of reporting requirements, such as health and safety incidents and user satisfaction surveys.

Heightened focus on mental health, including its link to physical health, means that it is important that relevant outcomes are monitored.

- ◆ **Sharing of lessons and good practice**

This includes identifying further opportunities to develop innovative health and wellbeing solutions with markets, how councils have delivered health and wellbeing through commissioning, procurement and contract management, as well as remaining barriers which enhanced collaboration may help address.



Topic: healthy communities

Content

Description and context	Commissioning and pre-procurement	Procurement	Contract and supplier management and monitoring
<ul style="list-style-type: none"> Description and scope 	<ul style="list-style-type: none"> Commissioning and pre-procurement guidance 	<ul style="list-style-type: none"> Supplier selection 	<ul style="list-style-type: none"> Contract and supplier management
<ul style="list-style-type: none"> Legal and policy context 	<ul style="list-style-type: none"> Pre-contract notification 	<ul style="list-style-type: none"> Specification Evaluation and award 	<ul style="list-style-type: none"> Monitoring and reporting

Description and scope of guidance

Description	<ul style="list-style-type: none"> Are there opportunities to enhance community safety and health through supporting community consultation on design of local services in contract delivery, encouragement of community initiatives, and regeneration of disadvantaged communities? 		
'Priority' categories (sample)	Community and place-based service and works contracts, eg: <ul style="list-style-type: none"> social care education 	<ul style="list-style-type: none"> transport construction food and catering. 	
Specific outcomes this supports (local and UN SDGs)			

Opportunities to enhance disadvantaged communities and engender greater community participation, and their link to commissioning and procurement, may include (others may apply):

- Construction contract – space planning to promote physical and mental health, including design and use of green spaces such as potential systems to capture emissions (eg [Southampton's 'living wall'](#)), jobs and training for disadvantaged groups (see 'Jobs and skills' eg support for ex-offenders), community consultation.
- Highways contract – design of roads and cycleways/walkways to enhance active travel.
- Transport contract – emissions standards and low emission zones to improve air quality, use of new technology to filter air quality (such as [air filtering buses](#)), safety standards for HGVs (eg London's '[Direct vision standard](#)'), initiatives to provide transport for isolated people.
- ICT contract – support for initiatives to enhance digital inclusion, including for older and disadvantaged people, reducing social isolation.

- ◆ Catering contract – access to healthy food in settings where children, young people and families live, learn and play; initiatives to reduce childhood obesity.
- ◆ Education contracts – promotion of physical activity by children.
- ◆ Housing – initiatives to support rough sleepers, including jobs and skills opportunities.
- ◆ Facilities management contract, eg security – initiatives to support rough sleepers, including provision of ‘safe space’ and training of contractor staff.
- ◆ Grounds maintenance/parks – design and maintenance of parks to enable health outcomes, such as the [‘Parks for health toolkit’](#).
- ◆ Waste services – engaging with community groups to encourage recycling and waste reduction, enabling support for offenders and ex-offenders, eg the [‘Through the gate’](#) programme.
- ◆ General (according to subject matter of the contract) – support for local VCSEs that provide community services promoting health and wellbeing.
- ◆ General (according to subject matter of the contract) – supporting community groups with initiatives helping the most vulnerable.

This guidance and legal and policy context

It is recognised that councils routinely provide services to enhance community health and wellbeing, in conjunction with, for example, health and wellbeing boards and sustainability transformation partnerships, redesigning services around the needs of whole areas, not just individual organisations. Some of these involve contracted services and extensive community consultation. This may include a focus on healthy families and healthy communities, the 'Change4Life' service and council strategies, such as [Luton Borough Council](#).

While the design of such services may increasingly be in conjunction with community-based organisations including VCSEs, community groups and end users, they also potentially inform commissioning and procurement requirements for relevant contracts.

This guidance does not focus in detail on the designing of relevant services but concentrates on:

1. A few 'worked examples' which relate to community benefits regarding community-based initiatives aimed at improving health and wellbeing, with relevant clauses at commissioning, procurement and contract management.
2. Highlighting other relevant guidance which supports such a focus.
3. Highlighting good practice examples which councils may learn from.

There are inevitable links to multiple outcomes, for example links to access to jobs and skills, community initiatives such as enabling digital access, reducing fuel poverty, reducing social isolation/loneliness and improving health. This guidance also therefore links to related guidance. For example:

- ◆ health and wellbeing, which deals with workforce health and wellbeing within supply chains and impacts on users of products or services procured
- ◆ jobs and skills, which includes a focus on disadvantaged groups within communities
- ◆ reducing inequality
- ◆ climate change – vehicle emissions, which deals in part with air quality.

Case studies included may therefore be supplemented by others included in the above topics.

The '[Beyond greenspace' research](#) highlights the links between natural environments and health and wellbeing. This includes initiatives being undertaken by councils such as Bradford, Cornwall, Camden, Islington and Dorset.

Commissioning and pre-procurement guidance

Define need

- ◆ Commission for outcomes – what are the intended outcomes from the planned procurement – functional, technical, performance, end-user requirements?
- ◆ How does the planned procurement relate to community objectives – eg safety and health and wellbeing of the local community directly or indirectly, including economic recovery and local economic development, inclusive growth, decarbonisation of the economy and air quality? How does this link to a focus on jobs and skills in the community? For example, enabling employment and training for ex-offenders by contractors reduces their risk of re-offending significantly and supports council objectives for safer and healthier communities, improving economic activity and physical and mental health.
- ◆ Have you identified community consultation requirements to better understand local needs and interests to enable targeting of health and wellbeing outcomes?
- ◆ Are you flexible so that you identify opportunities for innovation in service delivery which may enhance health and wellbeing of communities?
- ◆ Have all relevant internal stakeholders been involved in this early consideration, eg heads of service, budget holders, finance, specifiers, community groups, VCSEs, end users and others?

Market engagement and collaboration

- ◆ Have you engaged with the market to set out your community-based objectives? Is it clear how the market can support these through contract delivery?
- ◆ How capable is the market in delivering these ambitions? In designing contracts where healthy community requirements are to be built in, early market engagement is important to identify the capacity of the market to deliver these.
- ◆ A request for information (RFI) or market engagement event may be helpful to better understand market capability and maturity.
- ◆ Have you identified with the market opportunities for innovation in service delivery, including changes to service delivery, which may enhance health and wellbeing of communities?
- ◆ Factor in sufficient time to conduct an effective market dialogue – communicate your intended community objectives, outcomes, timescales and the project business case. This signals your intent to the market (as well as internal stakeholders), and to provide a basis for measuring and managing overall performance. Preliminary market consultation is crucial to be able to determine whether the market is capable of delivering a specific community benefit or whether requiring such would place too large a burden on suppliers.

Pre-contract notification

Having determined intended outcomes and the relevant procurement requirement, ensuring these are relevant and proportionate, it is good practice to notify bidders of any particular contract performance requirements or any essential award criteria early in the process.

This can be done by including details in the contract notice or a prior information notice (PIN), so that potential suppliers can determine whether they can meet the requirements. For example:

Example	Clause
Service – general	<p>‘The contracting authority has included obligations within the specification and contract conditions relating to further requirements to achieve enhanced community health outcomes which are relevant to the services to be delivered.’</p> <p>It is good practice to notify suppliers early in the procurement process of particular conditions of the contract in the contract notice.</p> <p>For example: ‘A method statement is required describing how the contractor, in conjunction with relevant sub-contractors, will assess the potential negative and positive impacts of the proposed service on the health and wellbeing of the relevant population of the contracting authority’s region. It must include all the risks and opportunities identified in the assessment and the measures needed to minimise risks.’</p>
ICT supplies and services	<p>‘A method statement will be required describing how the contractor, in conjunction with relevant sub-contractors, will support the contracting authority’s objectives to enhance community health through improving digital access.’</p>
Facilities management contract – specific opportunities	<p>‘The contracting authority has included obligations within the specification and contract conditions relating to further requirements to achieve enhanced community health outcomes, with a particular emphasis on supporting rough sleepers, which are relevant to the services to be delivered.’</p>
Services - general	<p>‘The contracting authority has included obligations within the specification and contract conditions relating to further requirements to achieve enhanced community health outcomes in conjunction with relevant VCSEs, which are relevant to the services to be delivered.’</p>
<p>‘Raising the bar’ – seeking innovative solutions</p> <p>Are the conditions for innovation in place within the council? Is procurement seen as a mechanism to help deliver community health innovation?</p> <p>Can you unlock the creativity and innovative ideas of suppliers? Is there an ‘unmet need’ which the market can be encouraged and enabled to develop a solution to or co-design? What is required to bridge the gap and fulfil market potential? Is there the opportunity to shape a market/develop a market?</p> <p>Does this mean there is a need for revised services or community benefits that support local community objectives through contract delivery?</p>	
<p>Raising the bar – social care requirements</p> <p>This may include collaborative responses to COVID-19, such as in the health and social care sector. This can include:</p> <ul style="list-style-type: none"> ◆ a default to co-production of systems, including the involvement of those receiving services ◆ enhancing adaptation of care systems to reduce inequalities 	

- ◆ collaboration between the NHS, councils and the voluntary/community sector on supporting innovation in care services.

These may impact on development and adaptation of relevant services with markets and relevant procurement requirements.

Case study

Organisation:	A local authority shift to community wealth building approaches.
Procurement:	Healthy communities is also related to the response to COVID-19 and the need for resilience in communities. Councils are therefore using procurement to achieve this – often through partner ‘anchor institutions’ to address these challenges, in particular through community wealth building.
Action:	In Wirral, which hosted the 2019 ‘Community wealth building summit’, community wealth building has been the defining characteristic of the local economic approach for several years. ‘We will focus on progressive procurement, partnership working and the best use of assets to benefit the community...We embed the values and vision of community wealth building to underpin our local economic recovery strategy. We must put the community at the heart of our post COVID-19 regeneration and work with local independent businesses and social and creative enterprises to ensure we keep wealth within the Wirral. Community wealth building will help us build an ethical, healthy and resilient local economy going forward.’
Key transferable lesson:	Utilise public sector procurement and commissioning to develop dense local supply chains of businesses likely to support good employment and retain work locally: WRAP: Community wealth building 2020 .

Case study

Organisation:	City of Aalborg
Procurement:	‘Circular’ playground.
Action:	Aalborg will be building its first circular playground as part of the ‘Stigsborg universe of children and youth’ redevelopment, due to be completed in 2024. When this pilot began, it was the first of its kind. This meant that Aalborg spent a longer time in the pre-procurement phase than is usually possible for public buyers. By doing this, Aalborg has now created a framework for circular playgrounds, which it will continue to use in all its future purchases. By supporting the creation of this guide, they hope that other public buyers throughout Europe and beyond can also follow their lead. Contract and supplier management: For more complex, longer-term supplier relationships (for example, if playgrounds are provided and maintained as part of a service contract), a performance monitoring clause can help encourage improvements over the course of the contract delivery. Such clauses should be collaboratively developed with the selected supplier to make sure that monitoring is feasible, and most importantly the resulting data is useful, both to you as a buyer (helping you to assess impact) and to the supplier (helping them

	develop and improve their service). Finally, it is important that those in charge of managing playgrounds are aware of these contract clauses, so that they can make use of repair or replacement services where available.
Key transferable lesson:	<p>The subject matter of this contract is the provision of playgrounds, which supports community health.</p> <p>The specific focus on circular playgrounds includes the use and reuse of safe materials.</p> <p>Aalborg have three main recommendations for others looking to procure circular playgrounds:</p> <ol style="list-style-type: none"> 1. Market dialogue – discussing the vision for future playgrounds with suppliers was truly beneficial. Aalborg understood better how their goals could feasibly be met by the market, which improved their call for tender, and suppliers left with new ideas and an understanding of the future direction of playgrounds in Aalborg and how to best provide these. 2. Cross-cutting competencies – creating the steering committee was very important. As well as bringing together the right skills, it also allowed new connections to be made between different city policies, creating innovative new ideas and an inclusive approach to sustainability. 3. Allow time – circular solutions are still very new and innovative, meaning they are not yet deeply embedded in the market. Innovation needs collaboration and creative thinking, both of which take time. But through proper preparation, the hope is that time and money can be saved in the longer-term: Preparing for a Circular Playground: procuring creative spaces to play and learn in City of Aalborg.

Case study	
Organisation:	East Sussex County Council
Procurement:	Re-tender of housing-related support services covering floating support and supported accommodation.
Action:	<p>East Sussex County Council worked over three months, across the council and partners, prototyping a new multidisciplinary outreach operations team. The team provided intensive support to residents in temporary accommodation to enable them to live more independently.</p> <p>The team successfully engaged with 24 clients in improving their health and/or housing outcomes through this prototype project. Seventeen clients were able to address their mental health needs through access to a specialist and medication; 10 clients were supported through a housing crisis situation. Nineteen clients were able to successfully sustain their temporary housing accommodation and others were able to move to private rented accommodation, social housing and supported accommodation.</p> <p>The project was able to confirm the value in sharing data between multiple agencies to provide a more holistic view of each case, enabling more effective assessment and management of risk. Co-location of staff supported real-time collaboration, inter-agency learning and communication. The model affirms the value of whole system multi-agency working to support people to live independently.</p>

Key transferable lesson:	Review effectiveness of existing arrangements when commissioning services to ensure those affected do not fall through gaps. New model for commissioning reflected in specifications and design tools used in other areas as part of continual learning. East Sussex: Lightning talk
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Raising the bar – case study	
Organisation:	Suffolk County Council
Procurement:	Suffolk County Council’s approach to social value – provider clarity, contract management and contract length.
Action:	<p>Suffolk’s one-page social value priorities for providers has made it easy for providers to understand what the council is expecting in their social value offer, and helps providers to tailor their responses to social value questions in an appropriate and useful way for the council.</p> <p>Investing in contract management: there has been a strategic decision to invest in contract management and empower people to do it effectively, both in creating new positions but also in training individuals already in post within the council. This has been driven by a desire to ‘take care of the money that we do have’ and ensure that services are accountable and provide the very best outcomes for Suffolk. It means that there are good examples of relationships with providers being proactively managed, with any issues identified and discussed before they become problems that impact on delivery. Because of the way social value is being built into contracts and commissioning, it means it is an ongoing conversation. There are formal quarterly meetings with providers, but contract managers are in regular email contact. Some of the contract managers were described as ‘radical’ by the provider we spoke to; they felt they were on the same side, seeing the bigger picture and seeking to achieve the same outcomes. ‘They look at the goal and outcomes they want to achieve and deal with the red tape later.’</p> <p>Length of contract: for those with contracts with the council, the length of contract has been important. Two providers we spoke to had previously received annual grants and spent much of the year justifying spend or applying for the next grant. Three-year contracts with extensions have made a huge difference to both organisations’ ability to plan and get on and deliver the work they have been contracted to do, as well as develop their social value offer.</p> <p>This was the case with a recent contract for supervised and supported accommodation for children in care and care leavers aged 16-18. It has a value of £1,900,000, over three years with an optional 24-month extension. The social value offered (which was weighted at five per cent) included the recruitment of local staff and meaningful volunteer opportunities. A campaign to end youth homelessness was also offered, along with supporting young people to engage in social action opportunities. The length of the contract has meant that the provider could plan more strategically, and they report that it was easier to develop a more sustainable social value offer to deliver over a period of time.</p> <p>The above approaches have particularly helped small and medium sized providers.</p>
Key transferable lesson:	Multiple outcomes from a focus on social value including healthy communities, supporting the homeless and the involvement of local SMEs in supply chains. Social Enterprise UK: Putting Social Value at the Heart of Inclusive Growth .

Supplier selection

Grounds for exclusion

As indicated in the general guidance there may be relevant exclusion grounds; these may include breaches of environmental, social or labour law – full details are not repeated here.

A contracting authority should only ask for verification of exclusion grounds from sub-contractors in circumstances where it is regarded as proportionate and necessary to do so. A grounds for exclusion statement from the standardised statement document should be included in the contract notice.

Selection

Selection criteria applied must be relevant and proportionate to the subject matter of the contract. When selecting suppliers, it is essential to assess the technical capabilities that will be required for the products or services you are procuring to meet your needs.

Any selection criteria deemed appropriate must be tested through the format of the single procurement document (SPD).

Experience

While the standard questionnaire may be used for supplier selection, there may be an opportunity to determine experience of bidders regarding energy efficiency outcomes (ensuring the wording provides opportunities for new entrants to the market). It will not always be appropriate to assess community benefits at this stage of the procurement process. Contracting authorities must give consideration to whether previous experience of delivering a particular type of community benefit is required to be able to deliver the proposed contract. While you may wish to encourage as many suppliers as possible to deliver community benefits, a balance must be struck in establishing relevant experience.

For example:

Example	Clause
Service contract – general	'Please [also] describe your experience of enhancing community health through the design and delivery of services. Please include examples of previous relevant initiatives where measurable improvements to disadvantaged communities have been secured.'

A good response would provide the following details:

- ◆ Details of specific support for community initiatives designed to improve community health, with evidence of support provided and outcomes delivered.
- ◆ Project experience illustrating how the bidder has delivered relevant community benefits which are additional to normal business practice [suitable evidence provided will vary according to project nature].

This may include showing how the bidder has previously collaborated with clients, partners and their supply chain to deliver these outcomes.

Specification

Sustainable requirements need to be incorporated into the specification and must be relevant to the procurement, and not to the general capacities or qualities of the operator. This should consider the nature of relevant jobs and skills requirements and whether specific quantitative requirements are relevant (eg number of person weeks of employment for each [£x]).

Example	Clause
Construction/service – vehicle use	‘The contractor is required to minimise air pollution during contract delivery, in relation to the use of vehicles to transport materials and supplies, in support of the contracting authority’s community air quality and health objectives.’
Construction and supplies delivery	‘The contractor is required to comply with the contracting authority’s [relevant standards] regarding safe movement of vehicles within our community, supporting the contracting authority’s aims to reduce road related deaths and serious accidents by [or to zero].’
Major construction/service contract – ex-offenders (overlap with jobs and skills)	<p>‘The contractor is required to support council objectives to make communities safer, reduce inequality and reduce risks of re-offending through relevant provision of employment and training opportunities for ex-offenders, in the delivery of this contract.</p> <p>This should include prisoner/offender awareness training of all staff involved in the contract, engagement with VCSEs and agencies who have appropriate expertise [notified by the contracting authority], and regular reporting of training provided and the involvement of ex-offenders in contract delivery.’</p>
Service – homeless people	‘The contractor is required to enhance community health through support for community-based initiatives, in particular focusing on supporting homeless people into work, which are relevant to the services to be delivered. This includes working with relevant agencies to advertise opportunities and VCSEs providing support to homeless people.’
Service – general	‘The contracting authority specifically wishes to support the enhancement of the health and wellbeing of people within our community who are impacted by the service provided. The contractor is required to demonstrate how it will contribute to this aim including reducing the risks within this contract.’
Service – consultation	‘The contractor is required to provide a method statement setting out how it will work with the contracting authority and community groups to develop and deliver community consultation regarding the [relevant project], including detail of consultation activities capable of being monitored in contract management.’

Case study	
Organisation:	Liverpool City Council
Procurement:	Construction projects.
Action:	<p>'Skills boost as Willmott Dixon launches Liverpool skills hub.'</p> <p>The contractor behind several important building projects in Liverpool has launched a skills academy in the city to equip dozens of local people with qualifications to get jobs in the construction industry.</p> <p>Willmott Dixon has opened the Building Lives Academy adjacent to its project to build King's Dock car park, for Liverpool City Council, with the intention of upskilling vulnerable young people, ex-offenders and individuals on licence from HMP Thorn Cross so they can enjoy a career working on the region's key building projects.</p>
Key transferable lesson:	Working with contractors to build capability and skills benefits a wide range of priority groups in the community and promotes safe and healthy communities.

Case study	
Organisation:	Surrey County Council
Procurement:	Street lighting.
Action:	<p>Surrey County Council is to convert all of its 89,000 streetlights to LEDs over the next three years at a cost of £20m.</p> <p>This will save £2 million a year at February 2020 prices, as LED lanterns use around 65 per cent less energy and could save more if energy prices continue to rise.</p> <p>Skanska, which has delivered the county's street lighting maintenance over the last 10 years, is managing the conversion. Works will be combined with other maintenance, such as electrical tests, to save money. The move is also expected to save around 7,700 tonnes in carbon emissions each year and the new lights should last for 20 years.</p> <p>Skanska said the clear white light produced by the LED lighting will also improve safety conditions for pedestrians and other road users.</p>
Key transferable lesson:	Link from 'net zero' and budget ambitions and objectives to safe and healthy communities. See Surrey County Council: LED street lighting .

It is important when developing the specification to consider how delivery of intended outcomes will be measured – for example those included in TOMS. This is considered in more detail in the 'Contract management' section.

Evaluation and award

Award criteria must be proportionate and relevant to the works, supplies or services that are the subject matter of the contract, and there must be a clear methodology to evaluate responses. An ideal response should be understood, based on intended outcomes agreed by relevant stakeholders including within a user intelligence group, where relevant. Support may be needed from economic development specialists.

In evaluating tenders in relation to community benefit award criteria, this must include evaluation of the bidder's proposed approach to meeting the requirement, and ensuring they demonstrate an understanding of how to achieve the required community benefit.

Example	Clause
Service – eg construction	‘Please describe how you will involve the users of your service within the contracting authority’s community to contribute to its design and delivery to find opportunities to enhance health and wellbeing.’
Catering	‘Please describe how you will successfully introduce healthy alternative products in the delivery of this service.’
Service – homeless people	‘Please describe how you will help the contracting authority’s objectives regarding community health through support for community-based initiatives, which focus on supporting homeless people into work, which are relevant to the services to be delivered. This includes detailing how you will work with relevant agencies to advertise opportunities and with VCSEs providing support to homeless people, so that this may be measured and monitored through contract management.’

Following contract award it is appropriate to discuss your healthy community ambitions, the supplier's response, practical implementation and the inclusion of relevant KPIs in the contract that demonstrate delivery of intended outcomes (we consider this in more detail in the next section).

Contract and supplier management

Relevant KPIs

Where jobs and skills is a relevant contract focus, relevant and proportionate performance indicators need to be developed to ensure delivery of intended outcomes.

The benefits of the contractual requirement must be quantifiable and measurable.

TOMS provides a range of potential measures, not repeated in full here. Relevant KPIs and contract management requirements may include:

Example	Clause
Service – eg facilities management	<ul style="list-style-type: none">◆ Details of initiatives to be taken to help tackle homelessness including VCSEs supported and number of homeless people supported, including jobs/training/placements.◆ Training records of facilities management contract to support homeless people.◆ Community consultation events undertaken, including details of community groups and outcomes identified.◆ Number/percentage of vehicles used within relevant contract delivery which meet relevant [vision/emissions] standards.

At contract award there is always the opportunity to reach a voluntary agreement with the supplier that they will work with you to deliver agreed healthy community outcomes that can be captured as a contract commitment.

Monitoring and reporting outcomes

Identifying healthy community outcomes from contracts feeds into:

- ◆ **Internal and external climate change reporting requirements**

A focus on healthy communities links with a focus on climate change and vehicle emissions (air quality), so may be subject to increasing focus on procurement and how it supports the delivery of climate change outcomes. This may impact on reporting requirements – such as those supporting the transition to a decarbonised economy.

It also feeds into road accident reporting and community health data.

- ◆ **Sharing of lessons and good practice**

This includes identifying further opportunities to develop innovative solutions with markets, how councils have enhanced healthy communities through commissioning, procurement and contract management, as well as remaining barriers which enhanced collaboration may help address.

Given the potential for changing nature of service provision, transformation of service provision, including co-design and increased sharing of services and co-locating by council and other public sector bodies, there may be more opportunities to capture and apply good practice.





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