

**SURREY COUNTY COUNCIL****CABINET****DATE: 27 SEPTEMBER 2022****REPORT OF CABINET MEMBER: AYESHA AZAD, CABINET MEMBER FOR FINANCE AND RESOURCES****LEAD OFFICER: LEIGH WHITEHOUSE, DEPUTY CHIEF EXECUTIVE AND EXECUTIVE DIRECTOR FOR RESOURCES****SUBJECT: ENVIRONMENTALLY SUSTAINABLE PROCUREMENT POLICY****ORGANISATION STRATEGY PRIORITY AREA: ENABLING A GREENER FUTURE / GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT**

7

**Purpose of the Report:**

This report sets out the proposed policy to improve environmental considerations in the Council's procurement activities to meet the Council's Strategic Priority areas for 'Enabling a greener future' and 'Growing a sustainable economy so that everyone can benefit'. This policy directly supports the Climate Change Strategy and the target of achieving net zero county carbon emissions by 2050. Environmental considerations covered by the policy include, but are not limited to, the reduction of greenhouse gas emissions, minimising waste, protecting biodiversity and tackling the impacts of climate change. This policy aims to be adopted by the combined Orbis Procurement Local Authorities to increase the effectiveness of environmental measures, simplify processes for prospective suppliers and create consistency across the region.

**Recommendations:**

It is recommended that Cabinet:

1. Approve the Environmentally Sustainable Procurement Policy on behalf of Surrey County Council (SCC).
2. Delegate authority for approving any future changes to the Policy to the Director of Procurement in consultation with the Cabinet Member for Finance and Resources and the Cabinet Member for Environment, to enable the policy to evolve and adapt to local and national developments.

**Reason for Recommendations:**

This policy aims to improve the environmental considerations built into the core delivery of goods, works and services that the Council procures. Having declared a climate emergency and published both the Climate Change Strategy and Delivery Plan, this policy supports the net zero targets of the Council and embeds environmental sustainability, such as increases to Surrey's biodiversity and reducing waste, into procurement decisions to lead to a greener future for Surrey and its residents. This policy will prepare prospective suppliers for the environmental considerations and expectations that will be implemented into the Council's future contracts. On average, SCC spends £890million through its procurement activities across an average of 6,300 vendors per annum; increasing environmental considerations

across the Council's procurement activity presents a significant opportunity to influence a reduction in carbon emissions across the county and within SCC's own services.

As national policy and technology are rapidly changing, the policy must also be agile. Therefore, it is recommended that delegated authority be given to the Director of Procurement in consultation with the Cabinet Member for Finance and Resources and the Cabinet Member for Environment, to enable the policy to evolve as needed. Review of the policy is expected to take place on an, at least, annual basis once approved or as required following local and national policy directives.

## Executive Summary:

### Background

1. Climate change is the single most substantial challenge our generation faces. In June 2019, the Government announced that the UK would be net zero carbon by 2050. The following month, Surrey County Council (SCC) declared a climate change emergency and made a commitment that the county of Surrey would be net zero carbon by 2050, in line with the Government's target.
2. In April 2020, SCC approved the Surrey Greener Futures Climate Change Strategy 2020-2050 which set targets for the council to become net zero carbon by 2030 and the for the county by 2050. In October 2021, the Council approved Surrey's Greener Futures Climate Change Delivery Plan which outlined a need for procurement approaches to strategically drive change through the supply chain and the services SCC provides. Research and our own carbon baseline analysis has identified that our supply chain has been estimated to account for up to 90% of our total carbon footprint (with approximately 20% of this being attributable to the first tier of suppliers where the Council has the most influence – 96,305tCO<sub>2</sub>e in SCC FY18-19).
3. Orbis Procurement is a public sector shared procurement service between Surrey County Council, East Sussex County Council (ESCC) and Brighton & Hove City Council (BHCC). The combined service aims to drive efficiencies, pool resources, expertise and knowledge, create greater operational resilience and deliver greater value for money through increased standardisation and removal of duplication.
4. The Environmentally Sustainable Procurement Policy (Annex 1) was created with the aim to tackle greenhouse gas emissions, and other environmental issues and to increase effectiveness and consistency of the policy in tackling environmental issues, as well as simplify processes for prospective suppliers, the combined Orbis Procurement authorities co-developed the policy with the aim of adopting it across the partnership.
5. The policy also had input from Climate Change and Procurement Officers from Surrey's Borough and Districts who may wish to also adopt the policy, or the principles behind it, to further increase effectiveness and consistency in Surrey as well as assist them to save time and money developing separate policies and implementation materials which can be shared by SCC.

### Policy Contents

6. Environmental considerations to be made to procurement activity are outlined in the policy and include, but are not limited to, greenhouse gas emissions, biodiversity net

gain, natural capital recovery, circular economy, climate change adaptation, energy efficiency, pollution prevention and waste reduction.

7. Environmental considerations will be built into projects through specifications, tender questions, evaluation criteria, key performance indicators and contract clauses where relevant and appropriate to the procurement project.
8. Relevance and appropriateness to apply certain environmental considerations will depend on aspects such as what is being procured, value, longevity of the contract and market readiness.
9. The policy is supplier facing and, as a result, prepares prospective suppliers by setting out the Council's expectations regarding environmental considerations in the delivery of their goods, works and services.
10. As SCC's supply chain matures and becomes more able to meet environmental performance goals, increasingly ambitious and challenging targets can be set for suppliers, especially regarding carbon emissions, to enable the Council to reach net zero emissions targets.
11. The policy will be a live document that will be monitored and reviewed as and when required, but at a minimum annually.

### **Policy Compliance**

12. Prospective suppliers to SCC may be asked to provide evidence of plans, credentials, commitments and progress towards targets. Depending on the project, failure to provide these may result in lost scoring opportunities or exclusion from tenders.
13. It is recognised that not all of SCC's bidders and suppliers will currently be able to provide data and information on plans, credentials and commitments due to several factors including organisation size, available resources and maturity. The Council will aim to support organisations where feasible and may achieve this in multiple ways. For example, small local suppliers can be directed towards low carbon grant funding (such as LoCASE). Commitments from other suppliers to provide training and resources through social value and extra time to provide evidence of environmental criteria are also options to support suppliers.
14. For suppliers which have engaged into a contract with SCC, if there is continued or significant failure to meet performance measures or if there is obvious negligence or disregard for the environment, remedial actions will be taken.
15. Remedial actions are to be decided by contract managers but can include the termination of a contract as a last resort.
16. For contracts that have environmentally sustainable measures included as a result of this policy, the benefits tracking and performance management will be supported by the new Contract Management as a Service (CMAS) function. Compliance and delivery issues will be considered in consultation with stakeholders and with reference to overall performance of the contract; no decisions regarding termination or other remedial measures will be taken in isolation.

17. Suppliers are encouraged to raise any of their environmental concerns, feedback or improvement opportunities they identify with the Council to build trust and transparency with the supply chain. The Council can decide to act on feedback where feasible and appropriate.

### **Implementation support**

18. To aid effective implementation and embedding of the policy, substantial guidance materials will be provided to officers. This material will give detailed directions about where, when and to what extent environmental measures should be applied and will develop over time as category specific interventions are tested with Directorates and other mechanisms are piloted. These materials will include but are not limited to:

- Targets for key category areas, tailored to the needs of the Council whilst being mindful of the supply chain's ability to respond, for example being conscious of the potential effect on local small and medium sized enterprises (SMEs);
- Minimum environmental standards for procurements, tailored to value and service area;
- A resource bank of questions, example evaluation criteria and other materials to support tenders;
- A supplier carbon reporting process (to be developed as part of the contract management service); and
- Government Procurement Policy Note guidance where this relates to environmental factors.

19. This material will be predominantly housed on the new procurement intranet site and transform the way procurement officers can access and engage with it. Such a platform will allow for dynamic updates as approaches advance and mature.

20. Carbon Literacy training will be available to procurement staff through the Greener Futures Team and the dedicated Sustainable Procurement Manager will guide officers on the application of the policy.

21. This implementation approach – using a high-level policy coupled with targeted guidance and supporting infrastructure – will allow for enhanced ability to control environmental considerations to the needs of the individual directorates and service areas and mitigate potential challenges that may be faced by the supply chain.

<b>Consultation:</b>
----------------------

22. The Policy has been created and consulted with input from service leads and officers from relevant teams within SCC including Procurement, Greener Futures and Commissioning. Service leads and officers from relevant teams within ESCC, BHCC and Surrey's Borough and Districts have also been involved in the creation and consultation process including staff from their respective Procurement and

Sustainability Teams as well as the Borough and District Greener Futures Partnership Steering Group (19<sup>th</sup> July 2022).

23. Officers from SCC's Finance and Legal have been involved in the policy's development since February 2022.
24. Cllr Becky Rush, (Deputy Leader and Cabinet Member for Finance and Resources) and Cllr Marissa Heath (Cabinet Member for Environment) were consulted on the policy during development prior to April 2022.
25. To increase initial awareness of the proposed policy, a presentation was given to the Green Champions Network, which includes staff from a range of service areas and council members, on 26<sup>th</sup> May 2022.
26. The policy has been presented to several senior officer and Cabinet Member meetings including:
  - The SCC Greener Futures Board on 19<sup>th</sup> May;
  - The Greener Futures Member Reference Group on 9<sup>th</sup> June following advice from the Scrutiny Officer;
  - The Resources Directorate Leadership Team on 16<sup>th</sup> June;
  - The Corporate Leadership Team meeting on 28<sup>th</sup> June 2022 as a briefing paper for comment; and
  - Informal Cabinet on 11<sup>th</sup> July as a briefing paper for comment.
27. Comments raised during consultation phases with senior officers and Cabinet Members have been applied to the planned implementation support work to launch the policy effectively.

#### **Risk Management and Implications:**

##### **Financial and Non-Financial Risks**

28. Financial and non-financial risks will need to be considered by project leads for each procurement that the policy is applied to independently. However, the below comprises a summary of risks that could be associated with this policy and improving the environmental considerations of the Council's procurement activity.
29. There is a risk that improving the environmental considerations of the Council's procurement activities will have an increase on costs of some procured goods, works and services. There is also a risk that higher expectations on our supply chain may discourage prospective suppliers from bidding to SCC contracts.
30. To mitigate these risks, supporting policy guidance to internal staff will ask officers to consider the relevant environmental implications and opportunities of projects and the ability to apply relevant and appropriate questions for the market. Further considerations should be made to the expected capability of bidders to meet environmental considerations such as their size, resources and experience. Early market engagement and negotiations (where relevant) would include discussing the environmental aspects with the market to gauge if they have been appropriately applied to the procurement project. However, the financial risk would ultimately be

dealt with on a project-by-project basis to be managed by the project team following existing governance and budget processes.

31. To further mitigate the risk of cost increases, the Council can set clear, long term environmental expectations of the market to allow time for suppliers to adapt. Consultation work has also begun to understand what measures can be applied to procurement projects to improve the cost efficiency of including environmental considerations as well as further understand how short-term increased costs could lead to longer term benefits and future cost savings.
32. A dedicated Sustainable Procurement Manger (in post) will support Council procurement teams directly in the implementation of the policy. Support may also be available for project teams from the Greener Futures Team in Surrey and the respective ESCC and BHCC sustainability teams to support Orbis Procurement staff.

### **Risk of inaction**

33. There are risks associated with inaction. Not approving implementation of the policy and improving environmental considerations in SCC's procurement activities may incur reputational risks for the Council. This reputational risk could include the perception that the Council is not taking action to tackle the climate crisis or looking to enhance the local natural environment through its supply chain activity. There is a risk that the net zero target may not be met if action is not taken in the Council's procurement activities as these activities compose a significant proportion of emissions in reaching this target.
34. As part of the climate adaptation element of the policy, inaction could lead to increased service delivery risks where measures are not considered within relevant projects. Projects could be negatively affected by climate associated events such as flooding, droughts and heat waves. These events could cause harm to Surrey residents as well as the timescales, costs and quality of projects where their impacts are not appropriately considered.

### **Financial and Value for Money Implications:**

35. As the cost of individual projects may change due to application of the policy's principles, consultation work has begun to understand what cost-effective measures can be applied to individual projects to limit financial implications, maximise opportunities and understand what the cost of inaction may be. Anticipated outputs of this work include:
  - Recommendations on any levers, tools and processes that could be used to reach the Councils' net zero targets in the most cost-effective manner possible;
  - The cost of inaction (net cost estimations of reducing supply chain emissions to net zero by 2050 in a worst-case scenario); and
  - Financial modelling of potential approaches / scenarios of improving environmental considerations within procurement projects for key emitting sectors.

### **Section 151 Officer Commentary:**

36. Although significant progress has been made to improve the Council's financial position, the financial environment remains challenging. The UK is experiencing the highest levels of inflation for decades, putting significant pressure on the cost of delivering our services. Coupled with continued increasing demand and fixed Government funding this requires an increased focus on financial management to ensure we can continue to deliver services within available funding. In addition to these immediate challenges, the medium term financial outlook beyond 2022/23 remains uncertain. With no clarity on central government funding in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term.
37. There are no direct financial implications of this proposal to approve the policy. Possible financial implications of improving environmental considerations would be dealt with on a project-by-project basis as per usual governance and budget processes. As such, the Section 151 Officer supports the recommendations.

### **Legal Implications – Monitoring Officer:**

38. It is recommended that reference to the policy should form part of SCC's standard terms and conditions used for goods and services. This will ensure providers are legally obliged to comply with the policy. Legal services will assist with providing appropriate wording.
39. Procurement officers will need to ensure such policy obligations and related key performance indicators (KPIs) are contained clearly within Invitation to Tender (ITT) documentation when undertaking a procurement exercise. Where applicable, the ITT documentation should also indicate relevant methods the Council will employ when required to assist a provider to implement environmental changes to the service. This will ensure transparency from the outset and will allow prospective suppliers to take such obligations into their costing and models.
40. There are no direct legal implications flowing from the decision that Cabinet is asked to take, Cabinet has the authority to delegate the administration of the policy to relevant officers under Part 3 Section 2 of the Constitution.

### **Equalities and Diversity:**

41. An Equalities Impact Assessment (EIA) was considered for the policy due to its potential to influence procurement activities however, it was determined that there were no clear implications or impacts of this policy upon any specific groups of residents or officers. Individual projects for which this policy applies to may require EIAs to be undertaken early in their development to ensure that any impacts associated with its application are understood and to ensure that no one is left behind.

**Other Implications:**

<b>Area assessed:</b>	<b>Direct Implications:</b>
Corporate Parenting/Looked After Children	No significant implications arising from this report.
Safeguarding responsibilities for vulnerable children and adults	No significant implications arising from this report.
Environmental sustainability	No issues identified through the ESA. Aspects of implementing the ESA (identifying issues in biodiversity, transport and waste for instance) are included in the content of the policy. An Environmental Sustainability Assessment (ESA) would be required on a project-by-project basis as per usual governance and budget processes.
Compliance against net-zero emissions target and future climate compatibility/resilience	Through consultation work, a carbon emissions baseline of SCC's total supply chain was estimated to produce 481,529 tCO <sub>2</sub> e (all supply chain tiers) during 2018. This policy aims to directly tackle future supply chain carbon emissions.
Public Health	No significant implications arising from this report.

**What Happens Next:****Actions**

42. Following approval, the implementation support work detailed above will be completed and the policy will be published on the SCC website. In line with the implementation support, discussions will take place with Service Areas to determine if minimum criteria and targets could be built in for future procurement projects. This process would be iterative and ongoing to update targets and criteria as markets adapt and as local and national policy develops.
43. The policy will continue through governance approval processes at both ESCC and BHCC. This process is expected to finish by November 2022. Surrey's Boroughs and Districts will also be provided the opportunity to adopt the policy, or similar, and implementation support work, case studies and best practice knowledge would then be shared across the authorities.

**Next Steps**

44. No further steps are anticipated for Cabinet at this stage.
45. Once implemented, the effects of the policy would be monitored to ensure that the desired effects of reducing carbon emissions are taking place, markets are not being



inappropriately restricted through increasing environmental considerations and there is not a detrimental impact on costs. These measures may include:

- Potential pilot of supplier carbon reporting tool;
- Outputs from financial modelling work informing ongoing application;
- Benefits reporting out of Contract Management as a Service function; and
- Qualitative reviews with input from officers and suppliers.

### **Future Decisions**

46. No future decisions are anticipated for Cabinet at this stage.

### **Communication**

47. Once approved, the policy will be published on the SCC website (along with the ESCC and BHCC websites when appropriate approvals have been granted) and prospective suppliers will be directed to the policy during the procurement process of relevant projects. Useful and supporting websites and contacts can also be signposted to assist suppliers.

7

---

### **Report Author:**

Gavin Marshall, gavin.marshall@surreycc.gov.uk, 07446037469

### **Consulted:**

Details of consultation are included above. Consultees include:

#### Internal

- Service leads and officers for relevant teams including Procurement, Greener Futures, Commissioning, Legal, Finance as well as Policy and Strategy
- The Green Champions Network
- The Cabinet Member for Finance and Resources
- The Cabinet Member for Environment
- SCC Greener Futures Board
- The Greener Futures Member Reference Group
- Resources Directorate Leadership Team
- Corporate Leadership Team
- Cabinet

#### External

- East Sussex County Council service leads and officers for relevant teams
- Brighton and Hove City Council service leads and officers for relevant teams
- Borough and District officers with responsibility for mitigating and adapting to climate change (Climate Change Officers) and staff with procurement responsibilities (Procurement Officers)
- The Borough and District Greener Futures Partnership Steering Group

### **Annexes:**

Annex 1 - The Orbis Environmentally Sustainable Procurement Policy.

## Annex 1

# Orbis Environmentally Sustainable Procurement Policy

March 2022

7

Document Information	
Owner:	Darron Cox (Director of Procurement)
Author:	Gavin Marshall (Sustainable Procurement Manager)
This Policy Applies To:	Suppliers and Bidders of Surrey County Council, East Sussex County Council and Brighton and Hove City Council (Orbis Procurement)
Last Reviewed:	27/09/2022
Next Review Date:	01/09/2023
Enquiries Point of Contact:	Gavin.Marshall@surreycc.gov.uk

Version	Date	Amended By	Approved By	Details
0.1	20/09/2021	GM		Initial Draft
0.7	21/12/2021	GM, FH (BHCC), GW		
0.8	26/01/2022	GM, SW, PT, AK, RG		
0.9	28/03/2022	GM, BHCC, ESCC, SCC		
0.10	26/04/2022	GM, AE, FH		
0.11	05/05/2022	GM, Orbis SLT		
0.12	07/09/2022	AE	DC	Cabinet Draft Report Review

## Introduction

Orbis Procurement is a public sector shared procurement service between Surrey County Council, East Sussex County Council and Brighton & Hove City Council (the Councils). Each Council is committed to ensuring their operations are environmentally sustainable and resilient to future change. The Councils recognise that a healthy and properly functioning natural environment is the foundation of a thriving economy, employment stability, prospering communities and personal wellbeing. The Councils are aware that their procurement of goods, works and services will have environmental implications, both in their respective local areas and around the planet and, as a result, the Councils are actively working to reduce and minimise these negative effects where possible. This policy will set out the Councils' expectations of prospective suppliers in line with their own environmental commitments.

Environmentally sustainable procurement is the commissioning, purchase and management of goods, works and services in a way that reduces or negates negative environmental impacts within the supply chain. This policy considers four interconnected focus areas of environmentally sustainable procurement (detailed definitions can be found at the end of this document):

- Climate Change Mitigation and Adaptation;
- Prevention of Pollution;
- Sustainable Resource Use and Consumption; and
- Protection and Restoration of Biodiversity.

As a result of this policy, environmental considerations will be built into the procurement and delivery of goods, works and services through specifications, tender questions, evaluation criteria, key performance indicators and clauses of contracts.

Each of the Orbis Procurement Councils have declared a Climate Emergency and have set themselves ambitious targets to achieve net zero carbon emissions. Local Authority supply chains are estimated to account for up to 90% of their total carbon footprint. Emissions from goods, works and services procured by the Councils form part of the “scope 3” emissions of each Authority and, where possible, we are seeking to decarbonise these in line with Council specific carbon reduction targets. In addition, the Councils’ have each committed to improve biodiversity, recover natural capital or enhance the natural environment. The procurement of goods, works and services have been identified as a Strategic Priority to drive significant carbon reductions and improve the natural environment.

For more information on specific targets and ambitions for each Authority, please refer to the relevant Authority’s website.

### Scope and Aims

The scope of this policy covers each of the Councils’ expectations of prospective suppliers in procurement activities performed by the Councils including commissioning, procurement and contract management.

This policy aims to minimise negative and promote positive environmental impacts, where possible, within each Councils’ supply chain. This will be done by:

- Engaging with the market to identify opportunities and encourage innovative solutions;
- Evaluating environmental implications and their relation to Council targets in commissioning, design and procurement processes including qualification and evaluation of bidders;
- Building environmental commitments and targets into relevant supplier contracts, these may include carbon focused outcomes that align with the Councils’ carbon targets for example;
- Monitoring and measuring supplier performance against contractual environmental commitments; and
- Seeking opportunities for continuous improvement with suppliers throughout the life cycle of the contract.

This policy is part of a wider policy through procurement approach and is complementary to social value and fair working practices within procurement; please refer to the Councils' websites for developments in these areas.

## Expectations

Where relevant and appropriate to the contract and decided on a case by case basis, the Councils expects prospective suppliers to:

### *Climate Change Mitigation and Adaptation*

- Provide requested information and details of environmental impacts (including carbon emissions scopes 1 and 2 with estimations on scope 3), corporate commitments and plans for improvement during the procurement process;
- Meet requirements for environmental impact improvement and reporting (such as carbon emission reduction) which have been built into the specification of contracts, where appropriate, and measure and report on these requirements throughout the contract lifetime, taking corrective and remedial actions if necessary;
- Commit to mitigating impact on climate change throughout operations through carbon reduction initiatives as well as encourage and support this practice throughout their own supply chains;
- Minimise the transport requirements associated with any contract through local sourcing and servicing, efficiency improvements or transport alternatives (such as using postal services, active transport or electric vehicles) to minimise air pollution and carbon impact of transport operations;
- Use and procure energy-efficient processes, products, buildings and services and source electricity from renewable energy sources, green energy tariffs and low carbon fuels;
- Ensure that goods, works and services take into account changing weather impacts as a result of climate change (such as severe storms, heat waves and flooding) so that they are well adapted and resilient;

### *Prevention of Pollution*

- Avoid and minimise consumption and waste through smart design and innovation where products, packaging and assets can be easily reused, repurposed, repaired or recycled (removing single-use plastics, where there are suitable alternatives) without jeopardising the quality of products or services provided;
- Treat and manage waste following all legal requirements and industry best practice throughout the supply chain;
- Implement measures to eliminate the escape of pollutants and waste, including litter, associated with service delivery;

- Determine and minimise the risk of negative water impact, with particular focus on water use, waste water and discharges into the water system;

#### *Sustainable Resource Use and Consumption*

- Adopt and promote circular economy principles throughout product life cycles with considerations to making and using products made from non-virgin, repurposed and local materials (where possible);
- Make, use and promote products made from natural, biodegradable and renewable materials where appropriate and avoid the use of toxic chemicals and products that are not cruelty-free;
- Where possible and appropriate, avoid the use of materials which are scarce or at risk of becoming so (such as rare earth elements) and find sustainable alternatives;

#### *Protection and Restoration of Biodiversity*

- Avoid and minimise the use of products, chemicals and materials that cause habitat destruction and degradation (such as deforestation for palm oil), demonstrating industry certifications where appropriate;
- Commit to remove adverse effects on biodiversity and natural habitats, avoiding damage and achieving measurable, long-term and secured biodiversity net gain and restoring natural capital, when possible;
- Support and promote use of products, materials and services that protect and enhance native biodiversity;
- Source sustainable, organic and local food and drink, avoiding unsustainable fishing and farming practices, in relevant catering contracts;

#### *Cross Cutting Requirements*

- Declare any related organisational Environment Agency enforcement actions, or actions taken by similar bodies, within the previous 3 years as a result of environmental incidents or breaches in environmental permits and any associated remedial actions;
- Increase organisational understanding in the importance of the environment and approaches to minimise negative impacts through staff training and, where appropriate, supplier training;
- Continue to explore innovative solutions to reducing or negating environmental damage as well as promote environmental improvements during the lifetime of contracts; and
- Seek opportunities to work with the Councils to improve mitigation efforts on environmental impacts.

## Compliance

Prospective suppliers may be asked to provide evidence of environmental initiatives, credentials, industry certifications, plans or commitments at the tender stage (environmental obligations and related KPI's will be contained clearly in the tender documentation) and contract delivery stages. Depending on the procurement, failure to provide these may result in lost scoring opportunities or exclusion from prequalification or tender. The Councils recognise that not all suppliers will currently be able to provide data, credentials, plans or commitments to environmental initiatives due to multiple reasons, such as organisational maturity or size. As a result, the Councils will aim to work collaboratively with these organisations to understand what options could be taken to support the supplier and improve any environmental considerations, both during the tender process and progressing through the lifetime of contracts. Where it is decided that the Council will work with a provider to assist in implementing environmental changes to the service, methods for how the Council will do this will be included in the tender documentation. However, the Councils will look to gradually increase and improve environmental considerations in future procurement activity as suppliers and sectors grow in environmental maturity.

The Councils will aim to set performance measures that are proportional and relevant to the contract. Suppliers are expected to meet all performance measures which are built into the contract and will be required to evidence progress on their environmental commitments, which may include reporting on information from other parties in their supply chain (scope 3 emissions and material sources for example). If there is continued or significant failure to meet performance measures and sustainability obligations, remedial actions will be taken. This may include, but is not limited to, requests for approved carbon offset project payments, payment reductions, or lastly, contract termination.

In the unlikely event of any significant environmental incident in the supply chain, the supplier is obligated to inform the respective Council as soon as possible. If a supplier is responsible for significant environmental damage (such as a chemical spill or illegal dumping) due to negligence or disregard within their operations, the Councils will take remedial actions and may seek remedies for incurred costs and retain the right to terminate the contract with the offending supplier if necessary.

Suppliers are encouraged to raise any environmental concerns, feedback or improvement opportunities they have identified with the respective Council. Where viable, the relevant Council will seek to explore and action environmental improvement opportunities with suppliers.

## Definitions

**Biodiversity** – Biodiversity describes the variety of all life on Earth, in all its forms, interactions and interconnectedness. It incorporates all habitats and species, both rare and common, and includes genetic diversity within species.

**Circular Economy** – A model of production and consumption, which involves sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products as long as possible. In this way, the life cycle of products is extended.

**Climate Emergency** – A declaration made by an organisation committing it to take urgent action to reduce greenhouse gas emissions and detrimental actions affecting the stability of the climate. Without action to help mitigate and reverse the effects of climate change, the impacts will be felt across the country, which will affect our services and our most vulnerable residents.

**Cruelty Free** – Manufactured and developed by methods which do not harm animals.

**Environment Agency Enforcement Actions** – Formal cautions and prosecutions carried out by the Environment Agency to enforce laws and permits that protect the environment.

**Environmental Maturity** – An organisation’s ability to implement more ambitious, complex, robust and resilient environmentally conscious practices. Maturity differs among organisations and industries because of the unique obstacles they each must overcome.

**Greenhouse Gases** – A gas that contributes to the greenhouse effect and climate change by absorbing infrared radiation. Carbon dioxide, methane, nitrous oxide and chlorofluorocarbons are examples of greenhouse gases.

*For simplicity in this policy, we use the term 'carbon' as shorthand for all greenhouse gases.*

**Natural Capital** - Stocks of the elements of nature that have value to society, such as forests, fisheries, rivers, biodiversity, land and minerals. Natural capital includes both the living and non-living aspects of ecosystems.

**Net Zero** – Achieving a balance between the carbon emitted into the atmosphere, and the carbon removed from it. This balance will happen when the amount of carbon we add to the atmosphere is no more than the amount removed. Emissions are removed in line with the latest climate science and 1.5°C trajectory.

**Scope 1 Carbon Emissions** – Those emissions that an organisation makes directly. For example, emissions from fuel that is directly used while running boilers and vehicles.

**Scope 2 Carbon Emissions** – Emissions coming indirectly from an organisation. This is mainly the generation and distribution of electricity the organisation buys from the National Grid.

**Scope 3 Carbon Emissions** – Emissions associated with the goods, works and services that are produced elsewhere but consumed by the organisation. This category includes all the emissions the organisation is indirectly responsible for, up and down its supply chain.

**Significant Environmental Incident** – An event that would need to be reported to the Environment Agency, or similar national body, or where damage is of a nature or quantity which poses a threat to the health or safety of humans, animals or vegetation that is not expected to dissipate within twenty-four hours either naturally or by human intervention.

This page is intentionally left blank