

PPN 01/24: Carbon reduction contract schedule

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A new procurement policy note (PPN) was published by the Cabinet Office on the 18 March 2024. This PPN (01/24) introduces an optional standard carbon reduction contract schedule (Schedule) that can be included in government contracts.

In scope bodies are "all Central Government Departments, their Executive Agencies and Non-Departmental Public Bodies". This means that local authorities are not within the scope of this PPN; however it is stated that "other public sector contracting authorities may wish to apply the approach set out".

The Cabinet Office has developed the Schedule which contains standard Terms and Conditions (T&Cs). These are intended to be considered alongside broader sustainability obligations and included "where relevant to the subject matter and proportionate" in government contracts. The PPN applies with immediate effect and it is expected that the Schedule will be incorporated into future iterations of the suite of Model Contracts.

The Schedule T&Cs "support contract specific decarbonisation objectives to be set and delivered, and provides a framework to monitor and assess the Supplier's decarbonisation performance". These include contract specific GHG emissions reporting, setting supplier GHG emissions reduction targets and monitoring and reducing GHG emissions throughout the life of the contract through a Supplier GHG emissions Reduction Plan.

The Schedule has been developed with the intention that individual T&Cs can be used in isolation, or in combination with others. Before using the Schedule, authorities should consider:

- Its understanding of carbon reduction initiatives and how to apply and monitor these. There is a range of maturity amongst authorities when it comes to greenhouse gas (GHG) emissions reporting and carbon reduction initiatives and so it is important that each authority understands the additional requirements and support the Supplier would require to deliver decarbonisation through the T&Cs;
- The Supplier's understanding and ability to introduce effective measures. Suppliers also have a range of maturity when it comes to GHG emissions reporting and carbon reduction initiatives. Authorities should consider the maturity of the category of the supply chain when applying the T&Cs and assess how burdensome any additional requirements may be;
- The value and estimated carbon GHG emissions linked to the contract (for example, high value contracts are likely to demand additional resources, time and assets which could be associated with higher GHG emissions); and
- The criticality of the contract (for example, high criticality contracts may require more resources and therefore produce higher GHG).

There is very helpful guidance on the Government website determining which paragraphs are most appropriate depending on the contract type.

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