Climate Change – Energy

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Overview – description and scope

* This guidance is concerned with the procurement of energy-using equipment or the use of energy in the delivery of a service that is being procured (see below for examples) the aim being to minimise or, where practicable, avoid carbon emissions.
* This guidance may be considered, where relevant, alongside other Climate Change guides – [Carbon in Production](https://sustainableprocurementtools.scot/index.cfm/guidance/climate-change/carbon-in-production/) - [Vehicle emissions](https://sustainableprocurementtools.scot/index.cfm/guidance/climate-change/vehicle-emissions/) – [Climate Change Adaptation](https://sustainableprocurementtools.scot/index.cfm/guidance/climate-change/climate-change-adaptation/). Opportunities for jobs and skills to support climate change targets may also be relevant so you may also consider the [Employment, Skills and Training](https://sustainableprocurementtools.scot/index.cfm/guidance/employment-skills-and-training/) guide.
* The guidance reinforces the criticality of pre-procurement consideration of intended outcomes and optimum methods of delivery of these, involving mature dialogue internally and with the market. It also provides relevant procurement guidance, aligned with the Procurement Journey, with example clauses within the [Annex](#_Annex_–_Example).
* Users of this guidance should have completed the Climate Literacy e-learning module, available from the [Sustainable Procurement Tools](https://sustainableprocurementtools.scot/) portal.

Supporting the Sustainable Procurement Tools

* The guidance is part of a series of guides which support the sustainable procurement duty tools to help public sector organisations embed sustainability into their procurement processes.
* For example, the Sustainability Test includes the following question:

**Will the product or service procured routinely involve consumption of energy (electricity, gas or other fuel) AND/OR is there an opportunity to minimise energy consumption, including through innovative solutions?**

Examples include:

* Electrical equipment purchased (e.g. ICT, laboratory equipment, white goods, audio-visual, data centres).
* Energy used in service delivery (e.g. FM, printing, construction, professional services and others).

Life Cycle Impact Mapping (LCIM), which may be used to identify and assess the social and environmental impacts within the life cycle of a product or service, can be an easy way into the Sustainability Test for internal customers to understand relevant risks and opportunities, such as climate change and energy.

Disclaimer **-** This guidance 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 guidance contains any information concerning procurement law such information does not constitute advice to you. The content of this guidance is not to be construed as legal advice or a substitute for such advice, which you should obtain from your own legal advisers if required. Scottish Government is not and shall not be held responsible for anything done or not done by you as a result of this guidance.

Legal & Policy Context – Climate Change obligations

* The [Climate Change (Emissions Reduction Targets) (Scotland) Act 2019](https://www.legislation.gov.uk/asp/2019/15/enacted) commits Scotland to achieve a target of net zero emissions by 2045, with interim targets of 75% by 2030 and 90% by 2040.

‘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. **Only after all possible emissions have been mitigated should offset be considered.**

* The Public Bodies Climate Change Duties, established by the [Climate Change (Scotland) Act 2009](https://www.legislation.gov.uk/asp/2009/12/contents) required from 2011 that Public Bodies, as listed in schedule 2 of [Freedom of Information (Scotland) Act 2002](https://www.legislation.gov.uk/asp/2002/13/contents) exercise their functions: 'In a way best calculated to contribute to delivery of the Act’s emissions reduction targets; to deliver any statutory adaptation programme; and in a way that it considers most sustainable.'
* In line with the [Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2015](http://www.legislation.gov.uk/ssi/2015/347/contents/made), those public bodies listed in [Schedule 1](http://www.legislation.gov.uk/ssi/2015/347/schedule/1/made) of the Climate Change (Scotland) Act 2009 are required to report annually to Scottish Ministers on how their procurement policies and activities are contributing to compliance with climate change duties.

Climate change mitigation and energy efficiency forms part of a public body’s sustainability, carbon reduction strategy, or equivalent and is subject to procurement reporting requirements under revisions to the [Climate Change (Reporting on Climate Change Duties) Order 2015 (Part 5)](https://www.legislation.gov.uk/ssi/2015/347/made).

The [Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Amendment Order 2020](https://www.legislation.gov.uk/ssi/2020/281/contents/made) strengthens the above requirements by requiring public bodies to report on, where applicable, their target date for achieving zero direct emissions of greenhouse gases or such other targets that demonstrate how the body is contributing to Scotland’s emissions reduction targets, and targets for reducing indirect emissions in their annual ‘climate’ reports. In addition, public bodies are now asked to report on how they align spending plans and use of resources to emissions reduction and relevant targets and how they will publish, or otherwise make available, progress towards achieving its targets; and how they are contributing to Scotland’s Adaptation Programme.

Sustainable Procurement Duty

* The [Procurement Reform (Scotland) Act 2014](https://www.legislation.gov.uk/asp/2014/12/contents) places a duty on a contracting authority before they buy anything, to consider how they can, though their procurements, improve social, environmental and economic wellbeing in Scotland, with a particular focus on reducing inequality e.g. through appropriate use of sustainable procurement tools and relevant and proportionate contract requirements.
* The Act also requires obligated organisations to develop a Corporate Procurement Strategy and report against its delivery at the end of each year, emphasising the importance of monitoring and reporting delivery of intended sustainable outcomes, such as climate change.
* [SPPN 1/2021 ‘Taking account of climate and circular economy considerations in public procurement’](https://www.gov.scot/publications/taking-account-of-climate-and-circular-economy-considerations-in-public-procurement-sppn-1-2021/) clarifies expectations with respect to climate and circular economy considerations, aligning the strengthened climate change reporting duties, current procurement policy and legislation which requires public bodies to consider and act on opportunities to improve environmental wellbeing. It highlights that public bodies should use their public procurement spend to support climate and circular economy ambitions.
* The key role that leaders of Scotland’s public bodies have in the crucial period to 2030 in the shared national endeavour to tackle the global crises of health, climate emergency and biodiversity loss and the role of carbon in future procurement activities of all public bodies to help achieve carbon reduction targets is reinforced in ‘[Public Sector Leadership on the Global Climate Emergency Guidance](https://www.gov.scot/publications/public-sector-leadership-global-climate-emergency/)’.

National Performance Framework

* The [National Outcomes and Indicators](https://nationalperformance.gov.scot/) focus our activity around ‘to focus on creating a more successful country with opportunities for all of Scotland to flourish through increased wellbeing, and sustainable and inclusive economic growth’.
* The National Outcomes and Indicators relevant for this guidance are:
* **Environment:** We value, enjoy, protect and enhance our environment (Energy from renewable sources, Waste generated).
* **Economy:** We have a globally competitive, entrepreneurial, inclusive and sustainable economy (Carbon footprint, Greenhouse gas emissions).

Commissioning & Pre-procurement guidance

As the [Procurement Journey](https://www.procurementjourney.scot/) emphasises the most positive outcomes, including those relating to energy, will arise from early consideration, involving key stakeholders, of intended outcomes and the optimum solution(s).

1. Define need and collaborate

What are the intended outcomes from the planned procurement?

e.g. functional, technical, performance, sustainability

**Whole Life Value for Money**

**Carbon reduction ambitions**

From use of energy

**Related socio-economic outcomes**

e.g. ‘Green’ jobs and skills

Use LCIM – Sustainability Test to clarify relevant risks and opportunities and refer to related guidance.

Consider all relevant Life Cycle Costs e.g. energy and carbon.

**Ownership**

Do you need to own the product/ equipment (if relevant) or can the required function be provided through an alternative business model e.g. lease, hire, rental or a service?

**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 energy reduction)?

Consider procurement options by applying the procurement hierarchy below in order – reflecting strategic decisions on ‘whether’, ‘what’, ‘how’ and ‘how much’ organisations buy.…

**1. Do you really need to buy?**

Can you reduce energy and carbon emissions by reducing the amount procured?

Can you satisfy need by making optimum use of existing products, materials or assets already owned, by refurbishing / reusing products, materials or assets from elsewhere?

**2. Can you meet the need in a lower energy and 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 e.g. ‘product as a service’ where the supplier retains ownership?

**3. If you need to buy**

Focus on energy and carbon emissions of infrastructure, equipment, product 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.

B. Market engagement and collaboration

* **Mature dialogue** - allow sufficient time for mature dialogue with the market early to set out your energy and carbon objectives and determine the nature of the potential market. This signals your intent to the market (as well as internal stakeholders), and to provide a basis for measuring and managing overall performance - including through the use of Prior Information Notices (PIN)/ Request for Information (RFI)/ Market events.
* **Innovation** - this includes opportunities for innovative energy solutions, which may be essential to enable the transition to ‘Net Zero’. Cross functional working is essential to encourage and enable opportunities for innovation, involving all those who influence intended procurement budgets and outcomes. For example, are policy and mechanisms in place to consider alternatives to ‘the norm’; is the finance function in the public body supportive of innovative approaches? Do they allow / encourage ‘invest to save’ and similar?
* **Capability** - how capable is the market in delivering these ambitions? The maturity of the market regarding energy efficiency and reduction can vary across categories e.g. 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.

Procurement guidance

The following procurement guidance clarifies relevant practice throughout the procurement cycle; this is reflective of the [Procurement Journey](https://www.procurementjourney.scot/), highlighting specific issues relating to Carbon and energy.

Within the [Annex](#_Annex_–_Example) to this guidance are clauses that you may wish to use or tailor to suit particular procurements.

Pre-contract notification

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 they can take an early view on whether they can satisfy the requirements. These can be included at section V1.3 Additional Information of the Contract Notice.

Within the [Annex](#_Pre-contract_Notification_clauses_1) are examples of energy and climate wording that may be used for this purpose.

These focus on energy and climate objectives within a Contracting Authority’s decarbonisation ambitions while also giving early sight of minimum requirements.

**Procurement guidance**

**Supplier selection**

Exclusion grounds

A contracting authority can exclude a bidder from tendering for public contracts where they fall within a ground for exclusion; for example breach of any obligations in the fields of environmental, social or labour law.

* These obligations include any relevant national law, as well as relevant collective agreements and specific international agreements.
* Where a contracting authority decides that there may be a risk of exclusion grounds applying to a sub-contractor, they can choose to verify this at any stage in the procurement process. This can be an effective way to help ensure a robust approach is taken throughout the supply chain.
* 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 full list of the exclusion grounds can be found in the [Procurement Journey](https://www.procurementjourney.scot/espdspd/spd-documents).
* It is mandatory that the relevant exclusion grounds statement from the standardised statement document is included in the Contract Notice at II.2.14 Additional Information. A contracting authority can provide more information about specific exclusion grounds in Section II.2.14 Additional information of the OJEU Contract Notice.
* If a bidder is in a situation which might result in its exclusion due to breach of any of the exclusion grounds, it must be given the opportunity to provide evidence to show that it has taken remedial action to demonstrate its reliability, this is known as self-cleansing.

The contracting authority must not exclude the bidder on those grounds if they are satisfied that the evidence provided is sufficient to demonstrate their reliability.

Selection

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.

Not only is this useful from the buyer’s point of view, as suppliers that can clearly not meet the requirement will be eliminated, but it is also useful for the suppliers as they have a very clear understanding of how serious you are about sustainability and what will be essential for their submission to be successful.

Any selection criteria deemed relevant and appropriate to your procurement exercise must be tested through the format of the Single Procurement Document (SPD). Buyers must issue an SPD for procurement exercises over the[threshold](https://procurementjourney.scot/additional-resources/thresholds) (route 3) and it is recommended that it is also used for all route 2 procurements. Associated guidance and standardised statements\* in Part IV, Section C, take a phased approach which encourages contracts in climate priority areas to include climate change selection criteria regarding environmental management measures before lower risk contracts.

Where deemed relevant and proportionate, it may be appropriate to ask bidders to operate to an environmental management standard (ISO14001 or equivalent), for example where energy use is an important risk within a planned procurement and evidence of systems and processes in place to manage energy is required. Selection criteria applied to individual procurement processes must be relevant and proportionate to the subject matter of the contract. It may for example not be appropriate to require all bidders to have ISO14001 where this may be considered disproportionate and sufficient alternative evidence of energy management systems and processes is available. The bidder should be asked to provide confirmation of this in the Quality assurance schemes and environmental management standards section of the SPD (part IV, Selection Criteria, Section D).

Within the [Annex](#_Procurement_clauses_-_1) are examples of energy and climate wording that may be used for this purpose

\*Standardised Statements are not intended to be a definitive list of all potential selection criteria that individual Procurement Officers may require. Professional judgment must be used on a case-by-case basis when selecting which, if any, of these statements are relevant and proportionate to a particular procurement exercise.

**Procurement guidance**

Specification

Sustainable requirements need to be incorporated into the specification and must be relevant to the particular 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.

For example, core Scottish Government organisations must ensure that they meet the [Government Buying Standards (GBS)](https://www.gov.uk/government/collections/sustainable-procurement-the-government-buying-standards-gbs) - a set of product specifications for public buyers when buying goods and services for those product groups covered and which include minimum energy efficiency standards for energy-using products (EuP).

GBS use is encouraged across the wider public sector. It is important to establish that the market for a particular product can meet these requirements before incorporating them; if using the GBS criteria, they have been tested against market capabilities.

Other standards and labels exist which include a focus on energy efficiency (see below). While not mandatory they may be appropriate for certain procurements as underlying criteria may be relevant.

The use of Labels

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

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 e.g. 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.

It is important to focus on such standards carefully. For example, if procuring a heating system, it may be more appropriate to specify that the energy efficiency of a system be related to the specific circumstances of the procurement.

Bidders could be asked to provide an estimate of energy efficiency based on the building it would be installed into. A heat pump can be extremely energy efficient compared to other heating systems under the right circumstances (if the building is well insulated etc.) but could produce a poorer outcome in some situations than a less-efficient alternative.

The following are some standards and labels which include a focus on carbon and energy. As indicated above it is important to be clear that the underlying criteria of these or others are relevant for the planned procurement.

|  |  |  |
| --- | --- | --- |
| **STANDARD/ LABEL** | **NOTES** | **RELEVANT ENERGY SCOPE** |
| [EU Green Public Procurement Criteria](https://ec.europa.eu/environment/gpp/eu_gpp_criteria_en.htm) | 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.  Contracting Authorities may, where relevant, require suppliers to be able to meet specific or all of the criteria within these.  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. | GPP criteria relating to:   * Computers and monitors. * Data centres, server rooms and cloud services e.g. ‘Swiss Data Centre Efficiency certification/PUE’, ‘Prefer products/services that ensure waste heat reuse, e.g. in building or district heating networks’. * Electrical and Electronic Equipment used in the Health Care 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. * Water based heaters. |
| [UK Government Buying Standards (GBS)](https://www.gov.uk/government/collections/sustainable-procurement-the-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. | GBS criteria relating to:   * Electrical goods e.g. AC units, condensing units, boilers, white goods, lighting. * Office ICT equipment. * Construction projects and buildings. * Water using products e.g. dishwashers (A+ rating), cleaners, showers, taps. * Food and catering services. |
| [European Ecolabel](https://ec.europa.eu/environment/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](https://www.energystar.gov/) | This has been the energy standard for various office products.  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 Energy Star logo on products is no longer required (at present they are still referenced in GPP and GBS).  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. | Energy Star ratings applied within the EU to (a wider range are certified by the US EPA):   * Computers and Monitors. * Imaging Equipment. * Enterprise Servers. * Uninterruptable power supplies |
| A picture containing chart  Description automatically generated[Energy Saving Trust – new Energy Label](https://energylabel.org.uk/) | 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. | * White goods. * TVs. * Electronic displays. |
| [Energy Saving Trust](https://energysavingtrust.org.uk/listing/est-register/) | Energy Saving Trust: endorsed product - Energy Saving Trust endorses energy efficient products that have met industry agreed standards for energy performance. | Currently offered for: boilers, chemical inhibitors electrical heating, emissions reductions systems, heating controls, heating system additives, heating systems innovations, home appliances, radiators, windows. |
| [EPEAT](https://www.epeat.net/)A picture containing shape  Description automatically generated | Managed by 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 and carbon footprint, social responsibility as well as energy conservation (some criteria vary for manufacturer's specific products according to different countries).  Manufacturers may choose to have their products assessed to either a bronze, silver or gold rating. | * Computers and displays. * Imaging Equipment. * Mobile Phones. * Photovoltaic Modules and Inverters. * Servers. * TVs.   Example: leading ICT brands such as HP are rated as EPEAT Gold across many products. |
| TCO Certified Logo[TCO Certified](https://tcocertified.com/) | 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. | * Computers and displays. * Smartphones, * Projectors. * Networks equipment. * Data storage.   Servers. |

Within the [Annex](#_Example_Procurement_Clauses_1) are examples of energy and climate wording that may be used within specifications.

**Procurement guidance**

Evaluation and Award

Evaluation and award 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 requirement so that it is clear whether they demonstrate an understanding of how to achieve the required outcomes.

Award criteria are of course 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 use of energy), rather than their suitability to bid.

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. When evaluating therefore:

* 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 may include getting subject matter experts to provide specific questions or guidance on them, ensuring they are provided with full guidance to ensure compliance with and understanding of the procurement process. This is of course particularly relevant where specifications are outcome based.

Ensure that innovation is applied in an appropriate manner.

Evaluating bids

1. Ensure the response answers the question – does it provide evidence of how the energy and climate 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.

1. 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 contracting authority’s] objectives in contract delivery to minimise energy related climate change emissions, including through innovative solutions, while ensuring this is capable of being objectively monitored through contract management’, then:

* 1. How will they minimise emissions? What measures will they undertake during contract delivery e.g. 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 (e.g. through training)?
  2. What innovation can they offer that relates to the specific requirements? 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.

Is evidence provided of how this may be objectively monitored e.g. ongoing verification of energy efficiency standards applying to products or equipment or continual improvement in transition to low/ zero carbon energy management.

Within the [Annex](#_Example_Procurement_Clauses_2) are examples of wording relating to evaluation criteria that may be relevant within procurements.

**Procurement guidance**

Contract & Supplier 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.

Where energy efficiency is a relevant contract focus, relevant and proportionate performance indicators need to be developed and included as standing items in regular contract review meetings, to ensure delivery of intended outcomes.

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

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.

Establishing a baseline against which to monitor progress

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

* A new service contract which requires carbon emissions to be minimised where practical from energy efficiency measures 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 improvements against this. 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 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?

As an example, in Construction projects relevant baselines may include:

* Industry averages/ benchmarks/ minimum requirements (e.g. such as set within CEEQUAL or carbon databases).
* Current project norms – which may be based on client baselines or those which contractors have identified. Given the nature and scale of some Frameworks there may also be the opportunity to identify project baselines by monitoring outcomes from Framework call-offs, which become the new norms for forthcoming call-offs/ projects.

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.

Ongoing improvement and innovation can also be built into the management of the contract to further develop the products and services required.

At contract award/ mobilisation 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.

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 (e.g. 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 e.g. 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, workforce training to comply with site energy policy.

Within the [Annex](#_Example_Procurement_Clauses_3) are examples of KPIs that may be relevant within procurements.

**Procurement guidance**

Monitoring and Reporting Outcomes

Internal and external Climate Change Reporting requirements

Given increasing focus on procurement and how it supports the delivery of climate change outcomes within Climate Change reporting duties it is important to determine and collate, where possible, how specific procurements have supported climate and energy ambitions. Public bodies should outline how their procurement practices comply with their organisation’s Procurement Strategy as part of their Annual Procurement Report, which includes activity that complies with the Sustainable Procurement Duty such as energy reduction strategies.

Public bodies are also required to report on how their procurement policies and activities contributed to compliance with climate change duties in their Annual Climate Change Report (information contained in these sections of each report can be identical or linked). Collaboration between climate and procurement colleagues is essential to ensure it is clear how procurement is supporting organisational climate change strategies.

Any detail that can be provided on energy reduction through procurement activities is useful both for establishing baselines and sharing good practice lessons with others.

[Public Sector Leadership on the Global Climate Emergency Guidance,](https://www.gov.scot/publications/public-sector-leadership-global-climate-emergency/) October 2021 emphasises the role of carbon in future procurement activities of all public bodies to help achieve carbon reduction targets and encourages streamlined reporting on climate change and procurement.

Sharing of lessons and good practice

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

As a result:

* Is it clear what the Contracting Authority energy and climate ambitions are and have these been considered internally and with the market to identify intended outcomes and market capability?
* At pre-procurement have relevant options been considered to enable the most positive energy and climate outcomes?
* Does your specification focus on relevant and proportionate technical/ outcome-based requirements, including relevant use of standards and the role of innovative solutions?
* Is it clear what an excellent response to tender requirements would be?
* Is it clear how intended outcomes will be measured and monitored?
* Where relevant have you discussed energy and climate ambitions at the mobilisation stage?
* During contract review do you encourage further improvement in energy and climate outcomes?

Annex – Example Procurement clauses and KPIs

The clauses within the Annex should be read in conjunction with the Commissioning and Pre-procurement guidance and Procurement guidance.

Pre-contract Notification clauses

Decarbonisation ambitions:

**General**

'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.'

or

‘The Contract/Framework Agreement supports the Scottish Government's National Performance Framework, and the National Outcomes. The Contractor will be required to minimise the environmental impacts of services delivered, including energy consumption and associated carbon emissions, where practicable.'

**Tailor to focus on specific outcomes**

'The Contracting Authority has included obligations within the specification and contract conditions relating to decarbonising our economy, including [minimising carbon emissions], [being resilient to a changing climate], [reducing fuel poverty] and [developing jobs and skills to support decarbonisation] which are relevant to the services to be delivered.'

Energy and innovation (e.g. construction related – may be adjusted to suit):

‘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 its 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 construction sector, including energy use during delivery of the construction project as well as energy efficiency of the building.’

Minimum requirement (relevant as the standard(s) include focus on energy consumption):

'A requirement of this contract is that all products supplied meet the mandatory level of the [Government Buying Standard](https://www.gov.uk/government/collections/sustainable-procurement-the-government-buying-standards-gbs) (GBS) for [insert product standard] for energy efficiency.'

(other standards may be applicable – see the Specification section for more details).

Example Procurement Clauses - Supplier selection

Energy and climate – service contract:

‘What experience, if any, does your company, in conjunction with partners and its supply chain, have in working with other clients to evaluate, assess and design services, in contracts similar in nature, that support decarbonisation from the use of energy, including low or zero carbon operation.’

An ideal response would provide the following:

* 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.
* Evidence of providing methods of awareness raising amongst service users either through training programmes or provision of key user guidance with particular focus on efficient energy use.
* Evidence of providing clients with energy consumption data with analysis and recommendations for changes/ adaptations to improve energy efficiency in a cost effective way.

or

Tailor to focus on specific outcomes:

“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 e.g. lighting/ ICT/ data centres/ specific services/ renewable energy or others]?”

N.B. Buyers should ensure that the application of supplier selection requirements regarding environmental management measures and climate change commitments reflects ‘relevant’ and ‘priority’ contracts in accordance with prevailing SPD standardised statements. Selection criteria should be determined through strategy development and market research which indicates that applied minimum requirements are relevant and proportionate to the procurement exercise.

Example Procurement Clauses – Specification

Where a specific energy rating is required, it may be appropriate to include this within the specification:

Energy rating and verification:

‘All Equipment supplied under the contract must achieve the required criteria to meet the ‘A’ rated Energy Efficiency index of [e.g. 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.’

Energy and construction ratings (example only):

‘This project must reduce the lifetime embodied carbon of the building, including energy efficiency, maximising retention/re-use of existing assets, creating assets that are demountable/ deconstructable/ recoverable, maximising re-use, minimising the use of non-renewable primary materials, ensuring longevity, maximising the value of materials once the original purpose is accomplished, including achieving our minimum design requirements for carbon emissions of:

* [an EPC rating of [x] for regulated emissions];
* [a predicted DEC (Display Energy Certificate) rating of [y] for regulated and unregulated emissions];
* [total kWh energy consumed in a building over a year per m]2;

[annual carbon emissions of not more than [z] kg CO2e per [occupant/visitor/Gross Internal Floor Area]’

Where the level of energy use is both relevant and proportionate the following wording could be included in a specification:

Energy and decarbonisation – outcome specification:

‘The contractor will be expected to manage their use of energy in contract delivery, so as to support the Contract Authority’s decarbonisation ambitions, including through any environmental good practice systems, for example ISO 14001, or equivalent which form part of their business practice.' (Contracting Authorities should ensure this is appropriate according to requirements within the selection stage).

Example cleaning service contract (or similar service) – outcome specification:

‘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.

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 and relevant energy management during delivery of the service, [the use of non-hazardous cleaning agents/ minimum use of chemicals, management of water used and waste generated, in accordance with the waste hierarchy].

The Contractor will be required to demonstrate how they will meet energy efficiency requirements and minimise energy consumption.’

Energy and construction project (example) – outcome specification:

‘The Supplier ensures that the works and associated services are performed in accordance with the Contracting Authority’s response to the climate emergency.

The Supplier shall submit to the Contracting Authority for their written acceptance a mitigation plan that minimises emissions arising from:

The use of energy during service delivery, including mains electricity, generators, air compressors, plant and others. Where relevant this will include the application of minimum energy efficiency ratings for equipment installed [such as, but not restricted to, street lighting and traffic lights], 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, the practical application of innovative solutions, including switching to low and zero carbon technologies and fuel sources.’

Example Procurement Clauses – Evaluation and Award

Energy method statement (service contract e.g. FM):

'Please describe in a method statement your proposed approach for this contract to minimising, where practicable, the use of energy and/or enabling the transition to lower/ zero carbon energy sources, in service delivery, in conjunction with the Contracting Authority.

This should include detail regarding:

* Energy ratings of equipment and products used/ installed;
* Optimising use of energy and identifying opportunities to improve energy efficiency and carbon reduction;
* Enabling service users to operate energy efficiently;
* Monitoring and reporting of energy and carbon reduction measures, improvements and proposed improvements, which support the Contracting Authority’s decarbonisation ambitions;
* Identifying and evaluating innovative energy solutions.’

A good response would provide the following:

* Detail of how they will reduce energy consumption and carbon emissions in delivery of services by using relevant equipment/ product specification and in management of energy on site;
* Detail of how they propose to work with the Client to meet external and internal targets for reducing energy consumption;
* Detail of how they will ensure that all energy-consuming equipment 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;
* Detail of how they will support the Client’s initiatives for energy-saving strategies including separate heating, lighting and ventilation strategies and co-operate with the Client in achieving agreed objectives;
* Detail of how they will assess and evaluate the practical application of innovative solutions, including switching to low and zero carbon technologies and fuel sources;
* Detail of their approach to working with the Client to identify and implement energy reduction projects across the estate by carrying out feasibility studies and advising on new and emerging technologies;
* Detail of how they will encourage responsible energy use by all building occupants;
* Detail of how they will provide the Client with Project evaluation and feedback in the form of energy, cost and carbon savings realized through implementing carbon management projects, including through the use of intelligent systems to aid the delivery of smarter energy usage and maintenance solutions.

Energy method statement (e.g. construction project):

'Please describe in a method statement your proposed approach for this contract to decarbonisation, including details of any specific steps taken in the design and delivery of services to increase energy efficiency and/or transition to low/ zero carbon energy sources, including through innovative solutions.'

A good response would provide the following:

* Detail of how they will reduce energy consumption and carbon emissions in delivery of services by using relevant equipment/ product specification and in management of energy on site.
* Detail of reducing energy and related carbon emissions, including from use of mains, generators, compressors, other equipment and plant (this may include use of electric plant). This may include innovative approaches such as use of electric plant/ generators etc) [relevant for construction project].
* Detail of energy management and reduction measures which will be reported to the Contracting Authority.

General energy requirement:

'Please provide a draft Resource Management Plan for this service including measurable targets for the reduction of energy use over the period of the contract.'

Or

‘Our sustainability targets include a commitment to reduce whole life costs of the service [by x%] over the lifetime of the contract, while delivering effective capability. Whole life costs to include equipment, associated consumables, servicing and maintenance, upgrading, licensing and energy and carbon 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:

* Help us achieve our target for reducing whole life costs and energy consumption resulting from [insert service] services; and
* Providing data/ information to support claims that whole life cost and resource savings have been made.’

Example Procurement Clauses and KPIs – Contract and Supplier Management

Specific requirements may include:

* ‘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.’

|  |  |  |
| --- | --- | --- |
| **EXAMPLE KPIs** | | |
| **Example relating to design and operation of assets** (may be tailored for alternative services): | **Potential baseline:** | kWh consumption per m2 (or other factor) benchmark for asset, where relevant, based on industry averages/project norm. |
| **Improvement:** | kWh consumption per m2 (or other factor) and total, based on low/zero carbon design. |
| **Use of energy in construction:** Where energy consumption can be monitored in service delivery relevant KPIs may include: | **Potential baseline:** | Independent baseline /contractor baseline for type of project kWh. |
| **Improvement:** | Improvement measures implemented and kWh energy consumption in construction project. |
| **Qualitative reporting:** Where a baseline may not be available, or the market may not yet have the capability to report improvements dialogue with the contractor on: | **Improvement:** | What improvements you have made/ can make to reduce energy consumption during construction. Will it be possible to quantify these improvements in time (if so, setting a deadline for establishing a baseline and monitoring improvements)?  Where energy consumption can be monitored in service delivery relevant KPIs may include:   * Percentage of buildings meeting energy efficiency targets. * Percentage of products/ equipment used/ installed meeting energy efficiency ratings or standards. |
| **Operation of buildings - service contract KPIs.** Where energy consumption can be monitored in service delivery relevant KPIs may include: | **Improvement:** | * ‘Energy consumption in 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 (e.g. increased use of renewables). * Percentage of buildings meeting energy efficiency targets. * Percentage of products meeting energy efficiency ratings or standards.’ |
| **Construction energy ratings.** For the operation of buildings KPIs may include: | **Improvement:** | * [an EPC rating of [x] for regulated emissions]; * [a predicted DEC (Display Energy Certificate) rating of [y] for regulated and unregulated emissions]; * [total kWh energy consumed in a building over a year per m]2; * [annual carbon emissions of not more than [z] kg CO2e per [occupant/visitor/Gross Internal Floor Area]’ |