Climate Change – Adaptation

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Overview – Description and Scope

This guidance is concerned with the procurement of supplies and services that may be vulnerable to the effects of known and anticipated climate change, the pace of which is accelerating, and for which climate resilience is important e.g. construction projects, supplies sourced from areas known to be vulnerable to climate change impacts in the lifetime of the contract.

This guidance may be considered, where relevant, alongside other Climate Change guides, which focus on mitigation measures – [Carbon and Energy](https://sustainableprocurementtools.scot/index.cfm/guidance/climate-change/carbon-and-energy-consumption/) - [Vehicle emissions](https://sustainableprocurementtools.scot/index.cfm/guidance/climate-change/vehicle-emissions/) – [Carbon in production](https://sustainableprocurementtools.scot/index.cfm/guidance/climate-change/carbon-in-production/). Opportunities for jobs and skills to support climate change mitigation and adaptation 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](https://www.procurementjourney.scot), 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:

Is the supply of this product or delivery of relevant service potentially vulnerable to the impacts of climate change?

Is there an opportunity to minimise the effects on supply or service delivery, as a result of anticipated climate change?

Examples include:

* Risks to infrastructure and buildings/ facilities;
* Risks to local supply and service continuity;
* Risks to supply continuity from other areas vulnerable to climate change;
* Risks to users of services.

as a result of known or anticipated climate change, such as anticipated higher temperatures, flooding, and other extreme climatic events and how relevant procurements should adapt to minimise relevant risks (this may include managing risks relating to supply from parts of the world most vulnerable to climate change).

**About adaptation**

‘Adaptation’ is the ‘adjustment in economic, social or natural systems in response to actual or expected climatic change, to limit harmful consequences and exploit beneficial opportunities’ ([Scottish Climate Change Adaptation Programme](https://www.gov.scot/publications/climate-ready-scotland-second-scottish-climate-change-adaptation-programme-2019-2024/)).

Known or anticipated climate change impacts can potentially affect supply chains in parts of the world known to be vulnerable to the impacts. This may be due to the effects of rising sea level impacting on the availability of land for crops or commercial/manufacturing operations, the effects of an increasing frequency of extreme weather events such as storms and wildfires, or more local impacts on construction projects or infrastructure and health. Adaptation therefore involves actions taken to manage the unavoidable impacts of climate change, including those on population health, goods and services and infrastructure. The consequences of doing nothing can be catastrophic, impacting greatest on the most vulnerable, so action should be fair and equitable.

**Benefits from adaptation**

As [Adaptation Scotland](https://www.adaptationscotland.org.uk/application/files/6314/6911/0335/Five_steps_to_managing_your_climate_risks.pdf) states:

'Effective long-term planning contributes to sustainable development by safeguarding people and places; by protecting and enhancing the natural environment, and by contributing to a resilient economy that can cope with volatile resource prices and supply chains. It allows you to add value to the services you deliver. Climate resilience can support your organisation’s carbon management efforts, which is important as climate-related impacts can jeopardise mitigation and its financial benefits.'

Benefits from Adaptation measures therefore include:

* Enhanced resilience of supply of products and materials and certainty in service provision;
* Reduced impacts on infrastructure and healthcare provision;
* Reduced negative health impacts;
* Reduced losses due to flooding.

**The role of procurement**

* It may only be appropriate to consider climate change adaptation in certain contracts, but it can be a potentially significant issue. Some examples of adaptation measures include: reducing risks that may arise from extreme weather on travel and transport, such as through provision of services remotely, adapting building codes to future climate conditions and extreme weather events, building flood defences.
* Consideration of the role that procurement has in addressing the above requires consideration of the risks that required supplies and services may be vulnerable to climate change.
* For example, are supplies sourced from areas known to be vulnerable to climate change, and is there an opportunity to address this now? (some of the climate change effects are happening now but others will take time to manifest themselves - ensure that risks are considered during the lifetime of the contract in question so that it is core to the subject matter of the contract).
* The intended outcome may for example include buildings/major refurbishments/infrastructure that are more climate change resilient, facilities management contracts better consider the whole life costs of operation and maintenance; physical risks may also be reduced.
* With the exception of climate change considerations such as flood resilience, adaptation measures that depend on behaviour and operational criteria are far more difficult to define and quantify, than those relating to mitigation.
* Consequently, contracting authorities must consider carefully: the procurement stages at which adaptation is considered; the extent to which the contracting authority can prescribe adaptation measures; the extent to which the contracting authority can evaluate potentially diverse and even conflicting submissions from bidders.

[Life Cycle Impact Mapping (LCIM),](https://sustainableprocurementtools.scot) 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 adaptation – for example, what and where in the life cycle are the key adaptation risks relating to the planned procurement?

The following provides some risks that may be relevant for procurements, according to the scope of the requirement (other environmental and socio-economic risks may apply), and which may need to be managed through adaptation measures, including the design of buildings, infrastructure, services:

|  |  |
| --- | --- |
| **Impacts of obtaining raw materials/ resources needed for relevant service** | **Impacts of manufacturing and logistics/ set up of service** |
| Impacts on sourcing of materials due to climate change.Impacts on availability of required minerals from climate change and resultant risks to material security. | Impacts on manufacturing in locations vulnerable to climate change - risks to resilience of supply from known or anticipated changes in climate e.g. impacts on availability of materials and components.Impacts to public health, transport, delivery of social care services and others as a result of risks to infrastructure, communities and services from climate change. |
| **Impacts during use of product/ service delivery** | **Impacts at end of life/disposal/ end of service** |
| Impacts on ability to provide services and consequent risks to public health/ essential services or others (according to scope of the contract).Impacts on pollution of water and land from extreme weather events. Impacts on users of buildings, infrastructure and services from climate change including higher temperature, flooding (including physical and mental health and wellbeing). | Impacts on management of waste arising from contracts due to climate change – risks to waste infrastructure and pollution.  |

It is also of course important to focus on those risks that you have influence over, which you would consider when completing the Sustainability Test.

**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 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 Climate Change Adaptation Programme](https://www.gov.scot/publications/climate-ready-scotland-second-scottish-climate-change-adaptation-programme-2019-2024/).

**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 and adapt to known or anticipated climate change is reinforced in ‘[Public Sector Leadership on the Global Climate Emergency Guidance](https://www.gov.scot/binaries/content/documents/govscot/publications/advice-and-guidance/2021/10/public-sector-leadership-global-climate-emergency/documents/public-sector-leadership-global-climate-emergency/public-sector-leadership-global-climate-emergency/govscot%3Adocument/public-sector-leadership-global-climate-emergency.pdf)’.

Buyers should also consider building standards which may include or be subject to review and update including planning for known or anticipated changes in climate. For example [BREEAM](https://www.breeam.com/ndrefurb2014manual/content/10_waste/wst05.htm).

[Adaptation Scotland](https://www.adaptationscotland.org.uk/) provides support to enable compliance with the adaptation requirements of the duties, including the Adaptation Capability Framework. Public sector bodies approach to adaptation should always reflect an understanding of sound science that underpins the known and expected impacts from a changing climate, such as that supporting Adaptation Scotland and [UKCIP](https://www.ukcip.org.uk/).

Ready Scotland, in Resilient Essential Services Scottish Government’s Strategic Framework 2020-2023, [Guide 6: Building Resilience to a Changing Climate (Adaptation)](https://ready.scot/how-scotland-prepares/preparing-scotland-guidance/keeping-scotland-running/guide-6-building-resilience-changing-climate), provides relevant information to those responsible for critical infrastructure in Scotland to help build resilience to the impacts of the changing climate. Regional initiatives in Scotland include [Climate Ready Clyde](http://climatereadyclyde.org.uk/) which has developed Glasgow City Region’s first Adaptation Strategy and Action Plan, launched in June 2021.

**National Performance Framework**

The [National Outcomes and Indicators](https://nationalperformance.gov.scot/) encourages us ‘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 adaptation to climate change, will arise from early consideration, involving key stakeholders, of intended outcomes and the optimum solution(s).

1. **Define need** **and collaborate**

**Intended outcomes**

What are the intended outcomes from the planned procurement?

e.g. functional, technical, performance, sustainability

**What is the potential supply chain** for the planned procurement – location, products, materials, services or assets?

**What risks to resilience of supply,** service delivery or assets, as a result of climate change, exist within the supply chain? Risk identification and analysis forms an essential part of business case development.

Use Life Cycle Impact Mapping (LCIM) – Sustainability Test to clarify relevant risks and opportunities and refer to related guidance, in conjunction with relevant stakeholders.

**Procurement**

At which steps in the procurement process can adaptation be embedded?

Is there an opportunity to further mitigate local climate change impacts, reducing adaptation risks and requirements?

**Specifications**

How can adaptation be incorporated into specifications?

**B. Market engagement and collaboration**

**Mature dialogue** - allow sufficient time for mature dialogue with the market early to set out your climate change adaptation objectives and determine the nature of the potential market. These may for example include buildings/ major refurbishments/ infrastructure that are more climate change resilient, facilities management contracts better consider the whole life costs of operation and maintenance; physical risks to users of services may also be reduced. This may relate to site management and sometimes be outside of scope of the contract, but may include requirement to demonstrate how the contractor is able to provide relevant services remotely and/or ensure access to relevant equipment, products and materials. 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.

**Supply chain risks** – Heightened focus on supply chain risk management includes the risks that climate change represents to global supply, including food production and availability, health and safety, working conditions and wellbeing of workers in supply chains, ports and transport infrastructure, factory production, connectivity and telecommunications, market prices and costs. Reputational risks also apply, according to how public bodies and supply chains deal with such issues. The extent to which these and other Climate Change risks impact on supplies and services should be considered by those commissioning and procuring.

This also links to issues relating to the security of supply of various critical materials (more information is included in the Waste and Resources guidance. The transition to a Circular Economy, reducing reliance on, largely imported, raw materials and risk management regarding supply chain resilience can impact local supply. This may include ‘Onshoring’ of supplies and the public sector has an important role in working with suppliers to manage such risks and capture relevant opportunities for local jobs, skills and training.

**Capability** - how capable is the market in delivering these ambitions? The maturity of the market regarding ensuring resilient supply and services may vary across categories e.g. major construction suppliers can be relatively mature in their approach while other organisations and sectors may be less mature.

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 embodied carbon.

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.

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

Within the [Annex](#_Annex_–_Example) are examples of climate change adaptation wording that may be used for this purpose.

These focus on adaptation objectives within a Contracting Authority’ climate change ambitions while also giving early sight of minimum requirements.

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/route-2/develop-documents/exclusion-selection-and-award-criteria/exclusion-criteria).
* 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 staged approach which encourages contracts to include climate change selection criteria regarding environmental management measures.

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 climate change adaptation is an important risk within a planned procurement and evidence of systems and processes in manage resilience 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 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](#_Annex_–_Example) are examples of climate change adaptation 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.

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 climate change adaptation are those that require all suppliers to supply, or use in service delivery, products or materials that meet specific relevant standards. Technical specifications need to relate to characteristics of the particular work, supply or service being purchased, and not to the general capacities or qualities of the operator – a procurer should only include those requirements which are related to the production of the good, service or work being purchased, rather than those which relate to the general practices or policies of the operator.

Within construction and infrastructure are included standard specifications which are relevant to climate resilience in the built environment, for example, the [BREEAM](https://www.breeam.com/ndrefurb2014manual/content/10_waste/wst05.htm) standards for buildings. It is important that standards used in the procurement phase are effective in achieving the required climate change adaptation outcome.

The specification and/or design statement is therefore an essential step.

**The Use of Labels**

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

Within the [Annex](#_Annex_–_Example) are examples of climate change adaptation wording that may be used within specifications.

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 assessing and managing risks relating to climate change 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 manage climate change risks), 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 requirement to manage resilience of supplies and services 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 risks to resilience of [supplies], [services] or [assets], including through innovative solutions, while ensuring this is capable of being objectively monitored through contract management’, then:

* 1. How will they assess risks to resilience of supply, services, assets as a result of known or anticipated climate change, according to the subject matter of the contract? What measures will they undertake during contract delivery to minimise such risks (e.g. design standards, supply chain management or other)?

Is evidence provided of how this may be objectively monitored e.g. ongoing evidence of supply chains/ sources of supplies and climate change risk assessment and mitigation measures.

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

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 the minimisation of climate change risks relating to supplies, service delivery and assets is a key issue within the contract, performance indicators need to be developed and included as standing items in regular contract review meetings, to ensure delivery of intended outcomes. These may include the provision of evidence of the supply chain partners.

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.

Where contract conditions include a specific climate change adaptation 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 climate change adaptation outcomes that can be captured as a contract commitment.

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

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 resilience 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 climate change 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 resilience 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/binaries/content/documents/govscot/publications/advice-and-guidance/2021/10/public-sector-leadership-global-climate-emergency/documents/public-sector-leadership-global-climate-emergency/public-sector-leadership-global-climate-emergency/govscot%3Adocument/public-sector-leadership-global-climate-emergency.pdf) emphasises the role of procurement activities of all public bodies to help achieve adaptation objectives and encourages streamlined reporting on climate change and procurement.

**Sharing of lessons and good practice**

This includes identifying further opportunities to develop innovative resilience solutions with markets, how public bodies have delivered climate change adaptation 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 resilience 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 resilience 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 climate change adaptation ambitions at the mobilisation stage?
* During contract review do you encourage further improvement in resilience 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**

**General adaptation/resilience requirement**

‘The Contracting Authority has included obligations within the specification and contract conditions relating to adaptation to known or anticipated climate change, which are relevant to the products/services to be delivered.’

or

‘A requirement of this contract is that the supply of products and services is as climate resilient as is practicable, reflecting known or anticipated climate change impacts that may affect their supply during the lifetime of this contract.’

or

‘The Contract/Framework Agreement supports the Scottish Government's National Performance Framework, and the National Outcomes which articulate the Purpose 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. This Contract/Framework supports the following National Outcomes, and contractors are expected to support the authority’s aim to achieve these.' [Insert relevant National Outcomes - see above]

**Construction/ Infrastructure**

'The Contractor will be required to ensure that the building [infrastructure] design and operation reflects known or anticipated climate change impacts so that its vulnerability to such impacts is minimised as far as is practicable.'

**Example Procurement Clauses - Supplier Selection**

**Service contract:**

‘Detail your experience and achievements, in conjunction with partners and your supply chain, of working with other clients to assess risks relating to the supply of [products] [services] from known or anticipated climate change and measures undertaken to manage and mitigate such risks, in contracts similar in nature.’

An ideal response would provide the following:

* Evidence of having assessed climate change risks within the [products] [services] supply chain and/or life cycle of the service/ project.
* Evidence of measures undertaken to minimise such risks – including in [design] [sourcing of supplies].
* Evidence of providing clients with details of the impact the measures would have on resilience of supply/ services.

N.B. Buyers should ensure that the application of supplier selection requirements regarding environmental management measures and climate change commitments reflect ‘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

**General climate change risks**

‘The Contractor will be expected to provide a method statement setting out how it has assessed risks associated with climate change, what those potential risks are and how they will be managed so as to maximise as much as is possible resilience of supply/ services in the delivery of the contract/project.’

**Buildings**

‘The Supplier should support the Council’s objective that [design] and operation of the building should minimise risks from known and anticipated changes in climate, so that the building, services and community are, as much as is possible, resilient to such risks.’

**Example Procurement Clauses – Evaluation and Award**

**General**

'Please provide a copy of your sourcing and resilient supply policy and demonstrate how it relates to the reduction of supply chain risks as a result of known or anticipated climate change associated with the products which are the subject of this tender and what measures are implemented within sourcing to manage such risks.’

A good response will provide not just the policy (a policy on its own does not provide evidence of being able to manage relevant risks) but also evidence, such as in a method statement or similar, setting out how risks relating to sourcing of supplies include climate change and which climate change risks are relevant to the required supplies in the contract period. It should set out how such risks are managed e.g. resilience planning that reflects climate change risks, the availability of alternative sources and others. This may include:

* Understanding which items being sourced are likely to be delayed or impacted, and planning for worst-case scenarios.
* Accelerating the introduction of alternative suppliers.
* Increasing safety stock levels.
* Mapping suppliers and identifying those known to be located in high-risk geographies, in order to understand the extent of the potential problem.

Keeping the lines of communication open with suppliers is important, so that the organisation is informed of developments and challenges being faced by suppliers.

**Example Procurement Clauses and KPIs – Contract and Supplier Management**

General specific requirements may include:

'Provide a report at the end of each 12-month period from commencement of the contract, that identifies on-going risks due to climate change, and changes and adjustments to how these are managed, as appropriate.'

This may include:

Supply chain partners, sourcing and changes in last 12 months – names, locations and climate change risk assessments.

Measures undertaken in the last 12-months to manage relevant risks – including [location of suppliers and supplies], [stock levels], [design and operation of buildings or facilities].