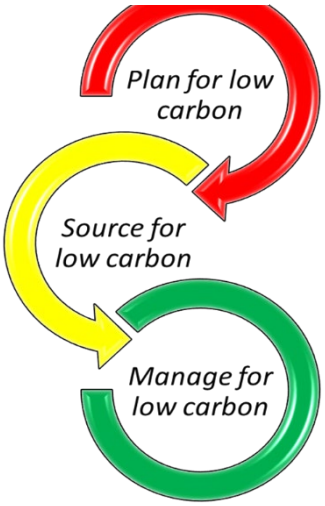
WEST LONDON LOW CARBON PROCURE Wandsworth Council TOOLKIT



Version: 1.0

Date: October 2021

Authors: Mel D'silva and James Cadman, Action Sustainability

Contents

1. Introduction

This Low Carbon Procurement Toolkit should be read in conjunction with the Low Carbon Procurement Policy, which details the vision and objectives for the eight West London Boroughs and West London Waste in meeting the net zero carbon targets. It has been created to help embed carbon considerations across the procurement and commissioning cycle and is supported by a bank of questions (SQ and ITT) and model answers to accelerate the inclusion of carbon. This toolkit applies to new procurement as well as existing, awarded contracts where low carbon considerations can be embedded within the performance management stage.

2. Purpose

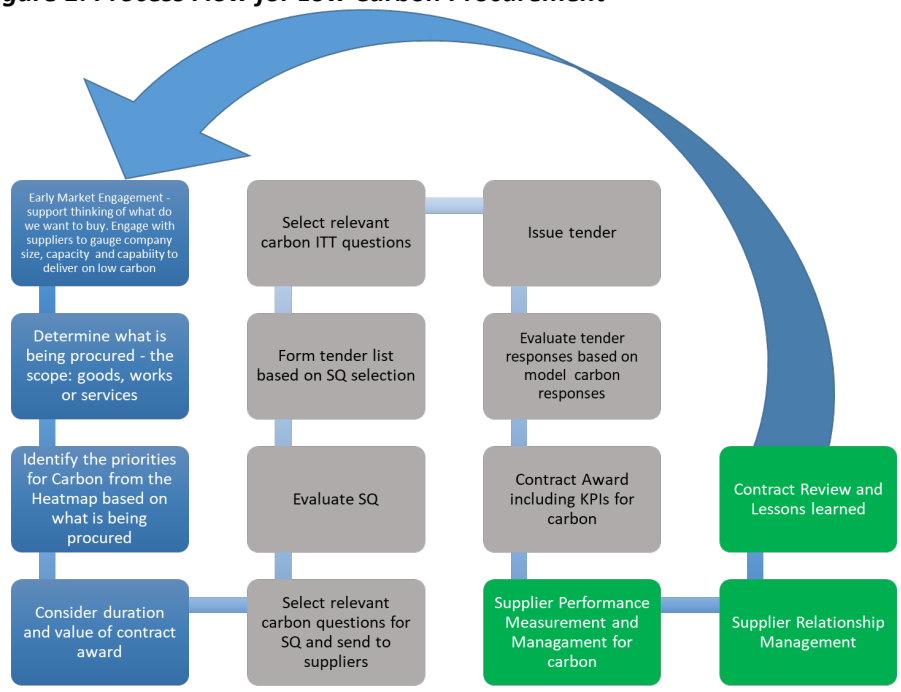
The purpose of this Procurement Toolkit is to explain when and where considerations for addressing and reducing carbon emissions is to be considered in the three stages of procurement - planning, sourcing, and managing - to achieve the targets, set out in the climate action plans for each individual Borough.

The toolkit is a live document to be used in the commissioning cycle acting as a guide for the commissioning and procurement teams within each Borough on how and where to embed low carbon procurement considerations within a spend category. The toolkit is not a set of definitive, inflexible instructions; rather the user is encouraged to approach the toolkit as the basis to develop what they need for their situation and their procurement.

This document will be updated based on legislation, government policies, the market situation, each Borough's circumstances, innovative low-carbon sustainable solutions to keep it relevant.

The diagram below shows the steps through the procurement cycle.

Figure 1: Process Flow for Low Carbon Procurement



The guidance in this toolkit describes where and how carbon should be considered, embedded, and managed in planning, sourcing, managing, and contract review stages of the commissioning cycle.

3. Planning

To embed low carbon considerations into specifications and scope for the procurement of works, goods and services, each local authority must ensure carbon considerations are included in their relevant gateway processes to drive the delivery of carbon reduction in the supply chain.

Gateway 1

The gateway at planning stage will be the procurement strategy and category strategy. In carrying out steps 1 and 2, the strategy must identify risks, opportunities, and market intelligence on possible low-carbon procurement solutions.

Step 1. Pre-market engagement considerations.

The commissioning planning phase prior to a procurement is significantly important to embed low carbon aspirations into the specification of works. Low carbon considerations can start right at early market engagement when determining what you need to buy. If opportunities are initially advertised to the open market (via London Tenders Portal and prior information notices, for example), this stage can be used to include 'feeler' questions and topics on carbon reduction, such as broad themes of the supplier's overall capacity, capability, and experience of delivering low carbon outcomes in the products and services they supply. This will help to test how well suppliers can support the Borough with net zero targets for carbon. It will also identify any suppliers that the Borough is unaware of.

There are certain 'minimum' performance levels or standards you should be considering for carbon and energy consumption that can be included in pre-market engagement, research, and routes such as meet the buyer events. These indicate your expectations for carbon to the market, as well as questions on whether the supplier has a carbon strategy and targets, an environmental management system that references carbon specifically. These are included in Appendix A.

When engaging with the supply chain in any pre-market discussions, ask questions around their latest innovations and solutions to increase environmental sustainability, to determine what can be included in the scope and specification document for the tender later in the sourcing stage.

Step 2. Identifying risks and opportunities for carbon

The Procurement Manager, in consultation with all relevant internal stakeholders who have an influence on the procurement process, should use the heatmapping risk identification process to discuss and agree what the potential risks and opportunities for carbon reduction are for the spend category(ies) in question for the Project. This should be done as early as possible in the planning stage. Importantly, it should take a direct steer from the Borough's policy, objectives, and targets for carbon reduction in terms of ambition, focus and timelines – this is the 'golden thread' – so that procurement and supply chain contribute to the Borough's overall net zero goal.

Through discussion, the heatmapping process highlights where carbon is a hotspot in the life cycle of the goods, services or works being procured. It therefore informs the prioritisation of relevant questions asked of the supply chain at SQ and Invitation to Tender (ITT) stages. The heatmapping process has crossover with other concepts such as Kraljic Matrix and the Supplier Preferencing Model.

Part 2 of this Toolkit provides a template heatmap for high level key categories of spend. This can be used as it stands, and the subsequent SQ and ITT questions that it links to. But it is strongly recommended that each Borough takes this template and develops it for their own needs. For example, adding in other categories of spend; customising and developing more detailed heatmaps for high value / high reputational procurements; as well as keeping it relevant and up to date.

The process for undertaking heatmapping requires asking three questions, as follows:

1. **Relative magnitude of impact/risk.**
   How large is the impact, risk, or opportunity from a particular category of spend? Importantly, you should be considering the inherent risk to a particular category, despite what mitigating measures are in place already. The severity of a risk should be considered red if the incident could result in a material business impact. E.g., damage to reputation with customers potentially leading to loss of sales; adverse media coverage; loss of stakeholder confidence; loss of life, environmental damage or significant health impacts leading to prosecution, statutory intervention, or loss of production; damage to employee or supplier perception of the business leading to failure to attract and retain quality resources; failure to achieve continuity of supply leading to loss of production.

3. **Scope for improvement**
   What scope is there to improve the sustainability characteristics of a given product or market? What can the manufacturers and other actors do themselves to transform the market to a situation of lower impact products? If the industry is already doing as much as it can, either due to legislation or hi-tech innovation, there may not be much more you can do with it. Or is there room for greater efficiencies with existing technology or even a jump to new technologies or business models? If such scope exists you may be able to tap into improvement activities, or support and promote them where possible.

2. **Leverage to improve**
   What leverage or influence do you have with your suppliers? Are you one of their main customers; do they supply you frequently; do you have regular engagement with them? In which case you have more opportunity to work with them to improve the sustainability of the products they supply you. Or do you purchase from a large international business that services many customers? If this is the case, you will clearly have less ability to steer them on a more sustainable course. From the opposite direction, how attractive are you to the supply base; do they want to engage with you to do business; do they see you as a market-place leader and someone they would like to be associated with for their own reputation?

4. Sourcing

Gateway 2

The gateway at sourcing stage is the tender pack. Steps 3 and 4 should contain the outcomes from the risk and opportunity analysis in the planning stage and ask the relevant questions as set out in the WLA Low Carbon Procurement Toolkit Part 2.

Step 3. Supplier Selection

In a Restricted Route tender, for the process of SQ, it is essential that suppliers can demonstrate that they possess or have access to and apply the principles of good governance. These include qualifications, competence, quality, reliability, corporate social responsibility, environmental and security compliance capabilities, to the extent necessary for them to be accepted as appropriate to supply products, deliver services or undertake works for a potential buying organization.

In this stage, having reviewed the heatmap for hotspots in the Planning Stage for the products / categories being procured, the procurement manager then selects the relevant carbon questions from this Toolkit, Part 2 to be included in the SQ and send that to the 'potential' tender list. These questions will ascertain the supplier's competence and experience for the kind of products or services being procured. By its nature it will go into more detail than Step 3, as it will focus on the products required. The buyer / procurement manager along with the environmental management team / carbon management specialist, will evaluate the SQ responses, scoring them to select the supplier list for the Invitation to Tender. For open tendering, the procurement team skips the SQ process and goes to Step 5 – ITT.

As mentioned above in this Toolkit, both the heatmap and associated SQ and ITT questions are provided as a template and guidance. The procuring authority is encouraged to adjust and develop them as necessary for the procurement action you have at hand – they are not 'written in stone'.

As part of this Toolkit, two 'pre-amble' paragraphs have also been created, below, that you can use to set the context of climate change within your tendering exercise, whether with new or existing suppliers.

Option 1: for new suppliers

[Borough Name] has committed to reducing greenhouse gas emissions from everything we commission. So that we can achieve this as effectively as possible, we have gone through a process of identifying where our biggest risks and opportunities exist for carbon reduction and have developed suitable questions on that basis. Taking this approach of prioritisation on climate change across the range of products and services we buy enables you, as our potential supply chain partner, to provide your best and most appropriate solutions to support us in our climate goal. Should you be successful, we would expect you to sign our Climate Commitment Charter as part of supporting us.

Option 2: for existing suppliers

[Borough Name] has made a public commitment to reducing our greenhouse gas emissions from everything we commission. As one of our valued supply chain Partners we would like to get your continued support in helping achieve our goals, through the products, goods and services we commission from you. As such we would like you to make a similar commitment by signing our Climate Commitment Charter, drawn up by the eight

Boroughs in West London.

Step 4. Tendering - ITT

After the SQ stage the procurement manager should then select the appropriate and relevant ITT questions to be asked of the tenderers, likewise, provided in Part 2 of this Toolkit, again flowing from the prioritised impacts in the heatmap. This is where questions are more focused on the actual contract at hand for supply or services.

The tender documents should contain relevant weightings given to the carbon-related questions versus the weighting for cost, quality, programme, and other qualitative questions. These will be determined at Borough level, depending on the goods, services or works being procured, as well as the size of the procurement.

Importantly, this toolkit also provides guidance on what a good supplier response looks like. The procurement manager along with the environmental management team / carbon management specialist, evaluates the suppliers' bid based on the questions and model answers, scoring them on a scale of 1 to 5. Responses that are rated as good, for example 4 or 5 out of 5, should be captured as a guidance for future procurements in gauging supply chain experience and capacity to deliver on low carbon.

5. Managing

Gateway 3

There are two gateways in the managing stage. The first is the contract. The targets, KPIs around low carbon that were asked of the supply chain and the commitments made in the tender responses must be written into the contract.

Step 5. Contract set-up

The scope and any conditions for delivery of carbon management and reduction, measurement against targets, and reporting, as determined by the nature of the goods, works or services being provided, should be written into the contract. There should a seamless flow, or 'golden thread' from the questions being asked about carbon and the information required from the supplier in the SQ and ITT stages through to how they demonstrate they are delivering on their proposal in the contract implementation phase. As such any reporting KPIs should be linked to the questions being set and the information required from the supplier. Example KPIs are provided in this toolkit, but others can be developed appropriate to your situation.

For example, if you are asking about vehicle emissions and how the supplier will reduce them during the contract, suitable reporting KPIs could include i) absolute total greenhouse (GHG) emissions from supplier's vehicle movements, based on VED gCO_2 per km (the "tax disc"), and ii) % reduction in GHG emissions during this contract compared to a suitable 'business as usual' benchmark.

Gateway 4

The second gateway in the managing stage is managing the supply chain performance in line with the balance score card. Contract management should allow for and capture supply chain performance, data, progress towards carbon reduction in the goods, services, works being carried out.

Step 6. Manage performance to meet the programme.

The carbon management performance of the suppliers should be measured and monitored at regular intervals, as with any performance metrics, appropriate to the nature of the contract and the KPIs set within the contract. But it should be frequent enough to allow for performance data to be used in managing the contract's delivery, not just as a post-contract assessment. Importantly, as carbon has been identified as a priority from the heatmapping, it should be a standing agenda item in supplier performance review meetings. For contracts that have been previously awarded with little or no carbon reduction considerations, the performance management stage is a good starting point to ask of the supply chain, gauge any innovative developments they are doing in terms of GHG emissions that can lend itself to the existing contract and if they can start to incorporate the goals as set out in the Low Carbon Procurement Policy going forward.

Step 7. Reporting on Carbon and environmental KPIs performance data

Data and information from performance reviews should be captured in an appropriate database or tool. Ideally suppliers will be able to report into the tool directly to reduce data handling. The collected data should be reviewed and approved within the Borough's contract delivery team. This is used to award suppliers who are performing exceptionally well or put in place a supplier improvement plan for the ones who are not performing well. Likewise, the information can be used to evaluate trends in carbon reduction over time and to understand what 'best practice' looks like, for a given contract type to support benchmarking.

Step 8. Produce case studies and lessons learned.

Capturing and reporting the benefit implemented by the supply chain through reduction of GHG emissions, and other concomitant benefits such as reduced air quality emissions, should be undertaken to record the actual value that the supply chain contributes to a project. This and wider learning from the delivery of the project or scheme should be shared internally to inform the next procurement cycle and to understand what the current best practice is. The information also contributes more widely to the Borough's overall understanding of its supply chain scope 3 emissions and objective to work towards net zero.

Appendix A – Pre-Market Engagement Questions

In the planning stage, pre-market engagement is carried out to gauge supply chain/market capacity and capability to deliver the requirements of the local authorities. The information below provides example questions on the minimum technical standards to be met by the suppliers. Asking them also gives the supply chain some insight into the local authorities' ambitions for low carbon solutions. Whilst this list provides a guidance, it is not exhaustive and will be updated based on latest market solutions, trends, policies, relevant legislations:

Plant, fleet and vehicles: 	• Road-going vehicles should at least Euro 6 engines, if not looking to alternative power sources such as electric. This will support access and compliance with the ULEZ. • Off-road plant and equipment should be least Stage V and, as above, consider alternative power sources such as hybrid and electric. This also supports the GLA's NRMM criteria.
Materials: 	• Cold and warm application materials provided to replace the need to heat asphalts, road markings and anti-skid treatments, etc • Materials such as concrete, steel, asphalt, plasterboard, and packaging, should include recycled content and other constituents that give a lower embodied carbon, as well as consideration to end-of-life recyclability. • Encouraging suppliers to bring new products to market will help accelerate the demand for lower carbon materials.
Equipment: 	• Energy-using equipment should be as efficient as possible. For example, IT should be compliant with standards such as the Energy Star; lighting should all be LED as far as possible; white goods should have as high an energy rating as possible; and HVAC should use refrigerant gases with as low a global warming potential (GWP) as possible.
Low carbon Packaging: 	• Follow the waste hierarchy to reduce packaging: avoid > reduce > reuse > recycle • Use refillable and reusable packaging, or even remove the packaging altogether • Think about lightweighting to reduce the amount of material in the packaging • Working in collaboration with product and with packaging suppliers to source materials from low carbon processes (e.g. powered by renewable energy) • Increase proportion of recycled content used (note that from 2022 taxes will apply for plastic packaging that does not contain at least 30%

	recycled content) • Increase end of life recyclability
Circular Economy, Waste & Resource Efficiency: 	• Other related aspects should be considered for reducing consumption of water, use of consumables and disposable products. This directly tackles waste, circular economy and resource efficiency, but also the embedded carbon within those products and services. • The suppliers' ambitions to be an environmentally sustainable supplier and include for sustainable solutions such as hydrogen powered vehicles or electric fleet, using low-carbon material substitutes, recycling plastic waste to reduce emissions. • Applying principles of the waste hierarchy and circular economy to within their own supply chain to help minimise carbon emissions whilst also cutting cost. This would include interrogating all procurement decisions to establish whether they are necessary. (If you do not need to buy, you will save money and carbon.)
Data measurement, monitoring and managing: 	• Does the supplier measure its carbon footprint annually? What does the organisation's carbon footprint cover? • Use of initiatives to measure, monitor carbon data such as Greenhouse Gas Protocol, Science-Based Targets Initiative, Carbon Disclosure Project
Training: 	• Providing climate literacy training to all staff working in the organisation to help embed carbon reduction priorities and enable staff to identify and capitalise on carbon reduction opportunities further down the supply chain. • Offering this training to key partners within their own supply chains will support SME and Local suppliers to respond to requirements for them to become more carbon efficient
Collaborative Partnerships: 	• Suppliers' consideration for collaborative partnership opportunities to meet the carbon reduction goals

Appendix B – Model ITT wording - example

1. CRITERIA/QUESTION TITLE/THEME

   The Climate Emergency and Delivering Low Carbon Outcomes

2. QUESTION CONTEXT:

   In [**date**] [**Council**] declared a Climate Emergency. We did so to raise the importance in tackling the serious consequences of human induced climate change, caused by greenhouse gas emissions, and the associated negative impacts on nature and society. In response, the Council has resolved to work towards carbon neutrality by 2030, considering both production and consumption of emissions. The Council's own procurement processes have been highlighted as a key lever in delivering low carbon goods and services from its supply chain, therefore contributing towards the target of making its own operations carbon neutral by 2030.

   To achieve this as effectively as possible, we have identified where our biggest risks and opportunities exist for carbon reduction within our supply chain and procurement categories and have developed suitable tender questions on that basis. We encourage you to provide us your solutions to support us in our climate goal. Should you be successful, we would expect you to sign our Climate Commitment Charter as part of supporting us.

3. CONSIDERATIONS AS PART OF THIS BID:

   The Tenderer should consider how they are measuring the carbon and other GHG emissions[1] from their organisation, and how they plan to reduce those emissions, including setting targets to monitor progress, with a particular focus on the scope of this contract.
   Responses should include consideration of the key areas where carbon and GHG emissions come from: direct energy use, transport & distribution, materials and components including packaging, and waste & recycling. In the context of this contract, tenderers should ensure that they describe:

   - How they will identify opportunities for and reduce carbon during the stages of the product of service during this contract[2], as relevant to their product or service: manufacture; transport & distribution; in-use energy consumption; packaging; and the end-of-life phase.
   - How these requirements will be cascaded into their own supply chains and the support and training they give to their staff and supply chain to enable them to contribute to delivering sustainable and low carbon outcomes.
   - Innovative and alternate sources of power, energy efficiency of equipment used, designing for circularity considerations as part of this contract
   - How they will measure any reductions and savings made against a baseline and report them to the Council.

4. RELEVANT INFORMATION:

   a) The Council's draft strategic response to the climate crisis and its interim action plan can be found

[1] SMEs can use recognised calculators, e.g., from the Carbon Trust https://www.carbontrust.com/resources/sme-carbon-footprint-calculator

[2] Procurement team to amend according to goods works or services

at: [URL to Council strategy, e.g., https://www2.harrow.gov.uk/ieDecisionDetails.aspx?AIId=121172]
b) The link to our Supply Chain Charter is below:
Our Charter – (link to the WL Low Carbon Procurement Charter)
c) If you are an SME organisation, please read the 'How do I respond' section in the guidance document
SME Guidance document link

QUESTION TITLE:	Supply Chain Manufacture – Embodied Carbon [3]
QUESTION:	
a) Provide a method statement and plan by which you will reduce the embodied carbon for the materials and products needed in this contract. • Plan to include how you will record and report on the embodied carbon footprint, both at design stage(s) and on completion / commissioning. • Provide the BRE rating for materials (steel, cement and aggregate supplies must rate as BES 6001 "very good" or above) • Consider options surrounding carbon and energy tracking, energy efficient equipment and material use, alternate innovative materials and equipment solution. Areas of focus but not limited to: • A design, compared to a business as usual / base design situation, showing how your proposal will reduce the use of materials in absolute terms (volume/ amount, for the same functionality), use materials with increased recycled content, use (different) materials with lower carbon content. • Design the works for reuse, refurbishment, recycling (circular economy), use of lean manufacturing and installation techniques. • References to carbon footprint assessments, e.g., as via standards such as BS EN 15978, BS EN 15804, and PAS 2080.	
PAGE LIMIT:	4 sides of A4 sheet.
THEME WEIGHTING IN BALANCE SCORE CARD	
QUESTION WEIGHTING:	
CONTRACT IMPLICATIONS:	Response will form part of the scope of the contract for the successful tenderer

[3] Change the title and question according to what is being procured within each category in the Toolkit part 2