



Procurement Policy Note: Carbon Reduction Contract Schedule

Action Note 01/24

March 2024

Issue

1. In 2019, the UK Government amended the Climate Change Act 2008 by introducing a target of at least a 100% reduction in the net UK territorial carbon account by 2050. This is otherwise known as the 'Net Zero' target. As environmental and GHG emissions considerations feature in the aspects of delivery of most public contracts, there are opportunities for Contracting Authorities to take steps to support the Net Zero commitment and reduce GHG emissions through public procurement.

2. Cabinet Office has developed a standard Carbon Reduction Contract Schedule which contains standard Terms and Conditions (T&Cs) that are intended to be considered alongside broader sustainability obligations and included, where relevant to the subject matter and proportionate, in Government contracts.

Dissemination and Scope

3. The contents of this Procurement Policy Note (PPN) apply to all Central Government Departments, their Executive Agencies and Non-Departmental Public Bodies, and are referred to in this PPN as 'In-Scope Organisations'.

4. Please circulate this PPN within your organisation, particularly to those with a commercial, procurement and/or contract management role.

5. Other public sector contracting authorities may wish to apply the approach set out in this PPN.

Timing

6. In-scope Organisations can apply the provisions of this PPN with immediate effect.

Action

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

8. Use of the Carbon Reduction Schedule is optional and should be included where relevant to the subject matter of the contract and proportionate to do so. It may not be appropriate to include the Carbon Reduction Schedule in all contracts.

9. Before including the Carbon Reduction Schedule in a contract, In-scope organisations should assess:

- their understanding (i.e. maturity) of carbon reduction initiatives and how to apply and monitor these
- the Supplier's understanding (i.e. maturity) of carbon reduction initiatives and ability to introduce effective measures;
- the value and estimated carbon GHG emissions linked to the contract; and
- the criticality of the contract

10. Further guidance on applying the Carbon Reduction Schedule is published alongside this PPN and in the Carbon Reduction Schedule itself.

11. It is expected that the Carbon Reduction Schedule will be incorporated into future iterations of the suite of Model Contracts (see PPN [08/23](#)). In-scope organisations may also choose to use these terms in relevant procurements, or apply them to existing contracts, through contract variation, where appropriate.

Background

12. The UK has a record of global leadership in tackling climate change and supporting clean growth. In 2006, the UK published the first global review into the economics of climate change. This led to the Climate Change Act 2008, which established a comprehensive legal framework for delivering emission reductions in the UK, including a 2050 carbon reduction target and the introduction of carbon budgets.

13. The UK's 2050 Net Zero target is one of the most ambitious in the world and was recommended by the Committee on Climate Change, the UK's independent climate advisory body. Net Zero requires a reduction in GHG emissions and (if necessary) that any GHG emissions generated are balanced by schemes to offset an equivalent amount of greenhouse gases from the atmosphere, such as planting trees or using technology like carbon capture and storage.

14. This PPN supports [Procurement Policy Note 06/21](#) 1 which applies to major government contracts, framework agreements and contracts awarded under dynamic purchasing systems, with an anticipated value of £5 million per year or more. It requires bidding suppliers to detail their commitment to achieving Net Zero through the publication of a CRP.

15. The government is committed to continuing its efforts to reduce greenhouse gas GHG emissions and deliver on its carbon budget commitments, while keeping costs down for consumers and supporting the creation of good jobs and growing the economy. As environmental and carbon considerations feature in the aspects of delivery of most public contracts, this is an opportunity to take further steps to support the reduction of GHG emissions through public procurement.

Contact

16. Enquiries about this PPN should be directed to the Crown Commercial Service Helpdesk (telephone 0345 410 2222, email info@crowcommercial.gov.uk).