

Companies bidding for major government contracts face green rules

- All companies bidding for government contracts worth more than £5million a year must commit to achieving Net Zero emissions by 2050
- The UK is the first country in the world to put such a measure in place
- New requirements come ahead of COP26 where officials hope other countries will follow suit

New measures which require businesses bidding for major government contracts to commit to achieving net zero emissions come into force today.

The implementation of these rules will help deliver the manifesto promises made by this government to reach net zero carbon emissions by 2050. The requirements will apply to any companies bidding for government contracts worth more than £5million a year, not just those who are successful.

The UK is the first country in the world to put such a measure in place, underlining the government's leadership in the fight to tackle climate change.

Chancellor of the Duchy of Lancaster Steve Barclay said:

These new rules show our bold and ambitious agenda to achieve Net Zero by 2050, protecting ourselves and future generations.

Government spends £290billion a year on procurement and it's right that we use this spending power to green the economy.

Working arm-in-arm with business, we are taking giant strides to ensure this country is building back greener and tackling climate change.

The new requirements come into effect ahead of international climate conference COP26 which the UK will host later this year, with officials at the event working closely with climate experts and campaigners to encourage other countries to follow the UK's example.

Andrew Griffith, UK Net Zero Business COP Champion, said:

The message to businesses is clear – engaging on net zero is no longer an option but a necessity from today, with businesses large and small now needing firm climate plans and commitments in place to supply major government contracts.

As we prepare to host the UN COP26 Summit this is exactly the type of leadership and collaboration required from government and business to show the world that we are serious about investing in a

greener, more prosperous future.

A carbon reduction plan sets out where an organisation's emissions come from and the environmental management measures that they have in place. Some large companies already self-report parts of their carbon emissions, known as Scope 1 (direct) and Scope 2 (indirect owned) emissions as part of the Streamlined Energy and Carbon Reporting regulations published in 2018.

The new rules will go further, requiring a commitment to achieving Net Zero by 2050 at the latest, and the reporting of some Scope 3 emissions; including business travel, employee commuting, transportation, distribution and waste for the first time. Scope 3 emissions represent a significant proportion of an organisation's carbon footprint. Understanding, reporting and reducing these emissions will play a substantial role in decarbonising governments supply chain, and the UK economy as a whole.

The new rules will drive forward the government's green agenda while also striking a balance to not overly burden and potentially exclude small and medium sized enterprises (SMEs) from bidding for government work.

CBI's Director of Decarbonisation, Tom Thackray, said:

The scale and breadth of spend makes public sector procurement an essential tool in driving net zero progress across all sectors and regions of the country. This new policy will provide a sharp focal point for public-private partnerships.

Responding to their customers and investors, businesses are eager to accelerate progress towards net zero as part of a broader sustainability agenda. Working with the public sector they can demonstrate their excellence and underline the world-leading progress many industries have already made.

Mark Fox, Chief Executive of the BSA, said:

Achieving Net Zero means everyone – government, businesses, the VCSE sector and the public as a whole – working together as one.

Harnessing the power of public procurement is one important tool at the government's disposal. That's why the BSA welcomes this move. We and our members contributed to the process of drawing it up. It is another important step on the road to Net Zero. We are pleased to see government, alongside business and the VCSE sector, taking a lead on this issue.

The measures will apply to all central government departments as well as their Executive Agencies and Non-Departmental Public Bodies.