

The Net Zero Supplier Roadmap: recommendations to help achieve Net Zero

Steps NHS organisations should take now to help reach its target of reducing carbon emissions by 80% by 2036-2039.

17 November 2021

Delivering a Net Zero National Health Service sets the NHS the target of reducing the NHS Carbon Footprint Plus to net zero by 2045. The supply of medicines, medical equipment and other supply chains make up 62% of carbon emissions within this wider footprint. If the NHS is to reach its target of reducing these emissions by 80% by 2036-2039 it will need to start putting in place measures to bring about these changes.

The Net Zero Supplier Roadmap

Delivering a Net Zero NHS references the NHS using its purchasing power to influence change. The Net Zero Supplier Roadmap approved by NHS England and Improvement expects all suppliers to publish a carbon reduction plan from April 2024, but embedding this requirement into contracts is no easy feat. If the NHS is to include a requirement on suppliers to reduce their carbon emissions and publish their carbon reduction plans, organisations will need to incorporate the relevant contract terms into their supplier contracts in clear contractual terms.

Terms and conditions

There are approximately 80,000 suppliers across the NHS providing a wide variety of goods and services. These arrangements encompass a wide variety of terms and conditions, including contracting on suppliers' terms, the NHS general terms and conditions and bespoke contracting arrangements. In many cases, original contracts will have expired and undocumented custom and practice arrangements are used.

Recommended steps

Steps that NHS organisations should be taking now include:

- Reviewing your supply chain arrangements to confirm what terms are used for contracts and whether these are documented
- Considering what contractual obligations will need to be placed on suppliers in order to require them to reduce their carbon emissions. We may see standard contract terms being introduced into the NHS standard terms and conditions to assist NHS organisations
- Carefully considering when entering into arrangements on suppliers' standard terms whether these will restrict your ability to introduce contractual obligations to meet your net zero targets in future.

NHS organisations should also think about how they can use tendering processes to understand suppliers' proposals in these areas, especially given the focus on these issues in the National Procurement Policy Statement and the recent announcement that from April 2022 NHS organisations are expected to assess social value in all tender processes for goods and services with a minimum weighting of 10%.

Concluding thoughts

Tender processes should be designed to enable the contracting authority to capture the preferred bidder's proposals in these areas as contractual commitments. Taking a proactive approach to tender design and contract management now will put your organisation on a stronger footing as these requirements are introduced over the coming years.

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