

ABERDEEN CITY COUNCIL

COMMITTEE	Strategic Commissioning Committee
DATE	1 September 2022
EXEMPT	N/A
CONFIDENTIAL	No
REPORT TITLE	Climate Weighting in Contracts Update
REPORT NUMBER	COM/22/189
DIRECTOR	Gale Beattie
CHIEF OFFICER	Craig Innes
REPORT AUTHOR	Mel Mackenzie
TERMS OF REFERENCE	4.3

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide the Committee with an update on the inclusion of a climate weighting in contracts the Council procured in financial year 01 April 2021 – 31 March 2022.

2. RECOMMENDATION(S)

That the Committee: -

- 2.1 Notes the statistics for climate weighting included within contracts in financial year 2021-2022;
- 2.2 Notes the positive outcomes achieved through procurement activity as outlined within the report; and
- 2.3 Notes that in future the Annual Procurement Report will include a section on Climate Reduction outcomes achieved through procurement and contracting activity.

3. CURRENT SITUATION

- 3.1 On 3rd March 2020 the Council considered and approved the General Fund Revenue and Capital Programme 2020/21 Report (RES/20/065), which included the recommendation as set out below:

Net Zero Transition

(iv) to instruct the Head of Commercial and Procurement to introduce a climate friendly weighting for contracts the Council procures and report back to the Strategic Commissioning Committee on the outcomes achieved annually.

- 3.2 On 16 June 2021 the Strategic Commissioning considered the Committee Commercial & Procurement Shared Service – Climate Update report and noted work carried out up to that date on inclusion of a Climate Friendly weighting in Contracts. In line with the original instruction this report has been prepared to give an update on the inclusion of a climate weighting in contracts the Council procured in financial year 01 April 2021 – 31 March 2022.

Procurement Policy & Guidance – Climate Change Duties

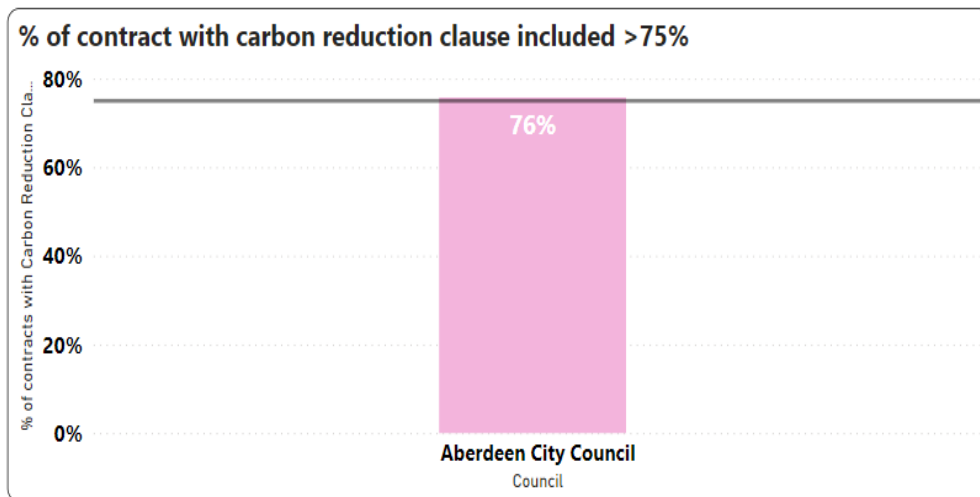
- 3.3 The Council's Sustainable Procurement and Community Benefits Policy guides sustainable procurement activity at a strategic and operational level, contributing positively and progressively to duties and commitments under Scottish Climate commitments. The policy is sufficiently agile to contribute to broader climate positive aspirations which support global energy transition, application of meaningful circular economy measures and a net zero future for Aberdeen. Strategic and practical guidance is provided at key stages: identification of need, specification development, selection/award and contract management. Policy/guidance assists procurers to proactively address key aspects of the duties: mitigation (ensuring reduction in greenhouse gases/enhancing carbon storage), adaptation (e.g., flood prevention) and maximising added social, economic and environmental value in our procurements and national frameworks call offs.

Procurement Activity – Climate Change Duties

- 3.4 In each annual period the Commercial & Procurement Shared service contribute towards the Aberdeen City Council Climate Change report and provide information relating to how procurement activity by the organisation has contributed to its compliance with climate changes duties aligned to policy and duties and commitments under the Scottish Climate commitments. Appendix 1 shows a summary of key outcomes demonstrated through existing contracts in this period and outcomes agreed as a result of procurement activity in 2021 – 2022. This is not a full representation of all activity as data is still being gathered across contracts/procurements for the Climate Change return.

Procurement Statistics (Climate)

- 3.5 A target figure was included in Commercial & Procurement Shared Service KPI's for financial year 2021 – 2022 – inclusion rate of greater than 75% in regulated procurements. In Quarter 1 2021-2022 the inclusion rate of Climate criteria in procurement activity was 55%, through engagement with delegated procurers and support in developing criteria in procurements in Q4 2021-2022 the target was exceeded, and 76% inclusion rate achieved as shown in the extract from the Commercial & Procurement Shared Service Dashboard below:



Appendix 2 – Regulated Procurements with Climate Criteria/Outcomes 2021-2022 shows a breakdown of the contracts where Climate Criteria was included in the tender and is now captured within the contract to ensure delivery.

Proposed Activity 2022-2023

- 3.6 In the reporting period, the Commercial and Procurement Shared Service (C&PSS) has continued to engage actively and positively in the net zero/sustainable procurement agenda at a local, regional and national level. Every opportunity is taken to contribute positively to the national policy agenda via working groups, User Intelligence Groups and responding constructively to statutory consultations. Options and assumptions continue to be developed and challenged in the context of cross-functional teams e.g., options for Climate Friendly Criteria (including comprehensive appraisal of carbon calculator tools) and assessment of how impacts could be monitored and reported upon.
- 3.7 C&PSS has reviewed the forward pipeline of procurements for financial year 2022-2023 and identified opportunities to include climate friendly criteria. Projects will be reviewed on a continuous basis. A further review of potential options for a system will be conducted with a view to implementing a system to monitor, measure and report on Community Benefits, Fair Work Practices, Sustainability and Climate outcomes achieved through procurement activity.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications from the recommendations of this report.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications from the recommendations of this report.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 Consideration is included within Procurement Business Cases as to how the proposed contract will support the Council's climate commitments. If no criteria are indicated to be included at this stage, officers are asked to confirm why this is the case so a level of challenge. Standard wording is included in procurement templates to ensure this is captured at tender stage through to awarded contract.

7. RISK

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Strategic Risk	Lack of progress at a national level, hinders local progress.	ACC will continue to participate in the national conversations, the local approach developed will allow for progress in the interim until such time as progress is made nationally.	L	Yes
Compliance	Increased focus on Climate Change leads to loss of focus on aspects	A balanced approach is proposed to be adopted to ensure that increased focus on carbon/climate does not diminish all other aspects of the Sustainable Procurement Duty.	L	Yes
Operational	N/A	N/A	N/A	Yes
Financial	N/A	N/A	N/A	Yes

Reputational	Lack of understanding on what outcomes we are looking to achieve.	Ensure clear guidelines are in place prior to including criteria for Suppliers and for Employees undertaking procurement activity. Highlight positive changes achieved regularly.	L	Yes
Environment/Climate	Failure to capture any impact from Contracts where the Climate Criteria is included	Establish a robust approach to Supplier Reporting in the absence of a Public Sector calculator.	M	Yes

8. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
	Impact of Report
Aberdeen City Council Policy Statement	The proposals in the report have no direct impact on the Policy Statement.
Aberdeen City Local Outcome Improvement Plan	
Prosperous Economy Stretch Outcomes	Actions to reduce carbon emissions, protect and improve the environment and will indirectly support stretch outcome 1 by having a positive impact on health and wellbeing.
Prosperous People Stretch Outcomes	Stretch outcome 11 - Actions to reduce carbon emissions; protect and improve the environment can have a positive impact on health and wellbeing.
Prosperous Place Stretch Outcomes	The proposals in this report support the delivery of stretch outcome 14 - carbon emissions reduction by 42.5% by 2026.
Regional and City Strategies	Inclusion of Climate Friendly Weightings would support several Regional and City Strategies, Strategic and Local Development Plans, Local Outcome Improvement Plan.

UK and Scottish Legislative and Policy Programmes	The proposal within this report supports the Council's compliance with Part 4 of the Climate Change (Scotland) Act 2009 and Climate Change (Emissions Reduction Targets) (Scotland) Act 2019.
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9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	Not required
Data Protection Impact Assessment	Not required
Other	Not required

10. BACKGROUND PAPERS

None

11. APPENDICES

None

11. REPORT AUTHOR CONTACT DETAILS

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Appendix 1 – Climate Change Duties – Outcomes existing contracts/new procurements 2021-2022

Contract / Procurement	Outcomes
Managed Print Contract (Aberdeen City/Aberdeenshire)	<p>From an original estate of over 5,000 unmanaged print devices in 2016 the contract systematically eliminated use of small, inefficient desktop printers requiring regular consumable replacement and rationalised to under 50% by 2018 to ENERGY STAR® power saving models. Supported by a Print Policy that drove duplex and mono print as default with encouragement to scan and move paper to digital to reduce resources and eliminate waste. The outcomes being reduced print volumes averaging 10% year on year, with an estimated 270M fewer sheets of paper used since 2016 (the equivalent to 32,393 trees). Overall, the Sustainability Calculator reports a 30% reduction in: Energy: (annualised BTUs), Greenhouse Gas Emissions (Annualised Pounds GHG) and Solid Waste (annualised Pounds SW.) Specifically, from 2018 to 2022 the CO2 emissions from electricity have reduced by approximately 13% and from paper production by 50%. The contract also ensures all removed devices are governed via Waste from Electrical and Electronic Equipment (WEEE) compliant processes and used consumables are managed through the Xerox Green World Alliance programme to recycle – minimising environmental impacts and maximising opportunities to positively contribute to the global circular economy agenda.</p>
Energy from Waste (Aberdeen City, Aberdeenshire and Moray Councils)	<p>The award of a contract for the construction of an Energy from Waste plant working towards fulfilling Zero Waste Plan requirements has been made with the facility targeted to be operational by 2023. This aims to provide a long-term solution for non-recyclable waste produced in the North East of Scotland. Facility will provide a viable solution for residual waste that will generate significant, wider benefits e.g., electricity generation and heat for local residents as a sustainable means of reducing fuel poverty. Forecasts indicate plant will process circa 150,000 tonnes of non-recyclable waste pa. Modern combustion technology utilises flexible, future-proof, cutting-edge process control. High temperature combustion provides electricity and heat from the production of steam. Project has the potential to heat 10,000 homes otherwise reliant on fossil fuels. Forecasts show around 12MW of electricity, and/or 20MW of heat as steam or hot water will be produced.</p>
Aberdeen Hydrogen Bus Projects	<p>Hydrogen buses only emit water vapour so reducing carbon emissions/air pollution compared to diesel equivalents they are replacing. The Hy Transit and HyVLoCty single decker hydrogen buses were retired at the end of 2019 and have been allocated to various learning institutions for training / parts purposes. The new hydrogen fuel cell electric double decker buses as part of the JIVE Project are a world first and arrived in November 2020 with testing phase until full launch in January 2021. Since launch in January, the fleet of 15 buses has already saved 170,000kg of CO2 – the equivalent of taking 42 cars off the road for a year. This is considered to mark a significant step forward in improving the city's air quality for residents.</p>

Fuel Cell/Hydrogen//Electric Vehicles	<p>In the reporting period, two Hyundai Nexos were deployed into the Council Fleet Car Club operated by Cowheels and one allocated to the Lord Provost (July 20) Two H2ICED (Hydrogen Internal Combustion Engine) road sweepers deployed onto the Council fleet (July + November 20) and 2 x Nissan eNV200 EVs purchased for the harbour through the EU CIVITAS PORTIS project Due to Covid 19 pandemic, the lease, purchase and deployment of other vehicles has been delayed. In the reporting period, a comprehensive fleet review was carried out to assess potential H2 demand and electric vehicles potential uptake. The findings of the review are linked here in terms of charge points, Aberdeen City Electric Vehicle Framework (and supporting Evidence Base and Baseline report) were approved by the Council's City Growth and Resources Committee in February 2021. A tariff for use of publicly available EV charge points was introduced in June 2020 (38p connection fee and 19p per kWh thereafter) A further 3 x rapid triple charger and 4 x fast chargers, each capable of recharging two vehicles at once, purchased and installed in Frederick Street car park. 2 x rapid triple chargers purchased and now operational for the harbour through the EU CIVITAS PORTIS project. 4 x replacement fast chargers (each capable of recharging 2 vehicles at once) purchased for Craibstone Park and Ride, these will replace older, less reliable units.</p>
Aberdeen City Hydrogen Energy Storage (ACHES)	<p>The facility runs off a green tariff so there are no emissions emitted, only emissions saved. During the reporting period a trial was facilitated on a tube trailer filling from the station with quantities shipped to Northern Ireland for use in their buses.</p>
Hydrogen Hub	<p>On the 11 March 2022, the Council and bp signed an agreement to form a joint venture partnership that will deliver a scalable green hydrogen production, storage and distribution facility in the city powered by renewable energy. The Aberdeen Hydrogen Hub is to be developed in three phases in response to growing demands for hydrogen. Phase one, which involves delivery of a green hydrogen production and transport refuelling facility powered by a solar farm, is targeting first production from 2024, delivering over 800 kilograms of green hydrogen per day. Future phases could see production scaled up through further investment to supply larger volumes of green hydrogen for rail, freight and marine, as well as supply of hydrogen for heat and potentially export. This expansion would be enabled by the expected increased availability of local renewable energy sources, including developments that emerge from the ScotWind offshore wind leasing round. The Aberdeen Hydrogen Hub programme will support Aberdeen City Council's ambitions to create a climate positive city and build inclusive growth through supporting hydrogen supply chain development, skills and training, and wider community benefits.</p>
Electricity Call off from National Framework	<p>Promoting greener power: option of Renewable Energy Guarantee of Origin (REGO) certificates at a fixed rate; range of Energy Efficiency Services available as additional services and opportunities to sell energy back to the grid.</p>
Natural Gas Call off from National Framework	<p>Sustainable measures and energy performance guarantee option to ensure a range of energy conservation measures.</p>
Water Call off from National Framework	<p>Climate Change Emergency measures including intelligent water management programme for reducing water usage with associated reduction in CO2 emissions.</p>

Appendix 2 – Regulated Procurements with Climate Criteria/Outcomes 2021-2022

Notice Type	Nature	Title
OJEU Contract Notice	1 Services Contract	Event Production Services
OJEU Contract Notice	1 Services Contract	Collection, Storage and Redelivery of Household Belongings Framework Agreement 2022
OJEU Contract Notice	1 Services Contract	Provision of Counselling Services for Schools
Site Notice	1 Services Contract	Community Hosting Service Youth Homelessness (Aberdeen City and Aberdeenshire)
OJEU Contract Notice	1 Services Contract	Aberdeen Car Club
OJEU Contract Notice	0 Supply Contract	Sole supplier framework for the Rolling Programme for the replacement of Technical LEV and Technical Machinery in Aberdeen City Council Secondary Schools
Site Notice	1 Services Contract	National Assistance Funeral Services
OJEU Social And Other Specific Services Public Contracts Contract Notice	1 Services Contract	Housing Support Service Young People Accommodation Based - Aberdeen City
OJEU Contract Notice	1 Services Contract	Energy Efficiency Information, Support and Advice Services
OJEU Contract Notice	1 Services Contract	EES: ABS Managing Agent
OJEU Contract Notice	1 Services Contract	Management of Catenary Cable System and Festive Lighting
	Stage 2	Replacement Kitchens and Bathrooms Framework
	Stage 2	Replacement Programme of Secondary Construction Elements (Re-issue)
	Stage 2	South College Street Junction Improvements (Phase 1)
	Stage 2	Aberdeen Hydrogen Hub Strategic Partnership
	Stage 2	Repair Works to Low Rise Properties (Framework)

Stage 2	Repair Works to Construction Systems and High-Rise Properties (Framework)
Stage 2	Design and Build contractor for Heat Network, Torry, Aberdeen V3
Stage 2	Flat Roof Replacement Works (Framework)