

Sustainability & Social Value

Expectations of Suppliers

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Introduction

Suppliers are key to supporting sustainability targets. While the NHS can modify the way it consumes goods and services to reduce carbon emissions, part of the supply chain emissions can only be reduced by suppliers themselves.

In 2020, the NHS set out an ambitious net zero target, put in place teams to support its delivery, and has been vocal about encouraging other health care systems around the world to follow its lead.

For the emissions we control directly (the NHS Carbon Footprint), we will reach net zero by 2040, with an ambition to reach an 80 percent reduction by 2028 to 2032. For the emissions we can influence (our NHS Carbon Footprint Plus), we will reach net zero by 2045, with an ambition to reach an 80 percent reduction by 2036 to 2039.

For our supply chain, this gives a very clear message about our direction. To build on this and to give our suppliers a clearer idea of what the path to net zero will look like for healthcare, the NHS Net Zero Supplier Roadmap was approved by the NHS England Board in September 2021.

The Five asks of our Suppliers.

When it comes to NHS Supply Chain and the suppliers within our frameworks, we are also trying to be clear with them about our ambition, but also what we expect of them now.

We call these our five asks – these align with the NHS Net Zero Supplier Roadmap.

The roadmap sets out clear milestones for anyone wanting to supply to the NHS – what we want, by when, and what we expect as a minimum from our suppliers.

At NHS Supply Chain we are also looking across our portfolio and identifying the areas that need work.

This ranges from our overall logistics contract to each of the frameworks we provide. It defines how we present and give our customers information and data, to enable them to make informed choices.

Collaboration is key, as we all need each other to reach our net zero ambitions.



1. Carbon Reduction Plan

The Requirement:

From 1 April 2023, NHS organisations require all suppliers of new contracts for goods, services, and/or works with an anticipated contract value above £5 million per year (excluding VAT) to publish a Carbon Reduction Plan (CRP) for their emissions from the sources included in scope 1 and 2 of the Greenhouse Gas (GHG) Protocol, and a defined subset of scope 3 emissions, aligning with the government's procurement policy note (PPN) 06/21

<https://www.gov.uk/government/publications/procurement-policy-note-0621-taking-account-of-carbon-reduction-plans-in-the-procurement-of-major-government-contracts>

From 1 April 2024 this will expand to all procurements as laid out in the NHS Supplier Roadmap detailed below.

In Frameworks, at the point of tender it is not known what the contract value will be, and therefore we are requiring all suppliers to have a Carbon Reduction Plan.

Action for suppliers to take:

Do you have one?

Is it up to date?

If you do not have all the required information, have you written an explanation and do you have a plan to get it?

Note:

Within the 'QUALIFICATION ENVELOPE' of the NHS Supply Chain eProcurement Portal includes a mandatory question requesting a link to the supplier's most recently published Carbon Reduction Plan. A URL link is provided within the question, to the GOV.UK website where the full details of PPN 06/21 can be found, along with a guidance document, technical standards, frequently asked questions, and a Carbon Reduction Plan template. Further mandatory self-declaration questions are asked within the same section of the 'QUALIFICATION ENVELOPE'

How will this be assessed:

SQ Question: Clearly defined Yes/No Criteria

Yes – meets the requirements of the PPN: Commitment to Net Zero, Website link, signed off by board, relevant data, or explanation and timelines for getting data	Pass SQ Stage
No	Fail SQ Stage

2. Social Value

The Requirement:

As of 1st April 2022, the NHS adopted the Government's Social Value Model (PPN 06/20) in the award of NHS contracts.

The government defines five specific social value themes:

1. Fighting climate change
2. COVID-19 recovery
3. Tackling economic inequality
4. Equal opportunity
5. Wellbeing

The themes which will be evaluated for the purposes of this Framework will be identified using the NHS Supply Chain Social Value tool.

Social value will also be monitored throughout the lifetime of the Framework Agreement.

Action for suppliers to take:

What can you do during the period of the contract or Framework management relating to the product or service you are offering? Do you understand the impact the product has, and how you will measure the improvement over the course of the contract?

Note:

NHS Supply Chain has introduced a tool, the NHS Supply Chain Social Value tool, for categories to support the setting of appropriate questions. The tool selects 2 questions appropriate to the procurement activity, the questions in the tool are below.

Must be included in all procurements	<p>Q1. Fighting climate change</p> <ul style="list-style-type: none"> • Please describe the Carbon or Environmental Impact of the product which is the subject of this procurement? • How through the lifetime of the contract or Framework Agreement will you measure and reduce this impact? • Please describe the Modern Slavery issues within the supply chain related to the product which is the subject of this procurement?
Will be included in all procurements as being at Medium or High Risk in relation to Modern Slavery (See Section on Modern Slavery)	<p>Q2. Equal opportunity – Modern Slavery Risk</p> <ul style="list-style-type: none"> • How through the lifetime of the contract or Framework Agreement will you identify, mitigate, and manage modern slavery risks and improve the impact you are having in the areas identified at risk of Modern Slavery?
	<p>Q3. Fighting climate change - Circularity Opportunity</p> <ul style="list-style-type: none"> • Please describe the product which is the subject of this procurement can be reused, repaired, or recovered? • How through the lifetime of the contract or Framework Agreement will you measure and increase the life of the materials used in the product?"
	<p>Q4. Wellbeing</p> <ul style="list-style-type: none"> • Please describe the mental and physical health issues within the industry related to the product which is the subject of this procurement?

	<ul style="list-style-type: none"> How through the lifetime of the contract or Framework Agreement will you measure and improve the impact you are having on the highlighted issues?
	<p>Q5. Equal opportunity</p> <ul style="list-style-type: none"> Please describe the Equality, Diversity & Inclusion (EDI) issues within the industry related to the product which is the subject of this procurement? How through the lifetime of the contract or Framework Agreement will you measure and improve the impact you are having in the highlighted EDI field?" "Please describe the Economic Inequality issues within the supply chain related to the product which is the subject of this procurement?
	<p>Q6. Tackling economic inequality</p> <ul style="list-style-type: none"> How through the lifetime of the contract or Framework Agreement will you measure and improve the impact you are having in the highlighted inequality?" "Please describe the product which is the subject of this procurement supports UK Economic growth?
	<p>Q7. COVID-19 recovery</p> <ul style="list-style-type: none"> How through the lifetime of the contract or Framework Agreement will you measure and improve the impact you are having in the UK Economy?

How will this be assessed:

AQ Question: Minimum 10% weighting on 2 questions scored 0-4.

There maybe some instances where a third question maybe appropriate, particularly if a higher weighting is given, such as frameworks covering reusable items.

3. Evergreen Sustainable Supplier Assessment

The Requirement:

The Evergreen Sustainable Supplier Assessment is an online tool which enables suppliers to engage with the NHS on their sustainability journey and understand how to align with the NHS net zero and sustainability ambitions, including those set out in the NHS net zero supplier roadmap. After completing the assessment, suppliers will receive a sustainability maturity score against NHS priorities, which signposts their current position and pathway to progress.

Suppliers bidding to be on any future NHS Supply Chain Frameworks will be required to submit an Evergreen Assessment as part of the tendering process. It is recommended that suppliers complete the assessment annually and the maturity score will be valid for 12 months. However, suppliers will be able to update their annual assessment with significant updates at any time throughout the year, where appropriate.

Please follow this link for instructions and access for this assessment:

<https://www.england.nhs.uk/nhs-commercial/central-commercial-function-ccf/evergreen/>

Action for suppliers to take:

Have you completed this?

See our Useful Links section to find out more and follow the process.

Note:

The Evergreen Assessment is a tool to allow a single conversation across the NHS, with a clear aim of repeating duplication and asking suppliers the same question multiple times. It is also a way of the NHS understanding where the suppliers are on the NHS Net Zero Journey and indicating where the NHS needs to put resources and support to help us all achieve the Net Zero goals.

How will this be assessed:

At the point of contract award does the supplier have an up-to-date Evergreen Assessment Yes/No

Yes – has an Evergreen Assessment	Pass relevant stage of the tender
No	Fail relevant stage of the tender

Completion will be verified by NHS Supply Chain at SQ stage.

4. Net Zero Supplier Roadmap

The Requirement:

The NHS England Public Board approved a roadmap to help suppliers align with NHS' net zero ambition between now and 2030. Suppliers on NHS Supply Chain Framework Agreements are encouraged to start thinking what steps they will take in the future to align with the Net Zero Supplier Roadmap set out below.

- From April 2027: all suppliers will be required to publicly report targets, emissions and publish a Carbon Reduction Plan for global emissions aligned to the NHS net zero target, for all of their Scope 1, 2 and 3 emissions.
- From April 2028: new requirements will be introduced overseeing the provision of carbon foot printing for individual products supplied to the NHS. The NHS will work with suppliers and regulators to determine the scope and methodology.
- From 2030: suppliers will only be able to qualify for NHS contracts if they can demonstrate their progress through published progress reports and continued carbon emissions reporting through the Evergreen sustainable supplier assessment.

Action for suppliers to take:

Suppliers need to be familiar with the roadmap, understand it, and prepare for upcoming milestones.

Suppliers need to be able to demonstrate the social value they can offer.

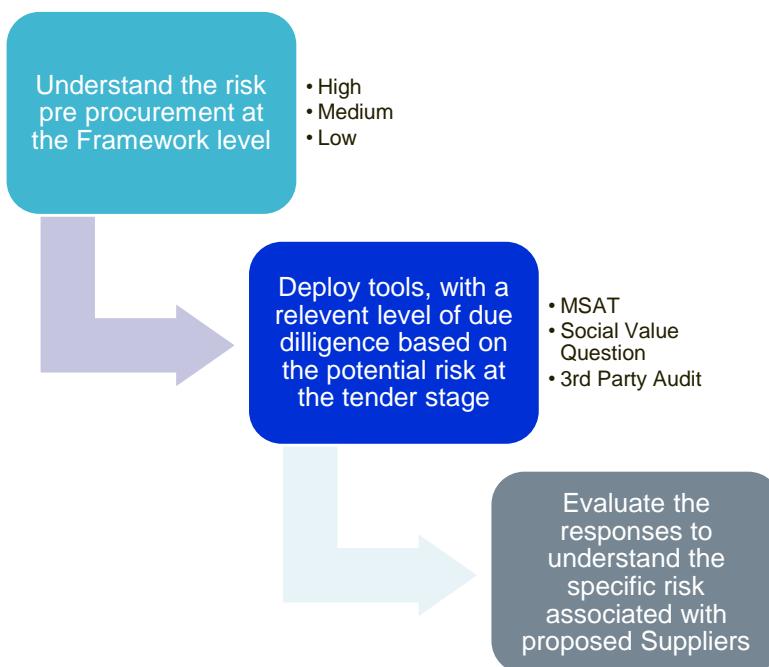
How will this be assessed:

Not Assessed – there is an expectation that suppliers are working towards future milestones. For Example, the milestone for 2028, how over the course of the framework – which will take us up to 2028 – is the supplier/applicant preparing for this milestone?

5. Modern Slavery

The Requirement:

From April 2023, the NHS adopted PPN 02/23 “Tackling Modern Slavery in Government Supply Chains”. The PPN requires the risk of Modern Slavery to be identified for each Procurement activity, and appropriate due diligence conducted to manage these risks.



Each NHS Supply Chain procurement will be assessed, using a standard methodology. The methodology has been developed using a database of risk, mapped to Eclass codes, this has been mapped to the procurement activity to assess the level of risk associated with the activity, prior to knowing which specific suppliers and value chains are going to be used. Based on that risk the following tools will need to be applied to understand the specific risk in the proposed supply chains

Framework Risk	Tools to Use
Low Risk	MSAT
Medium Risk	MSAT + Social Value Question
High Risk	MSAT + Social Value Question + 3 rd Party Audit

The results of the tools will then be used to assess the level of risk in the Suppliers Value chain.

Supplier Risk	Outcome
Low Risk	Ok to proceed
Medium Risk	Include Social Value KPI in contract, additional contract clauses

High Risk	Review whether we should be contracting with this value chain.
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Action for suppliers to take:

Have you completed the Modern Slavery Assessment Tool (MSAT) and do you have a plan in place to pick up on the recommendations it makes?

The MSAT should be reviewed at least annually to make sure it is relevant, up to date and reflects the work you may be doing.

Note:

NHS Supply Chain have adopted the Supplier Registration System for Government (SRS) for the MSAT (Modern Slavery Assessment)

Please visit:

<https://supplierregistration.cabinetoffice.gov.uk/>

If you already have an SRS account, then “Sign In” to your Dashboard.

If you are new to SRS then select “Register” from the top right-hand options on screen and follow the instructions to set up an account.

Once you are signed into your Dashboard, go to the ‘Get Started Menu’ and select the ‘Enter’.

You are able to share your assessment, using the ‘Share’ button in the assessment – the organisation to share with is ‘NHS Supply Chain Coordination’

If you have any issues registering for an account or accessing the Assessments, then please contact SRS Support on 0845 2992994 or at support@nqc.com.

How will this be assessed:

For All suppliers – MSAT – Yes/No – and risk level at SQ stage

Medium and High-Risk Frameworks – Social Value Question – risk level – guidance in social Value tool

High Risk – 3rd party Audits

	MSAT	Social Value Question	3rd Party Audit
Low Risk	70% or Higher	Demonstrates understanding of the risk in their supply chain and the actions they are actively taking to address it	Low Risk /Impact on all 11 ILO indicators of Modern Slavery
Medium Risk	40 to 70%	Has some understanding of the risk in their supply chain, but actions are limited	Medium Risk /Impact on any of the 11 ILO indicators of Modern Slavery
High Risk	Below 40%	Either does not understand the risks in their supply chain or is not engaged in managing it	High Risk /Impact on any of the 11 ILO indicators of Modern Slavery

What do we need from a 3rd party Audit?

We are not stipulating which auditing bodies suppliers use.
The requirement for the audit is that it assesses the 11 ILO Indicators

- Abuse of vulnerability
- Deception
- Restriction of movement
- Isolation
- Physical and sexual violence
- Intimidation and threats
- Retention of identity documents
- Withholding of wages
- Debt bondage
- Abusive working and living conditions
- Excessive overtime

For each indicator we are looking to understand if there is a high, medium or low risk around the indicators.

What is being assessed?

How is it to be assessed?

The 11 ILO Indicators

- Abuse of vulnerability
- Deception
- Restriction of movement
- Isolation
- Physical and sexual violence
- Intimidation and threats
- Retention of identity documents
- Withholding of wages
- Debt bondage
- Abusive working and living conditions
- Excessive overtime

	Insignificant	Minor	Significant	Major	Severe
Rare	Low	Low	Low	Medium	Medium
Unlikely	Low	Low	Medium	Medium	Medium
Moderate	Low	Medium	Medium	High	High
Likely	Medium	Medium	High	High	High
Almost Certain	Medium	Medium	High	High	High

<https://www.ilo.org/global/topics/forced-labour/>

Definitions

Term	Definition
Carbon neutral:	Typically refers to Scope 1 and 2 emissions and is focussed on carbon offsetting.
Net zero:	Encompasses Scope 1, 2 and 3, and all greenhouse gas emissions. The seven greenhouse gases covered by the Kyoto Protocol are carbon dioxide (CO ₂), methane (CH ₄), nitrous oxide (N ₂ O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF ₆) and nitrogen trifluoride (NF ₃).
EDI	<p>Equality, Diversity, and Inclusion</p> <p>At its core, equality means fairness: we must ensure that individuals, or groups of individuals, are not treated less favourably because of their protected characteristics. Equality also means equality of opportunity.</p> <p>Diversity is recognising, respecting, and celebrating each other's differences. A diverse environment is one with a wide range of backgrounds and mindsets, which allows for an empowered culture of creativity and innovation.</p> <p>Inclusion means creating an environment where everyone feels welcome and valued. An inclusive environment can only be created once we are more aware of our unconscious biases and have learned how to manage them.</p>
Value Chain	<p>A value chain refers to the full lifecycle of a product or process, including material sourcing, production, consumption, and disposal/recycling processes.</p> <p>We have used this term in the document, rather than Supply Chain, because our organisation name is NHS Supply Chain, and we are trying to be clear about what we mean and not confuse the part we play and that our suppliers play.</p>
SQ	Selection Questionnaire
AQ	Award Questionnaire this may also be known as the Technical Envelope
Scope 1	Scope 1 covers emissions from sources that an organisation owns or controls directly – for example from burning fuel in our fleet of vehicles (if they're not electrically-powered).
Scope 2	Scope 2 are emissions that a company causes indirectly and come from where the energy it purchases and uses is produced. For example, the emissions caused when generating the electricity that we use in our buildings would fall into this category.
Scope 3	Scope 3 encompasses emissions that are not produced by the company itself and are not the result of activities from assets owned or controlled by them, but by those that it's indirectly responsible for up and down its value chain. An example of this is when we buy, use and dispose of products from suppliers. Scope 3 emissions include all sources not within the scope 1 and 2 boundaries.
EClass	NHS-eClass is a bespoke classification system for products and services, owned by the English NHS. The purpose of NHS-eClass is to facilitate the accurate analysis of expenditure. NHS-eClass is now administered by NHS Shared Business Services.

References & Links

Title	Location
Supplier Code of Conduct	https://wwwmedia.supplychain.nhs.uk/media/supplier_conduct_code.pdf
Privacy Policy	https://www.supplychain.nhs.uk/legal-information/privacy/
NHS T&Cs for Supply of Goods	https://www.england.nhs.uk/wp-content/uploads/2022/09/B1434-nhs-terms-and-conditions-for-the-supply-of-goods-and-the-provision-of-services.pdf
Modern Slavery Act 2015	https://www.gov.uk/government/collections/modern-slavery-bill
Modern Slavery Assessment Tool	https://supplierregistration.cabinetoffice.gov.uk/msat
Evergreen	https://www.england.nhs.uk/nhs-commercial/central-commercial-function-ccf/evergreen/
Carbon Reduction Plan	https://www.england.nhs.uk/long-read/carbon-reduction-plan-requirements-for-the-procurement-of-nhs-goods-services-and-works/
PPN 06/20	https://www.england.nhs.uk/long-read/carbon-reduction-plan-requirements-for-the-procurement-of-nhs-goods-services-and-works/
PPN 06/21	https://www.gov.uk/government/publications/procurement-policy-note-0621-taking-account-of-carbon-reduction-plans-in-the-procurement-of-major-government-contracts
PPN 02/23	https://www.gov.uk/government/publications/ppn-0223-tackling-modern-slavery-in-government-supply-chains
Health & Care act	https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1115453/health-and-care-act-2022-summary-and-additional-measures-impact-assessment.pdf
Delivering net zero report	https://www.england.nhs.uk/greenernhs/a-net-zero-nhs/
NHS England Supplier Roadmap	https://www.england.nhs.uk/greenernhs/get-involved/suppliers/

Appendix 1: Carbon Reduction Plan Selection Criteria

Selection Questionnaire		
1	Please confirm that you have detailed your environmental management measures by completing and publishing a Carbon Reduction Plan which meets the required reporting standard.	Yes / No PASS / FAIL
	Provide a link to your most recently published Carbon Reduction Plan here:	
2	Please confirm that your organisation is taking steps to reduce your GHG Emissions over time and is publicly committed to achieving Net Zero by 2050	Yes / No PASS / FAIL
	Please confirm your Net Zero target date: e.g. 2050	
Supplier Emissions Declaration:		
3	Baseline Year:	
	Scope 1:	
	Scope 2:	
	Scope 3:	
4	Reporting Year:	
	Scope 1:	
	Scope 2:	
	Scope 3:	