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## **New public-private initiative paves the way for low-carbon procurement worth over £1bn**

Commitments made by leading UK companies and government departments in three joint Procurement Compacts will drive low carbon sourcing in more than £1bn of spending and set an important precedent for the future, it was revealed today.

The new initiative, spearheaded by the Department for Business, Innovation and Skills and The Prince of Wales's Corporate Leaders Group on Climate Change, will demonstrate demand for low to zero carbon products in three pilot sectors – catering, transport and renewable energy – thus encouraging innovation and investment by suppliers, and driving growth and jobs.

With the participation of BT, EDF Energy, BSkyB, Lloyds Banking Group, Government Procurement Service, and key Ministries such as DECC and Defra, the project should drive a significant reduction in UK emissions and set a precedent for other sectors and organisations.

Neil Carson, CEO of Johnson Matthey, said: "This is a clear example of collaborative sustainability leadership. It sets a great precedent. We believe it will drive innovation and reduce the carbon emissions embedded in these goods and services. A strong message is being sent to suppliers: lower carbon products have a competitive advantage."

Vince Cable, Secretary of State for Business, Innovation and Skills said: "A green economy has economic as well as environmental benefits. It can help UK businesses manage risks arising from fluctuating fossil fuel prices and increase resilience, in particular from the impacts of climate change, and seize the opportunities from emerging markets both at home and abroad. The Government has a key role to play in ensuring more effective supply chain engagement, and by signalling demand for low carbon innovation. This important initiative will help to drive investment in new and better goods and services."

In the **fleet compact** the signatories identify a need for low-emission vehicles that offer range and refueling times comparable to conventional combustion engine vehicles. They note that Battery Electric Vehicles have a role to play but are not sufficient for a significant proportion of fleets.

The potential of the initiative is indicated by the following statistics about some of the signatories: Government Procurement Service is tendering in 2014 for replacement vehicle purchase, hire and lease frameworks with a potential value of £800m; BT has one of the largest vehicle fleets in Europe with approximately 26,000 commercial vehicles and 6,000 company cars; and Lex AutoLease procures 75,000 cars a year for its customers.

In the **catering compact** the signatories state their ambition to purchase progressively lower carbon catering goods and services, taking into account food procurement, transportation, distribution, preparation, and waste management. Signatories include Lloyds Banking Group, which has catering in over 80 offices, and Nottingham University Hospitals NHS Trust, which serves 3 million meals per year.

The total energy consumption of Britain's catering industry is estimated to be in excess of 21,600 million kWh per year. Over 30% of the energy is used in commercial catering establishments, and more than 50% in non-commercial catering such as schools and hospitals. With moderate improvements in efficiency, and effective use of equipment, savings of up to 20% are achievable - equivalent to £80 million per year.

In the **renewable energy** compact, signatories state that biomethane could make an important contribution to their energy requirements if its use could be decoupled from its generation using the gas grid. They note

that existing solutions for onsite renewable energy generation such as solar PV and wind turbines can only address a fraction of the need and can be difficult to deploy.

One signatory, BT, uses nearly 1% of all the UK's electricity to power its telephone and broadband networks. BT has committed to source 25% of its energy from renewables by 2016 and estimates that it could use an extra 30 million m<sup>3</sup> of biomethane every year.

Iain Gray, Chief Executive of the Technology Strategy Board, said: "As the UK's innovation agency, we believe that there is huge potential to use the purchasing power of the public and private sectors to stimulate innovation and at the same time to deliver benefits to the economy and the environment. We very much welcome this initiative and the future demand it will create for innovative low carbon products and services."

**/ Ends**

Notes:

- An official launch will take place on Wednesday 16 May 2012 at The Royal Society.
- **For more information, to arrange to attend the launch, or to receive embargoed materials in advance, contact Amy Barry on +44 7980 664397, [amy@amybarry.net](mailto:amy@amybarry.net).**
- Participating organisations: Johnson Matthey, Lloyds Banking Group, BSkyB, BT, EDF Energy, Anglian Water, BAA, Lex Auto Lease, Philips, Thames Water, Kingfisher / B&Q, Government Procurement Service, DECC, DEFRA, Bedford College, Wiltshire College, Nottingham University Hospitals NHS Trust, The Rotherham NHS Foundation Trust, University College London Hospitals, Ministry of Justice, Research Councils UK Shared Services Centre, Birmingham City Council, Wakefield and District Housing.

The **Prince of Wales's UK Corporate Leaders Group on Climate Change** was established in 2005, bringing together some of the UK's largest businesses from across a range of sectors. The group's mission is to "trigger the step-change in policy and action needed both to meet the scale of the threat posed by climate change, and to grasp the business opportunities created by moving to a low-climate-risk economy." The group is managed by The University of Cambridge Programme for Sustainability Leadership on behalf of HRH The Prince of Wales.

The **Department for Business, Innovation and Skills (BIS)** works with the Cabinet Office to develop a public procurement culture that both stimulates innovation in the economy and helps the public sector to meet its future needs at better value for money for the taxpayer. BIS, in partnership with other public sector partners, has supported a number of successful Forward Commitment Procurement (FCP) projects. FCP aims to use the power of government procurement to accelerate technology development.

The **Technology Strategy Board** is the UK innovation agency which works to create economic growth by ensuring that the UK is a global leader in innovation. Sponsored by the Department for Business, Innovation and Skills (BIS), the Technology Strategy Board brings together business, research and the public sector, supporting and accelerating the development of innovative products and services. The Technology Strategy Board has a focus on demand led innovation including the use of procurement to stimulate innovation in business. For more information please visit: [Technology Strategy Board website](#).