

Updated April 2023

“With the NHS representing more than 5% of the UK’s total carbon footprint, we have to recognise that we are a significant part of the problem. But can also be a significant part of the solution and that’s why it is so important that healthcare systems and organisations adopt a leadership position.”

Dame Jackie Daniel, CEO, Newcastle Hospitals

Project Summary

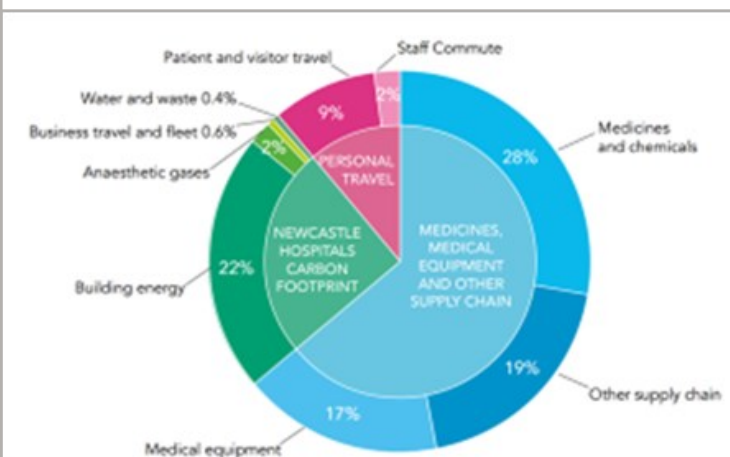
Newcastle Hospitals are committed to net-zero carbon across footprint plus by 2040. To progress towards this goal, we participated in a project, funded by the Local Enterprise Partnership (LEP), to pilot a bespoke SmartCarbon Calculator for the healthcare sector. The goal was to increase the accuracy of reporting across scopes 1, 2 and 3 and improve the methodology for measuring emissions associated with purchased goods and services.

We established a Sustainable Procurement Working Group to oversee progress against our sustainability strategy and, together with SmartCarbon Ltd, developed a simple 5 step framework to proactively engage supply chain members from smallest to largest. More than 750 suppliers have engaged with encouraging feedback.

The framework is based on the Greenhouse Gas Protocol and supports requirements within the NHS E&I Net Zero Plan, Supplier Roadmap and Evergreen Sustainable Supplier Assessment as well as the Government Social Value Model, PPN 06/20 and PPN 06/21.

The Issue

Supply chain emissions are estimated to contribute 75%+ of the total carbon footprint of the Trust (Annual Shine Report, 2022). Although these scope 3 emissions are outside our control there is great opportunity to influence change towards a goal of Net Zero Carbon by 2040.



Currently most NHS Trusts use carbon factors attributed to NHS-eClass spend codes to calculate supply chain emissions, if they are calculating them at all.

However, basing emissions calculations on spend based data can be misleading, i.e. higher spending means higher emissions, the factors have not been revised since 2007 and, importantly, this method does not capture the progress of suppliers to reduce their emissions, or the distance travelled in the transport and distribution stage, meaning a product from the other side of the world is

reported as the same emissions as a similar product from a local supplier.

The Solution

A Sustainable Procurement Working Group was established, led by the Director of Supplies and Procurement, to bring together relevant expertise. Working in partnership with SmartCarbon Ltd, Newcastle Hospitals developed a five step supply chain framework, which aims to proactively engage and support suppliers, from smallest to largest.

Step 1: We listened to supplier views via a questionnaire, and were encouraged by the high response rate and the fact that 98% of respondents supported our Net Zero goal.

Step 2: We delivered webinars to raise awareness, inform and engage suppliers about our action plans and Carbon Footprint Plus reporting. This included case studies and sharing best practice.

Step 3: We invited suppliers to report their annual performance directly, via the SmartCarbon Calculator platform.

Step 4: We require suppliers to commit and publish Net Zero targets aligned with Newcastle Hospital's 2040 ambition, by 2030.

Step 5: We require suppliers to publish a Carbon Reduction plan and report annual progress towards their Net Zero goals.

Net Zero Carbon Supplier – 5 step process



1. Share your views via annual supplier survey



2. Access support (webinar and info pack)



3. Measure and report your carbon footprint



4. Publish Net Zero target (minimum 2040)



5. Publish a Carbon Reduction Plan

**Each step is optional
(but you must have step 4 in place by 2030)*

The Carbon Footprint and Carbon Footprint Plus emissions were all calculated using the SmartCarbon Calculator platform, which provides access to the 7000+ UK Government emissions factors, as well as additional bespoke options, such as Working From Home (WFH) and healthcare sector-specific factors.

The supplier dashboard has been developed to calculate supply chain emissions, using a combination of both spend code factors together with more detailed direct reporting from the suppliers themselves.

Suppliers are requested to input their scope 1, 2 and a sub set of scope 3 carbon emissions, their annual turnover, and their value of sales to

Newcastle Hospitals. This information allows the calculator to work out what proportion of their carbon footprint is attributable to our organisation's activity.

Where suppliers are not already calculating their own carbon footprint they can choose to be supported by SmartCarbon to do that.

These directly reported emissions are used in combination with the spend code calculations as we move towards a time when 100% of our suppliers report their carbon emissions directly to us via this platform.

This approach was developed to support requirements within the NHS E&I Net Zero Plan, Supplier Roadmap and Evergreen Sustainable Supplier Assessment as well as the Government Social Value Model, PPN 06/20 and PPN 06/21.



The Results

- Improved accuracy and relevance of emissions data collected.
- 766 suppliers engaged (22% of the 3,400 supplier base).
- 87% support our 2040 Net Zero ambitions.
- Overwhelmingly positive feedback from suppliers.

Lessons Learned and Next Steps

Regardless of the approach, influencing the reporting and reduction of supply chain emissions remains particularly challenging as these emissions lie outside the control of the hospitals.

Challenges include engaging the full supplier base, and with pressures on the Trust's Supplies and Procurement department resource, this remains a large piece of work to complete.

Suppliers face multiple pressures and deadlines for carbon reporting. By ensuring this framework supports and aligns with requirements within the NHS E&I Net Zero Plan, Supplier Roadmap and Evergreen Sustainable Supplier Assessment as well as the Government Social Value Model, PPN 06/20, PPN 06/21 and the Greenhouse Gas Protocol, we have ensured suppliers can see the value of participating.

Small businesses have demonstrated that they want to be included in the programme, they need more support than the larger suppliers who have already set their Net Zero plans and calculate their carbon footprints.

We plan to:

- Introduce a contract requirement for all suppliers to report carbon performance, targets and carbon reduction plans via the platform.
- Monitor levels of engagement at each step, with the short-term goals of 25% of suppliers at step 1, 10% at step 2 and 10% at step 3 in 2023, with increasingly ambitious targets to 2025. 100% of suppliers must have step 4 in place before 2030.
- Maintain the [sustainable suppliers](#) webpage with guidance and support information
- Focus action on supplier engagement in carbon hotspots (e.g. by top spend or high impact areas such as medicines and construction), including deep dive meetings and site visits.
- Expand reporting over time (e.g. integrating questions about climate change risk assessment and adaptation plans).
- Develop a climate collaborative community to promote sharing of unique challenges and peer-led problem solving

We are now into year 3 of the programme. Suppliers engaged include NHS Supply Chain (SCC Ltd), Johnson and Johnson, Drager, Siemens, GE Healthcare, SharpSmart, Vanguard, NHS BT, NE1 logistics, Potts Printers, Braun Medical Ltd, ESH Group and Medical Architecture.

We are encouraged to see a good mix of different sizes of organisations participating (Micro 30%, Small 23%, medium 27%, large 12%, very large 5%, enterprise 2%), and a good spread of sectors.

Example supplier comments

"As a small business, we would welcome advice and support."

"Thank you for taking a positive stance on this issue."

"Really enjoyed the webinar and net zero carbon will positively impact on my sector so that is encouraging from a business point of view but going forward this is mega important for the next generation!"