FREE GUIDE

What is a Carbon Reduction Plan, and does your business need one?

A plain-English guide for electrical and M&E contractors

IN BRIEF

- A Carbon Reduction Plan is a short, published document that states your emissions, your targets and your commitment to reach Net Zero by 2050.
- Central government asks for one on most contracts worth more than £5 million a year. The NHS has its own version, and some main contractors ask their supply chain for the same.
- It is checked on a pass or fail basis. Without a compliant plan, the bid goes no further.

What a Carbon Reduction Plan is

A Carbon Reduction Plan sets out how much greenhouse gas your business emits, what you have done to cut it and how you will reach Net Zero. The government publishes a template, and buyers expect you to use it. A sustainability policy or a page in your company brochure does not count.

The requirement comes from Procurement Policy Note 006, known as PPN 006. It replaced PPN 06/21 for procurements advertised on or after 24 February 2025. The substance of the requirement is unchanged.

Who needs one

Central government work. Every central government department, executive agency and non-departmental public body is required to ask for a plan when a contract is worth more than £5 million a year, including VAT, unless that would not be relevant or proportionate to the contract. On a framework, the rule applies where an individual contract passes that value.

NHS work. The NHS runs its own version. Since April 2023 it has required a Carbon Reduction Plan for new contracts above £5 million a year. Since April 2024 it also asks for a full plan on every new framework, whatever its value, and for a shorter Net Zero Commitment on smaller contracts above the procurement threshold.

Subcontract work. PPN 006 places no duty on subcontractors. In practice, some main contractors now ask for a plan at pre-qualification as part of their own supply chain policies. If you work for Tier 1 contractors on public projects, expect the question.

If none of these apply to you today, a plan is still worth having before the tender that needs it arrives. It cannot be produced in the week a bid is due.

What a compliant plan contains

The government template has six parts.

1. **Commitment to Net Zero**
   A statement that the business will reach Net Zero by 2050 at the latest.
2. **Baseline emissions**
   Your emissions in a chosen starting year, in tonnes of CO_2e.
3. **Current emissions**
   The same figures for your latest reporting year, so progress can be seen.
4. **Reduction targets**
   How far you expect emissions to fall, and by when.
5. **Carbon reduction projects**
   What you have already done, and the measures that will apply while you deliver the contract.
6. **Declaration and sign-off**
   Signed and dated by a director, with the date the board approved the plan.

The emissions figures cover your UK operations and must include Scope 1 (fuel you burn, such as vans and gas heating), Scope 2 (electricity you buy) and five named Scope 3 categories: upstream transport and distribution, waste from your operations, business travel, employee commuting, and downstream transport and distribution.

Three practical rules catch firms out:

- The plan must be published on your website, with a clear link from the home page.
- It must have been signed off and published in the 12 months before the tender notice, or after the notice and before you bid.
- It should be reviewed and updated every year, within six months of your financial year end.

What happens without one

The plan is a condition of participation. A bidder that cannot show a compliant plan cannot be awarded the contract, however strong its price or quality.

The check is pass or fail. A plan that meets the standard passes, and a more ambitious Net Zero date earns no extra marks. A rise in emissions from one year to the next does not fail a plan either, as long as it is reported honestly.

Five gaps to check before you submit

Each of these puts a plan at risk of failing:

- [ ] No Net Zero date, or a date after 2050.
- [ ] One or more of the five Scope 3 categories left out.
- [ ] The plan is not published, or cannot be found from the home page.
- [ ] No director's signature and date.
- [ ] The plan is more than 12 months old.

How long it takes, and what it costs

Most firms need 8 to 12 weeks to go from nothing to a compliant, published plan. The footprint takes the longest, because it depends on a year of fuel, energy, mileage and waste records.

The work does not have to be a net cost. The review that gathers your energy and fuel data also shows what you pay for them. Savings found there can fund the plan.

Your next step

Score yourself with the PPN 006 Readiness Checklist at andyprocter.co.uk/resources. Then book a free 20-minute tender readiness review, and leave with a short written summary of what to fix first.

Book a free review

Andy Procter, Auditel Associate Partner
07789 225547 · andy.procter@auditel.co.uk · andyprocter.co.uk

This guide reflects Procurement Policy Note 006 and its supporting guidance (Cabinet Office, February 2025, with FAQs added in July 2025) and NHS England's supplier requirements (version 3, 10 December 2025). Checked October 2026. It is general guidance, and each buyer's tender documents set the exact requirement.