



# A CIRCULAR APPROACH TO PROCUREMENT

## SESSION 1: 11/05/2021 CIRCULAR APPROACHES TO PROCUREMENT

Using Procurement to deliver economic, environmental and social benefits & *support the transition to a Circular Economy*

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# Welcome

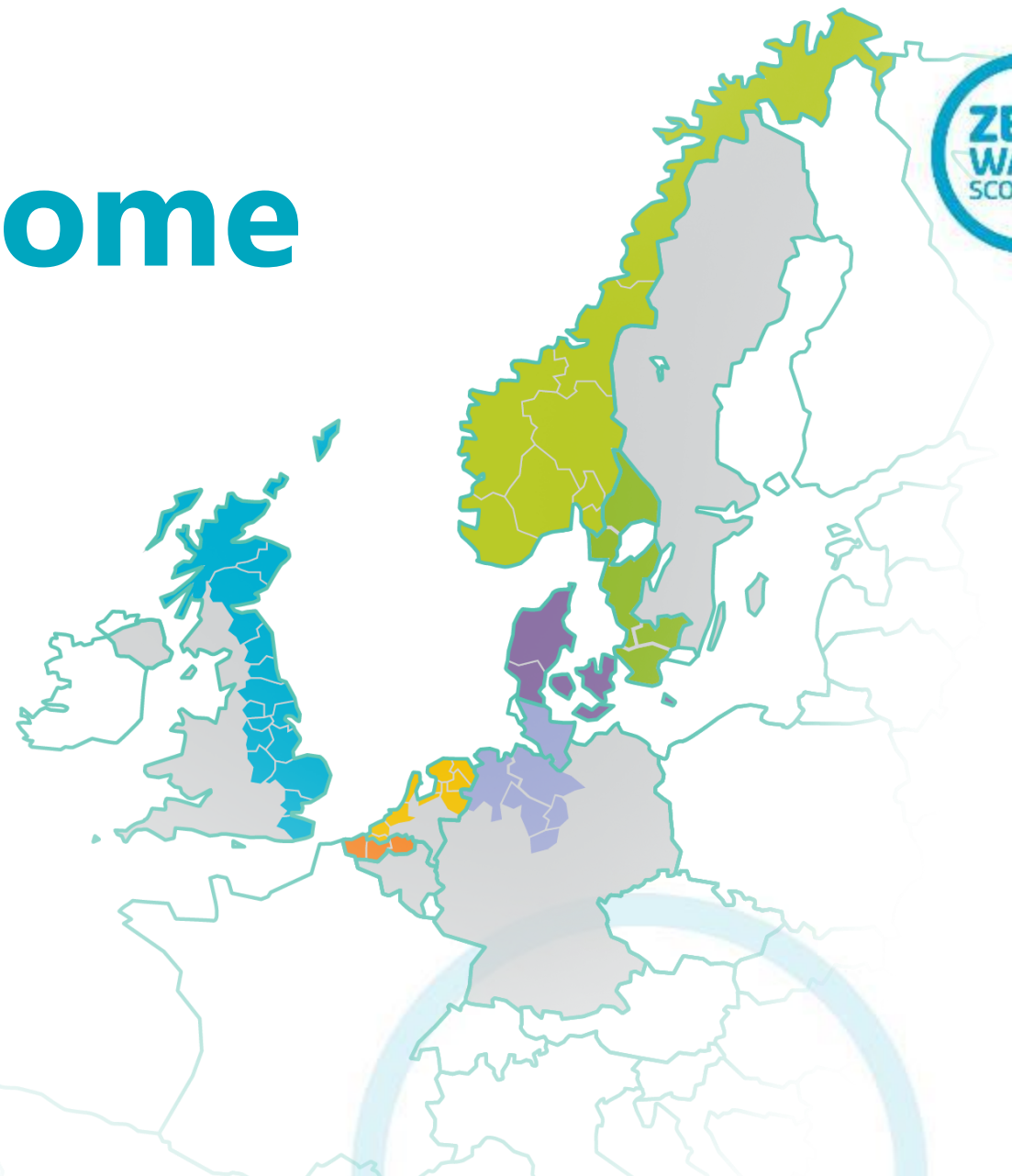


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EUROPEAN UNION



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## INTRODUCING CIRCULAR APPROACHES TO PROCUREMENT

demystifying - what is it,  
what are the benefits,  
key hierarchy principles,  
examples, key tips, link  
to next steps...

To inspire and show how outcomes  
and benefits are achievable at a  
local level.

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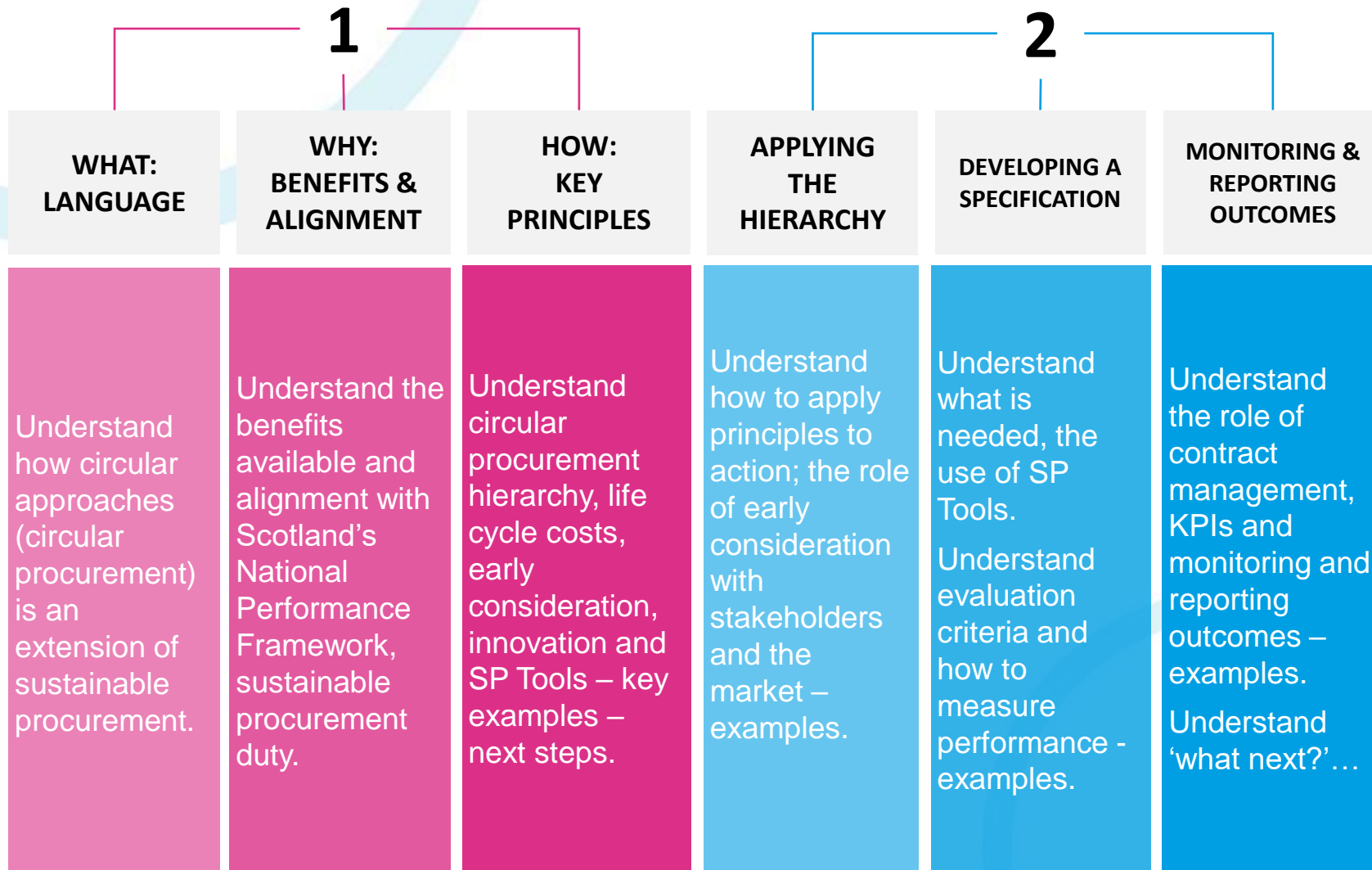
## SPECIFYING CIRCULAR OUTCOMES

practical implementation  
– developing a  
specification, contract  
management  
requirements, examples,  
key tips

### Audience

Procurers, internal customers, budget holders,  
specifiers, sustainability leads and others  
(private as well as public) within Scotland and  
elsewhere.

# Learning Outcomes





# Agenda

## Introduction to Circular Procurement

10:00-10:25	What is circular procurement?
10:25-11:00	What are the benefits and outcomes?
11:00-11:40	What are key principles and examples?
11:40-12.00	Questions and Next steps

# WHAT IS A CIRCULAR APPROACH TO PROCUREMENT?



Understand how circular principles in procurement (circular procurement) builds on sustainable procurement.

# Challenges we face...

## Economic

Covid-19  
Unemployment  
Budgets  
Resilience  
Rising costs of products  
Others?

## Social

Inequality  
Education & Skills  
Exploitation  
Poverty  
Health & Wellbeing  
Poor working practices  
Others?

## Environmental

Climate Change – Net Zero  
Finite resources  
Waste  
Loss of Natural Capital  
Pollution  
Others?



# SDGs, Circular Economy & Procurement



Circular Economy

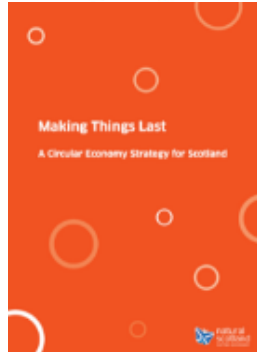
National Performance Framework



Sustainable Development Goals (SDG12.7) & COP26



Climate Change Act



Sustainable Procurement Duty



# The 'Golden Thread'



# A Circular Approach



An extension of Sustainable Procurement throughout whole life cycle.

Maximise lifespan and value of materials, products and assets.

- Reduce use of virgin materials
- Avoid waste – everything has value.
- Reduce emissions.
- Improve resilience.
- Stimulate innovation.
- Create jobs.
- Save money.



Policy and legislative drivers – outcomes available to help address challenges

# WHY ADOPT A CIRCULAR APPROACH?

## USING SUSTAINABLE PROCUREMENT TO DELIVER CIRCULAR OUTCOMES



Understand the benefits available and alignment with Scotland's National Performance Framework & sustainable procurement duty.

# Sustainable Procurement Duty



Legislation sets the requirement to seek improvement in economy, society and environment and deliver innovation through procurement.

## Improve

Economic, social, environmental, wellbeing and reducing inequality in the area.

## Involve

Small and medium enterprises and 3<sup>rd</sup> sector bodies including supported businesses.

## Promote Innovation

***The Duty to:** 'consider how (public body) can improve the economic, social and environmental well-being of the authority's area, and act in a way to secure improvements identified'.*



# 'NET ZERO' – Climate Change Act

- Scotland has leading Climate Change targets, enshrined in law.
- Circular approaches can be part of the solution to addressing the Climate Emergency.
- This is reinforced in the Climate Literacy for Procurers e-learning module, available from the Sustainable Procurement Tools portal.

The image shows a screenshot of an e-learning module interface. At the top, it says 'CLIMATE LITERACY FOR PROCURERS'. Below this is a large image of the Earth with a fiery, orange and red overlay on the right side, representing climate change. To the left of the Earth, the text reads: 'Giving Procurers confidence to minimise risks and maximise opportunities associated with Climate Change.' Below this text is a small icon of a speaker and the instruction '(Click on icon at bottom left of screen to stop audio playing)'. At the bottom left, it says 'Click NEXT> to enter (bottom right)'. At the bottom right, there is a logo for 'The Scottish Government' with the Gaelic text 'Riaghaltas na h-Alba' below it. On the right side of the screenshot, the text 'THE RACE TO NET ZERO' is displayed in large, white, bold letters on a black background.

# Supply Chain and Emissions

## Four Fifths of Scotland's Carbon Footprint



Circular Procurement

Why responsible procurement is better for business

# Focusing on outcomes



## Economic

- Enabling a green recovery
- SMEs & Third sector development
- Innovative businesses
- Whole life value
- Better planning and forecasting
- Greater cost control
- Savings over time
- Resilient supply chain

## Social

- Inclusive employment opportunities
- Skills & Training opportunities
- Third sector & supported businesses social value
- Opportunities for local business

## Environmental

- Maximise value from products, assets, materials and services procured
- Keep materials in circulation for longer to reduce consumption of resources
- Minimise waste
- Support transition to 'net zero' and 'decarbonisation'.
- Prevent biodiversity loss
- Reduce lifecycle impacts

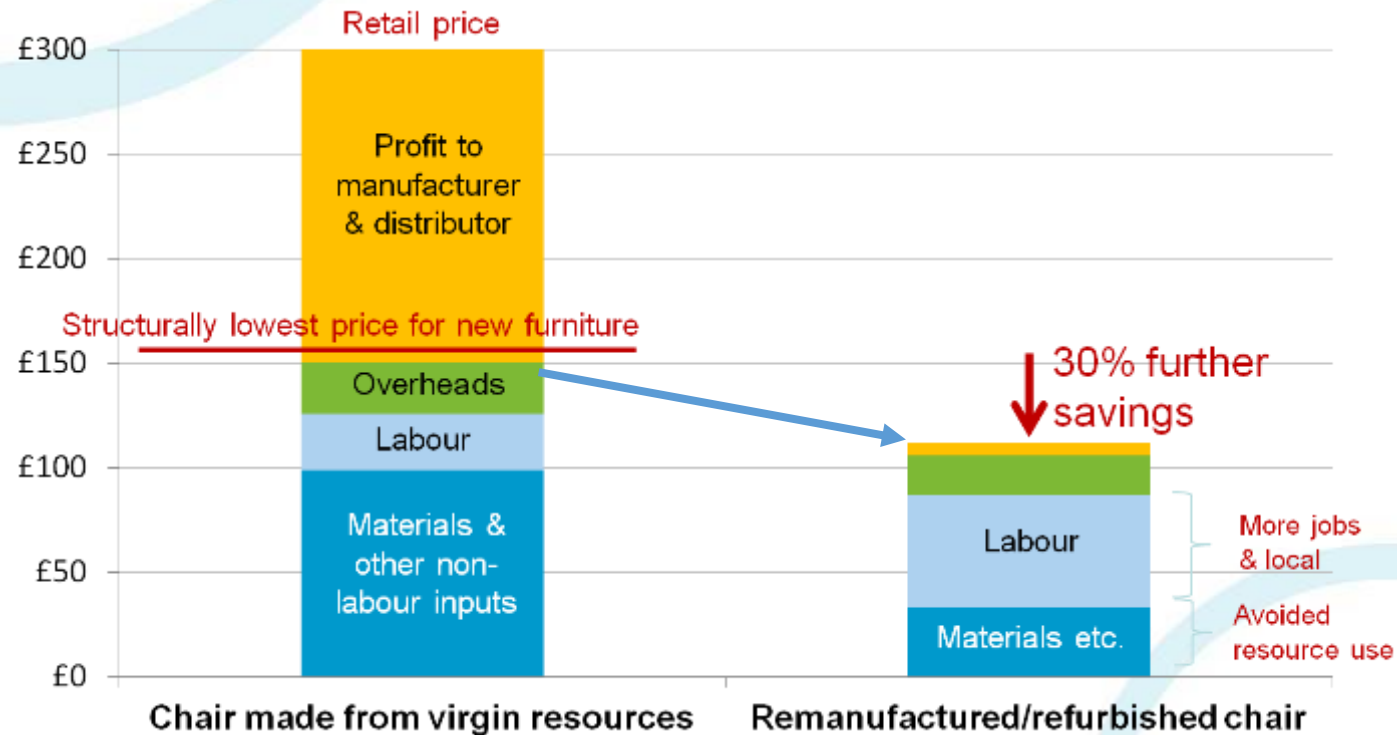


## A Circular Approach

(supports delivery of National Outcomes)



# Remanufacturing lowers life cycle costs in furniture



Example



# ZWS Circular furniture (ProCirc)



## Circular Economy - Economics

### New 1600x800mm Desk

Contract price	£75.00 (£9.50 margin for dealer)
(80% likely from China)	4-5 organisations need margin
Factory gate price	£10-£13

### Remanufactured 1600x800mm Desk

Desk materials	+£3.00 (£7.50 uplift less costs)
Desk remanufacture	£13.33 (20 minutes at £40/hr)
Net cost of desk	£9.83 (£0.50 for consumables)
Delivery to site	£7.50
Total cost for installed desk	£17.33
Selling price	£65.00 (£47.67 margin for KWPC)



Example

# Which is more circular?



C2C

or



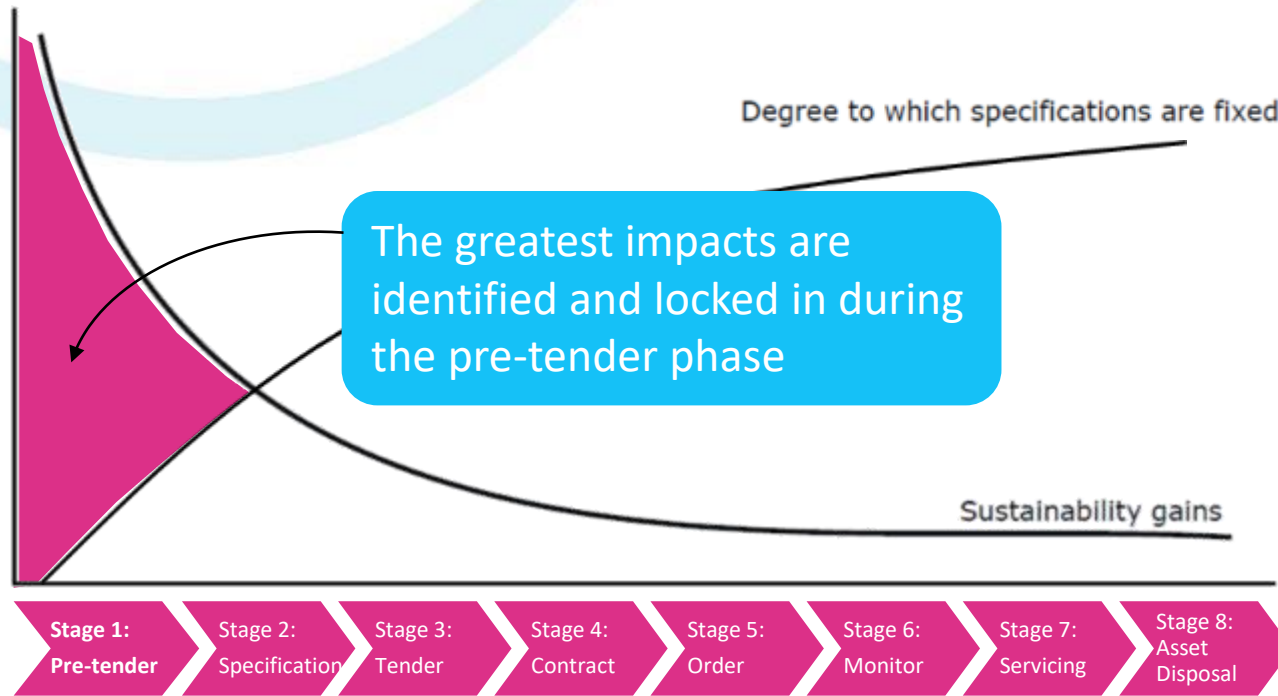
Lifespan

# HOW TO APPLY A CIRCULAR APPROACH?

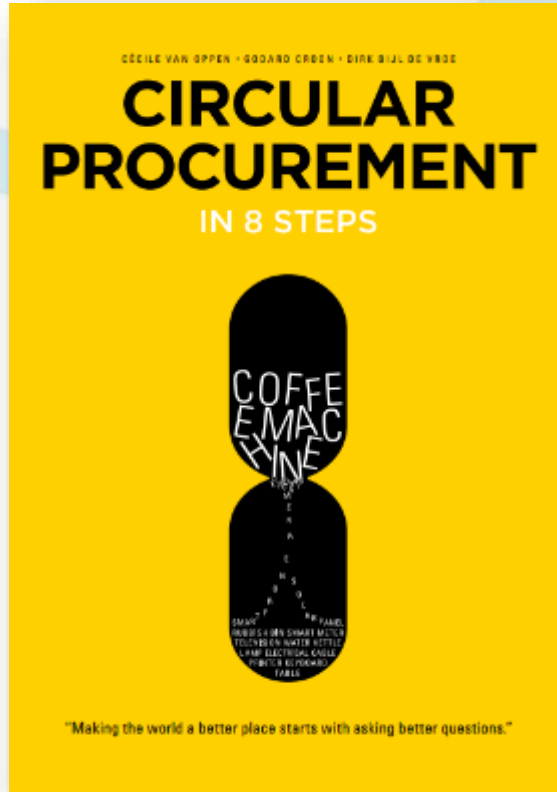


Understand key principles regarding circular approaches to procurement

# Start early



# Circular procurement in 8 steps



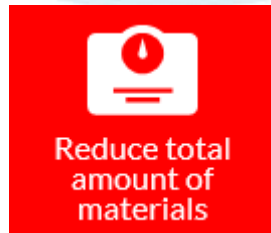
1. From definition to ambition
2. Internal organisation
3. Defining your need
4. Business models
5. Market collaboration
6. Tender procedure
7. Evaluating and awarding
8. Contract management

# Setting circular ambitions



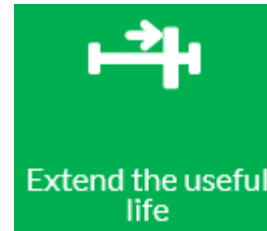
Goals and strategies to consider for every procurement at each stage of the life cycle...

## Sourcing



Do we really need it?  
Where does it come from?  
Who made it?  
How is it designed?  
What is it made of?

## Use phase



Lifetime optimisation - how will it be used?  
Can we reuse internally or externally?  
Can we repair or refurbish?

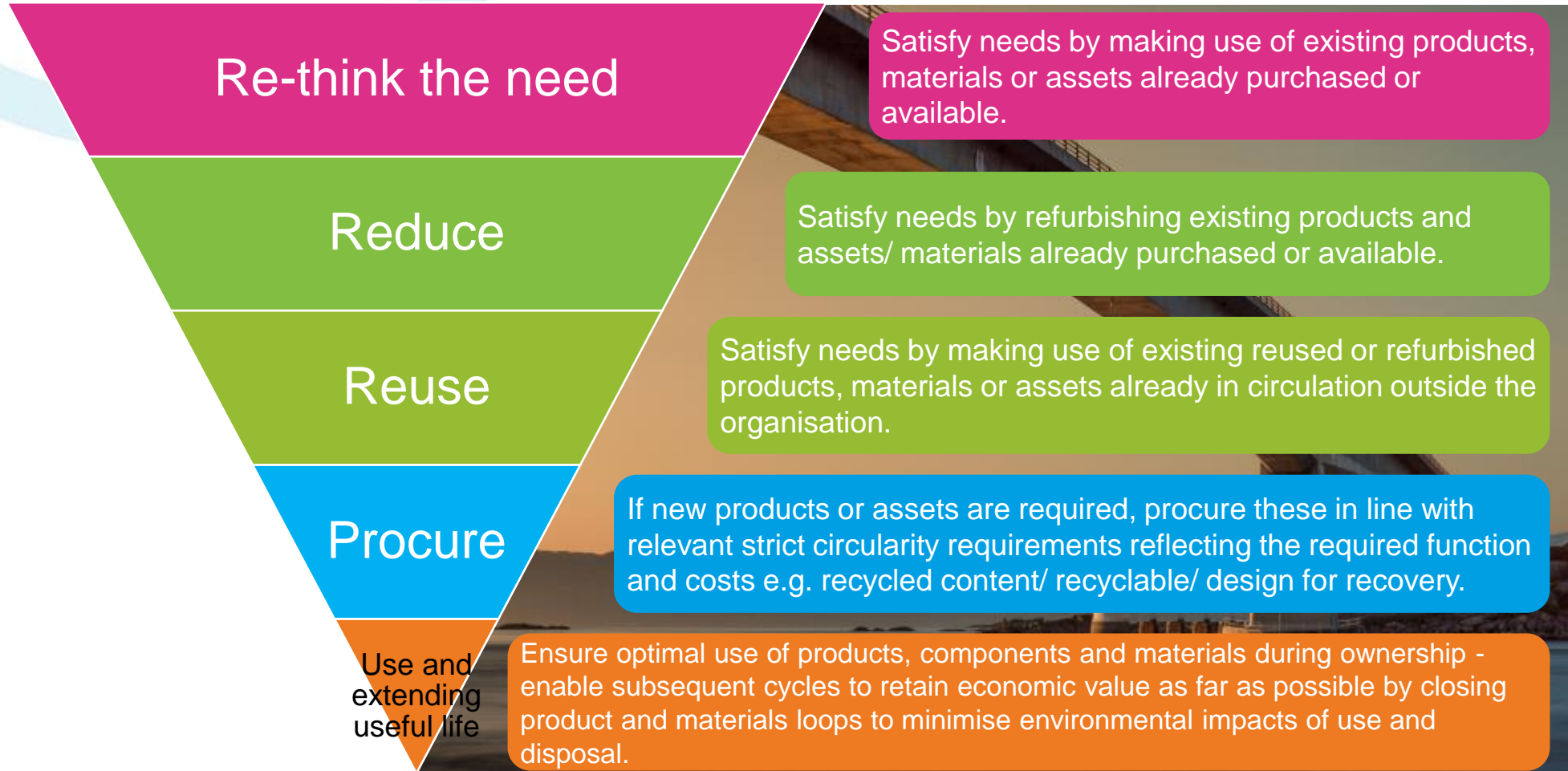
## End-of-life



What will happen to it afterwards?  
Is it designed for deconstruction / disassembly?

# A Circular Approach

The focus on extracting maximum value means considering key principles set out in the hierarchy below:



Discussion

Change it one step at a time

CIRCULAR PROCUREMENT PRINCIPLE	CIRCULAR PROCUREMENT ACTION	INTERNAL BENEFITS	WIDER BENEFITS
<b>AVOID</b>	<ul style="list-style-type: none"> <li>Avoid new products</li> <li>Reconsider ownership</li> <li>Fewer products</li> </ul>	Retaining assets longer to reduce costs	Reduced virgin non-renewable material use
		Reduced waste	Closing product and material loops to reduce waste and associated carbon emissions
<b>LIFETIME OPTIMISATION</b>	<ul style="list-style-type: none"> <li>Optimise utilization of existing assets</li> <li>Repair existing products</li> <li>Reuse-internally or externally</li> </ul>	Improved resource efficiency	Reducing wider environmental impacts
		Lower greenhouse gas emissions	More sustainable consumption and production
<b>LIFETIME EXTENSION</b>	<ul style="list-style-type: none"> <li>Remanufacture</li> <li>Design for deconstruction/ disassembly</li> <li>End of life collection</li> </ul>	Improved and market leading performance	Increased whole life value
		Taking control of sustainability outcomes	More resilient growth
		Balance across triple bottom line	New (Green) training & job opportunities throughout the supply chain
<b>CLOSE LOOPS</b>	<ul style="list-style-type: none"> <li>Recycle materials</li> <li>Displace virgin materials</li> <li>Reduce Landfill</li> </ul>	Robust framework to ensure partners aligned with organisational aims	New (Green) training & job opportunities throughout the supply chain
		Improved reputation	Increased social value



# INNOVATION?



A Circular approach can involve innovative solutions....

- Is there an unmet need?
- Are improvements in products, materials or services possible?
- Are the conditions for innovation in place within the public body?
- 'Ask a smart question – get a smart answer' – let the market propose ideas.



# Early collaboration is key



## Internal

A range of internal stakeholders – set policy, budgets, commission services, set specification, manage contracts and suppliers, subject matter experts.

Communicate and agree alternatives/ policy commitments.

Consider life cycle costs.

## With the market

Give market chance to understand your objectives, demonstrate capability or need to develop.

Enable innovative solutions.

Work with commercial and third sector suppliers.

Improve resilience.

## With other public sector

Collective responses – share lessons.

Collective approach to suppliers – scalability may be a barrier to circular outcomes.



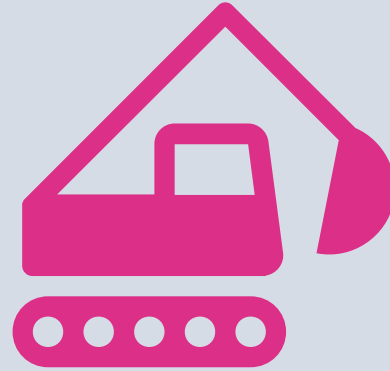
# Breakout session

You will now be considering some questions on function and alternatives and then...

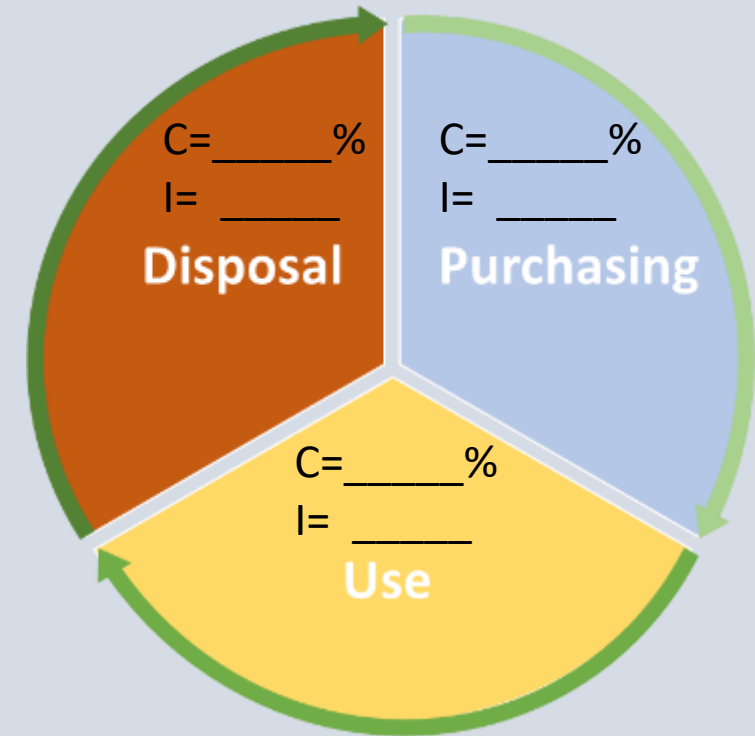
Some questions on current capability

10 minutes

# Focus on function



Costs (C=%) of whole life cost  
Impacts (I=x) where 1=low 10=high



Discussion



# Current practices

- How engaged are internal stakeholders in conducting market dialogue?



- How capable are suppliers of delivering your circular ambitions?



- How flexible or adaptable can the existing procurement process be?





# Breakout plenary discussion

10 minutes

# Prioritising effort - market maturity (sample)



		COMPLEXITY		
		Low	Medium	High
MATURITY	High		Transport – vehicles ICY –mobile devices	Infrastructure ICT – office equipment Construction development – new build
	Medium	Catering	Facilities Management Furniture Workwear – uniforms	Refurbishment Transport infrastructure ICT – hardware
	Low	Packaging	Transport - specialist	Workwear ICT –specialist devices

# Market Engagement Examples



## Scottish Procurement:

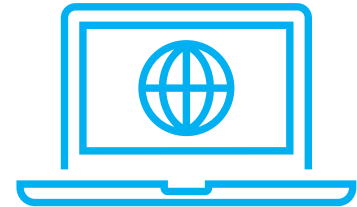
- Construction: Innovative solutions
- ICT: Circular devices and end of life

## NHSS:

- Circular Furniture Services

## European Procurement:

- Dutch national furniture category plan
- Centro region, Portugal catering



Example



# The role of tools

- Internalise externalities
- Help level the playing field for suppliers
- Help make life easier for the procurer

## Verification e.g.

- FSC
- Ecolabels etc

## Evaluation e.g.

- LEED
- EPEAT

## Financial e.g.

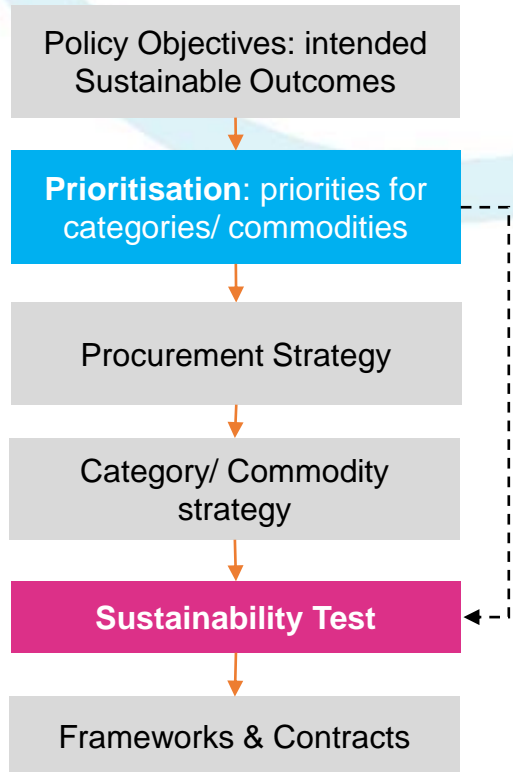
- Dubocalc
- Total Cost of Ownership

## Impact e.g.

- LCA
- CO<sub>2</sub> ladder
- Net Waste



# Sustainable Procurement Tools and guidance to help



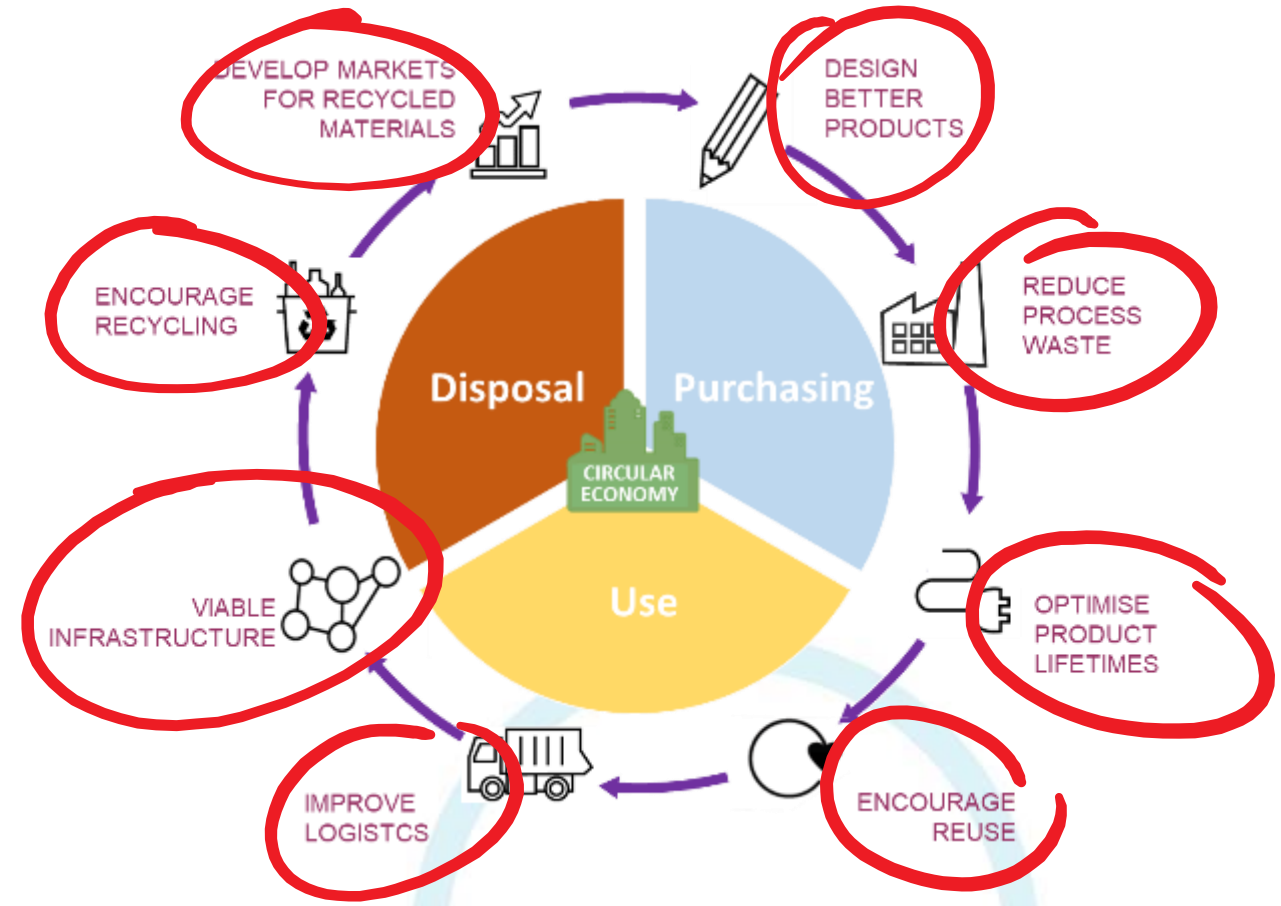
## Sustainable Procurement Tools and Guidance



# Choosing a starting point



- Are you looking to make a step change or a transformational change?
- Be proportionate to the size (£) and the subject matter of the tender.
- Where to start?
- Starting point will determine what tools can be considered.



# Furniture priority list - Malmo, Sweden



1. The goal is to utilise the furniture that is available in the city of Malmo first by doing inventory of what is in store and in office;
2. If furniture has been found,
  - a. can these be renovated internally;
  - b. or can be renovated externally by contract supplier;
3. If furniture has not been found, examine the furniture range externally with suppliers (if not already engaged in step 1);
4. Purchase brand new furniture to circular principles.



Example

# Asking the right questions



THE MORE **COMPLEX** THE PRODUCT, THE HIGHER THE KNOWLEDGE DIFFERENCE BETWEEN YOU AND THE SUPPLIER.

THE MORE COMPLEX THE PRODUCT AND MARKET, THE MORE FUNCTIONAL YOUR QUESTION CAN BE.

THE **MATURITY** OF THE MARKET (IN RELATION TO CIRCULARITY) DETERMINES HOW FUNCTIONAL A QUESTION CAN BE.

THE LESS MATURE A PRODUCT AND MARKET IS, THE MORE TECHNICAL YOUR QUESTION CAN BE.

		PRODUCT COMPLEXITY		
		Low	MED	HIGH
MARKET MATURITY	HIGH			
	MED			
	LOW			

MORE  
FUNCTIONAL  
QUESTION



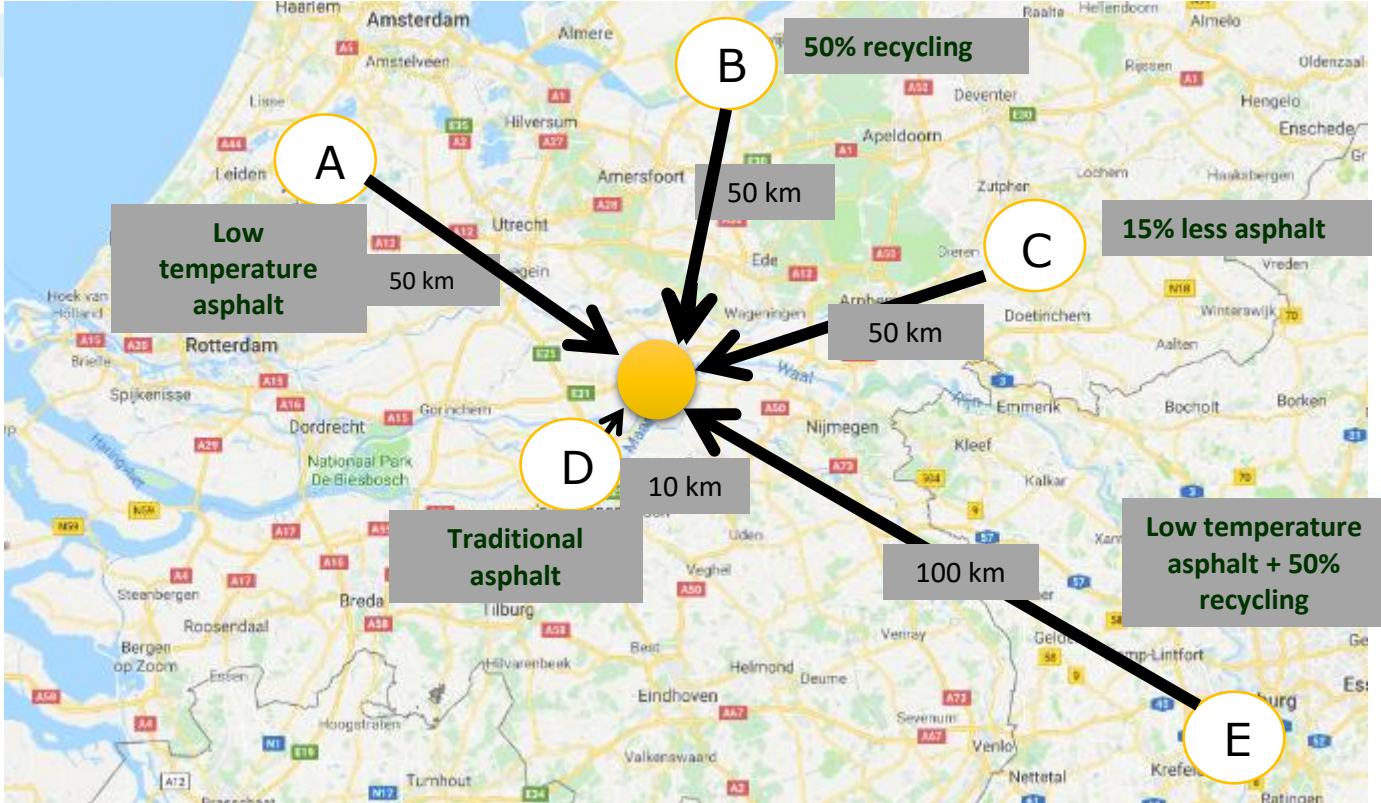
MORE  
TECHNICAL  
QUESTION



# Procurement dilemma



Which asphalt has the lowest CO<sub>2</sub> emission?



# Procurement dilemma



Life-cycle assessment (LCA) looks at the environmental impacts during the life cycle of the product or service:

Sourcing

Use phase

End-of-life

Do you focus on sourcing, and not use or end of life – is this within the agreed budget or someone else's?

**It is important to consider the whole life cycle (Life Cycle Impact Mapping) – impacts and relevant costs.**

Poll

# Evaluation & Award

- Award criteria need to relate to your ambition and your requirements
- How you will measure and assess the circularity of the tender.
  - Technical specifications
  - Qualitative
- Knowing what a good response should look like

Determine how you will incorporate the price aspect into the assessment and what weighting will be assigned to it.  
Is a circular approach core to the requirement?

e.g. Price : Quality -> 80:20 or 30:70





# Purchasing and managing



- Determine which circular model creates the best chance of success.
- Formulate contract so that it is based on collaboration and development.
- How to monitor and measure intended outcomes – KPIs etc?



The procurement officer and the contract manager may not be the same people.  
Create a clear link to ensure accountability, monitoring and reporting.

# Swansea City Council - Furniture

## Example of outcomes

- Reuse & remanufacturing 486 furniture items diverted ca.7.8 tonnes from landfill.
- 530m<sup>2</sup> of re-used carpet diverted 33 tonnes from landfill or incineration.
- 29 tonnes CO<sub>2</sub>e saving from reuse and remanufacture.
- Estimated 20kg CO<sub>2</sub> emissions associated with each remanufactured chair used in the Civic Hall project:
  - Equal to 61% emissions reduction compared with a new chair
  - Water consumption reduced (72%) from 5,114 litres for a new chair to 1,424 litres for the remanufactured equivalent.
- Reduced lorry movements by 77%
- Reuse has created 2 new FTE jobs
- Utilisation rate for desks has more than doubled from 0.81 to 1.74
- 25% space savings created revenue stream through sub-letting



# RECAP NEXT STEPS



# Discussion



Discussion

# Thank you - What next?

- Be clear what your ambitions are and benefits available.
- Consider optimum alternatives early, as well as looking forward.
- Collaboration - internal and external, market, engagement.
- Think about sample procurement projects you may want to consider for the next session.
- 'PILOT' – based on complexity, lifetime, spend, impact, market maturity – ideas?
- Share ideas and lessons with colleagues in this session – keep talking.

**1**

**INTRODUCING  
CIRCULAR  
APPROACHES TO  
PROCUREMENT**

demystifying - what is it,  
what are the benefits,  
key hierarchy principles,  
examples, key tips, link  
to next steps...

**2**

**SPECIFYING  
CIRCULAR  
OUTCOMES**

practical implementation  
– developing a  
specification, contract  
management  
requirements, examples,  
key tips

# Homework

Pick a recent or future procurement as an example for a breakout group to discuss.

1. What was/is the Scope of contract?
2. What was/ should be the Technical specification?
3. What was/ should be the functional specification?
4. What were, should be the sustainability criteria and KPIs?



# Resources



- [Circular Procurement – getting started](#) (Circular Flanders)
- [Lighting as a service](#) (Schiphol Airport, Netherlands)
- [E-recovery, IT-donations](#) (DRZ, Netherlands)
- [Climate Literacy for Procurers e-learning Module](#)
- [Circular Procurement Learning Network](#) (LinkedIn)
- [Procuring Resource Efficient Construction Projects.](#)
- [Procuring for Repair, Reuse and Remanufacturing.](#)
- [Urban Agenda for the EU Online Circular Procurement course.](#)
- [ProCirc Pathways to Circular Procurement.](#)
- [Circular Furniture webinar.](#)
- [Circular ICT webinar.](#)

## Videos:

- [Circular procurement](#) (<3 minutes) - Zero Waste Scotland
- 3 video presentations on [pre-tender](#), [tender](#) and [post-tender](#) circular procurement considerations from Circular Flanders and Zero Waste Scotland (Circular Economy Stakeholder conference, November 2020)



# Thank you



## Next session is on 13/05/21 10:00am

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