A CIRCULAR APPROACH TO PROCUREMENT

ZERO WASTE SCOTLAND

SESSION 2: 13/05/2021
DEVELOPING A SPECIFICATION

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

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SPL SUSTAINABLE PROCUREMENT Ltd
Insight, Innovation, Intelligence

SUSTAINABLE GLOBAL RESOURCES Ltd.

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Welcome

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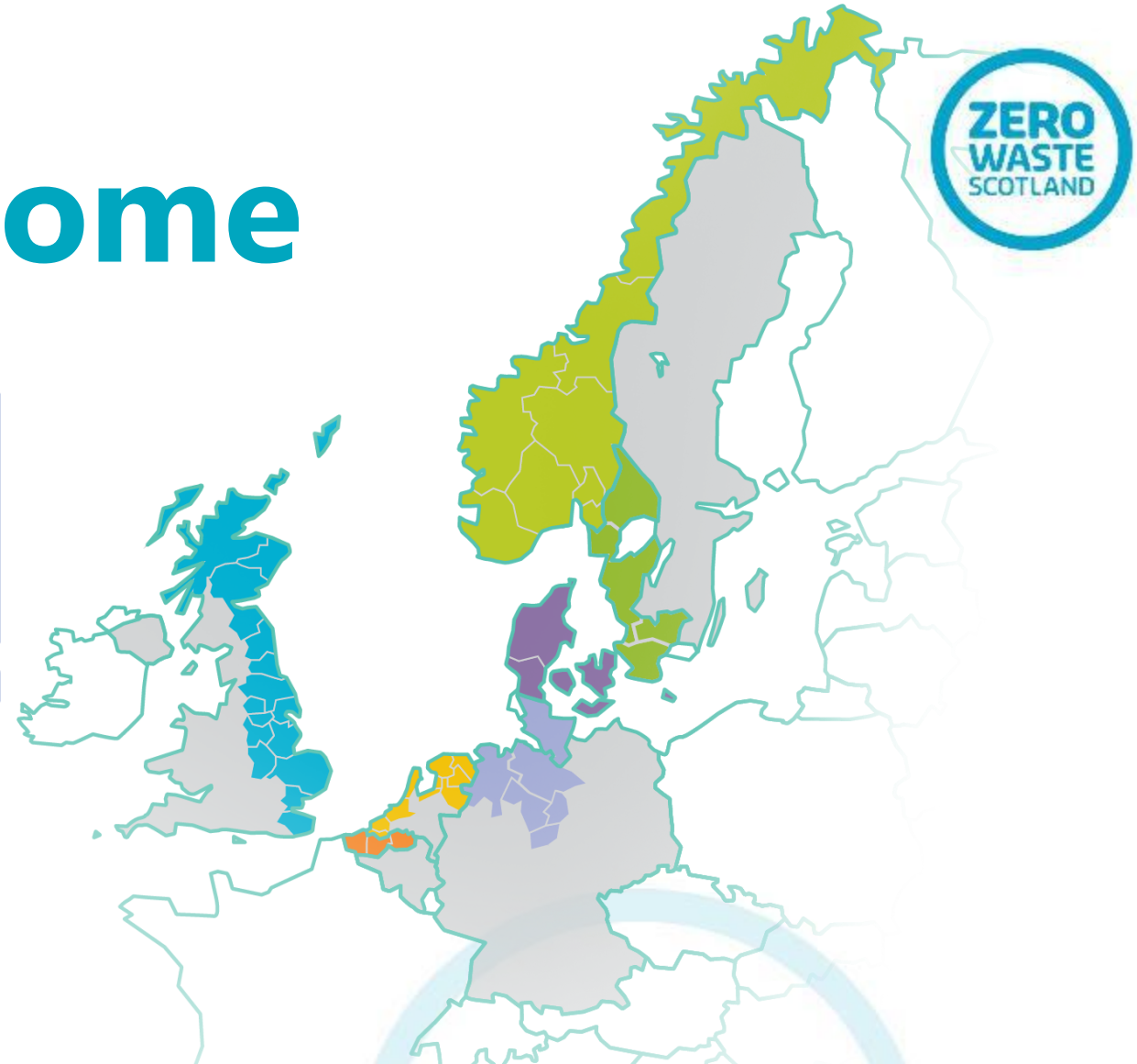

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1
INTRODUCING CIRCULAR APPROACHES TO PROCUREMENT

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.

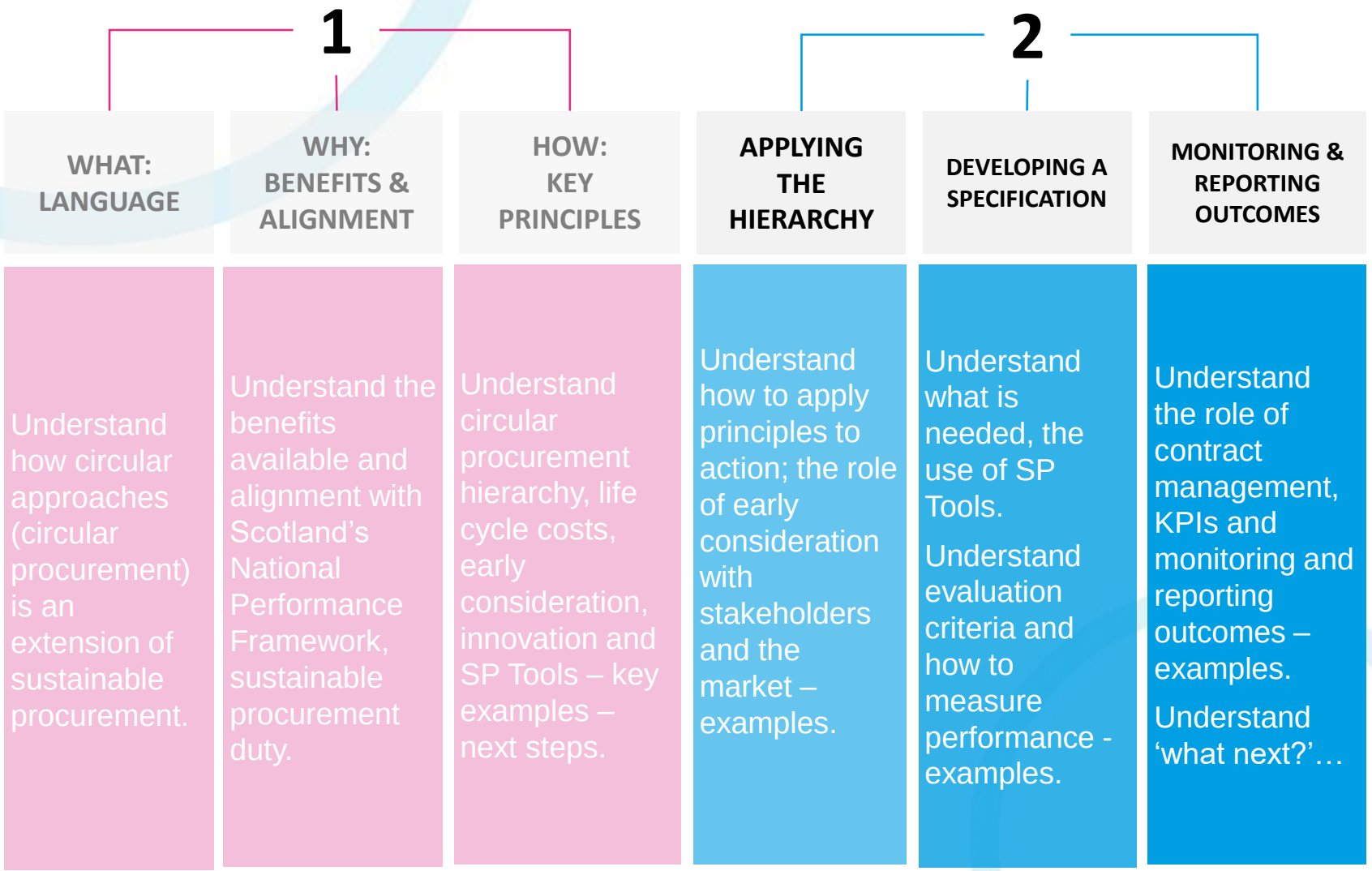
2
SPECIFYING CIRCULAR OUTCOMES

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

Session 2 – Developing a Specification

10:00-10:25	Applying the hierarchy
10:25-11:00	Developing tenders and specification
11:00-11:40	Contract management
11:40-12.00	Questions and Next steps

Revisiting & applying the hierarchy

Understand how to apply principles to action; the role of early consideration with stakeholders and the market.

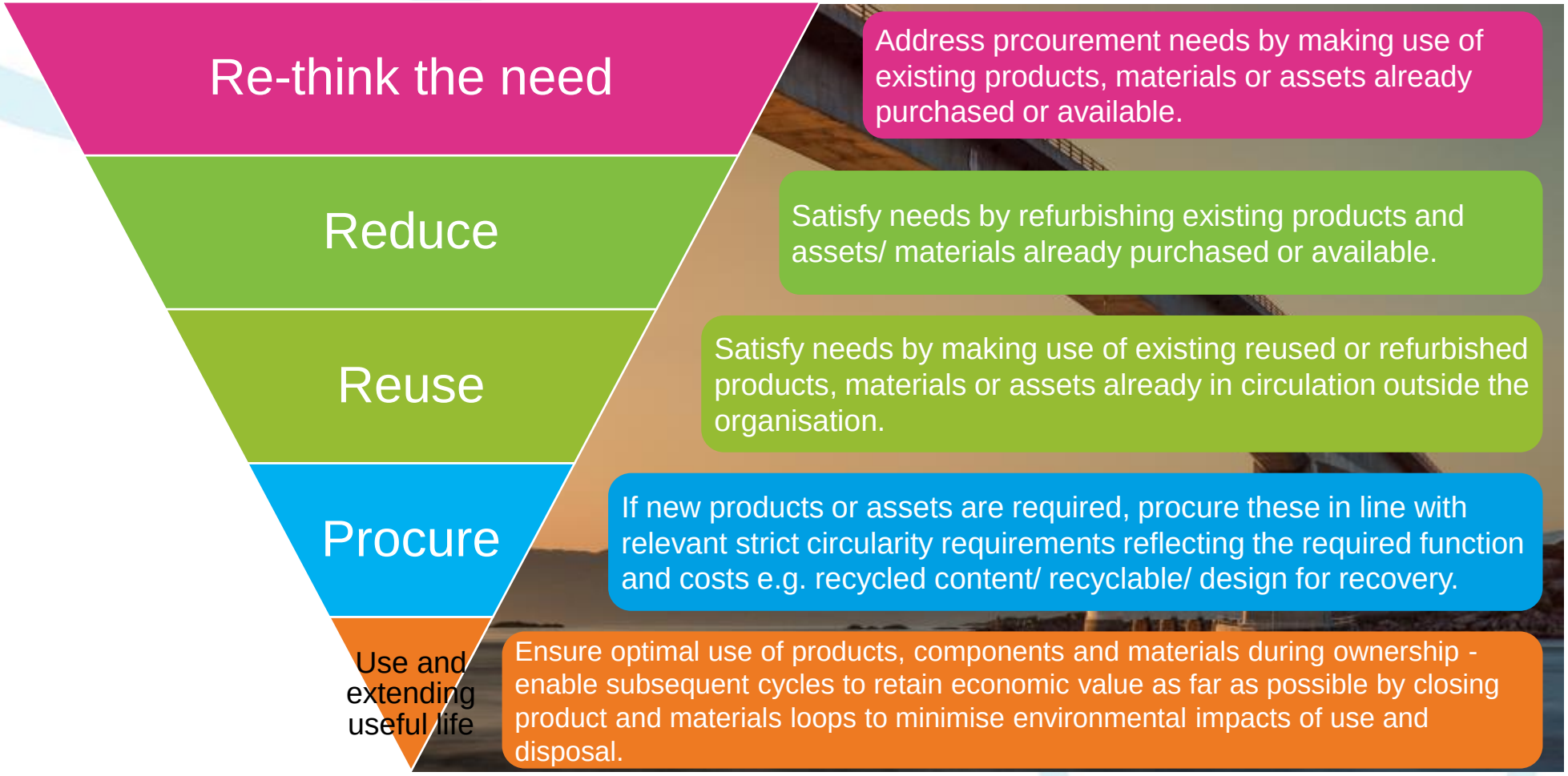
Planning

- Internal buy-in – ambitions?
- What is the need/ function required?
- Intended outcomes/ benefits?
- Life Cycle Impacts and Costs?
- Options?
- Market capability?

Have you involved the market and key stakeholders in early consideration of options, including Circular outcomes in business case?

A Circular Approach

The hierarchy – again…



Change it one step at a time

Summary of stakeholders from session 1

Business Models

Do you need to own?

Buying the function…

- Hire
- Rent
- Lease
- Product as a Service – DaaS, Lighting etc
- Managed service….

On their own they don't necessarily deliver the outcomes you are seeking but suppliers have incentives to extend useful life of product or asset - you should seek evidence of how they apply circular approaches.

Poll

Office and other Furniture

Ambitions – to develop Circular approaches (25% of tender related to Circularity)

Market engagement – related PIN & Survey, second PIN and Supplier event.

Playground Equipment

Market research & engagement – to determine scope and appetite for circular approaches – materials/ recycled content/ end of life. Engagement with market and other public bodies with experience e.g. Aalborg.

Circular ICT – Internal or contracted maintenance and repair services - Refresh-Upgrade - Extend replacement cycles - Buy refurbished? - Buy remanufactured? - Lease – device as a service? – extend useful life at end of life.

Example

GIG CYMRU NHS WALES | Iechyd Cyhoeddus Cymru Public Health Wales

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wanted to re-use …

Existing office furniture was OK but had been neglected.
Avoid the problem of getting rid of 2,500 items
Familiar items for staff.
Avoid public and political perception of excess.
Meets Wellbeing of Future Generations Act 2015.

Issued PIN Notice
Held a meeting with around 30 suppliers
All said they could do it!

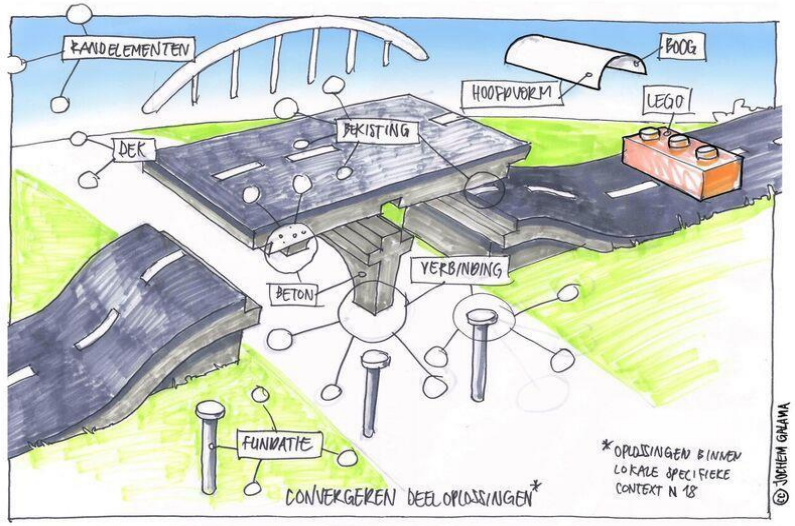
Aberdeenshire COUNCIL

Example

Circular viaduct: Vianen archbridge, Netherlands

Reduce materials used
Reduce waste
Minimise disruption

- Modular approach – multi-span
- Designed for disassembly
- Faster onsite build – less disruption
- Fewer materials used in total construction
- Materials passport



LESSONS LEARNED

- Early consideration of alternatives to traditional build result in life cycle benefits.

RECYCLED PLASTIC SLEEPERS ON LU'S NETWORK

Transport for London

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Outcomes

Environmental:

- UK manufactured : 99% recycled materials, from plastics reinforced with glass fibre.
- Take back by manufacturer at end of lifetime for further recycling.

Reliability:

- Driven by Engineering and Asset operations target to improve reliability by 30%, due to concerns of timber sleepers splitting.

Costs:

- 30% reduction in Life Cycle Cost due to less maintenance.

Ease of handling:

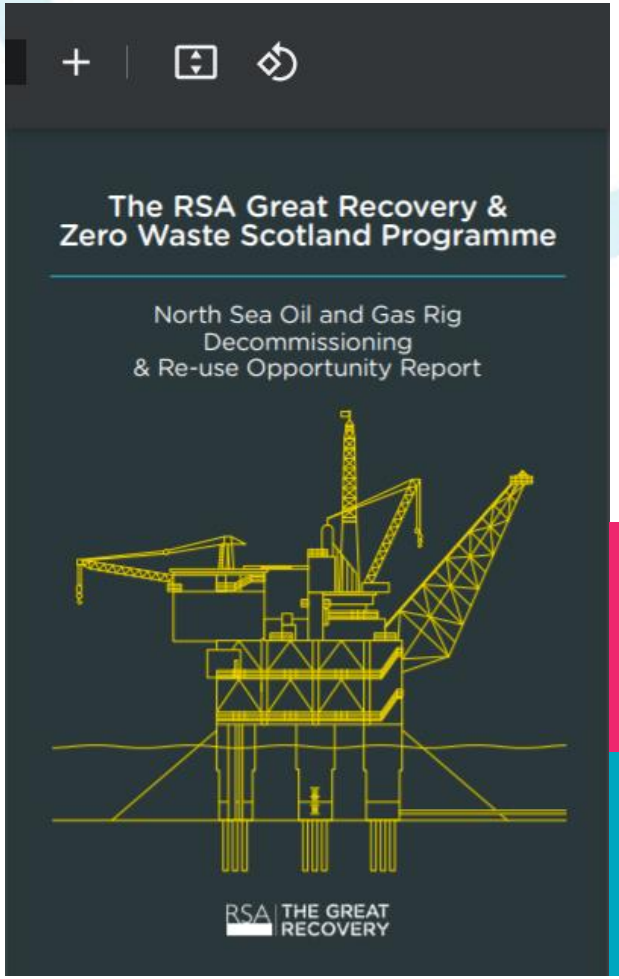
- Lighter and easy to handle than timber or concrete sleepers, so reduced health and safety risks.

LESSONS LEARNED

- Multiple circular outcomes and cost savings arising from an initial focus on reliability ad performance requirements.

Example

Reusing redundant products/ materials



Reuse Example

Reuse of 15 miles of decommissioned North Sea tubulars at TECA by John Lawrie Group https://www.johnlawrie.com/

John Lawrie
METALS | TUBULARS | DECOM

TECA Aberdeen Source: Robertson.co.uk

Life Cycle Analysis

For every tonne of repurposed steel tubulars used there is a carbon dioxide equivalent (CO_2e) saving of 97.21% over new manufactured prime steel products.

LESSONS LEARNED

- Strategic planning to identify scope for circular opportunities and early consideration within project of performance requirements, cost and carbon

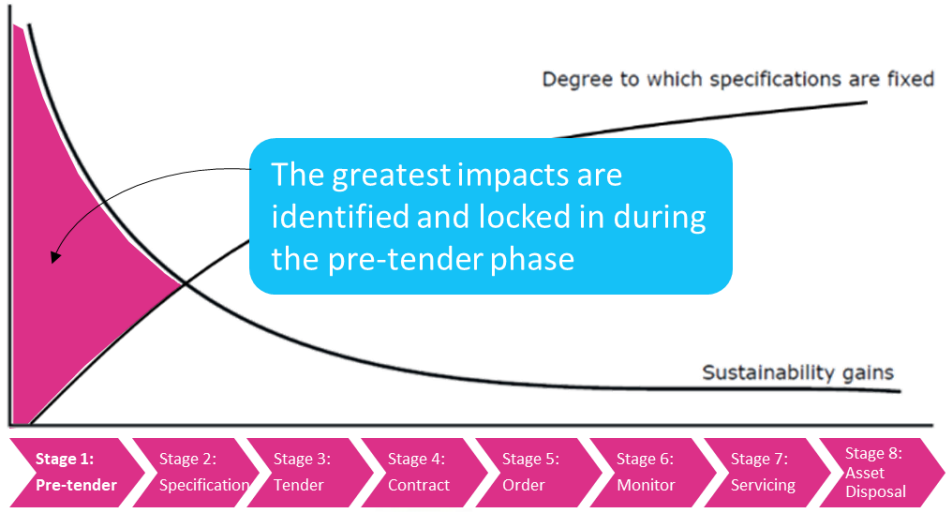
Example

Sustainable Procurement Tools and Circular Approaches

Understand what is needed, the use of SP Tools.
Understand evaluation criteria and how to measure.

Why and when should you use tools?

- Common and consistent aims, approach and language
- Balanced and structured
- Forecasting what pilots are trying to achieve
- Engaging stakeholders
- Introducing CP into tendering
- Embedding circular principles into contract management
- Monitoring and reporting



Sustainability tools

Types of tools

- Ambition
- Strategic roadmaps
- Capacity building
- Priorities & spend analysis – risk assessment

- Market dialogue
- KPIs,
- Forecasting
- Life Cycle Assessment
- WLC
- Design tools
- Training

- Criteria
- Functional questions
- Templates

- Award criteria
- Weighting
- Templates

- Contract performance
- Asset management
- Reporting

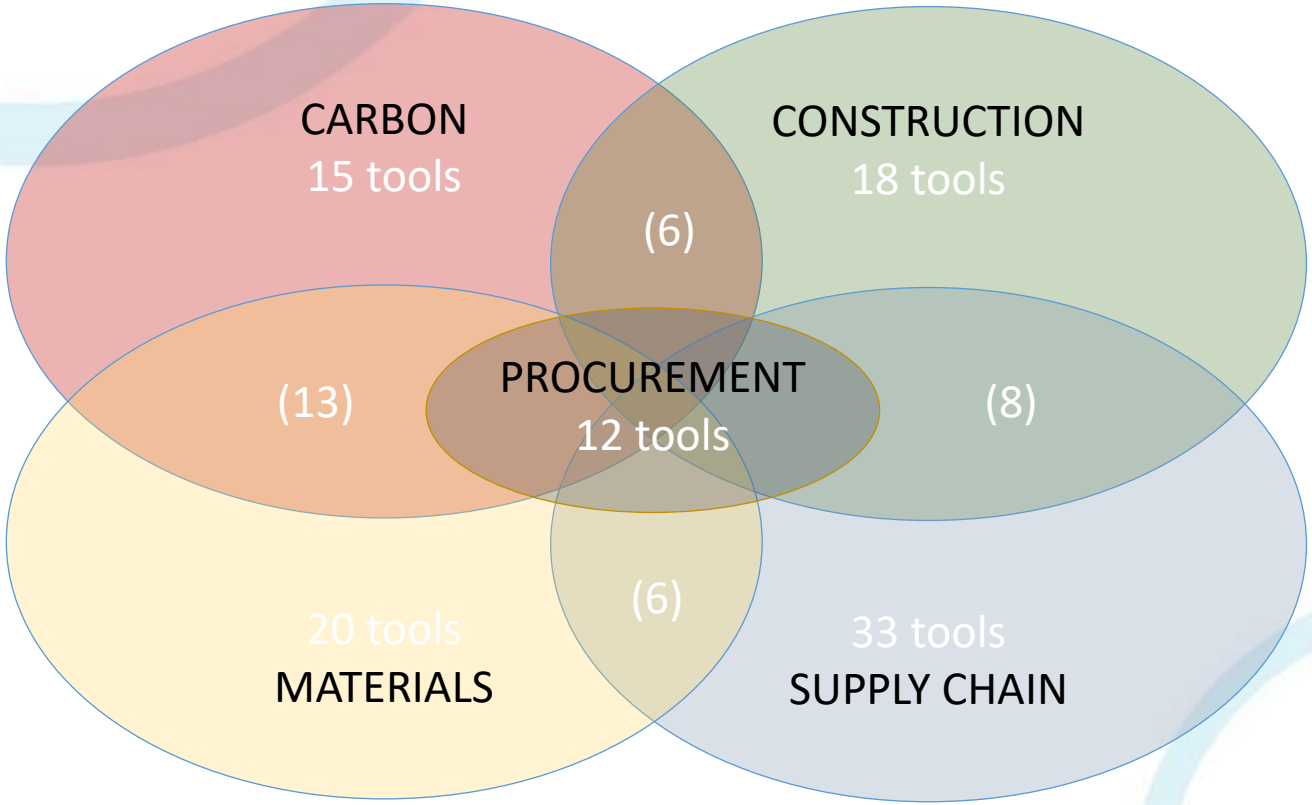
Procurement (tendering) tools, e.g. criteria tools

Procurement Lifecycle tools, e.g. carbon calculators, certification

Circular Economy tools, e.g. business models, materials circularity

Ambition & Planning → **Pre-tender** → Specification → Evaluation → Contract Performance → Asset Disposal

Toolbox overview



ProCirc Tools webinar November 2020 - [video recording link]

Using Sustainable Procurement Tools

Within Scotland:

Prioritisation

Sustainability Test

Life Cycle Impact Mapping

Others?

No one size fits all tool

Link to procurement cycle

Depends on subject matter

Depends on organisational policy - in-house; third party accredited/verified/owned; free or subscription (VfM); supplier owned; depends on personal choice

Poll

Developing a Specification

Selecting suppliers

Single Procurement Document (SPD)

- Grounds for Exclusion
- Experience?

"What experience, if any, does your company, in conjunction with partners and its supply chain, have in working with other clients to evaluate and supply products or services in contracts similar in nature that support the transition to a circular economy, identifying outcomes delivered [this may be expanded to focus on specific circular principles/ outcomes as relevant e.g. cradle to cradle products or closed loop remanufacturing schemes]?"

Setting specification

What is needed?

- Key stakeholders
- Clarity in intended outcomes
- Market capability awareness
- The optimum solution……

- An informed specification that focuses on optimum outcomes.
- Appropriate balance of functional questions vs technical questions.
- Encourages and enables INNOVATION?
- Capable of being objectively measured/ monitored – Contract Management/ KPIs.

Technical – Functional Specifications

Technical specifications

Minimum requirements e.g. “All products must contain at least 65% recycled material”

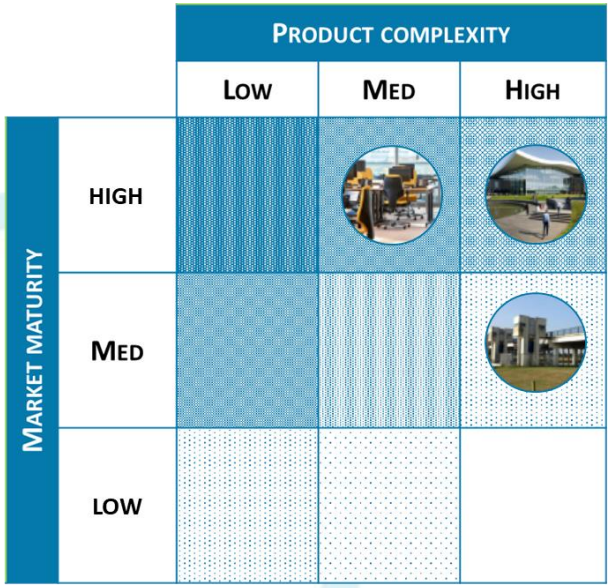
Performance-based or functional specifications

e.g. “minimise virgin material use and waste through maximising relevant reuse, repair or refurbishment”

As we considered in Session 1:

The more **complex** the product the more functional your question can be.

The more mature a market is, the more functional your question can be.



Avoid creating barriers

- Prescriptive frameworks constrain innovation and circular outcomes
- Not considering life cycle costing
- Inability to factor in use of existing stock (ICT, furniture etc)
- Best Price/ Quality Ratio – does it reflect life cycle costs
- Measuring the wrong things – unintended consequences

Source: Jim Byrne /Shuttercock

Framework managers and users: agree collective ambitions, reflect framework objectives in call-offs in relevant and proportionate manner. Give suppliers opportunity to demonstrate benefits of circular business models where relevant.

The Royal Netherlands Ministry of Defence (MoD)

Textiles procurement – workwear & towels and overalls

Intended Outcomes

1. Prevent incineration of discarded items:

- contract awarded to sort 750,000 end of life items for reuse or recycling into fibres for use in new textile products.

2. Procuring towels and overalls containing at least 10% recycled post consumer textiles fibres:

- contracts awarded for 100,000 towels and 10,000 cloths containing 36% recycled content and 53,000 overalls, containing 14% recycled content.

Lessons Learned

The MoD found that the original requirements included too many technical specifications. Circular invitations to tender must be described in more functional terms to give the market room for solutions.

"Our historical specifications were defined down to the last detail. We don't want to do that anymore." Stephanie Grieving, Workwear Chain Specialist, Ministry of Defence.

The role of Standards & Labels

Understand the criteria behind them...how do they address Circular approaches?

Government Buying Standards

- check the date (mandatory for Core Government)

Green Public Procurement (GPP) criteria

- Regularly updated but based on market availability across Europe

Link between selection, technical, award and contract management criteria.

Procurers should choose ‘Type I’ ecolabels i.e. verified by a third party and awarded on the basis of life cycle costs.

Discussion

Breakout session

You will now be considering some procurement examples you have brought to the session

10 minutes

Example procurement

Scope of contract?

Technical spec?

Functional spec?

How to measure and monitor delivery of intended outcomes – link to **contract management.**

Breakout plenary discussion

10 minutes

Evaluation and Award

Price vs Quality

Life-cycle costing and the best price-quality ratio (BPQR).

Do you know what a good response should look like?

"An ideal response may provide some or all of the following [according to the scope of the contract]:

A Plan that details:

- How they will practically apply the waste hierarchy in service delivery, including how they have assessed prioritised options to reduce waste and the use of virgin materials, taking into account any cost, functional, technical, safety, quality and performance requirements. This may include:
- The use of materials that contain evidenced recycled content.
- The reuse of materials that would otherwise be treated as waste……."

Contract & performance management

Understand the role of contract management, KPIs and monitoring and reporting outcomes. Understand what to do next.

Choosing KPIs

INPUT e.g. PRODUCTS (verification)

PROCESS e.g. PROCUREMENT FRAMEWORK (value / progress)
CIRCULAR PROCUREMENTS (number, % etc)

OUTPUT e.g. IMPACT
(environmental, economic, circularity)

'Not everything that can be counted counts.
Not everything that counts can be counted.'

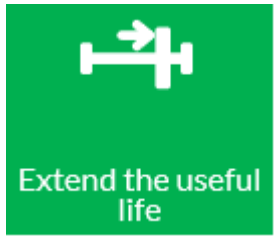
Example KPIs

Sourcing

e.g.
- total material use avoidance (tonnes)
- CO2 equivalent reduction (tonnes)
- Cost savings (£k)

e.g.
- Virgin material use avoidance (tonnes)
- Recycled content (%)

Use phase



e.g.
- % of materials & products diverted from landfill for re-use (tonnes)
- % of products reaching 'end of life' that are reused/ repaired/ refurbished/ remanufactured

e.g.
- % remanufactured products supplied to equivalent performance and quality standards

End-of-life

e.g.
- Waste reduction savings (£k)
- Diversion from landfill for recycling (tonnes, %)
- Cost savings (£k)

Poll

Contract performance

Contract performance clauses e.g.

- To regulate how goods are packaged and delivered
- In a service contract (e.g. cleaning, catering) how waste and recycling are managed
- In a works contract, responsibility of the main contractor and subcontractors for environmental protection

Contract performance clauses must be **linked to the subject-matter** and advertised in advance.

Breakout session

You will now be considering aspects of monitoring and KPIs

10 minutes

Example procurement

How to objectively measure and monitor delivery of intended outcomes – link to specification (and supplier selection?).

Breakout plenary discussion

10 minutes

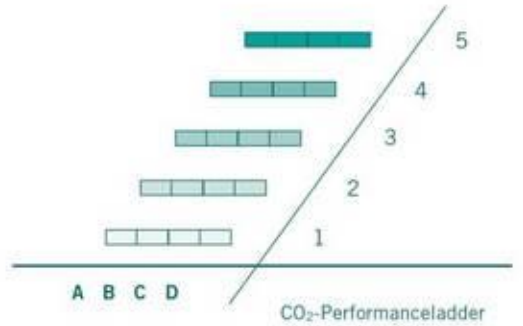
Supplier management

Continual improvement

- Evolution of sectors.
- Role of buyer in enabling innovation during lifetime of contract – e.g. is there expectation that supplier *'keeps abreast of leading industry practices including innovation and applies them where relevant within the delivery of the contract?'*
- Supplier relationship – mature partnership - dialogue and working with incumbents on continual improvement (voluntary).

CO_2-PERFORMANCELADDER©

Working together to cut CO_2



From contract management to monitoring and reporting delivery of intended outcomes…

- Internal and external reporting requirements – e.g. Climate Change Reporting (increased focus)
- How does procurement contribute to National Outcomes/ UN SDGs/ local priorities?
- Annual Procurement Reports
- Lessons learned – share and apply to others

Link to specification - example

"The *Contractor* shall support the *Client's* aims to transition to a Circular Economy and will keep up to date with best practice circular opportunities within the FM and related sector……. and inform the *Client* of all relevant Circular Economy opportunities arising from the *service* and work with the *Client* to assess and implement those that align with value for money and cost certainty.

The *Contractor* shall support this through practical measures that need to be monitored, which may include, but not necessarily be restricted to:

- extending the useful life of equipment, tools, plant, materials and products used or installed;
- repair, re-use, redeployment, refurbishment or remanufacturing of otherwise redundant equipment, products, plant and materials; and/or
- the use of reclaimed, refurbished or remanufactured products, equipment, materials, plant and tools; and/or
- the use of materials with high levels of recycled content;
- the use of low impact (embodied carbon) materials;
- the use of durable materials and systems and those for which circular outcomes are achievable, including but not necessarily restricted to aggregates, insulation, structural metals, fit-out metals, concrete/cement, composites/SIPs, plasterboard, timber, plastics and glass (all of which meet relevant performance and quality requirements);
- the design of products installed, in conjunction with the relevant supply chain, for example to prevent early obsolescence;
- the durability, repairability and availability of spare parts for products or equipment installed or used in the contract, so that their useful life may be optimised;
- minimisation of waste and management in accordance with the Waste Hierarchy;
- potential alternative service models for products, materials, plant, equipment and tools used."

Fair meters

Objectives:

Regional distributor of energy in the Netherlands.

2018 - the first resource passports for ‘circular’ cables, containing a percentage of recycled material and fully recyclable, were laid in the Netherlands.

In addition, electrical meters were supplied with recycled content.

Outcomes:

Reduction in material use of 27% (nearly 360 tonnes), of which:

- 33% reduced weight of plastic used;
- 58% reduction weight of metals used;
- A 50% reduction in variation of material use within the bill of materials;
- A 14% reduction in the number of electrical components;
- Lower energy consumption of meters in use.

Example

Discussion

Thank you - What next?

CIRCULAR APPROACHES MAY MEAN CONSIDERING ALTERNATIVES.

- Be clear what your ambitions are and benefits available.
- Consider optimum alternatives early.
- Relevant and proportionate specs – monitor outcomes.
- Collaboration - internal and external, market, engagement.
- 'PILOT' – based on complexity, lifetime, spend, impact, market maturity – ideas?

Is there a support base? Is the market ready? Will you make an impact? Is it potential best practice? Is there a business case? Can it be scaled up?

- Share ideas and lessons with colleagues – keep talking.

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.
- ProCirc Tools webinar November 2020 - video recording link

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

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