

Circular Public Procurement

Follow-Up workshop (WP3)

Mervyn Jones, Take Padding

Grobina , Latvia 9 May 2019

Agenda

Thursday 9 April 2019

BSR Interreg CircPP WP3 2nd Stage Workshops

Grobina, Liepaja, Paviosta and Aizpute Municipalities General Workshop

10:00	Welcome & Background to CircPP LIEF
10:30	Circular Economy <ul style="list-style-type: none">• Strategic goals link to circular ambition• CE benefits• Exercise Mervyn Jones & Take Padding, Rijkswaterstaat, Netherlands
11:30	Discussion <ul style="list-style-type: none">• What are the circular procurement 8 steps• Presenting cases and lessons learnt in general (Netherlands and EU)• Exercise Mervyn Jones & Take Padding, Rijkswaterstaat, Netherlands
12:15	Questions & Answers
12:30	<i>Lunch</i>
13:00	Individual discussions
15:00	Site visit
16:30	Closure



Circular ambition & strategic goals



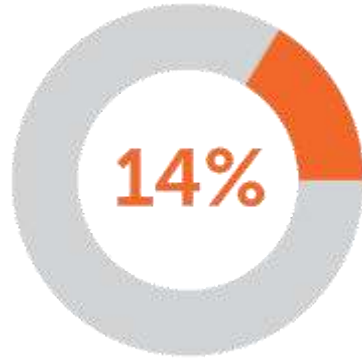
SDG 12: Sustainable consumption & production

SDG 12 Targets

- By 2030, achieve the sustainable management and efficient use of natural resources
- By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse



Strategic procurement and CE



Public Procurement

14% of GDP in the EU

European Commission, COM(2017) 572 final, 3/10/2017)



Circular Public Procurement

GPP ►► CPP

Public Procurement of Innovation

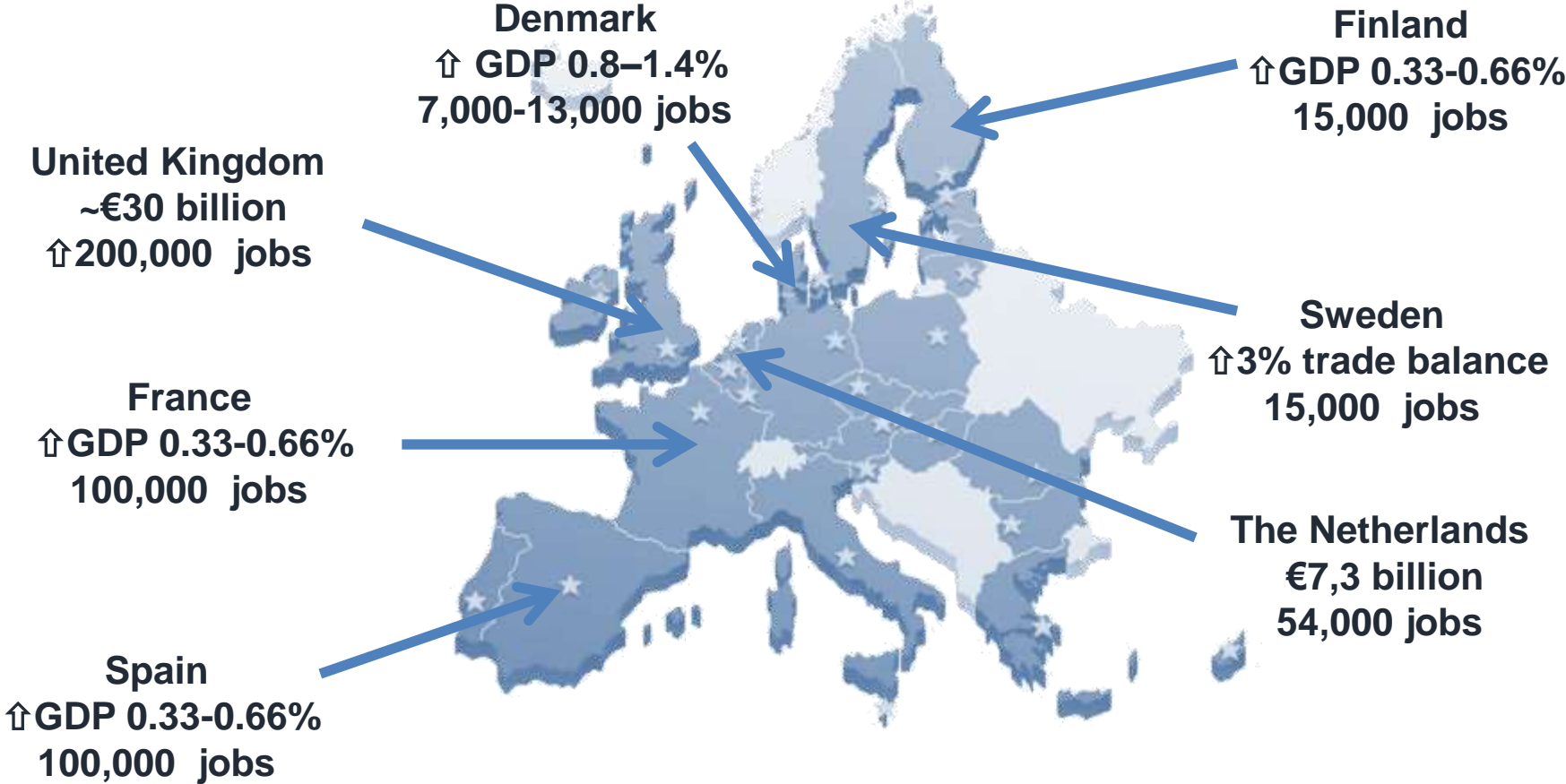
PPI (in the waste sector)

Performance based clauses

to support better waste prevention options

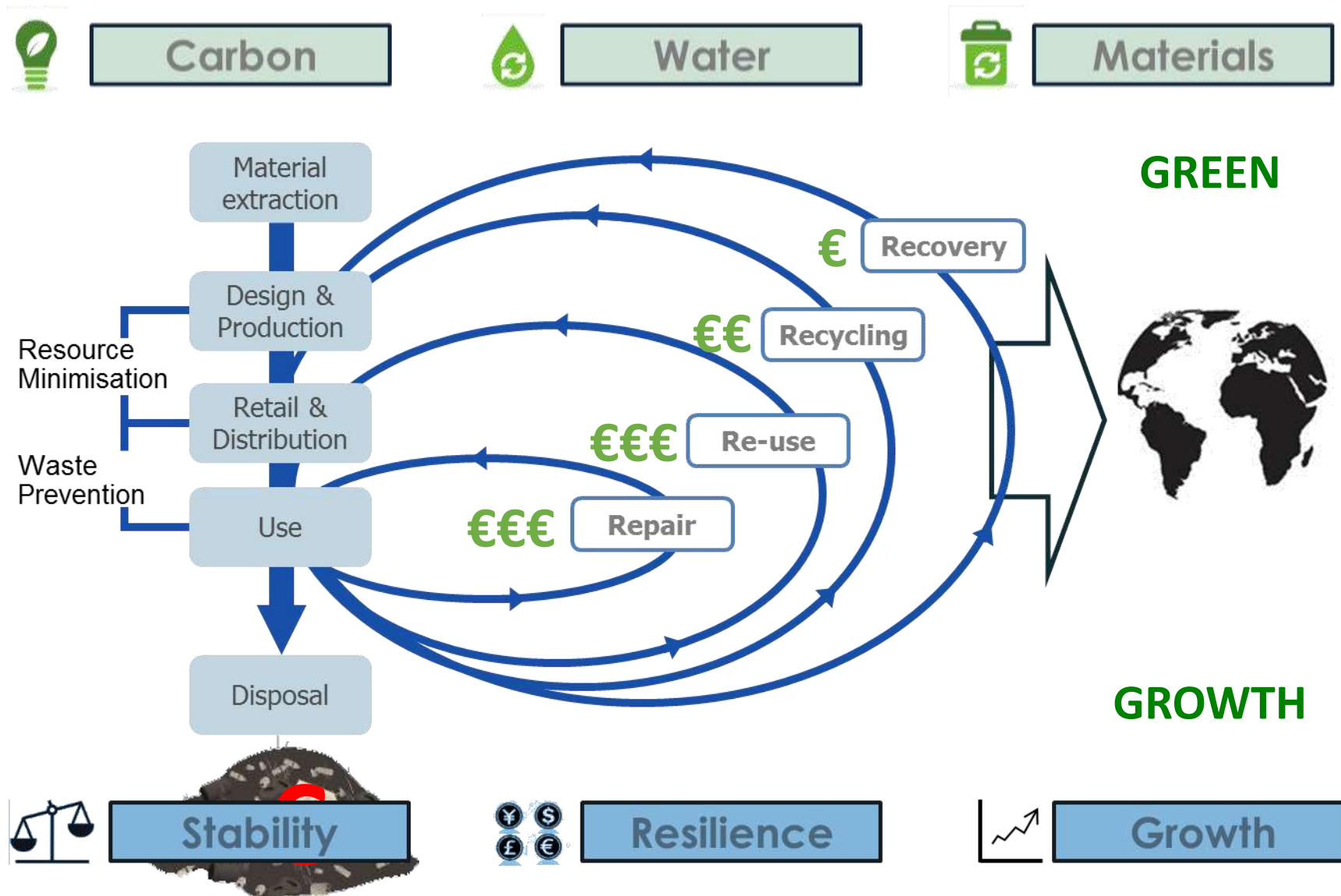
EU benefits of CE

European Union € 324 billion



Sources: EU, Ellen McArthur Foundation, Club of Rome, TNO, WRAP, www.rebus.eu

Summarising Green Growth





Sustainable use of natural resources



Focus in design and production on closing loops



More and better recycling



Conscious use of products



Waste is an indicator of (poor) circularity

Learning



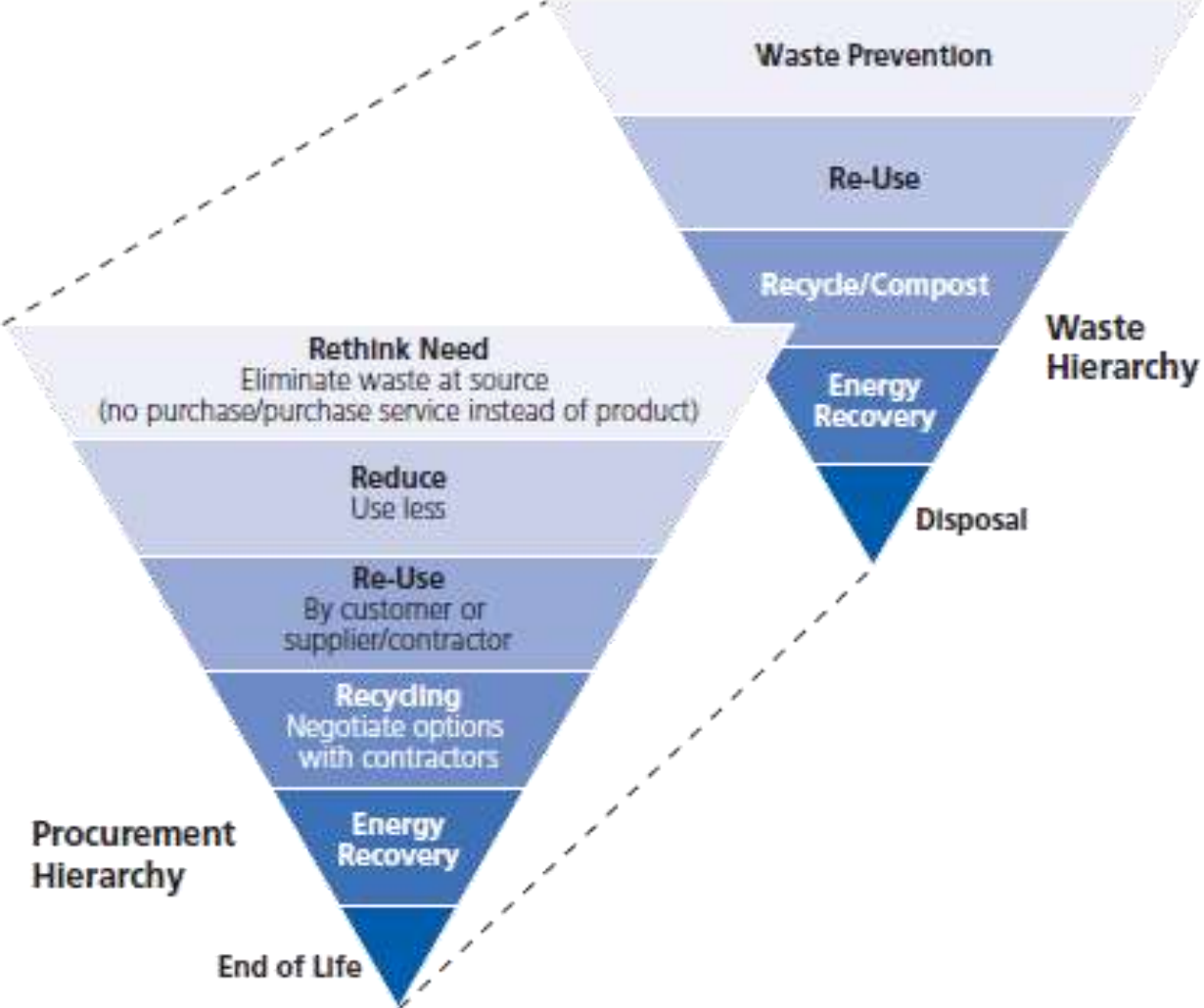
Butterfly
Simplified
Reality =
Collaboration



Circular procurement



Waste Hierarchy = Procurement Hierarchy



Negotiate end-of-life management options with suppliers/contractors

Traditional | Sustainable | Circular

Traditional:

- Focus on product / price
- Limited market contact

Sustainable:

- Focus on product and supplier / price and quality
- Regular market contact

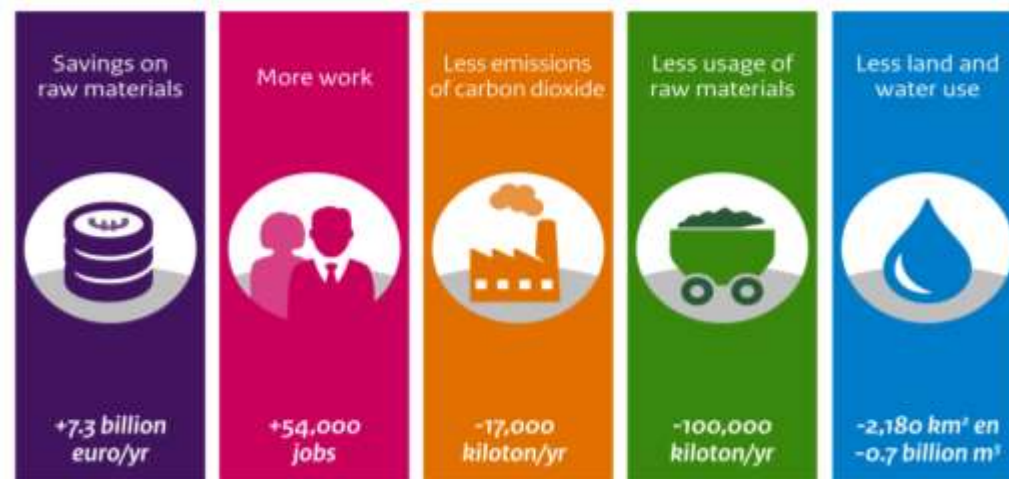
Circular:

- Focus on supply chain / shared ambitions
- Intensive market contact and collaboration
- Focus on closing loops

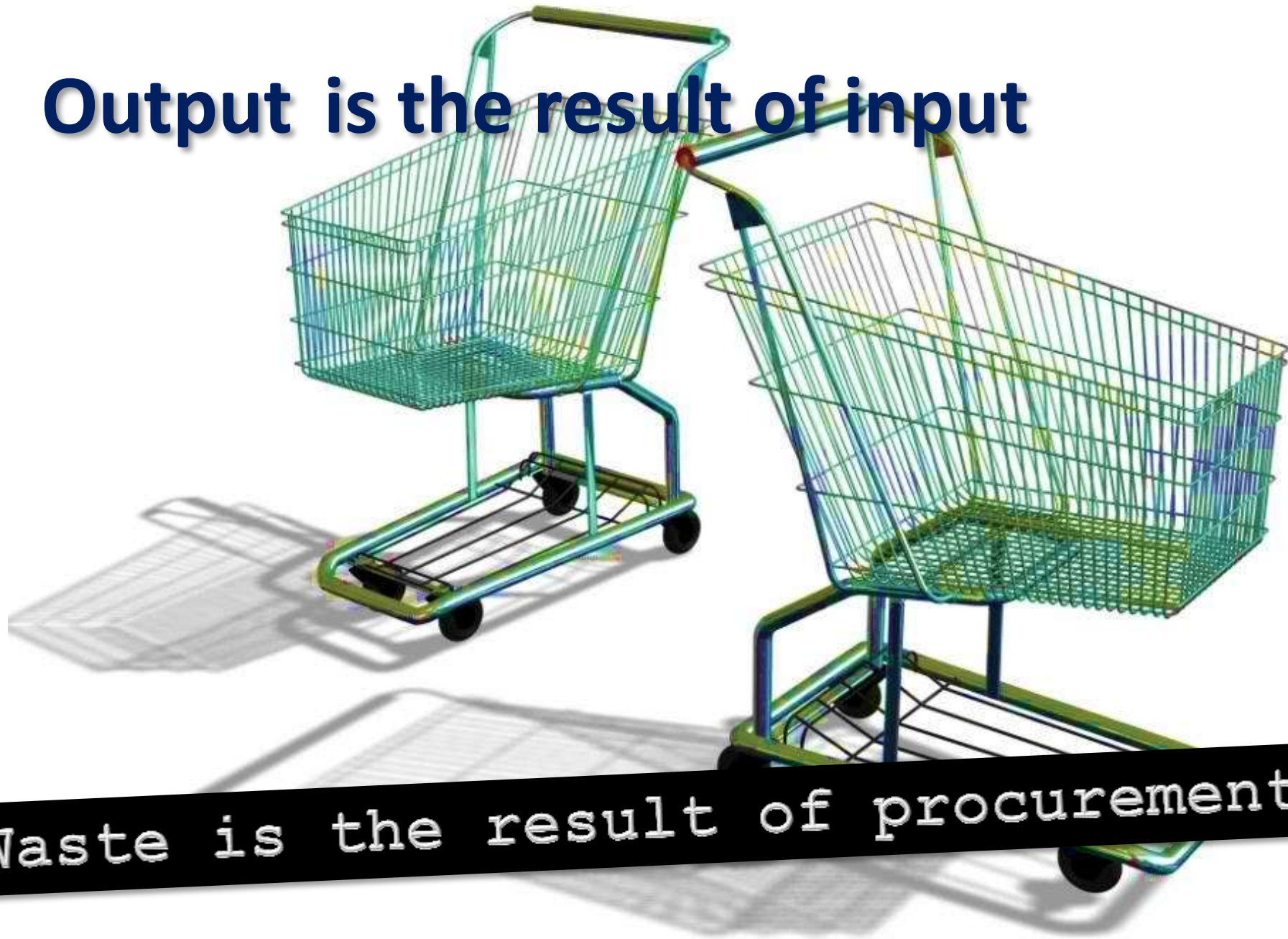


Benefits of circular procurement

- Closing material loops
- Less waste (sustainable and cheaper)
- Cost savings in procurement
- Stimulate (circular) economic activity
- Benefits on other ambitions
- Lead by example / credibility



Output is the result of input



Waste is the result of procurement...

'The 'best' circular option



C2C

or



Lifespan

'The 'best' circular option



Low Energy Asphalt

or



Asphalt with high % recycled materials



Circular procurement examples



Construction

Opportunities:

- Design for deconstruction
- Recycled content
- Multiple REBMs
- CO₂ reduction
- End of Life - closing material loops
- Refurb & maintenance
- Cost savings



- [Brummen, Netherlands - circular Town Hall](#)
- [Netherlands – DBFM, Rapid circular contracting](#)
- [BAR HQ, Portsmouth, UK – Whole Life Costing & BIM](#)
- [Viaduc de Millau, France - build, fund & operate \(BFOT\)](#)

Example

Municipal office: city of Venlo

Example



Building and renovation according to Cradle-to-Cradle principles

Netherlands A12 Benefits

Reduced monetized environmental impacts by €21.8M

	CO ₂ e emissions	Energy consumption
Low Carbon Solution	552.9 t CO ₂ e/year	157.8 toe/year
Last Tender/or „worst case“	731.8 t CO ₂ e/year	208.6 toe/year
Annual savings	178.9 t CO ₂ e/year	50.8 toe/year
Total savings (50 years)	8,944 t CO ₂ e	2,549 toe



London – regeneration

- 9 buildings relocated
- 445,000 t (98%) material recycled
- 20,000 lorry movements avoided
- Foundations for Aquatic Centre, Handball Arena used concrete with >30% recycled materials.
- Substitution with GG Blast Slag and PFA - London Aquatics Centre
- 22% recycled content levels (170,000 tonnes)
- Reduced concrete design saved 65,000cu metres, 120,000 tonnes aggregate and 20 tonnes CO2eq.



2008



2008



2012



2016

Example



Aalborg – school furniture

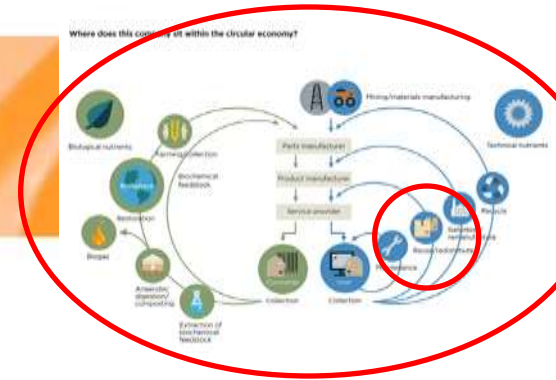
Circular procurment – minimum criteria

- *Guarantee on lifetime on new furniture – 5 year*
- *Guarantee on lifetime on refurbished furniture – 2 year*
- *Spare part guarantee – 5 year*
- *Text-service - time to review new furniture and a description of what is relevant to review*
- *Recycled paper, wood ect. for packing*
- *Plastic parts above 50 grams must be labeled for recycling*
- *70 % of wood must be sustainable eg. FSC, PEFC or re-used wood*
- *Labelling of new and refurbished furniture with supplier logo*
- *(and other environmental requirements)*

Cradle 2 Cradle Office chairs Herman Miller



Swansea council (Wales) refurbishment of furniture



New fte's for people furthest from the job market

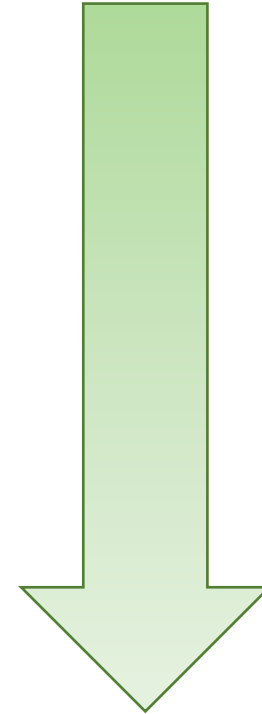


Malmö, Sweden Priority list

1. The goal is to utilize the furniture that is available in the city of Malmö first by doing inventory of what is in store and in office
1. If furniture has been found, can these be renovated internally
2. ...or can be renovated externally by contract supplier;
3. If furniture has not been found, examine the furniture range externally with the contract suppliers (if not already engaged in step 1);
4. Purchase brand new (call for existing furniture agreements (STK-2017-274) via the Marketplace or quotation), and
5. If there are furniture in the city of Malmö but have no usable resale value, they may go to recycling. This is the last step of the furniture lifecycle and should be avoided as far as possible.



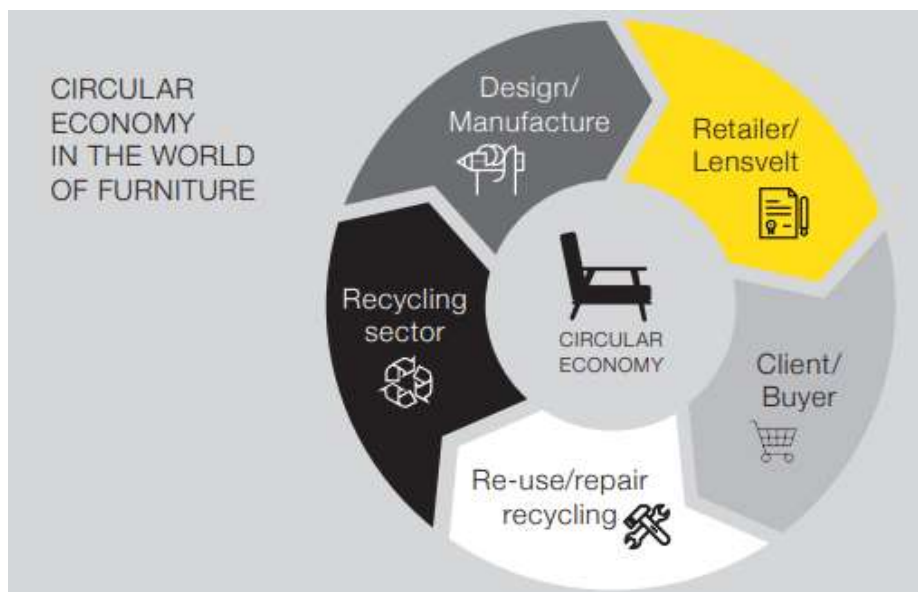
Example



Lensvelt, Netherlands



Example



Lensvelt also accepts the return of furniture at any time in its life cycle. After refurbishment, a table enters a new phase of its life or rather a renewed life. If the furniture is in poor condition, it is carefully taken apart. Each component is examined in order to determine how it can be reused and revitalized.

After delivery, the furniture remains close to Lensvelt. The goal is for a chair to stay a chair as long as possible. In addition to a warranty period of five to ten years, an SLA (Service Level Agreement) can be agreed regarding standard preventive and corrective maintenance. Lensvelt offers long-term availability of products and components so that the furniture can be in its present form as long as possible. In this way, the product and materials retain their value.



Egon Zehnder - Amsterdam

Furniture & Facilities Management

Example



- REBM – furniture as a service
- Resource efficient design
- Circular products & C2C
- Lifetime optimisation
- Reuse opportunities
- SME opportunities
- Community benefits

Examples:

- Cambridge NHT, UK – hospital beds
- ProRail, Netherlands – furniture and carpeting
- London, UK – office mobile asset management
- Public Health Wales, UK – desk reuse & repurposing



Circular furniture procurement - Wales

Example



Case Study: An Innovative Procurement Strategy to Embed Circularity in Swansea Council's Civic Centre Office Refurbishment



Summary

During 2017 the City and County of Swansea Council (CCoS) embarked upon an agile working programme that will eventually move 1,400 employees based in the Swansea Civic Centre from traditional individual offices and desk allocation to a flexible working environment. This case study is based on the transition towards agile working, and the refurbishment of three wings of the Civic Centre that has been completed to date.

As part of the Well-being of Future Generations (Wales) Act 2015 (WFGA), and corporate social responsibility as a council, CCoS explored innovative ways to re-use and refurbish their existing furniture to create a new office environment. To achieve this CCoS adopted a novel approach to procuring furnishings and flooring. Tender specifications outlined ambitious requirements for existing furniture and flooring to be re-used, refurbished and incorporated into the new layout.

CCoS have proved how embedding sustainable procurement in their office refit can be embraced by staff members, providing inspiration for replication in the future. Working with local Supported Businesses has also helped CCoS to demonstrate collaboration, which is a highlighted theme set out in the WFGA.

Key Facts

- Agile working practices have reduced the need for space by approximately 25%. This has enabled surplus space to be rented to other tenants, creating a new revenue stream for CCoS.
- Originally, 122 staff worked from 150 desks. Now, 368 full-time equivalent (FTE) employees work from 212 desks, doubling the desk utilisation rate from 0.81 to 1.74.
- 486 items of furniture have been re-used or remanufactured. This has diverted approximately 7.8 tonnes from landfill, and has resulted in a total CO₂e saving of 29.1 tonnes.
- 1,213m² of floorspace was carpeted, with re-used carpet tiles accounting for 530m² (44% of total floorspace). This has reduced waste-to-landfill or incineration by 2.39 tonnes, and resulted in a CO₂e saving of 4.5 tonnes.
- Sourcing remanufactured furniture and re-used carpet has enabled the procurement to create six new FTE positions and three temporary roles.



- Furniture
 - 486 items
- Carpets
 - 1213 m²
 - 44% reuse & recycling
- Impacts
 - 33 tonnes CO₂e
 - 20kg saving per chair
 - 10.5 tonnes landfill diversion
 - 6 new jobs 3 temporary jobs
 - Transportation ↓77%

1876 invention of the telephone
products to last a lifetime

2007 first iPhone
2017 iPhone 8 -> 'X'

Learning



A product is not circular
until YOU arrange it to be circular!

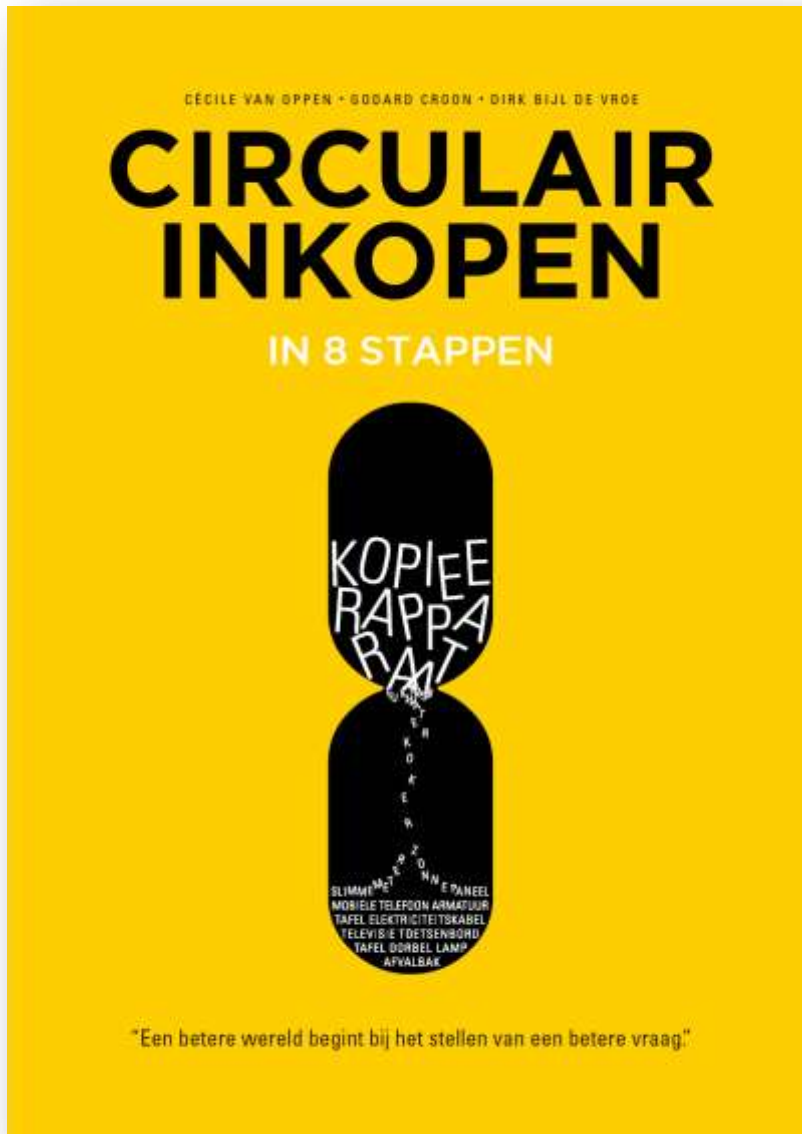
Which one depends most circular?



Circular procurement in 8 steps



Circular Procurement in 8 steps



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

<http://www.copper8.com/wp-content/uploads/2018/10/E-book-Circulair-Inkopen-in-8-stappen-Copper8.pdf>

Circular clients



Circular procurement depends on the ambition of the organisation, translated into policy through the proactive effort of the clients and budget holders.

**Circular procurement
needs circular clients!**



Changing position of procurement

2

Help to identify the **right internal departments** (and persons!) and get them together

Challenge the **internal client** to set high ambitions

Look for the **common interest** of internal stakeholders

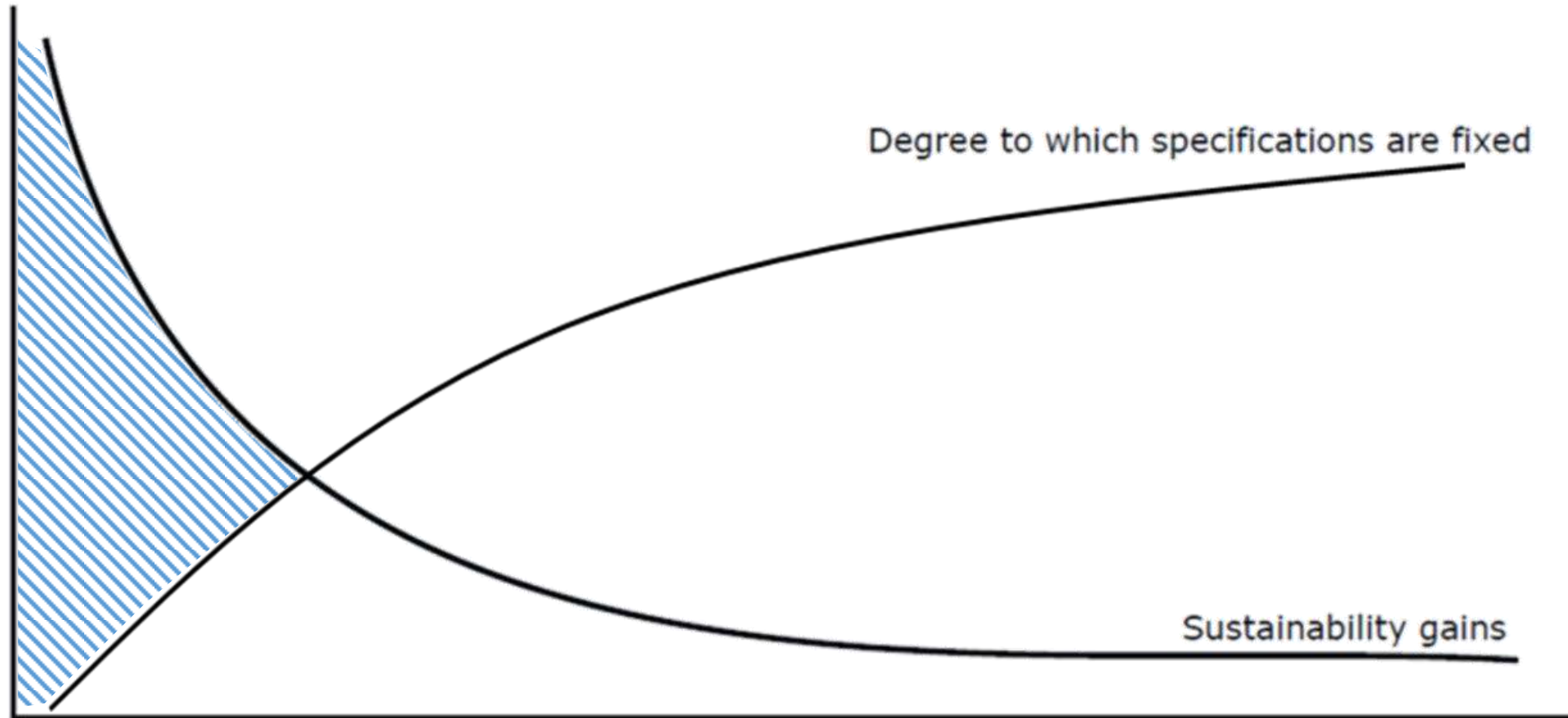
Identify **external stakeholders** and their interests

Raise awareness and interest with the **right market parties**

Guide the proces: from ambition and needs assessment until awarding and contract management



Best time to act?

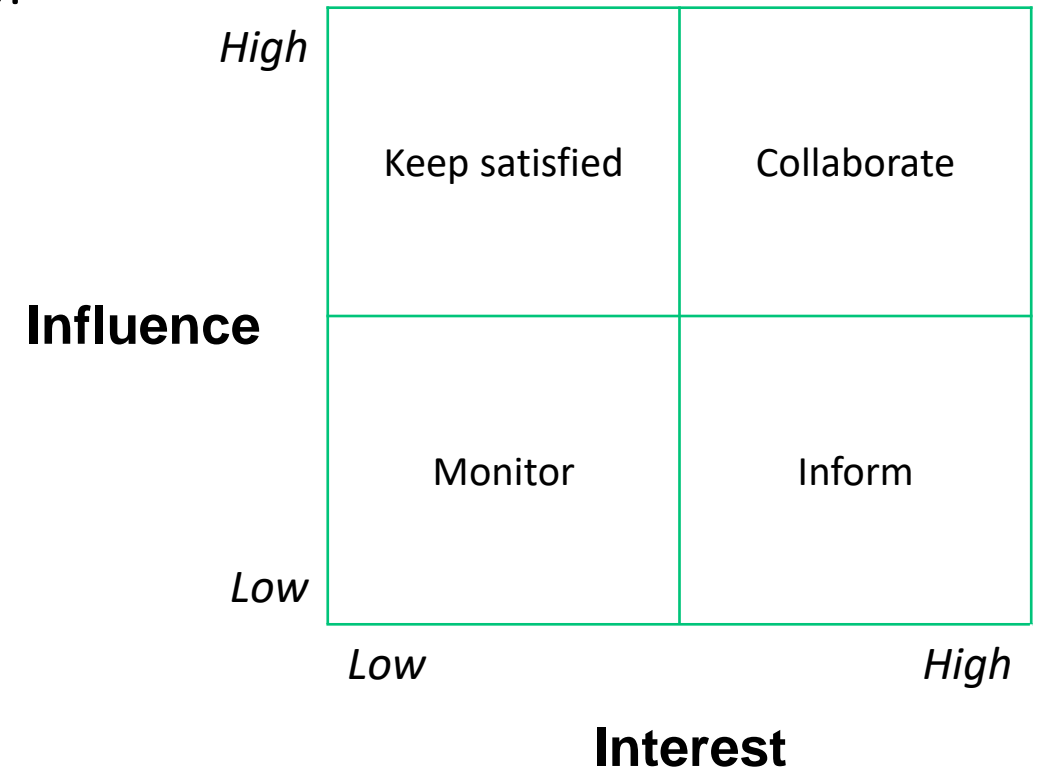


Step 2: Internal consequences

2

Who are the most important internal stakeholders?

- Who are the most important internal stakeholders?
- What are their (individual) interests?
 - Minimal spend
 - Make a planning
 - Quality
 - Ambitions
 - Avoid risks
 - ...
- In what way can you involve them for internal committment?
- Which internal processes might change?





**Change it
one
step at the
time....**

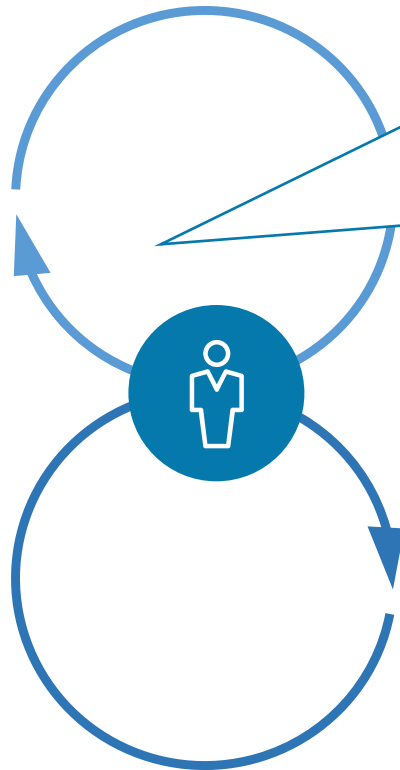
**....but where
to start?**



The importance of external collaboration

4

EXTERNAL SUPPLY CHAIN



INTERNAL STAKEHOLDERS

- WHAT DOES THE SUPPLY CHAIN OF YOUR PRODUCT LOOK LIKE?
- WHO ARE RELEVANT EXTERNAL STAKEHOLDERS?
- WHAT ARE THEIR AMBITIONS AND INTERESTS IN THE TRANSITION TO A CIRCULAR ECONOMY?
- HOW TO MAKE OPTIMAL USE OF EXTERNAL KNOWLEDGE, INNOVATIVE IDEAS, OUT-OF-THE-BOX SOLUTIONS ETC DURING THE WHOLE PROJECT?
- HOW TO COME TO A COLLABORATIVE RELATIONSHIP (TRUST)?

THIS REQUIRES AN ANALYSIS OF ALL ACTORS IN THE SUPPLY CHAIN

AN INTENSIVE MARKET DIALOGUE IS A MUST-DO FOR CIRCULAR PROCUREMENT!

How do you create external collaboration?

4

Three options

1) Consulting the market, which can be done for various aims:

- Inventorying (technical) possibilities
- Validating procurement strategy
- Stimulating combinations of market organisations
- Strengthening internal support

2) Actively promoting combinations of various disciplines

3) Integrating physical contact in the procurement procedure:

- Information meeting
- Dialogue within procedure
- Information notice

Market collaboration: 2 levels

4

1. Supply chain collaboration

Discuss ambitions and possibilities with supply chain partners of your product (designer, producer, user, waste manager)

Result: every partner knows their role and responsibility

2. Supplier collaboration

Collaborate during the contract to improve your selected supplier's performance on your ambitions

Result: optimal performance during the use phase of the product

Market analysis

Study and analyse the market using desk research and physical meetings:

- Who are the actors?
- What do they already know and/or achieve on circular solutions?
- What is of interest for circularity in your product?

Market consultation

Consult the market to compare your ambitions with their possibilities and opportunities to solve your need with circular solutions.

- What optional solution can you think of together?
- What alliances can provide the possible solutions?

Step 5 Tender procedure

- Establish a clear picture of what you wish to achieve via this tendering procedure and select the procedure most suited to this ambition.
- Is a call for tenders mandatory or not?
- At what level must your project's tendering process be conducted?

Make sure you establish these facts at an early stage so you know by which rules and regulations you are bound.

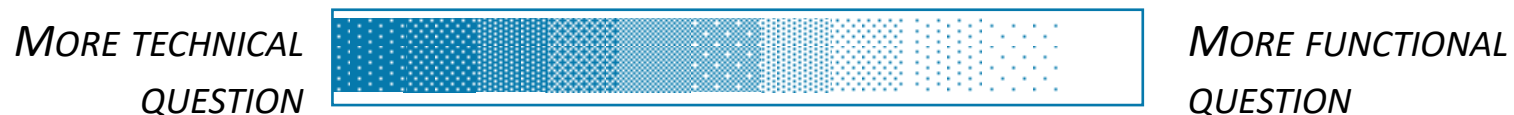


Procurement procedures

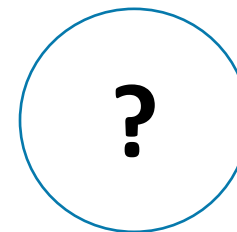
- Public procurement procedures are set by European law.
- There are six main procedures within circular procurement:
 - Below threshold procedure
 - Open procedure
 - Restricted procedure
 - Competitive dialogue
 - Competitive procedure with negotiation
 - Innovation partnership (only recently introduced)
- Each procedure is suited for certain demands / situations

Different types of questions

- There are different types of questions: more technical and more functional
- There is no 'black' or 'white', but lots of 'grey'
- The degree of functionality depends on the context of the product group, and also your organisation and ambitions



wants



needs

Step 6 Measuring & award

- Answer the questions:
 - what factors determine the best tenderer?
 - what factors determine the best tender?
- Determine how you will measure and assess the circularity of the tender.
- Determine how you will incorporate the price aspect into the assessment and what weighting will be assigned to it.

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

William Bruce Cameron



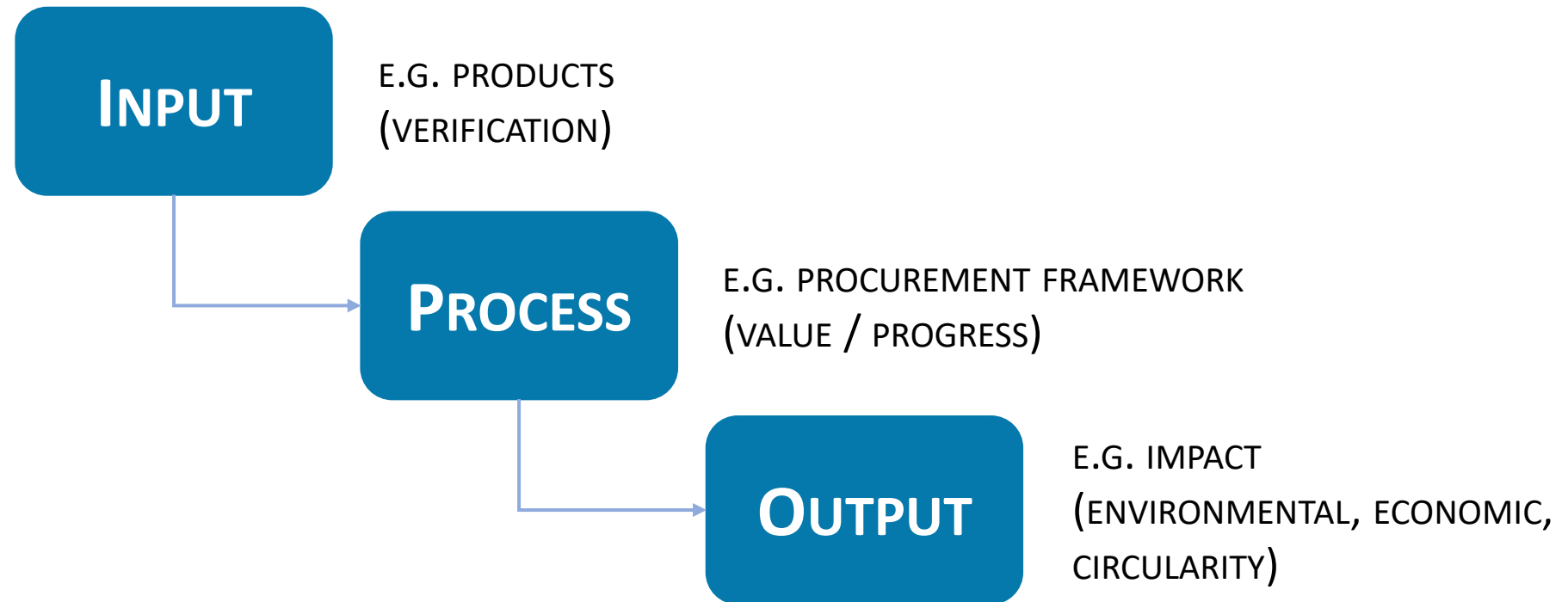
Requirements & criteria

- Requirements and criteria are set by the tendering organisation
- Requirements must be met by all tenderers
- Criteria provide **possibilities for distinguishing**: tenderers can determine how to meet these

	DETERMINANT
REQUIREMENTS	YES / NO
CRITERIA	GOOD-BETTER-BEST



Choosing KPIs



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



What circular models exist?

- Lease /hire /rental
- Sell on /buy-back
- Resource recovery
- Sharing platforms
- Product-service systems, e.g. Pay-per-use

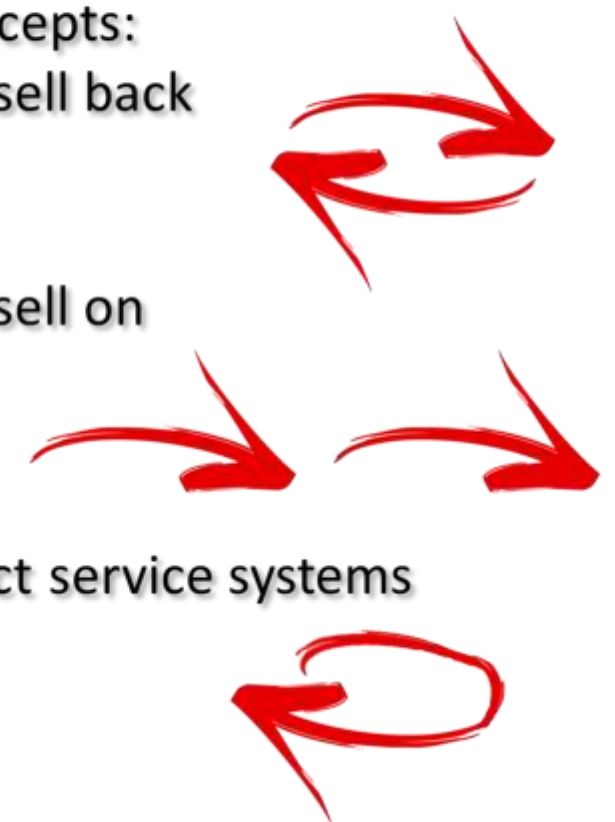
Procurement concepts

3 main concepts:

- buy – sell back

- buy – sell on

- product service systems





Contract management

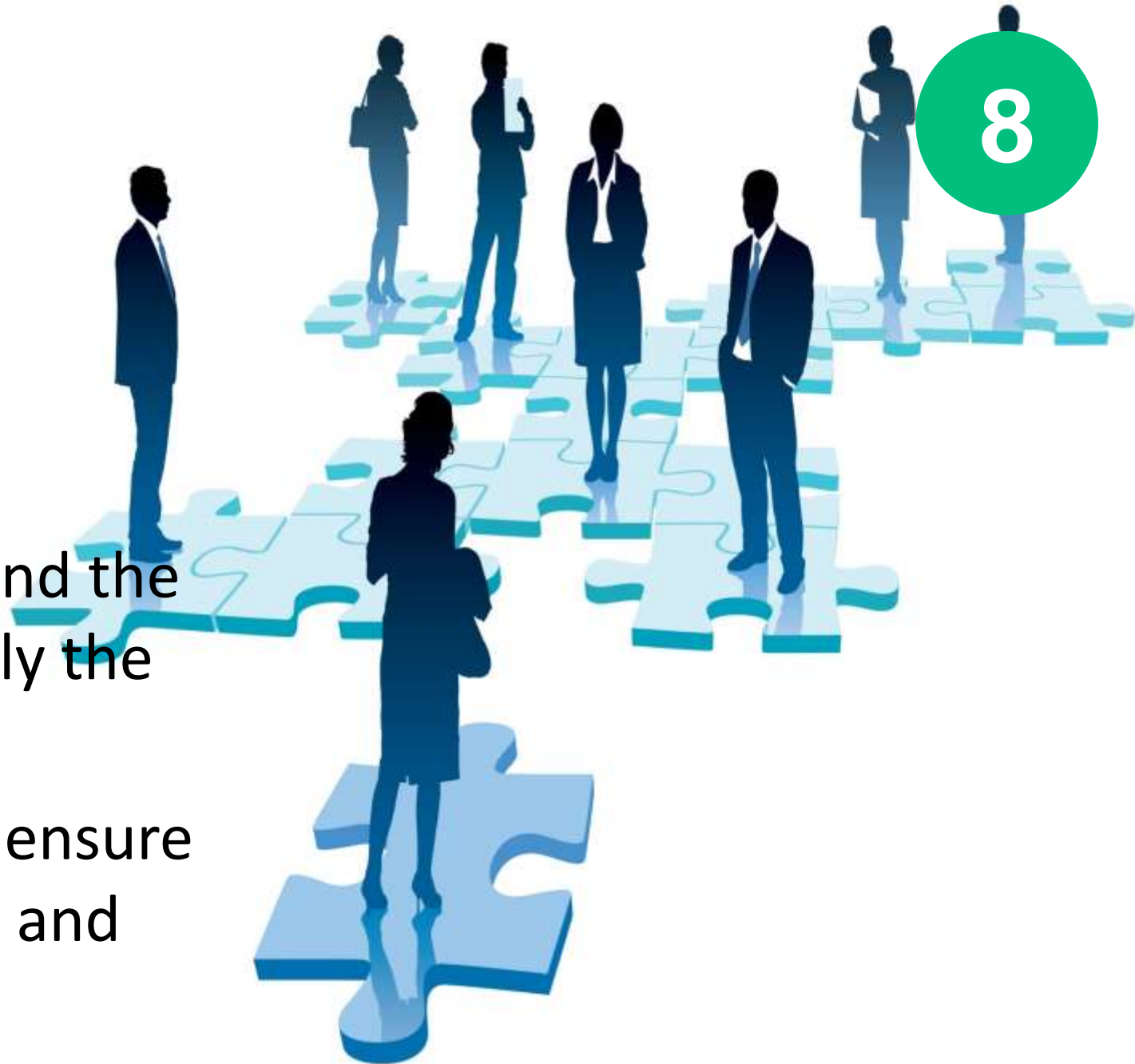
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- Monitor performance in the contract
- Contract performance clauses are special conditions, not award criteria, and must be mentioned in procurement documents
- Performance clauses must be linked to the subject matter of the contract
- Monitor and evaluate the supplier
- When the contract is awarded, performance clauses must be met
- Sanctions can be set for non-compliance, e.g. price sanction



Circular procurement is **NOT** about procurement alone...

- The procurement officer and the contract manager are rarely the same people
- Create a clear RACI link to ensure accountability, monitoring and reporting



Ensure results and impact

- Determine which circular model creates the best chance of success.
- Formulate the contract so that it is based on collaboration and development.
- Define realistic KPIs and evaluation requirements
- Monitor, measure & report implementation of tenders & pilots going forward



ACTION PLAN



JUST

START



Rijkswaterstaat
Ministry of Infrastructure and the
Environment



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 **Interreg**
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