



Circular procurement to reduce costs and environmental impacts

Webinar for the
Food & Drink Federation

18th October, 2022
13:00 BST



Menu du jour

❖ — *Entrée* — ❖

An overview of procurement law

❖ — *Plat* — ❖

What is the circular economy and why are we moving that way?

❖ — *Dessert* — ❖

The circular procurement process

Simon Gandy – an introduction



1988

MA, MEng Chemical Engineering,
Queens' College Cambridge

1999

MSc Environmental Technology,
Imperial College London

2009

Associate Director
Navigant

1992

Process Scientist
Procter & Gamble

2000

Environmental Consultant
ERM

2010

Associate Director
AEA Technology; Ricardo

2021

Technical Director
SLR Consulting

- My expertise:
 - Life Cycle Assessment (LCA)
 - Circular Economy & Resource Efficiency
 - Packaging & Waste Management
 - Green Public Procurement
 - Sustainability



P&G



NAVIGANT
AEA

RICARDO

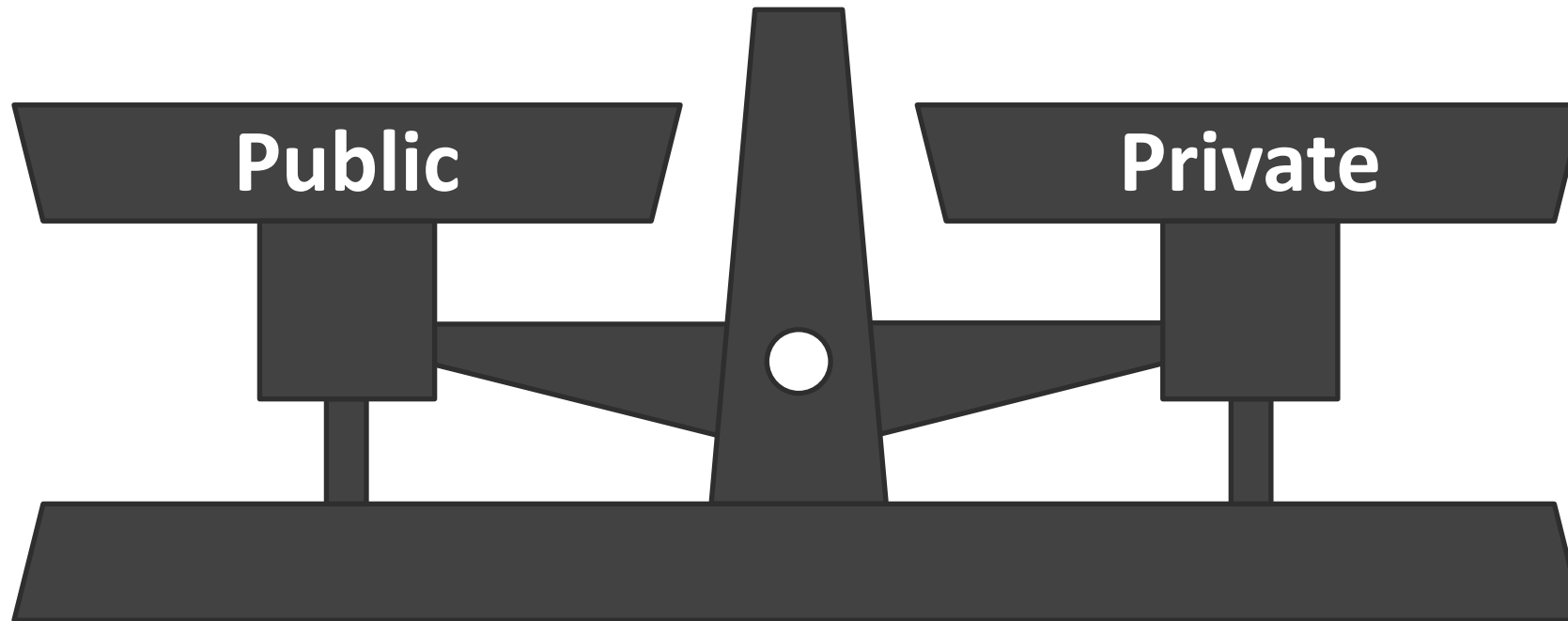


An Overview of Procurement Law

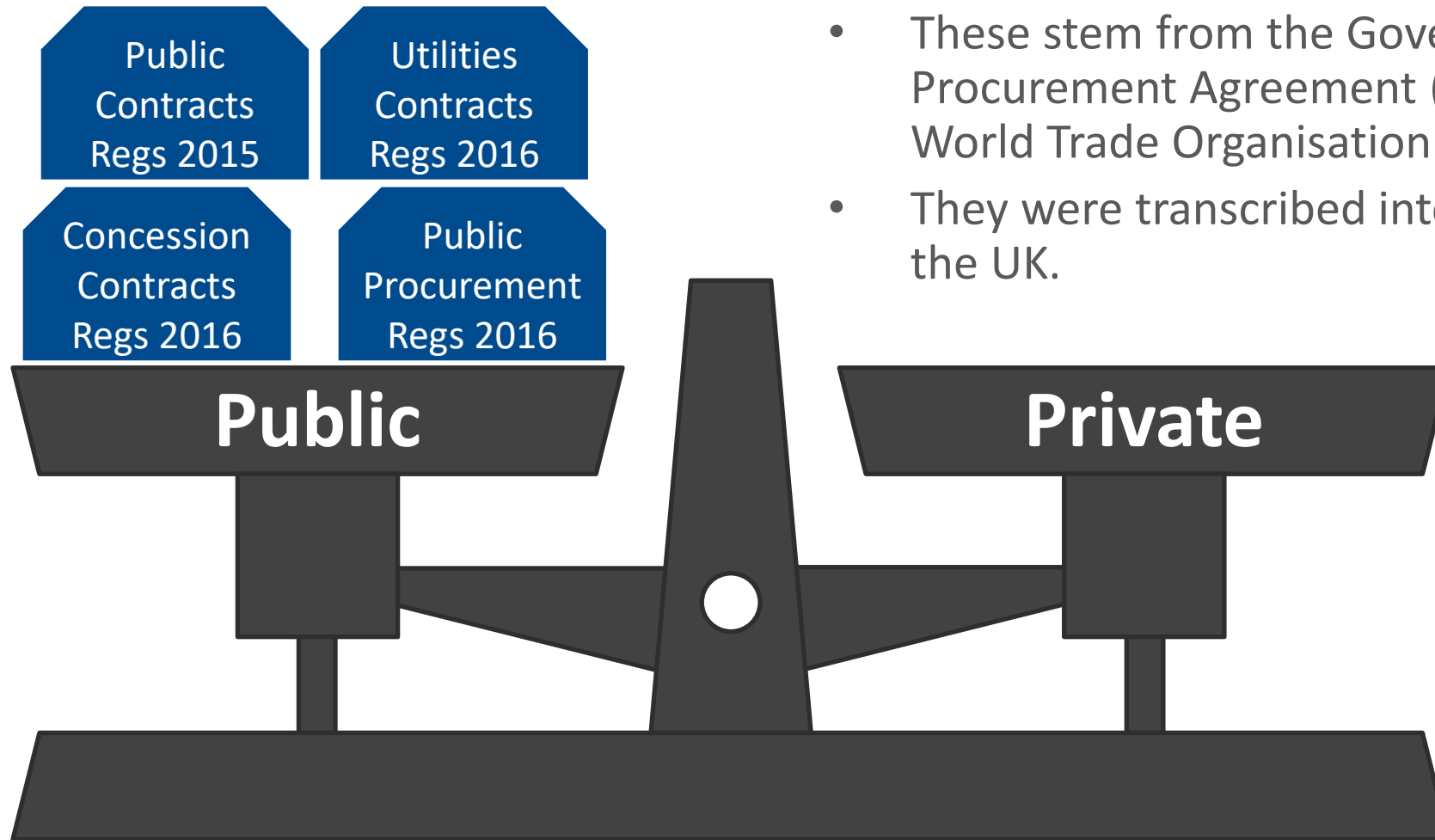


Public versus private procurement

- Public procurement concerns purchasing by public sector organisations and is heavily regulated
- Law concerning private procurement is much less extensive...

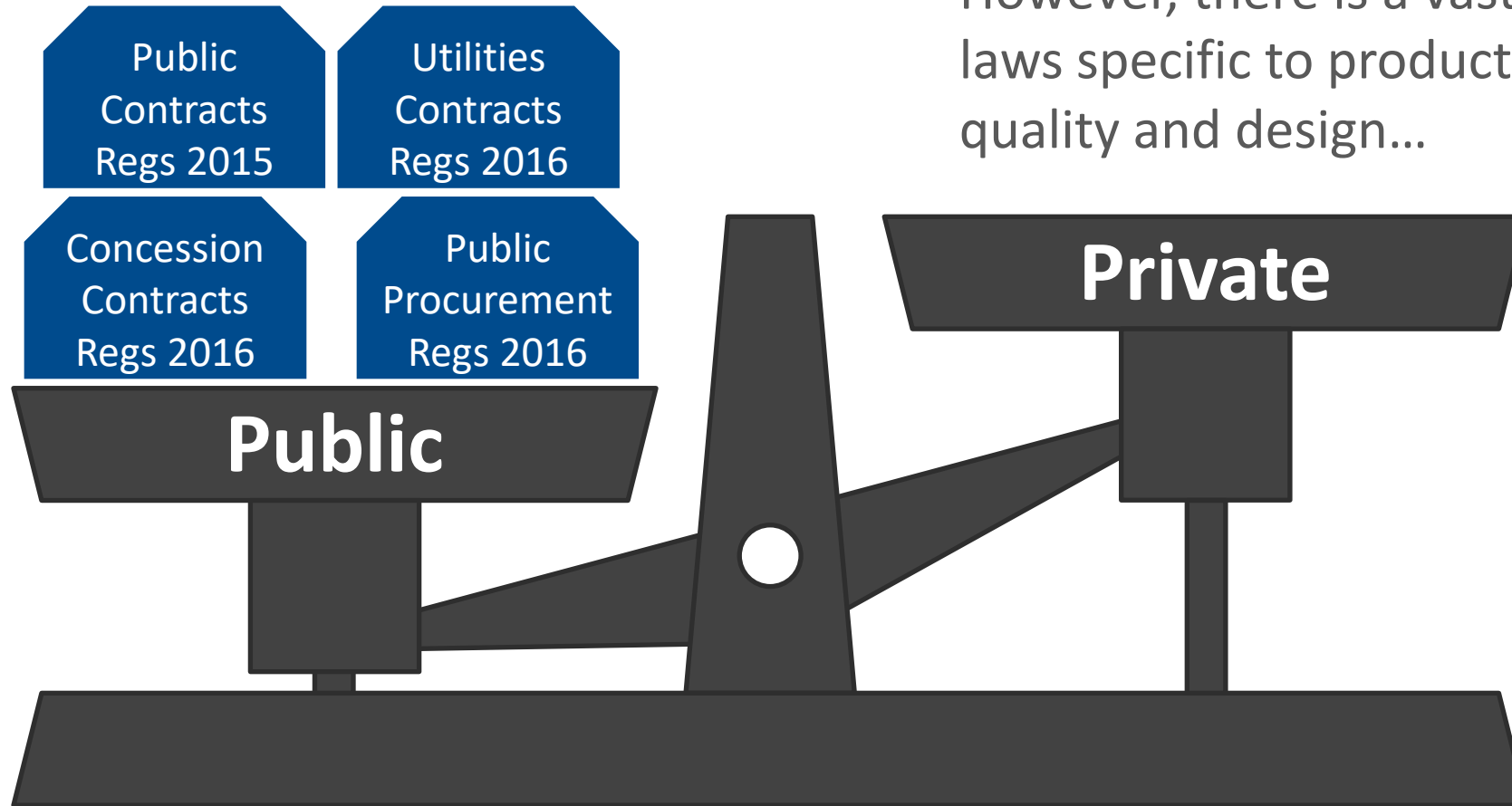


Public procurement law



- For public procurement, EU Procurement Directives still stand in the UK.
- These stem from the Government Procurement Agreement (GPA) of the World Trade Organisation.
- They were transcribed into these laws in the UK.

Private procurement law



- Believe it or not, there are no specific laws in place for private procurement!
- However, there is a vast number of laws specific to product / material quality and design...

Public procurement – the big picture

- For now, UK public procurement is still subject to the EU Treaty principles of:
 - non-discrimination
 - free movement of goods
 - freedom to provide services
 - freedom of establishment
- ECJ case law adds these further considerations:
 - equality of treatment
 - transparency
 - mutual recognition
 - proportionality
- There is plenty of on-line guidance available, including the EU’s “Buying Green” document.
- The new Circular Economy Action Plan, adopted in March 2020, brings **circularity** into the space of procurement.

https://ec.europa.eu/environment/gpp/index_en.htm

https://environment.ec.europa.eu/strategy/circular-economy-action-plan_en



The Transforming Public Procurement Programme

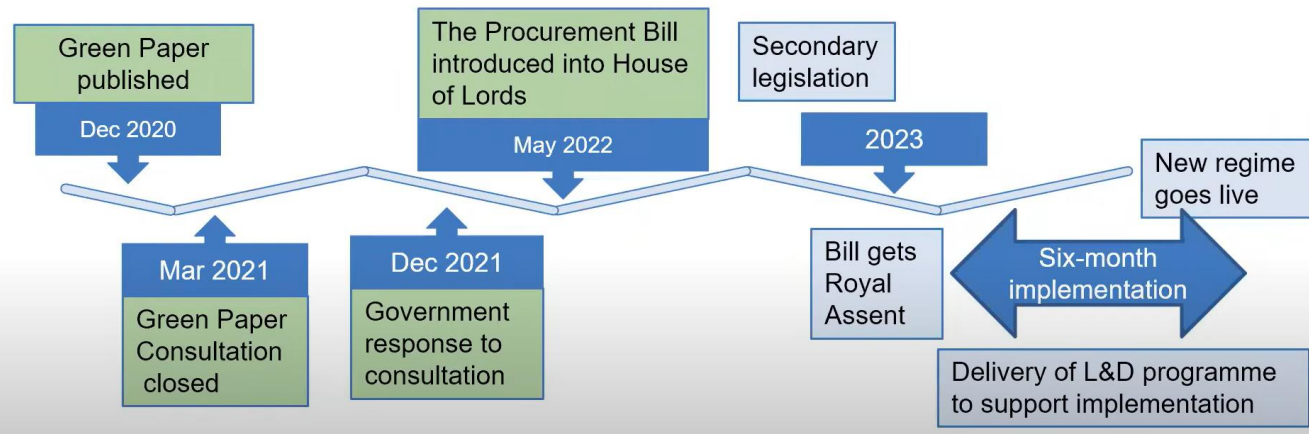


- In April 2022, the government launched a programme to transform public procurement, aiming to:
 - Create a simpler and more flexible commercial system
 - Open up public procurement to new entrants
 - Embed transparency throughout the commercial lifecycle
- At the heart is the new Procurement Bill, which will supersede the existing EU Procurement Rules
 - Wales & Northern Ireland have agreed to join “but there may be some difference”
 - Scottish Government is taking forward its own legislation

<https://www.gov.uk/government/collections/transforming-public-procurement>

The Procurement Bill – status

- Introduced into the House of Lords in May 2022.
- Passed first and second readings and entered Committee Stage, where it is scrutinised line by line.
- Once finalised, will then pass to the House of Commons before entering final stages.



<https://bills.parliament.uk/bills/3159>

The screenshot shows the following information on the Bills Parliament website:

- Details:** News, Stages, Publications
- Long title:** A Bill to make provision about procurement
- Sponsoring department:** Cabinet Office
- Member:** Baroness Neville-Rolfe, Conservative, Life peer
- Current version of the Bill:** HL Bill 4 (as introduced), 11 May 2022
- Bill passage:**
 - Bill started in the House of Lords:** 1st reading (Complete), 2nd reading (Complete), Committee stage (In progress), Report stage (Not yet reached), 3rd reading (Not yet reached).
 - Bill in the House of Commons:** 1st reading (Not yet reached), 2nd reading (Not yet reached), Committee stage (Not yet reached), Report stage (Not yet reached), 3rd reading (Not yet reached).
 - Final stages:** Consideration of amendments (Not yet reached), Royal Assent (Not yet reached).
- Key:** Complete (Green checkmark), In progress (Blue hourglass), Not applicable (Red X), Not yet reached (Purple circle).

Summary of the Procurement Bill (Parts)

1. Key Definitions
 2. Principles & Objectives
 3. Award of Public Contracts
 4. Management of Contracts
 5. Conflicts of Interest
 6. Below-Threshold Contracts
 7. Implementation of International Obligations
 8. Information & Notices: General Provisions
 9. Remedies for Breach of Statutory Duty
 10. Procurement Oversight
 11. Appropriate Authorities & Cross-Border Procurement
 12. Amendments & Repeals (inc §17 Local Govt Act)
 13. General
- Series of 11 Schedules
- What should you be doing at the moment?
 - Consider who will need training
 - Think about pipeline of procurements
 - L&D Resources
 - Self-Guided Online Modules
 - Instructor-Led Virtual Deep Dives
 - Communities of Practice
 - Wraparound: published resources

What is the
circular economy
and why are we
moving that way?



The Linear Economy



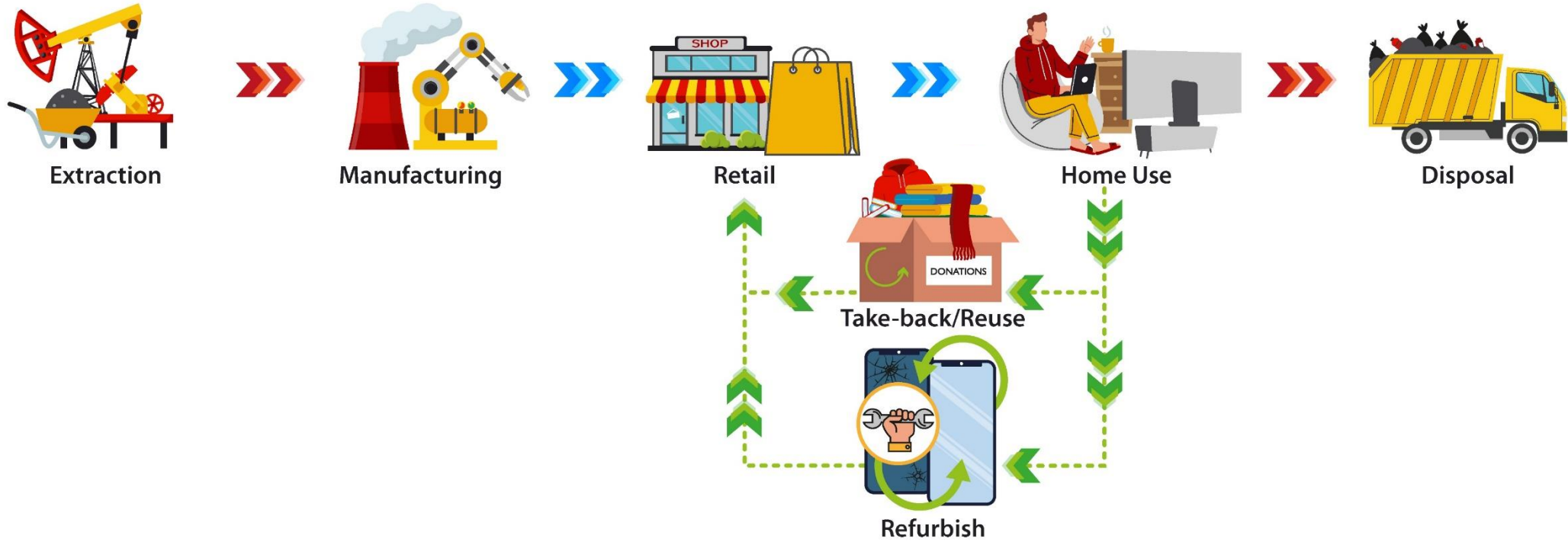
Increasing circularity (1)

User: take-back/reuse



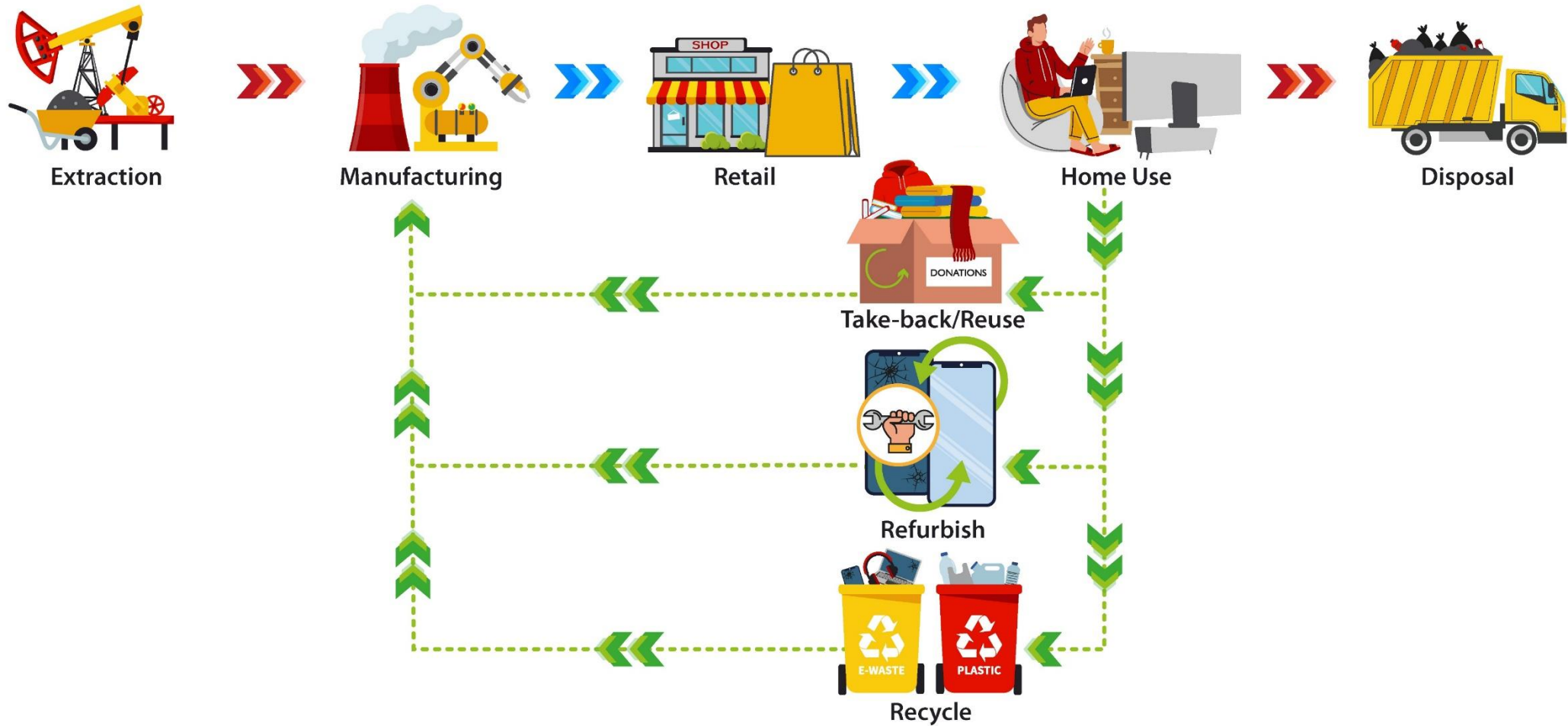
Increasing circularity (2)

Retailer: take-back/refurbish



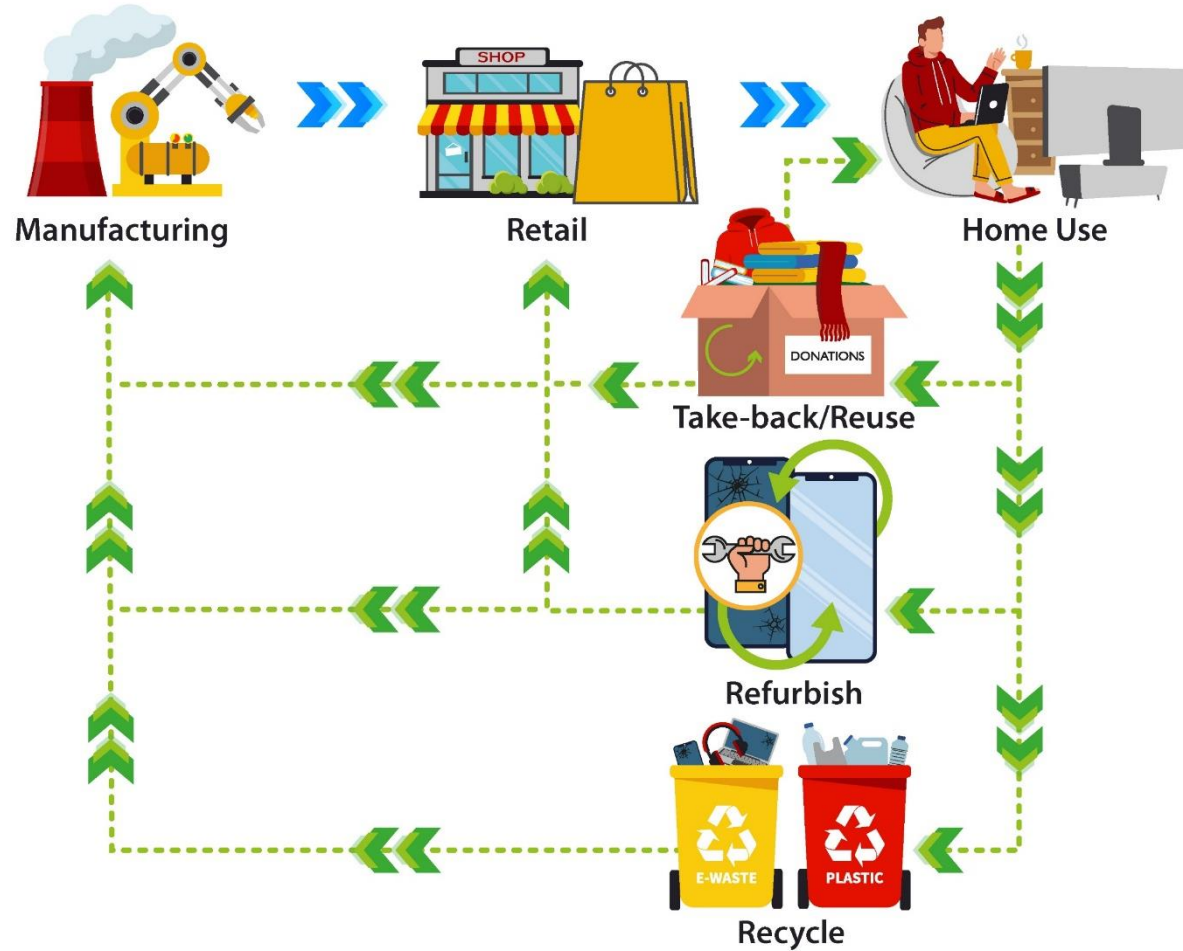
Increasing circularity (3)

Manufacturer: take-back/refurbish/recycle



Increasing circularity (4)

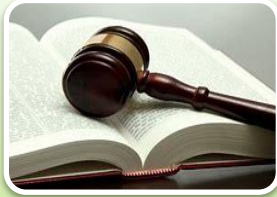
Close the loop



Some definitions of the circular economy

- **Ellen McArthur Foundation – three principles:**
 - *Eliminate waste and pollution*
 - *Circulate products and materials (at their highest value)*
 - *Regenerate nature*
- **BS8001: Framework for Implementing the Circular Economy in Organisations**
 - *An economy that is **restorative** and **regenerative** by design, and which aims to keep products, components and materials **at their highest utility and value at all times**, distinguishing between technical and biological cycles*
- **EU Action Plan for the Circular Economy (original, Dec 2015)**
 - *An economy where the value of products, materials and resources is maintained in the economy for as long as possible, and the generation of waste minimised*
- **UK Industrial Strategy (Nov 2017)**
 - *We are committed to moving towards a more circular economy – to raising productivity by **using resources more efficiently**, to increasing resilience by contributing to **a healthier environment**, and to supporting long-term growth by **regenerating our natural capital**.*

Why are we moving towards a Circular Economy?



Legislation

- Waste Regs
- Industrial Emissions Dir. (BREF notes)
- Packaging (PRO and ER) Regs



Resource Security / Supply Chain Fragility

- Resilience to geopolitics
- Guarantee of materials



Policy

- EU Circular Economy Action Plan (2020)
- HMG 25 Year Environmental Plan (2018)
- HMG UK Industrial Strategy (2017)



Customer & Stakeholder Demands

- Clients imposing circularity conditions
- Demand for information up and down supply chain



Circular Standards

- ISO14009:2020 (Material circulation)
- BS8001:2017 (Implementing circular economy principles)



Circular/Green Investment

- Qualify for funding and favourable loans terms



Business Efficiency

- Opportunity to make product and process life-cycle as simple and efficient as possible



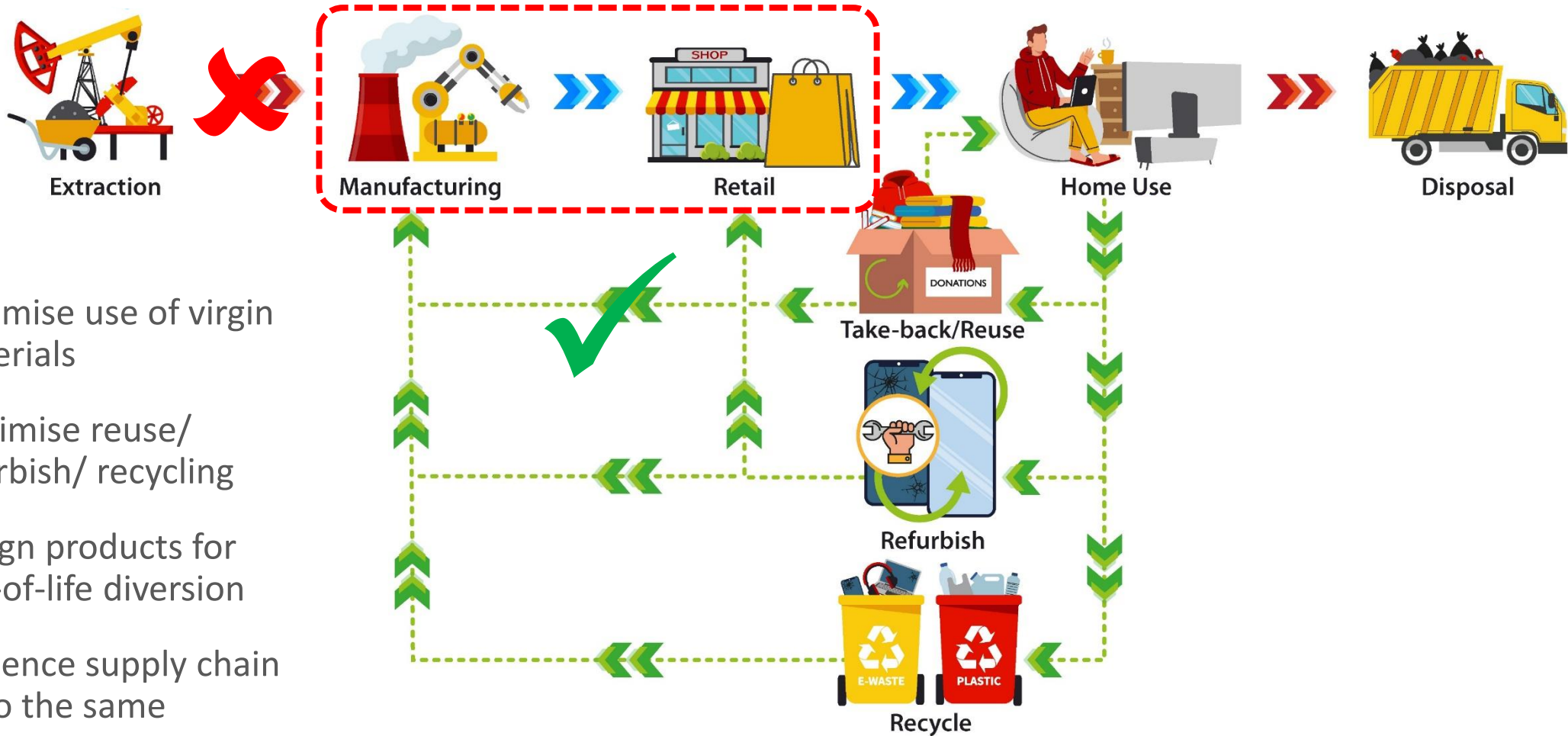
CSR/ESG Credentials

- Desire to do the right thing
- Ability to demonstrate green credentials

The circular procurement process



What is Circular Procurement?



- Minimise use of virgin materials
- Maximise reuse/ refurbish/ recycling
- Design products for end-of-life diversion
- Influence supply chain to do the same

Circular, Green and Sustainable Procurement



ISO 20400:2017 provides the following definition:

- *Sustainable procurement is procurement that has the most positive environmental, social and economic impacts possible across the entire life cycle and that strives to minimise adverse impacts.*

Why adopt sustainable procurement?

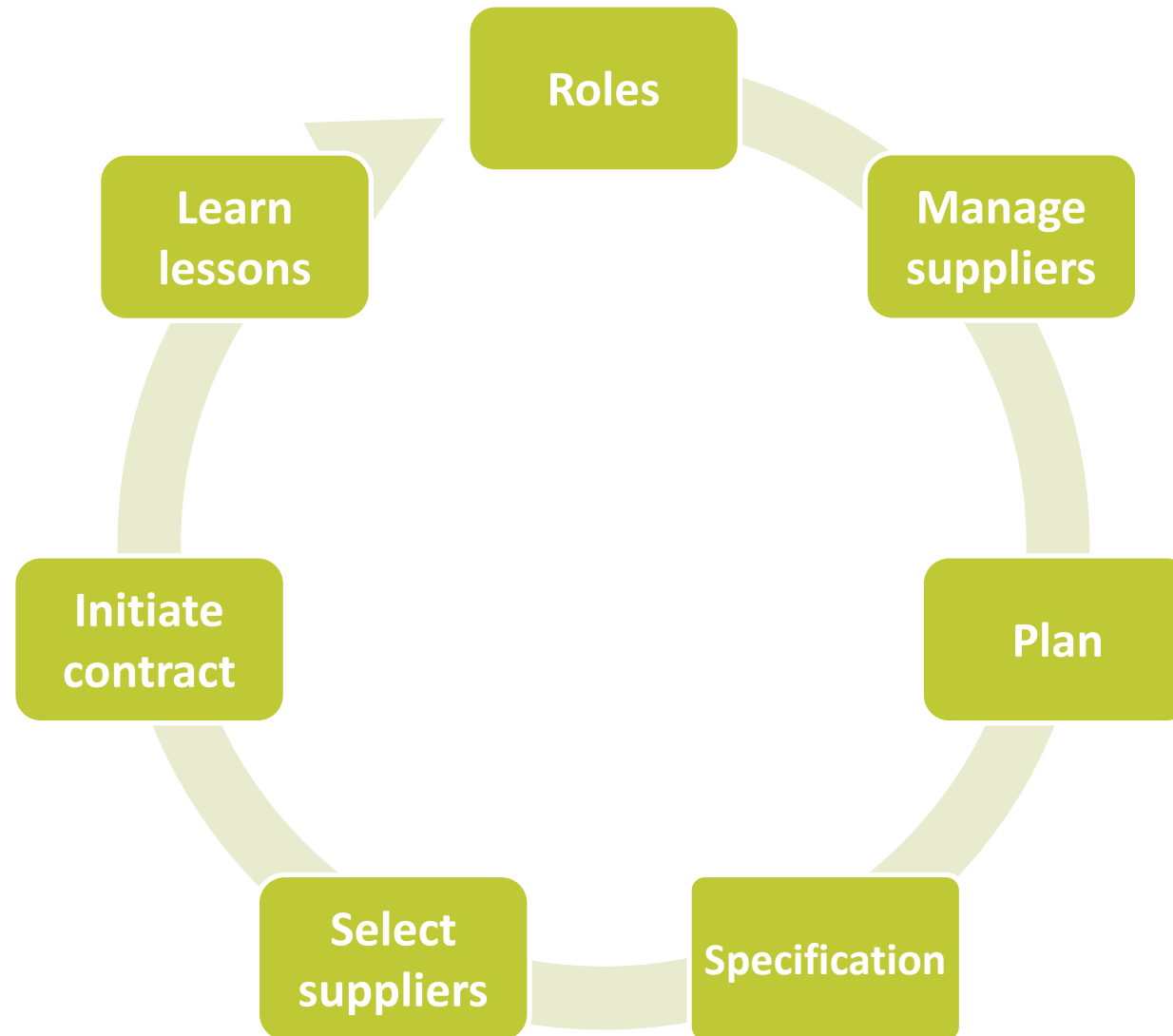
- Procurement is one of the most powerful ways to reduce your environmental, economic or social impacts.
- Sustainable procurement provides resilient supply chains, protects your reputation, controls your costs and encourages innovation.
- It seeks to protect depleting resources whilst providing protection to suppliers, customers and employees.
- You get the most from your supply chains through collaboration and open communication channels.
- BS ISO 20400:2017 provides comprehensive guidance. This webinar captures those elements most relevant to you.
- The key role of sustainable procurement is to ensure that your funds (and public funds) are spent in a legally and ethically robust manner.



12 principles of sustainable procurement



Embedded sustainability in your procurement cycle



1. Roles and responsibilities

Senior management

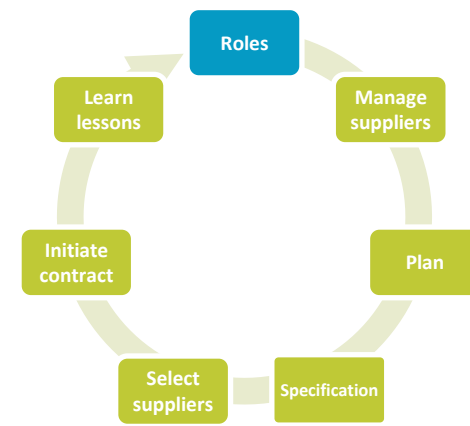
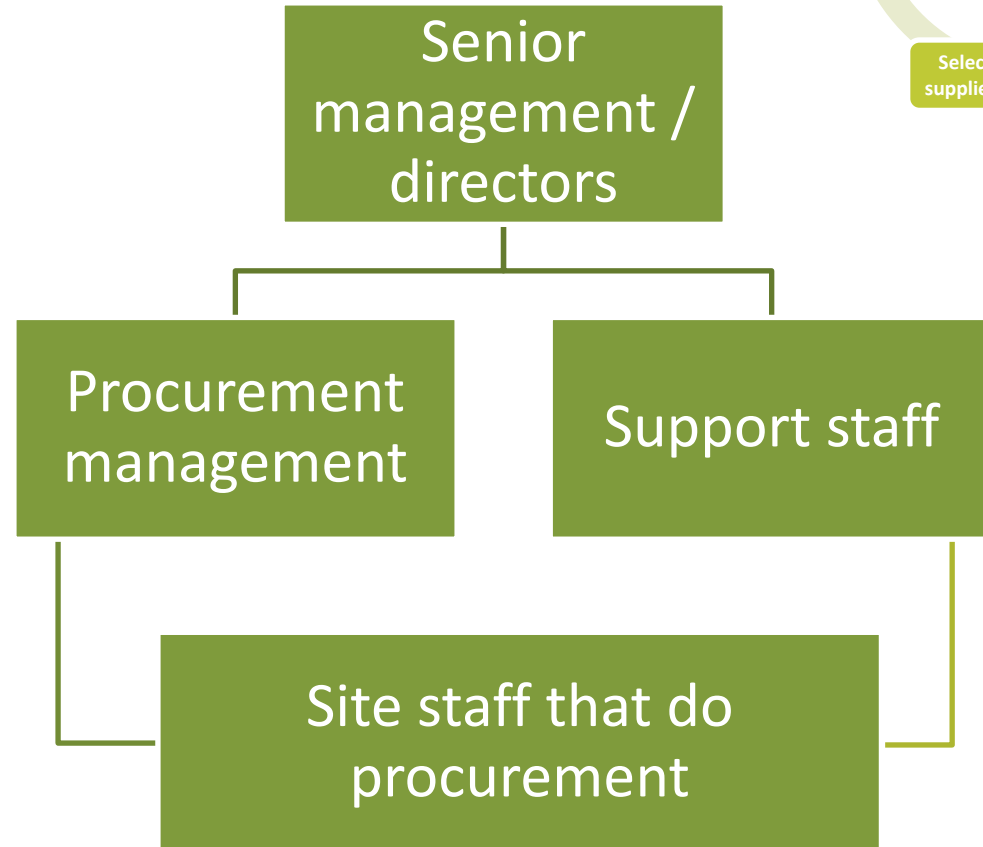
- Set your direction, the values, the priorities, objectives, goals and possible metrics.

Procurement & support

- Ensure compliance, set your processes, standards, procurement document content, manage implementation and train staff.

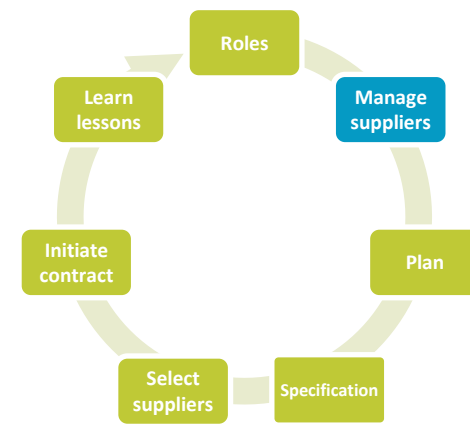
Site staff

- Use your content and apply this to procure local supplies.



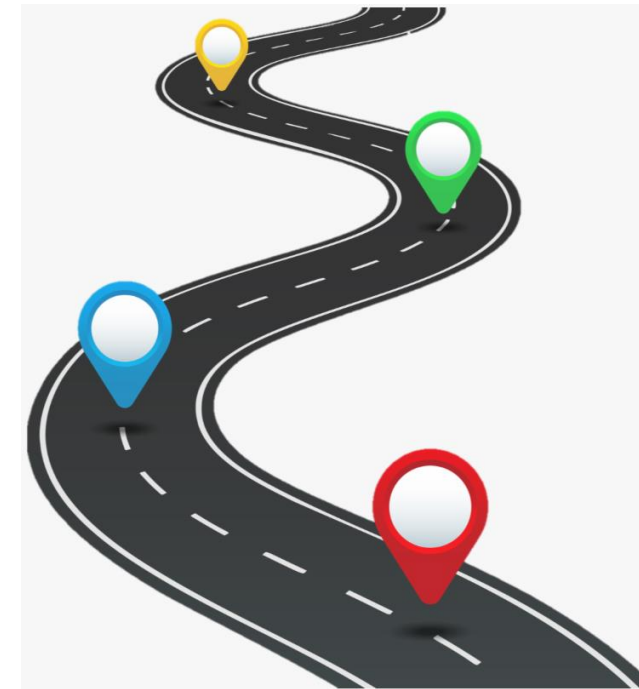
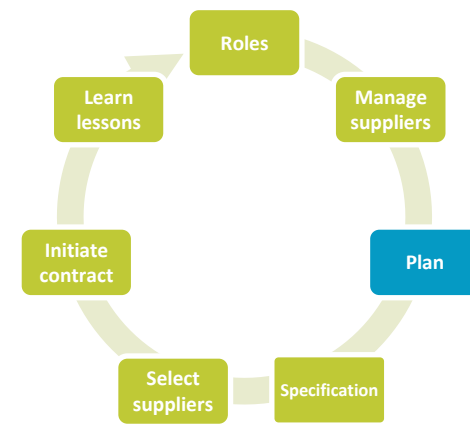
2. Manage your suppliers

- We recommend that you develop a supplier engagement form, to explore the extent to which your suppliers...
 - Reflect your own values
 - Monitor, evaluate and act upon key metrics
 - Have policies / strategies in place
 - Assign roles to the above responsibilities
 - Benchmark against others in the industry
 - Report on their annual impacts and publish those reports
- Redeploy the form regularly, to audit and monitor how each supplier's performance evolves.
- Be transparent; flag areas for attention but showcase areas of best practice.

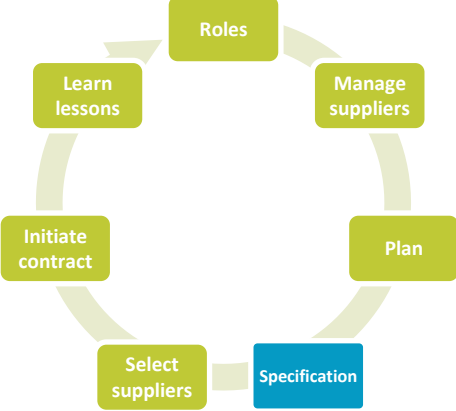
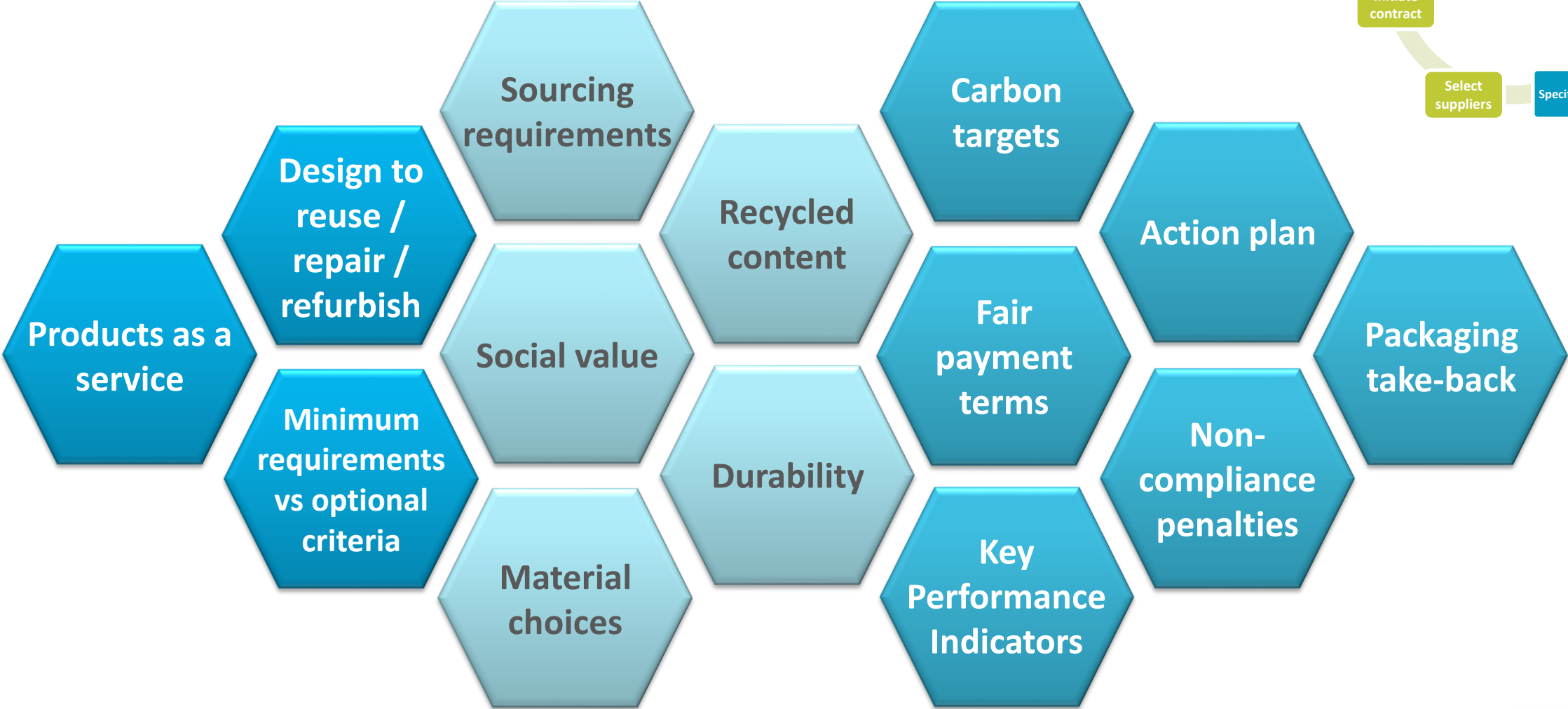


3. Plan your sustainable procurement exercise

- Agree internally that the product/service is needed, and if so, the quantities.
- Explore what sustainability risks and opportunities are available
- Work with stakeholders to define:
 - Sustainability criteria for the procurement exercise
 - Duration of contract
 - Metrics for bid evaluation and contract monitoring
- Market engagement exercises can help shape your procurement.
- Agree if you will use an open or restricted process – and how bidders can submit clarifications.



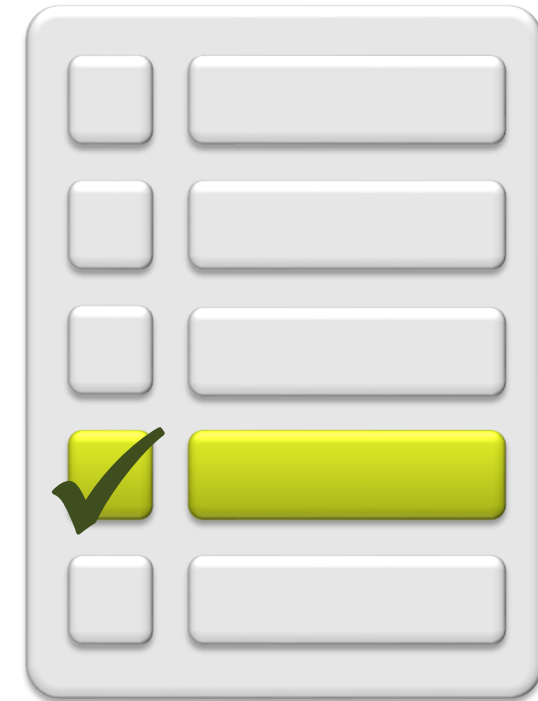
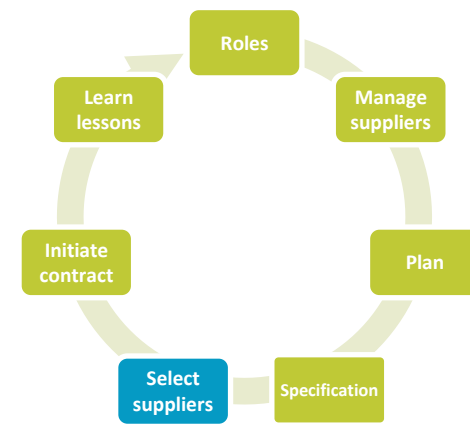
4. Sustainability in your specification



5. Select supplier(s)

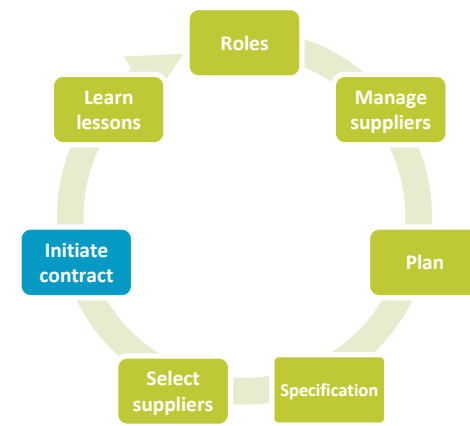
For any procurement exercise you should have a:

- **Supplier engagement form**
- **Specification**
- Clearly defined **technical** and **cost** envelope:
 - Ensure questions are clear and nonbiased
 - Provide transparent **scoring metrics**
 - Use “**pass/fail**” criteria
 - Use **weightings**
 - **Sustainability** should have a discrete section
 - **Social value** can be a separate element
- Clear **contractual pathway**
 - **Contract standstill periods** should be defined
 - **Appeal processes** should be clearly defined



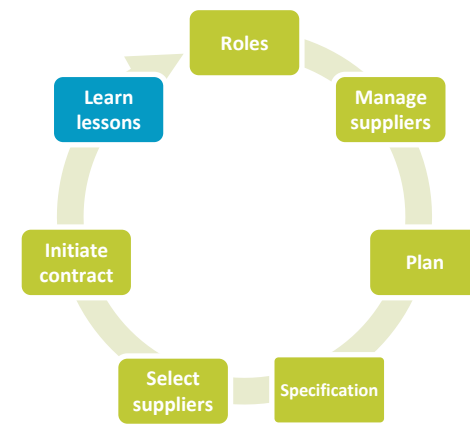
6. Initiate your contract

- Upon contract award, an **inception meeting** should be held to:
 - Discuss feedback on the proposal from the chosen supplier
 - Reaffirm your requirements in the products/services being provided
 - Confirm the metrics/reporting requirements
 - Schedule review meetings
 - Agree performance management procedure
- A **contract management plan** is often prepared to formalise matters



7. Learn lessons

- Throughout the duration of the contact, your organisation should **regularly engage** with the supplier to discuss:
 - Actions / standards of work to date
 - Progress against KPIs
 - Remedial actions (if needed)
 - Future workstreams / requirements
 - Any HSE issues to date and any remedial actions
 - Lessons learned; best practice, issues addressed, areas for attention etc.
- Lessons learned, and proposed actions, should be captured in writing and agreed between all parties.



Three tips for best practice

1. Be Open

- Ensure suppliers understand your values and expectations
- Provide clear details about what you want, and how the replies will be assessed
- Provide feedback to all parties on their bids

Three tips for best practice

1. Be Open

2. Engage Regularly

- With the successful supplier(s), throughout the contract
- Periodically with the unsuccessful supplier(s), so they understand your evolving needs

Three tips for best practice

1. Be Open

2. Engage Regularly

3. Demonstrate Your Values

- Ensure your business achieves the standards expected of your suppliers
- Review your invoicing schedule and payment terms
- Follow the process promised in your procurement plan

Menu du jour

❖ — *Entrée* — ❖

An overview of procurement law

❖ — *Plat* — ❖

What is the circular economy and why are we moving that way?

❖ — *Dessert* — ❖

The circular procurement process



Thank you



Simon Gandy
Technical Director – Sustainability

t +44 (0) 7519 111 020
e sgandy@slrconsulting.com
w www.slrconsulting.com

