BUSINESS IN THE COMMUNITY

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Toolkit

THE BUSINESS CASE FOR CIRCULAR PROCUREMENT

2023

Funded by:

Interreg North Sea Region ProCirc
European Regional Development Fund

EUROPEAN UNION

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The Prince's Responsible Business Network

TOOLKIT

THE BUSINESS CASE FOR CIRCULAR PROCUREMENT

A circular approach to procurement is a vital tool that businesses should adopt to increase their green credentials while delivering value benefits. In this toolkit we'll take a closer look at some of the product categories you should address, as well as give practical steps on how you can implement the principles in your business.

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This toolkit has been written by the global energy and environmental Consultancy Ricardo Energy & Environment, as members of BITC's Circular Economy Taskforce.

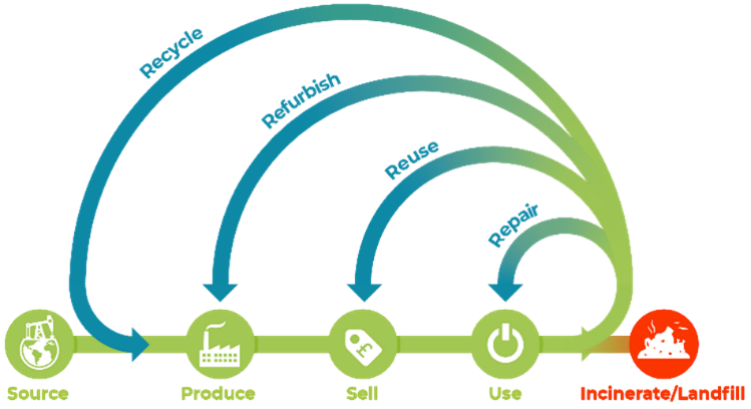
The Circular Economy Taskforce is a group of senior executives who guide BITC's Circular Economy Campaign to support collaborative action and innovation, delivery of practical tools, and provide thought leadership to unleash circular economy opportunities throughout the UK.

Introduction

Customers, investors, regulators and employees are all demanding more sustainable ways to do business. Forward-thinking organisations are implementing changes now to maximise the reduction of their environmental impact, to increase resilience to future markets, legislation and to create a positive market differentiator for increasingly environmentally savvy consumers.

What is a circular economy?

A circular economy is a more sustainable alternative to the 'traditional' linear economy of make, use/consume and dispose. The aim of a circular economy is simple - to keep products and materials in use for as long as possible; extract maximum value from them while in use, and then recover and regenerate valuable components and materials when products finally reach the end of life.



Source: Ricardo composition

HRH THE PRINCE OF WALES ROYAL FOUNDING PATRON

This is aligned with the concept of the waste hierarchy, embedded in domestic law, which requires those who handle waste to prioritise waste prevention followed by preparing for reuse, and then recycling and finally energy from waste and then landfill.

In a circular economy, materials and resources are kept in use for as long as possible at as high a value use as possible. A more circular economy would:

- Create new opportunities for growth through the development of new services
- Enable companies to achieve carbon reduction targets, potentially in a lower cost way
- Reduce waste and the costs of managing it
- Deliver a more competitive economy through greater resource productivity, better positioned to address emerging resource security/scarcity issues in the future.
- Help reduce the environmental impacts of our production and consumption in both the UK and abroad

Circularity in business practices can take many forms, the key opportunities can be categorised according to the ReSOLVE Framework:

Source: McKinsey (2015) Growth within: a circular economy vision for a competitive Europe. Report commissioned by Ellen MacArthur Foundation.

Procurement is one of the major levers with a role to play in the transition to a circular economy. Circular procurement is all about making the right choices throughout the procurement process to enable, encourage and enforce circular business model decisions throughout your supply chain. It can drive the decision making and purchasing process to bring benefits across the triple-bottom-line categories:

FINANCIAL AND COMMERCIAL BENEFITS

- Reduce long-term resource costs through the retention of material and asset value and through avoiding unnecessary procurement costs and time.
- Reduce waste management costs.
- Reduce costs through purchase of reused or recycled materials instead of new.
- Extend and intensify long-term business relationships and collaboration with suppliers and customers.
- Promotes innovative performance or usage-based business models that focus on access to services and products rather than ownership.

ENVIRONMENTAL BENEFITS

- Reduce impacts on nature and associated energy and water demands from extraction, processing and manufacture.
- Reduce waste to landfill, and associated methane emissions.
- Reduce carbon emissions from production as well as end of life.

SOCIAL BENEFITS

- Increase local employment opportunities, for example, in repair and remanufacture.
- Overcome barriers to employment through skills development and employment of traditionally marginalised people.
- Supporting sectors often led by small businesses or third sector organisations, such as repair and reuse.
- Encourage and develop public/private partnership working.

The first question in any procurement exercise should always be: is there really a need to procure at all? Could existing assets be reused or redeployed from elsewhere in the business, or do assets exist which could be refurbished or repaired to meet current demand. If indeed there is a need to purchase new, the procurement team should then make every effort to do so according to circular design principles and business models. This guide looks into what circular procurement can mean for five key sectors of the UK economy, where the opportunities are, what benefits they could bring and how they can be effectively seized.

Once the need to procure is established, you must assess the market, liaising with your suppliers, to allow you to develop a clear specification, of your needs. Armed with your specification you can award contracts that best meet the selected criteria. The journey doesn't stop there as contracts need to be managed to ensure you achieve your targets and continuously improve, and any learnings should be applied to future procurement cycles. It's also important to communicate your successes to investors, staff and customers.

The next section of this guide explores what circular procurement can mean for five key areas of procurement, highlighting where the opportunities are and how you could benefit from a planned circular approach.

In preparing this toolkit, consultants from Ricardo analysed more than 45 case studies of circular procurements and suppliers against the ReSOLVE Framework and mapped these by product category – the categories which showed the greatest opportunity to incorporate circular procurement in a way that can demonstrate commercial benefits were selected for inclusion.

CONSTRUCTION

Many organisations will, at some point, commission a construction or refurbishment project. Early and consistent consideration of the design and use of materials on such projects can have a massive impact on cost and environmental impact.

The construction sector is one of the UK's largest, with an estimated gross value added in the year to June 2021 of £118.1 billion.[i] It is also the biggest waste producer, with an estimated 43.9 million tonnes generated in 2018.[ii]

Obviously, there are a huge range of commodities and services associated with the construction sector, but circular procurement principles can be applied in a wide array of contexts. Key to driving circularity throughout all phases of construction projects is clear communication of decisions made to all members of project teams, form designers and procurers through to all levels of contractors delivering the works. Appoint a 'circularity champion' to make sure the principles are kept in mind at all relevant project meetings, etc.

Key tips for specifications:

- employ the principles of designing out waste including design for deconstruction and flexibility of layouts,
- require reclamation and reuse of existing materials and assets on site (such as excavated materials, timber cut-offs, ironwork, pallets etc.); remanufacture of building components or equipment; and
- design for ease of access for maintenance and repair
- maximum use of recycled or reused materials, designed for longevity and durability; and
- materials sourced where possible from internal or external existing sources via collaborative relationships and platforms.

KEY COMMERCIAL BENEFITS:

- Reduce waste management costs through more efficient use of materials purchased.
- Reduce costs through purchase of reused or recycled materials instead of new.
- Avoid unnecessary procurement process costs and time through the consideration of already existing assets, and assessment of actual new materials needed.

What to ask your construction contractor

- Can they supply reclaimed or refurbished project components or materials?
- Do they have plans for retention, storage and reuse of suitable material on site, e.g., excavated land used for eventual landscaping or foundation fill.
- Can they consider and supply deconstruction plans?
- Can they identify and procure key products or equipment that have durability and potential for repair, reuse, refurbishment, or remanufacturing?
- Will key products or equipment be regularly maintained and serviced? (This may be a separate service the contractor offers).
- Do key products or equipment used include reused, refurbished, or remanufactured parts and materials that meet quality and safety standards?
- Can they reuse key products or equipment, after being refurbished, during and/or after the contract has expired, either for internal reuse or externally (for example used on other contracts or sold).
- Are key products or equipment, at the end of their useful life, capable of cost-effective remanufacturing and will they go to a relevant contractor for this purpose and thereafter be redeployed/sold?

Evidence that no packaging, reusable packaging, or more sustainable packaging - that contains recycled content, and is recyclable at end of life – is used.

Potential targets to include:

- Percent of recycled or reused content.
- Expected useful life of products extended by upgrade and maintenance where appropriate before replacement is required.
- Percent of product packaging that is reused/reusable.
- Percent of site materials retained and reused.
- Performance against waste and material use elements of recognised construction certification standards, such as BREEAM.
- Embodied carbon or life-cycle carbon which encourages use of low carbon materials we well as reuse, recycling.

Suppliers offering circular solutions

- Salvo - architectural salvage
- Globechain – Business-to-business reuse marketplace
- Enviromate – Business-to-business reuse marketplace
- Cleveland Steel & Tubes – Buys process and sell tubular sections for repurposing and reuse
- MacRebur – Using plastic waste in the manufacture of roads and carparks

SPOTLIGHT

LANDROVER BEN AINSLIE RACING HEADQUARTERS CONSTRUCTION, UK

Land Rover Ben Ainslie Racing (BAR)[iii] constructed a new headquarters in 2015, incorporating offices, workshop design team and support areas. With sustainability as a key ethos for the organisation, the procurement of the design and delivery of the building adopted circular principles throughout, aiming to achieve BREEAM excellent requirements.

The building design was developed through the Building Information Modelling (BIM) approach, which encourages life-cycle consideration of all materials, and the consideration of longevity and end-of-life options such as reuse or recycling. Measures included in the procurement specification to reduce the impact of materials included reuse of excavated materials on site and stipulations on the recyclability of materials such as wall cladding, steelworks, and concrete.

Among the key learning from the project was the importance for the client of early supplier engagement, and collaboration between designers, materials suppliers, and all levels of contractors.

It is estimated that €2 – 2.7 million savings were achieved on the project budget of €27 million, through the implementation of sustainability measures, including waste prevention and the use of recycled content over virgin materials.

PROFESSIONAL CLOTHING

There are opportunities to develop circular practice for all organisations who procure professional clothing, such as uniforms and other workwear. There is a growing awareness and appetite across society for the need to move away from the 'fast fashion' model of the textiles industry, fuelled by high profile cases of traders 'scrapping' large volumes of stock deemed 'outdated', combined with a heightened awareness of the fragility of global supply chains through pandemic lockdowns. This provides significant opportunities for commercial textile procurers to investigate and enable circular options.

Textiles in this context can range from workwear, uniforms, PPE and other clothing to materials used in other related sectors such as carpets and mattresses.

Procurers can look for stock, which is **designed to be durable and easily recycled**, made from **recycled materials**, as well as suppliers who provide **collection and recycling services** for end-of-life stock.

Investigate the growing number of **leasing / rental services** which allow the materials involved to be well maintained and kept at as high a value for as long as possible.

As with most sectors, senior leadership must urgently empower procurement teams to make circular purchasing decisions, as the industry reflects that many are still apprehensive about challenging the traditional financial vs environmental cost priority balance.

KEY COMMERCIAL BENEFITS:

- Reduce long-term resource costs through procuring for longevity and repairability
- Promotes innovative performance or usage-based business models that focus on access to services and products rather than ownership.
- Retain value of materials and assets at end of first life through consideration of alternative ownership / access models and reusability.

What to ask your textiles supplier

Key questions or requirements to consider include:

- Do textile products meet minimum technical specifications? Refer to BITC's Improving the Sustainability of Professional Clothing report.
- Are textile products selected for durability and repairability?
- Are textile products regularly maintained and repaired? (This may be a separate service the contractor offers).
- Do products used include reused or recycled materials that meet quality and safety standards?
- Are products designed to maximise reuse and recyclability at end of life – for example, using removable logos / made from a single fibre rather than blended fibres?
- Where products are capable of cost-effective repair or reuse at the end of their useful life, will they go to a relevant contractor for this purpose and thereafter be redeployed/sold.
- Evidence that no packaging, reusable packaging, or more sustainable packaging – that contains recycled content, and is recyclable at end of life – is used.

Potential targets include:

- Percentage of product packaging that is reused/reusable.
- Percentage of products supplied that are being reused.
- Percentage of products supplied that can be reused/repaired/remanufactured and recycled at end of life.
- Agree fixed servicing/maintenance parameters as part of contracts.

Suppliers offering circular solutions:

- Stuff4Life – closed loop recycling for end-of-life workwear, work with workwear suppliers offering the service as part of a supply contract.
- Project Plan B – collection and remanufacture of clothing, design for recyclability
- ACS Clothing – clothing rental/leasing models, as well as direct sales, collection, cleaning and remanufacture
- Lion Safety – workwear and PPE supplier offering takeback and remanufacture service

SPOTLIGHT

CIRCULAR WORKWEAR IN THE CITY OF HERNING, DENMARK

The city of Herning shifted from an existing model where all city workers were issued with brand new work clothes, and where, at the end of the contract, all clothing was to be discarded without recycling. They investigated how to prolong the lifetime of the work clothes and incorporate reuse and recycling into daily operations in the purchase and supplier chains. This led to the roll-out of a new circular business model for work clothes in the municipality's technical operations department.

Criteria were established for the reuse and recycling of used clothing, using official legislative standards as a starting point. Then a circular model was designed whereby clothes were reused and their value therefore retained for as long as possible.

The circularity choices made in the procurement phase have led to estimated savings for the city of around £6,000 over four years, and approximately 1,000 tonnes of CO_2.

Alongside these benefits, the city also used their experience to develop a guide for other similar purchasing exercises to consider circular economy principles.

FURNITURE

The use and furnishing of workspaces are significant considerations for the majority of businesses and getting it right can be vital for cost-effectiveness and staff wellness and morale. 80-90% of furniture in Europe ends its first life either in landfill or being incinerated for energy.[iv] This clearly represents a huge waste of materials and embedded carbon, meaning there is great potential for improvements to be made through introducing circularity.

Procurement professionals can stimulate and support this shift in two stages:

1. Initially, investigate if you can meet your business needs by purchasing second life products, such as refurbished or remanufactured furniture.
2. If second life products aren't suitable, specify products which meet circular design principles, such as modular design, design for durability and longevity, ease of repairability and the inclusion of recycled materials.

Another innovative idea for the circular procurement of furniture is to purchase furniture-as-a-service, whereby the products are leased rather than purchased outright, with the supplier retaining ownership and taking responsibility for any repair, remanufacture or replacement required.

KEY COMMERCIAL BENEFITS:

- Avoid unnecessary procurement process costs and time through the sourcing of existing assets within the organisation, or investigation of second-life options.
- Retain value of materials and assets at end of first-life through consideration of reuse possibilities or procurement for longevity and repairability.

What to ask of your furniture supplier:

- Evidence that furniture is durable and repairable.
- Can the furniture be regularly maintained and serviced? (This may be a service the contractor offers).
- Does the furniture include reused, refurbished, or remanufactured parts and materials that meet quality and safety standards?
- Can the furniture be reused after being refurbished, during and/or after the contract has expired, either for internal reuse or externally (for example, used on other contracts or sold).
- At the end of its useful life, can it go to a relevant contractor for cost-effective remanufacturing and thereafter be redeployed/sold?
- Evidence that no packaging, reusable packaging, or more sustainable packaging - that contains more than recycled content and is recyclable at end of life – is used.

Potential targets to include:

- Expected useful life of the furniture under the contract (in months), extended by upgrade and maintenance where appropriate before replacement is required.
- Percentage of redundant furniture from the contract that is re used/refurbished/remanufactured, rather than recycled, with appropriate evidence from service records.
- Percentage of product packaging that is reused/reusable.
- Lifecycle carbon emissions of products.

Suppliers offering circular solutions:

- Crown Workspace - the UK's leading facility dedicated to remanufacturing and refurbishing office furniture
- Warp It – Online platform facilitation network for organisations to donate, loan and find furniture and other assets
- Interface – Carpet tile and flooring provider with sustainability as a core business value
- Elite Contract Furniture – Soft furnishing manufacturer with circular line of products,

designed for longevity and using recycled and reclaimed materials

- IKEA – committed to circularity through initiatives such as designing out waste, use of recycled materials and offering a buy-back service to facilitate second-life

SPOTLIGHT

CIRCULAR FURNITURE IN CITY HALL VENLO, NETHERLANDS

For the procurement of furniture for the new city hall, circularity was built into the process to ensure assets were manufactured with non-toxic materials and designed for disassembly and refurbishment, and that suppliers offered take-back schemes after ten years of life. Therefore factoring in whole-life costs and value.

The assessment of the circularity of supplier offerings was embedded intrinsically in the scoring criteria used and communicated, which acted to ensure the long-term environmental and financial benefits of this approach were effectively considered. The criteria were:

- Quality - 10%
- Cradle to Cradle (C2C) assessment - 30%, with a minimum requirement: at least 60% of the highest scoring bidder, i.e.:
    - The extent to which the chemical composition of the product is known, till 100 parts per million.
    - The extent to which components can be separated, without the need of additional substances or materials which are no longer reusable in the process.
    - The extent to which materials can be recycled at the end of the intended lifetime, without losing their original quality or being biological, compostable or degradable.
    - The extent to which the materials of the product are quickly renewable or recycled materials.
- Total Cost of Ownership - 30%, calculated based on the price minus residual cost of products after a period of ten years
- Aesthetics - 30%, with a minimum requirement: at least 60% of the highest scoring bidder

Suppliers were also obliged to detail their plans for preventative maintenance at regular intervals, with service level agreement details for response times and temporary replacement plans for defective assets.

As a result of this conscious circular approach throughout the process, the resulting purchases contained a very high level of C2C or equivalent materials, minimal virgin timber and toxic material use, and a cost saving of 18%, through the retention of residual embedded value of the materials after ten years.

TRANSPORT

The use and/or supply of commercial vehicles is a huge operational factor for almost all sectors of the UK economy. Often, purchased vehicles are heavily underutilised and as such ask first if a **leasing or rental** option can provide adequate provision, thus allowing the vehicle materials to achieve valuable usage. There is a very strong hire market for most vehicle types in the UK, and therefore prices are very competitive and offer good value to purchasers.

Building on traditional vehicle leasing models, you can make use of car clubs and mobility-as-a-service offerings. The former gives access to vehicles in small increments (hours at a time), and the latter allows users to book journeys using multiple modes of transport.

Whether leasing, sharing or purchasing outright, the vehicle, or fleets overall environmental impact will of course be dominated by its fuel efficiency, whether traditional internal combustion engine, electric, hybrid or hydrogen. The policy shift to electric vehicles has focused manufacturers' plans in that market, and many are now investigating differentiators to give them competitive edges, which could empower procurers to push for innovation in the use of recycled materials, design for ease of remanufacture, and recyclability and reusability of all components, including batteries.

KEY COMMERCIAL BENEFITS:

- Reduce long-term resource costs through investigation of leasing / sharing options and minimisation of maintenance responsibility.
- Promotes innovative performance or usage-based business models that focus on access to services and products rather than ownership.
- Avoid unnecessary procurement process costs and time through reconsideration of actual need to purchase.

What to ask of your transport supplier:

Key questions or requirements to consider include:

- Can you provide vehicle leasing / sharing or mobility-as-a-service options?
- What is the fuel efficiency and embedded environmental impact from material use of selected vehicles?
- Are there opportunities for inclusion of reused and remanufactured vehicle parts?
- Is there potential for end-of-life reuse, remanufacture and recycling of vehicle parts provided, including electric vehicle batteries?
- Have vehicles been designed for ease of disassembly and recovery of parts for remanufacture and recovery of critical raw materials, with minimum waste to landfill and incineration?
- Have vehicles been designed for ease of maintenance and repairability?

Potential targets to include:

- Estimated long term cost and environmental savings of leasing/sharing options of straight purchase, backed up with robust calculation methodology.
- % of recycled / reused content in vehicle components.
- Service level agreements for leasing / sharing arrangements.
- Lifecycle carbon emissions, including embodied carbon.

Suppliers offering circular solutions:

- Co-wheels
- Enterprise Car Club
- Hiyacar
- Getaround
- Ubeeqo
- Hertz 24/7
- Zipcar
- Local car share clubs

SPOTLIGHT

HIGHLAND COUNCIL USING ENTERPRISE CAR CLUB, SCOTLAND

The Highland Council local authority covers some 25,000 square miles in the north of Scotland, incorporating around 700 individual council sites and necessitating large amounts of staff travel. In a drive to minimise the environmental and cost impact of this gray fleet travel, the Council partnered with Enterprise Car Club.

They analysed the staff travel mileage in detail to identify why, how, when and where trips were taking place; if alternative options were suitable, and where it would make sense to have dedicated car club vehicles located on-site. A fleet of 60 Enterprise Car Club vehicles located across 21 Highland Council offices was introduced, available for booking, online or via mobile app, by the hour or day by employees who would have previously used a private car and claimed mileage reimbursement.

As a result of this initiative, The Highland Council reduced its annual business mileage by more than 825,000 miles and made cost savings of more than £400,000 in the first 12 months.

INFORMATION & COMMUNICATION TECHNOLOGY (ICT)

Smooth access to, and usability of, reliable ICT equipment is an integral and ever-increasing aspect of most businesses' operations. Due to the high rate of development in ICT equipment, there is a well-developed and highly competitive leasing and managed service market already. However, with the supply of critical raw materials such as those used in laptops, mobiles and other smart appliances becoming more uncertain, the value retention and reusability of this type of equipment is coming under more and more focus.

Demand circular options such as life extension through repairability and ease of upgrade, design for durability and the sourcing of remanufactured, reused or pre-owned equipment. These latter two options can be considered where you don't need state-of-the-art equipment performance levels for a particular function.

KEY COMMERCIAL BENEFITS:

- Reduce long-term resource costs through the investigation of leasing / service options rather than outright ownership.
- Reduce costs through purchase of reused or recycled materials instead of new.
- Extend and intensify long-term business relationships and collaboration with suppliers and customers.

What to ask of your ICT supplier:

Key questions or requirements to consider include:

- Can they provide service agreements as an alternative to purchasing equipment?
- Does the equipment meet the minimum technical specifications?
- The durability, repairability and upgradeability of the equipment.
- How will equipment be maintained and serviced? (This may be under a separate contract).
- Does equipment include reused, refurbished, or remanufactured whole items or components, and do these meet quality and safety standards with appropriate certification.
- Will, where possible, equipment be reused after being refurbished/data-destruction, during

and/or after the contract has expired, either for internal reuse or externally.

- Will equipment that is capable of cost-effective remanufacturing at the end of its useful life go to a relevant contractor for this purpose and thereafter be redeployed/sold?
- Evidence that no packaging, reusable packaging, or more sustainable packaging - that contains more than recycled content and is recyclable at end of life – is used.

Potential targets to include:

- Expected useful life of the equipment under the contract (in months), extended by upgrade and maintenance where appropriate before replacement is required.
- Evidence to be provided in terms of testing and/or simulation/design calculations.
- Percent of redundant equipment from the contract that is reused/refurbished/remanufactured.
- Percent of product packaging that is reused/reusable.
- Lifecycle carbon emissions.

Suppliers offering circular solutions:

- Crown Workspace IT Resale – Online platform for purchasing quality used IT equipment
- Circular Computing – Laptop remanufacture specialists
- Re-Tek – Full lifecycle services, including collection and refurbishment, of all IT equipment
- Computers4Charity – Refurbish and donate to charitable causes unwanted or redundant IT equipment, and fund their service by selling refurbished IT equipment through their Digital Pipeline store

SPOTLIGHT

BALFOUR BEATTY PURCHASING REMANUFACTURED IT EQUIPMENT, UK

As a large organisation with a continual requirement for IT equipment, Balfour Beatty decided to engage with current and potential suppliers to investigate options to meet this demand with a minimal environmental impact while still delivering the highest possible technical performance within their budget range.

The chosen supplier, Circular Computing, were able to deliver high-spec remanufactured laptops which met all customer performance requirements. During the procurement phase, there was a two-way dialog to make sure Balfour Beatty were satisfied that technical requirements could be met, and a number of trial units were supplied before any purchase commitment.

As the remanufactured units were cheaper to purchase than brand new alternatives, a higher specification of unit was available within the price range, and staff feedback has shown high levels of performance satisfaction. Purchasing 6,000 carbon-neutral remanufactured HP laptops, Balfour Beatty saved over £1m and significantly impacted their sustainability goals.

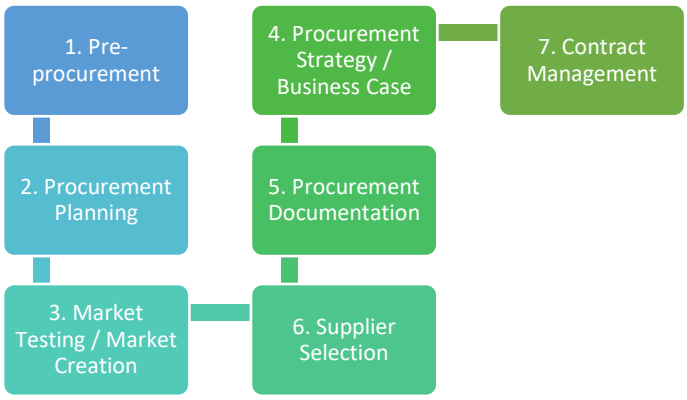
SUMMARY AND NEXT STEPS

As we have seen, there are opportunities across all the sectors discussed here to introduce and increase circularity of procurement decisions and exercises, thereby acting to retain materials at as high a value use as possible, for as long as possible.

Many of the opportunities follow similar principles, such as:

- Specifying the inclusion of recycled or reused/remanufactured products or materials.
- Specifying or using evaluation criteria regarding design for longevity, durability and ease of reuse at the end of life.
- Investigating options for leasing or sharing rather than outright purchase and ownership.

Now we will look briefly at how these ideas can be introduced and sustained throughout the procurement process. The standard model for a procurement exercise will follow some or all of the following seven stages:



1. Pre-procurement

Determine whether there is a need to procure at all. Key questions to ask:

- Can assets be reused or redeployed from elsewhere in the organisation?
- Can assets be refurbished or repaired?
- Can assets be shared with a third party?
- Is there an asset register and is it up to date?

2. Procurement planning

Early consideration of the intended circular economy outcomes, the actual procurement needs and the required functions that need to be delivered. Key questions to ask:

- Can reused or refurbished items be procured instead?
- Is suitable infrastructure in place or required to reuse items?
- Can design for longevity be considered in procurement?
- Can products be designed for reuse?
- Can the products go back to the supplier at end of life?
- Or can the functionality required be achieved in a better way through circular business models (e.g., leasing, sharing, take-back schemes?)
- Could any of the goods, works and services to be purchased be resource/energy efficient?
- Are there any opportunities for the use of recycled and recyclable, reused and reusable, reclaimed and renewable/ sustainable materials and products?
- What are the environmental and other benefits of a sustainable option?
- As well as how to specify what is needed, also consider what quantitative metrics can be used for evaluating bids? e.g., lifecycle carbon emissions.

3. Market testing / creation

Before procurement commences, it is essential to understand the capacity of the market to deliver the outcomes of the procurement strategy, especially when requesting innovative solutions. A range of activities can be utilised to assess the market including:

- Undertake desktop research, including trade journals and the internet

- Hold market engagement days or meetings as part of the procurement process.
- Look at market trends and industry best practice. This may be in consultation with end users, other similar sectors, or industry leaders outside of the sector. The analysis should look at alternative suppliers, as well as leverage points, alternative products or services and new technology.
- If there is a current lack of market capacity to provide the required products or services, you may wish to work with the market to stimulate demand and innovation.

4. Procurement strategy / business case

It is important to have a very strong strategy and policy, to communicate to the supply chain your circular ambition and metrics you will use to stimulate innovation. In some cases, you may want to link up with other procurers to create joint statements of demand. The procurement strategy should consider the type of contract and type of specification (i.e., technical or performance) and may need to be updated depending on the outcomes of market testing or further steps.

5. Procurement documentation

This is the stage where your circular ambition and strategy is translated into specific requirements for each procurement exercise. A strong, unambiguous specification will allow suppliers to provide clear and accurate information as to how they can meet your requirements.

Setting specifications intended to deliver circular outcomes clearly communicates to suppliers the requirements of the procurement, and will define the scope of the goods, works and/or services and how they will be delivered. It is also important to give circularity considerations sufficient weight in evaluation criteria and communicate the criteria you will use to evaluate bids, explaining how you will compare bids against each other.

This is where you can introduce some of the sample considerations mentioned in the individual product category sections above.

6. Supplier selection

A robust and transparent evaluation of supplier proposals is key in assessing not only its technical and financial elements, but to be able to assess the ability and capacity of a supplier to deliver the required circularity outcomes.

The evaluation criteria must be designed so that the onus is on the supplier to provide sufficient information to allow the effective evaluation of the innovative products or delivery models proposed, including independently verified estimates of their potential benefits.

7. Contract management

Ongoing improvement throughout the contract can be achieved by building requirements into the contract and managing the contract appropriately once awarded. This approach is particularly useful where markets are developing quickly and the full performance requirement is not available to the buyer at the time of the procurement, thereby allowing the desired performance to be met over the term of the contract.

Effective contract management will also ensure that circular outcomes are actually delivered as specified, and related service/quality requirements are met and exceeded, and not just reference at high level in a proposal.

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