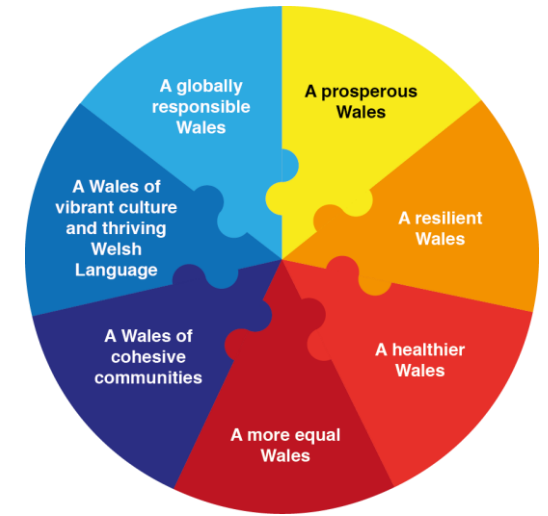
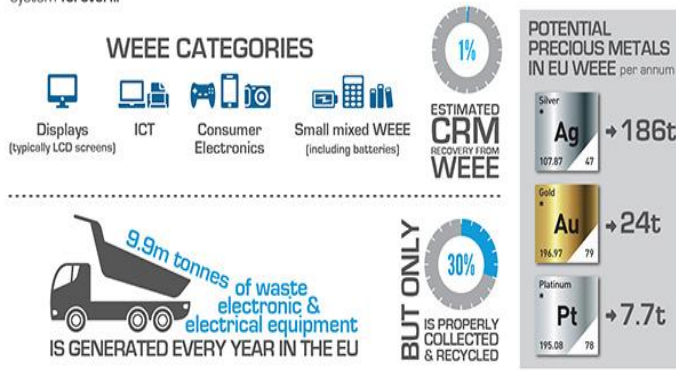


THE PROBLEM

Huge quantities of waste electronic and electrical equipment (WEEE) are disposed of each year in the European Union. Although certain valuable materials are recovered in the recycling of waste electronic equipment (e.g. aluminium, copper), many "critical raw materials" (CRM) are not, and are lost from the system forever...



Procuring for Public Value

A Strategy for Responsible Procurement

Peter Davies, Chief Officer Resources



Procurement in Monmouthshire....

- Needs a Policy Framework setting out:
 - Vision
 - Strategy
 - Means of Delivery



Public Procurement....

-Is the spending of public money to deliver goods, services and works
- Highways, schools, transport, cleaning, care contracts and professional services are just some examples
- Way money is spent, has clear implications for the economy, as well as for the Council as procurer and the customers and residents using our services



The problem

- In straitened and ever more complex times, public procurers must play a more significant role in societal transformation and in solving economic and environmental problems
- Big issue is that traditional public procurement often stifles the kind of innovation now needed
- Post-Brexit, what can be uniquely made and developed locally, will create better public & new economic value
- ‘Circular economy’ principles must be writ large in this

OUTLINE OF A CIRCULAR ECONOMY

PRINCIPLE 1

Preserve and enhance natural capital by controlling finite stocks and balancing renewable resource flows
ReSOLVE levers: regenerate, virtualise, exchange

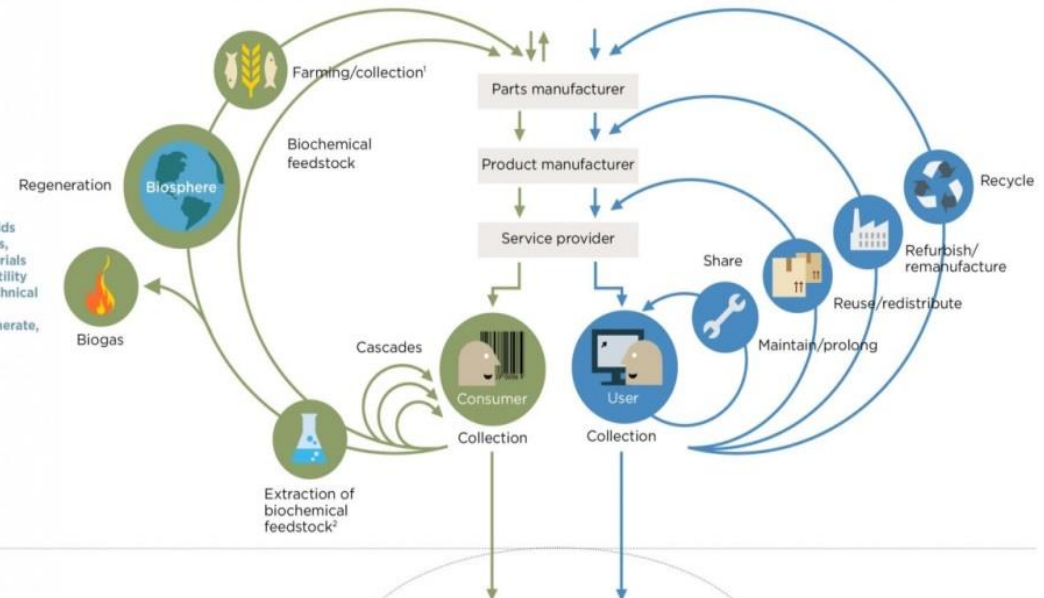


Renewables flow management

Stock management

PRINCIPLE 2

Optimise resource yields by circulating products, components and materials in use at the highest utility at all times in both technical and biological cycles
ReSOLVE levers: regenerate, share, optimise, loop



PRINCIPLE 3

Foster system effectiveness by revealing and designing out negative externalities
All ReSOLVE levers

Minimise systematic leakage and negative externalities

1. Hunting and fishing
2. Can take both post-harvest and post-consumer waste as an input
Source: Ellen MacArthur Foundation, SUN, and McKinsey Center for Business and Environment; Drawing from Braungart & McDonough, Cradle to Cradle (C2C).

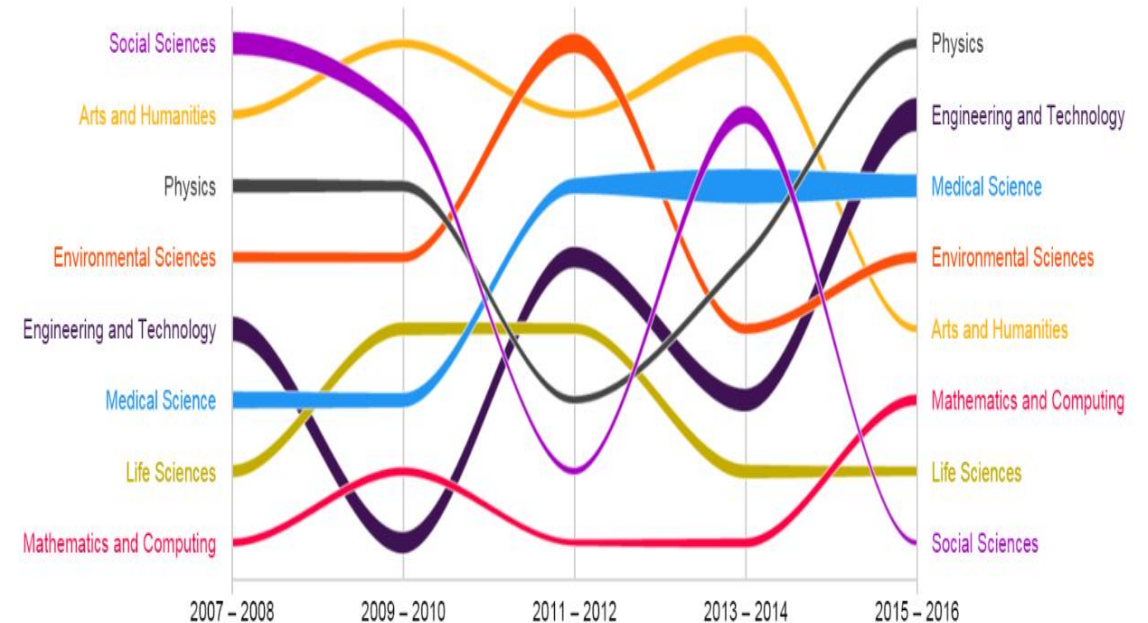
The opportunity

- 'Favouring' innovation = public procurement of sustainable goods and services
- Essential tool in simulating new technologies or service solutions and creating better jobs
- Boost to competitiveness of industry and SMEs
- More efficient and effective public services
- Better outcomes for those who need and use our services
- GOOD growth. Investing for impact



Progress

- Progress in wider world...
- Changes to EU Procurement directives to favour innovation (2014)
- WFG Wales 2015 & BSI for Circular Economy
- As part of Industrial Strategy, UK Govt committed to meet target of 2.4% GDP invested in UK R&D by 2027. Strong link with public procurement
- OECD study measuring link across public procurement and R&D
- National Procurement Consortium under review



The new alternatives

- Important we explore alternatives available to 'beauty parade'
- Innovation Partnerships
- 'problem-led' procurement
- Small Business Research Initiative
- GovTech (we have a live project)
- Pre-commercial procurement (R&D)

- Some organisations now put part of their procurement spend aside for innovative approaches that improve efficiency & quality of public services, while also addressing social and economic challenges.



2014 New EU Procurement Directives

- Stronger legal basis targeted at opening up new opportunities for public procurement, whilst maintaining basic requirements of competition, transparency, equity and state aid
 - Introduced Innovation Partnerships
 - Competitive Procedures with Negotiation
 - Competitive dialogue also refocussed
- All of these are eligible for contracts which include an amount of design or innovation, or where technical specifications cannot be sufficiently defined
- Responds to need for greater flexibility in choice of procedure to meet needs
- Focus on pre-market consultation, pre-commercial procurement & life-cycle costing at award stage



What are our barriers currently?

- Compliance dominated
- Lack of incentives & risk aversion
- No codified 'team' approach
- Problems of awareness, knowledge and what's out there/ what's coming
- Procurement treated as a financial or administration task
- Procurement not aligned to broader policy objectives
- Barriers created to SMEs being more involved as direct providers



Guiding Principles for our Strategy (1)

- Start early – forward planning. Establish need (options appraisal). Analyse market and introduce Forward Commitment Procurement – early notice to market of spend
- Know the market – where is the supply chain knowledge? Must be beyond traditional ‘category management’ and beyond knowledge of existing markets. Who are new market players? Where are specialists? Detailed research, pre-procurement market engagement & advice from professionals
- Risk assessment – are we being fair in apportioning risk, responsibility & reward? Is ‘supplier takes all risk’ hampering process?



Guiding Principles for our Strategy (2)

- Steering group – multi-disciplinary approach. Art of the possible?
- Competition stays strong – publicity, supplier events and challenge-led approaches to assess what market can offer
- Use of new more flexible procedures – is an Innovation Partnership the right tool? Or competitive procedures including negotiation?
- Don't over-specify – stifles innovation – specify performance requirements instead e.g. co2 reduction. Allow variants
- Make information freely available, use open data wherever possible
- Agree IP Strategy
- Good contracts are key



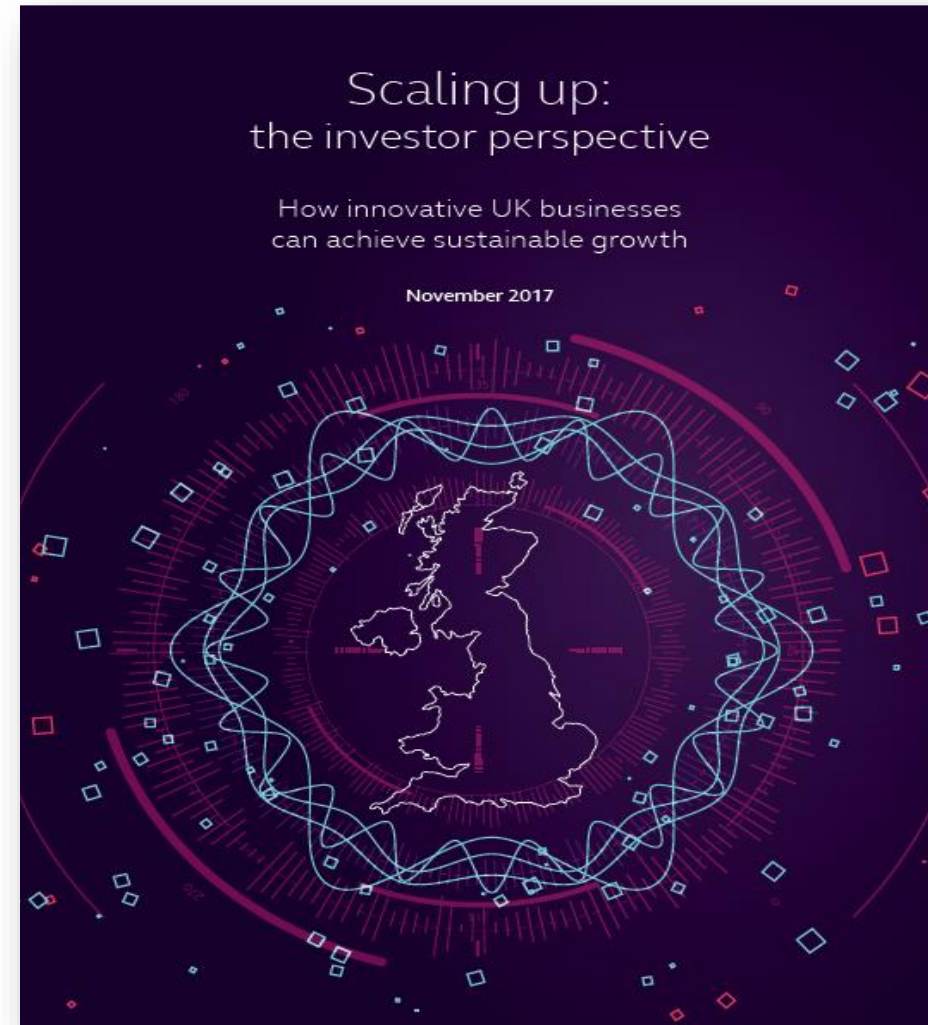
Engagement

- Targeted supplier engagement
- Issue clear guidance
- Financial support for competitions – like SBRI and GovTech
- Public events
- Openness and ongoing discussion
- Procurement will be driven by demands of public customers
- Can we help suppliers to anticipate demand and need for new, better solutions?
- Must still commit to competition and getting best value



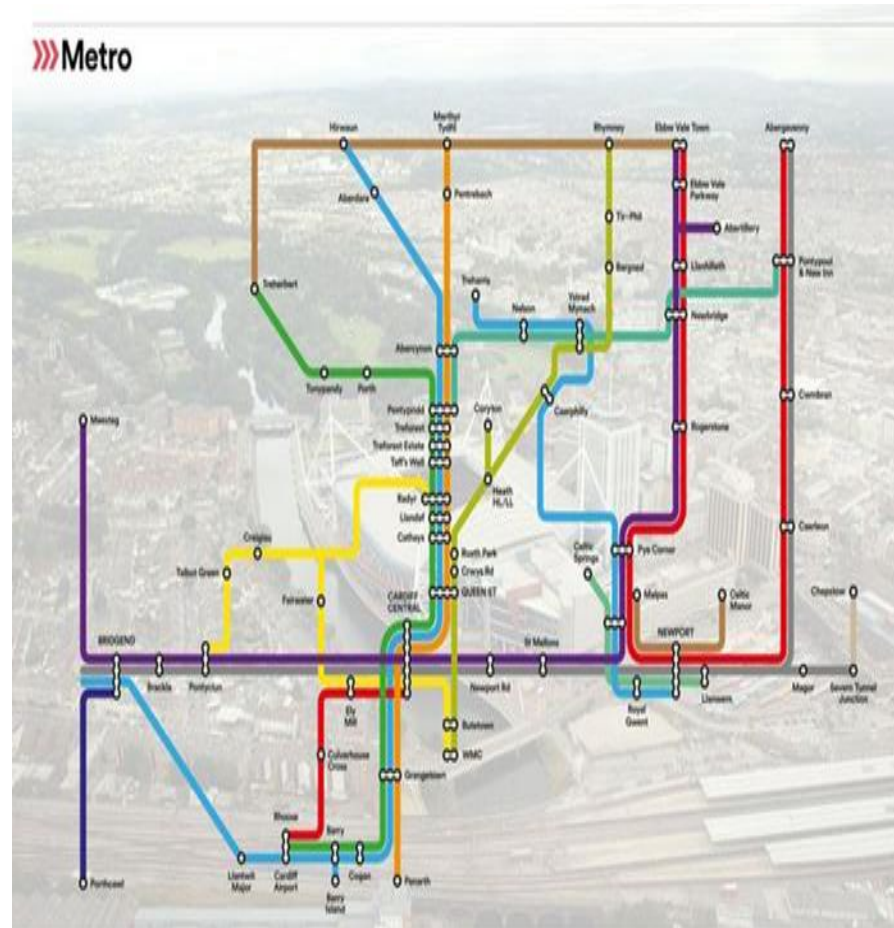
Clear Strategy for Innovation

- Clear needs assessment
- Establish thematic steering group
- Establish a business case
- Engage suppliers
- Legal considerations
- Whole-life costs
- Risks and financial support



And a wider strategy for scale

- This approach should be catalytic. When procurers have critical mass they can help shift demand to new technologies, services and processes
- In some sectors, ‘pull’ demand from the public sector is recognised as the most important tool in developing new markets
- Chief examples are in the social care and infrastructure markets
- Public Services Testbed in CCR



Resourcing and Practicalities

- Investment needs consideration on a ROI basis
- Centralise & strengthen procurement through bringing together all those with 'procurement' designations in Council
- Promote the 'professionalization' of procurement
- Multi-disciplinary teams
- Targets and behavioural change
- Establish centres of competence through the organization
- Identify the great practice



Benefits - Council

- New solutions needed to complex problems – ‘off the shelf’ no longer enough
- New suppliers and services are crucial to better public value
- Cost savings
- Customer experience
- Development of new knowledge and know-how
- Access to new investment
- Embraces WFG and circular economy
- Reputational gains
- Potential commercial gains through JVs and shared IP etc

Long term



The importance of balancing short-term needs with the need to safeguard the ability to also meet long-term needs.

Prevention



How acting to prevent problems occurring or getting worse may help public bodies meet their objectives.

Integration



Considering how the public body's well-being objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives of other public bodies.

Collaboration



Acting in collaboration with any other person (or different parts of the body itself) that could help the body to meet its well-being objectives.

Involvement



The importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves.

Benefits - Suppliers

- Access to valuable public service customers
- Apply research and see it commercialised
- Understanding big public service challenges
- Exposure and networks
- Develop expertise
- Access new investment



Benefits – Customers & Society

- Better public services & infrastructure
- Skilled jobs and new start-ups
- Tackling grand challenges
- Smarter use of tax payer's money
- Knowledge transfer
- International competitiveness
- New industries take shape
- Improvements to quality of life

