Monitoring of SPP

Practical approach to SPP monitoring within the Flemish Environment, Nature and Energy Department (DENE)

Els Verwimp | November 12, 2015
Introduction
Who are you?

• Introduce yourself
• Does your organisation monitor SPP / GPP / ... (short)
  → Yes / No?
  → Quantitative / qualitative?
  → Mandatory?
Why monitoring of SPP

- Flemish government programma: 100% SPP by 2020
- ISO 14001 within DENE

→ 3 goals for SPP:
  - 2015: ≥ 25%
  - 2018: ≥ 75%
  - 2020: 100%

→ For product groups for which minimum criteria are available

<table>
<thead>
<tr>
<th>Vehicles</th>
<th>Cleaning products and services</th>
<th>Furniture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paper products</td>
<td>PCs, laptops and monitors</td>
<td>Imaging equipment</td>
</tr>
<tr>
<td>Electricity</td>
<td>Textiles and clothing</td>
<td>Websites</td>
</tr>
<tr>
<td>Studies</td>
<td>Office supplies (markers, erasers, tape …)</td>
<td></td>
</tr>
</tbody>
</table>
Minimum criteria

Criteria documents

Information Recommendations Criteria

Realistic

Compatible in set

Clear

Objectively measurable

Minimum criteria

Technical specifications Contract performance clauses
Procurement within DENE

- **DENE**
  - Personnel: ± 640
  - 12 divisions
  - 10 locations

- **Procurement**
  - Dispersed (everyone = potential procurer)
  - Framework contracts are often used
    - (1 framework contract = 1 procurer)
  - Lots of small orders (96% in number < €8,500)
  - Procurement in 2014
    - $\times$ ± 4,500 tenders / orders
    - $\times$ ± €15,000,000
The DENE monitoring system
History

- **No system**
  - In place until 12/31/2012
  - No data

- **‘Old’ system**
  - In place: 2013 - 2014
  - No useful data

- **‘New’ system**
  - Developed and tested (in 1 division) in 2014
  - In place since January 1st 2015
The DENE monitoring system

- User friendly form
- Improvement of data through:
  → Limitation of the maximum length of description (limitation as in accounting system)
  → 35 project codes (for now) ↔ 3 simple questions
    ✗ Product groups with SPP criteria available
    ✗ Product groups without SPP criteria available
  → Information on SPP criteria in the form
Pink fields = mandatory
Impossible to file form without filling out pink fields
Consequence: empty pink fields → no money!
The DENE monitoring form

First question

Description: max. length = 240 characters

More accurate descriptions

Quicker and better verification / correction of project codes
The DENE monitoring form

<table>
<thead>
<tr>
<th>Description</th>
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<tbody>
<tr>
<td>Printing of 5000 leaflets on deforestation</td>
</tr>
</tbody>
</table>

**Procurement / other:**
- Subsidies
- Procurement (all purchases - including studies & purchases through a framework contract)
- Real projects
- Other expenses

1st question: 4 choices

- Subsidies
- Real projects
- Other expenses
- Procurement

No more questions
The DENE monitoring form

<table>
<thead>
<tr>
<th>Description</th>
<th>Procurement / other:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Printing of 5000 leaflets on deforestation</td>
<td>Subsidies</td>
</tr>
</tbody>
</table>

Project code: LS0000

Automatically generated project code

LS = Subsidies
LU = Real projects
LO = Other expenses
The DENE monitoring form

1st question: 4 choices
- Subsidies
- Real projects
- Other expenses
- Procurement

No more questions

2 questions
The DENE monitoring form

- Printing of 5000 leaflets on deforestation
- Procurement / other: Procurement (all purchases - incl)
- Product group:
- Use of SPP criteria:
- Project code: LZ0000

Automatically generated project code

- LS = Subsidies
- LU = Real projects
- LO = Other expenses
- LZ = Procurement

2 questions - mandatory!!!
The DENE monitoring form

- Catering
- Cleaning products and services
- Electricity
- Furniture
- Gardening services and products
- Imaging equipment
- Interior lighting
- Office supplies
- Painting jobs
- Paper products and (paper) printing
- PCs, laptops and monitors
- Software
- Studies
- Tap water
- Telecom
- Textiles and clothing
- Vehicles
- Websites
- Wooden products

Other products / services / works

Printing of 5000 leaflets on demand

Procurement / other:

Product group:

Use of SPP criteria:

Project code: L20011
The DENE monitoring form

The DENE monitoring form is designed to track and monitor procurement projects. The form includes fields for the description of the project, procurement type, product group, and use of SPP criteria. The automatically generated project code is shown as "LZ00C1".

**Description**
Printing of 5000 leaflets on deforestation

**Procurement / other:**
Retention Management (all purchases - incl)

**Product group:**
Vehicles

**Use of SPP criteria:**

Automatically generated project code

LZ = Procurement
5th digit = product group
  0 = Other product / service / work
  A = Interior lighting
  B = Catering
  C = Vehicles
  ...
The DENE monitoring form

3 possible situations ⇒ different answering possibilities (~ product group)

- **Description**: Printing of 5000 leaflets on deforestation

  **Procurement / other**: Procurement (all purchases - incl)

  **Product group**: Paper products and (paper) print

  **Use of SPP criteria**: SPP criteria used

  **Project code**: LZ00H1

- **Description**: Printing of 5000 leaflets on deforestation

  **Procurement / other**: Procurement (all purchases - incl)

  **Product group**: Wooden products

  **Use of SPP criteria**: No SPP criteria available (criteria in development)

  **Project code**: LZ00T0

- **Description**: Printing of 5000 leaflets on deforestation

  **Procurement / other**: Procurement (all purchases - incl)

  **Product group**: Tap water

  **Use of SPP criteria**: No SPP criteria available

  **Project code**: LZ00R0
The DENE monitoring form

- **Procurement / other:** Procurement (all purchases - incl)
- **Product group:** Paper products and (paper) print
- **Use of SPP criteria:** SPP criteria used

Automatically generated project code:

- LZ = Procurement
- H = Paper / (paper) printing
- 6th digit = use of criteria
  - 1 = criteria were used
  - 0 = criteria weren’t used / no criteria available (yet)
The DENE monitoring form

Information on product group and direct link to criteria in form → procurers know were to find criteria
Preliminary results
Results (1/1/2015 - 8/31/2015)

Use of SPP criteria (€)

- 53% ICT services
- 12% Transportation
- 6% Legal counseling
- 5% Vehicle maintenance
- 4% Building maintenance

- 19% Study / research
  Information for future criteria actualisation

- 0% No SPP criteria available
- 24% No SPP criteria available (in development)
- 29% SPP criteria used
- 5% SPP criteria not used

Information for future criteria development
Results (1/1/2015 - 8/31/2015)

Framework contracts without minimum criteria
→ Special attention when contracts are renewed

Talk to procurers

New name
Results (1/1/2015 - 8/31/2015)

Margin of error: all product groups
Results (1/1/2015 - 8/31/2015)

Margin of error: product group for which no name change is necessary
(= 75% of total)
Results (1/1/2015 - 8/31/2015)

Product groups for which a name change is necessary:
- Vehicles → Purchase and lease of ...
- Imaging equipment → Purchase and lease of ...
- Catering → ... and food products
- Paper products / printing → ... DENE (paper) printing
- Study / research → ... (incl. sampling and inspections)
- Development of Websites → Development (incl. lay out) and maintenance of websites

25% of total procurement
Costs of the system
Costs

- (Extra) costs for external providers for goods / services: €0
  - Initial development: $40h^1 + 56h^2$
  - Testing / improvement before launch: $10h^1 + 116h^2$
  - Improvement after launch: $0,5h^1 + 3,5h^2$
  - Analyses: 21h
    - Setting up charts, graphs & report templates: 10h
    - Analyses and sampling of tender documents: 11h

^1 Hours spend on development / improvement of monitoring system
^2 Hours spend on general improvement of accounting form (not related to monitoring system)
Monitoring PPI

A future challenge for DENE
Monitoring PPI

- 3% of procurement to be spent on PPI (decided on July 3, 2015) → New challenge for monitoring system

- PPI? Being a ‘first buyer’ or enabling innovation
  → Product innovation
  → Process innovation
  → (Procurement aimed at) organisational innovation
  → Use of innovative techniques (e.g. LCC) in procurement
  → Use of innovative contract clauses & contract types

- Monitoring of PPI through project code: several possibilities (under discussion within DENE)
Potential for other transferability
Expansion within the Flemish Government

- Two steps
  - Expansion to interested parties (2016 - 2017)
  - Expansion to Flemish government

- Step 2: Interested parties (call for interest: 9/23/2015)
  - Goal: at least 3 departments / agencies are implementing SPP monitoring by the end of 2016
  - November 2015: 3 interested parties but timing 2017

Role of DENE:
- Explanation about the DENE monitoring system
- Thinking along with departments / agencies on how to integrate the principle in the procurement process
Transferability towards other governments

- Concept as a whole: no!
- Main principle (short questions linked to existing data collection tool): yes
  - Knowledge of procurement process necessary
  - Knowledge of financial data gathering necessary
    - Which tools are used to collect financial data?
    - How are data gathered to input in the tool?
    - Which changes are possible and to what cost?
Discussion
Questions

- Which approach?
  - Quantitative / Qualitative
  - Predefined criteria / ‘gut feeling’

- Making monitoring mandatory?