

**September 2016**

***CREATING A GOOD LOCAL ECONOMY THROUGH PROCUREMENT***

Post Meeting Briefing Note 2 prepared by

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Presented to

**Procure network partners and URBACT**

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## 1 POST MEETING BRIEFING NOTE 2 – SPEND ANALYSIS AND DEVELOPING A PROCUREMENT STRATEGY

### 1.1 Introduction to the theme and meeting

The second transnational meeting of the Procure network took place in [Nagykálló, Hungary](https://en.wikipedia.org/wiki/Nagyk%C3%A1ll%C3%B3)<sup>1</sup> and [Satu Mare, Romania](https://en.wikipedia.org/wiki/Satu_Mare_County)<sup>2</sup> on Tuesday 20<sup>th</sup>, Wednesday 21<sup>st</sup> and Thursday 22<sup>nd</sup> September 2016. The focus was on two themes. The first was spend analysis which looked to address three key questions (these have been previously identified by the partners during the baseline stage):

- What should be measured as part of spend analysis?
- What spend analysis tools are other cities using?
- How can evidence be used to strengthen the local economy?

The second was developing a procurement strategy which looked to address four key questions:

- Is there a need for a local procurement strategy?
- What steps are needed to produce a procurement strategy?
- How does procurement strategy subsequently link to procurement processes?
- How can political buy in be secured and how can the cities priorities be linked to procurement?

To answer the questions, the thematic elements of the meeting were split into a series of masterclasses and workshops which this 'post meeting briefing note' reflects upon.

### 1.2 Masterclass on undertaking spend analysis

This masterclass focused on three things: why undertake spend analysis; what information and data needs to be collected when undertaking spend analysis; and how to undertake spend analysis. Partners were asked to discuss in groups whether they currently undertook spend analysis, what they analysed if they did, and what the key gaps in data were in relation to spend analysis. The table below summarises this discussion by partner.

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<sup>1</sup> <https://en.wikipedia.org/wiki/Nagyk%C3%A1ll%C3%B3>

<sup>2</sup> [https://en.wikipedia.org/wiki/Satu\\_Mare\\_County](https://en.wikipedia.org/wiki/Satu_Mare_County)

**Table 1: Spend analysis discussion**

Partner	Undertake analysis?	spend	Data collected/ would like to collect	Data gaps
Preston	<ul style="list-style-type: none"> <li>• Yes</li> </ul>		<ul style="list-style-type: none"> <li>• Mostly for strategic spend (includes prioritisation)</li> <li>• Geographical data and organisational size</li> <li>• Deprivation</li> </ul>	<ul style="list-style-type: none"> <li>• Data may be available but retrieval is "arduous"</li> </ul>
Almelo	<ul style="list-style-type: none"> <li>• Has already started but needs to develop</li> </ul>		<ul style="list-style-type: none"> <li>• Would like to analyse similar data as Manchester but not all information is available</li> </ul>	<ul style="list-style-type: none"> <li>• All data is available</li> </ul>
Lublin	<ul style="list-style-type: none"> <li>• Yes</li> </ul>		<ul style="list-style-type: none"> <li>• Value of the contract and name, and procurement procedure</li> <li>• How much for local % and kind of expenditure</li> <li>• For below €30,000, all including local are analysed</li> </ul>	<ul style="list-style-type: none"> <li>• No stats about SMEs</li> <li>• No information about different kind of firms</li> </ul>
Koszalin	<ul style="list-style-type: none"> <li>• Yes</li> </ul>		<ul style="list-style-type: none"> <li>• Would like to analyse similar data as Manchester but not all information is available</li> </ul>	<ul style="list-style-type: none"> <li>• Employment data is missing national registers (particularly arounds SMEs)</li> <li>• Data on public procurements below 30,000 Euro is hard to track as this process is not registered and reported mandatory</li> </ul>
Albacete	<ul style="list-style-type: none"> <li>• Indicators rather than analysis</li> </ul>		<ul style="list-style-type: none"> <li>• Geographical data and organisational size</li> <li>• Deprivation</li> </ul>	<ul style="list-style-type: none"> <li>• Data may be available but retrieval is "arduous"</li> </ul>
Metropolitan City of Bologna	<ul style="list-style-type: none"> <li>• Yes</li> </ul>		<ul style="list-style-type: none"> <li>• Value of the contracts</li> <li>• geographical classification</li> <li>• type of expenditure</li> <li>• departmental cost centres in Metropolitan City of Bologna</li> <li>• Type of procurement procedure</li> </ul>	<ul style="list-style-type: none"> <li>• Deprivation</li> </ul>

Koprivnica	<ul style="list-style-type: none"> <li>No legal obligation</li> </ul>	<ul style="list-style-type: none"> <li>No. of contractors</li> <li>Value of contracts</li> </ul>	<ul style="list-style-type: none"> <li>Big gaps</li> </ul>
Nagykálló	<ul style="list-style-type: none"> <li>Yes</li> </ul>	<ul style="list-style-type: none"> <li>Financial budget based spend analysis (including procurement). Spend analysis includes local spend</li> <li>Geographical data</li> <li>Organisational size</li> </ul>	<ul style="list-style-type: none"> <li>Deprivation</li> <li>Data may be available but retrieval is "arduous"</li> </ul>
Candelaria	<ul style="list-style-type: none"> <li>No</li> </ul>	<ul style="list-style-type: none"> <li>Would like to analyse similar data as Manchester but not all information is available</li> </ul>	<ul style="list-style-type: none"> <li>All data is available plus additional information – Tax Information Code of Company (C.I.F) and Sector Code (I.A.E).</li> </ul>
Satu Mare	<ul style="list-style-type: none"> <li>County Council level analysis to regional level on investment spend. No local spend analysis</li> </ul>	<ul style="list-style-type: none"> <li>Geographical data and organisational size</li> </ul>	<ul style="list-style-type: none"> <li>Deprivation</li> <li>Data may be available but retrieval is "arduous"</li> </ul>
Prague 9	<ul style="list-style-type: none"> <li>No</li> </ul>	<ul style="list-style-type: none"> <li>Would like to analyse similar data as Manchester but not all information is available</li> </ul>	<ul style="list-style-type: none"> <li>All data is available</li> </ul>

The partners heard about a case study of how Manchester City Council in the United Kingdom undertakes spend analysis and how this has shaped wider activities around procurement policy and processes. Partners shared their key learning from the case study, with themes being:

- It works!
- Scale (spend), sectors (health), procurement capacity (more of them) and geographical footprint (larger) are very different between Manchester and Preston. There are also multiple case studies to emulate (cross departmental communications, business base directory and social value criteria);
- Setting up criteria around social value;

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- ❑ Continuous monitoring of direct / indirect impacts (including quantification and regular reporting);
  - ❑ Setting up of cross-departmental procurement group / multi-actor approach;
  - ❑ Embedding corporate priorities in procurement documentation (political rationale);
  - ❑ Procurement is the link between strategy and local development;
  - ❑ Setting up conversations with local enterprises and setting up networks of suppliers;
  - ❑ Including local government in making procurement strategies;
  - ❑ Importance of undertaking spend analysis;
  - ❑ Actual expenditure analysis using data from financial department exported to spreadsheet;
  - ❑ How the increase in local spending translates to local economic growth;
  - ❑ Identifying sectors with greatest leakage with aim of increasing potential of local entrepreneurs;
  - ❑ Challenges raised by the changes in the law to use spend analysis to make a local procurement strategy; to use social criteria in procurements; to increase the number of local suppliers bidding for tenders; and involving the actors at the local level

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### 1.3 Developing a procurement strategy

During the transnational meeting partners worked through an exercise to develop a procurement strategy for a fictional city. In this they utilised a series of tools to: set the context for the procurement strategy, gather evidence, develop aims and objective, develop actions, and develop an implementation plan. Prior to this partners discussed why they should develop a procurement strategy. The key reasons were:

- Setting of priorities
- Matchmaking with the development strategy
- Efficient planning of the budget
- Strategic planning for the long term (including time / adequate funding)
- Establishment of non price criteria
- Measurement of adherence to the Strategy
- Measurement of impacts
- Assisting in prioritising the local economy
- Communicating the city's position and aims to external stakeholders
- Corruption
- Changing culture, management and thinking, including developing a cross-departmental approach
- Increasing local employment
- Providing a roadmap for employees