

# Procure

Creating a Good  
Local Economy

## PROCURE FINAL REPORT

How we spend public money can make a difference



# CREATING A GOOD LOCAL ECONOMY THROUGH PROCUREMENT

## FINAL REPORT

Matthew Baqueriza-Jackson *Lead Expert*

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# ABOUT THIS PUBLICATION

This publication presents the key findings and learning from the Procure Network. The Procure Network has been resourced by the URBACT III Programme and the European Regional Development Programme (ERDF). The URBACT III Programme seeks to enable integrated urban development through transnational exchange and learning, training and capacity building activities.

The Procure Network has been one of twenty Action Planning Networks (APNs) which have been operating between September 2015 and May 2018. The focus of the Procure Network has been upon the theme of procurement and has particularly focused upon supporting 11 cities to shift their procurement behaviours, processes and practices to enable greater benefits for their local economies and in social and environmental terms.

The Procure Network has been led by **PRESTON** City Council from the United Kingdom and particularly the following people:



**Tamar Reay,**  
*Lead Partner Coordinator*



**Matthew Baqueriza-Jackson,**  
*Lead Expert*



**Johanna Deconinck,**  
*Project Officer*



**Andrew Ridehalgh,**  
*ULG Coordinator*



**Shirah Bamber,**  
*Communications Officer*



**Eline Malleret,**  
*Project Officer*



**Cllr Matthew Brown,**  
*Political Lead*

Ten further cities have formed part of the partnership, namely:

**LUBLIN** (*Poland*)

**KOSZALIN** (*Poland*)

**ALBACETE** (*Spain*)

**ALMELO** (*The Netherlands*)

THE  
**SATU MARE** (*Romania*)  
INTERCOMMUNITY  
DEVELOPMENT ASSOCIATION

METROPOLITAN CITY (CIMET) OF  
**BOLOGNA** (*Italy*)

**PRAGUE** (*Czech Republic*)  
DISTRICT 9

**KOPRIVNICA** (*Croatia*)

**CANDELARIA** (*Spain*)

**NAGYKÁLLÓ** (*Hungary*)

This publication draws together the inspiration of our eleven partner cities. They have all contributed to developing a network which has changed the way in which cities think about procurement. We would like to thank our partners for their hard work and URBACT for investing in a subject which really challenges the way in which cities think.

# EXECUTIVE SUMMARY

Three years ago, when we started working on the Procure Network, the process of public procurement was viewed in a very different manner at the European level, at URBACT, and amongst our eleven partner cities.

Procurement is the process cities use on an everyday basis to buy goods and services – it should be a process which is straightforward with decisions made on the basis of price, quality, brand, and the wider impact those decisions can have on a place and its residents.

Yet, for decades procurement has been viewed as complex, bureaucratic, dull and boring. This complexity has partly been driven by the European Legislative Framework, but it has also been driven by an aversion to risk amongst cities and an unwillingness to approach the process differently.

Public procurement is important in financial and potential impact terms. Across Europe, public procurement accounts for 14% of Member State Gross Domestic Product (GDP) and over 2000 billion euros is spent buying goods and services through procurement processes. In impact terms, procurement can be used not just to buy a good or service, but also to develop Small to Medium Sized Enterprises (SMEs), to create jobs, and to reduce carbon emissions.

The challenge is that cities have not always recognised the scale and potential of procurement; instead they have become mired in its bureaucracy, complexity and technicality.

The objective of the Procure Network has been quite simple. Through a programme of transnational and local exchange and learning, we have sought to change the way in which cities and their institutions behave when it comes to the process of public procurement.

We have wanted to encourage our cities to change their procurement cultures so the focus is not just on price, but also quality; to think about procurement as a core function of their municipalities and anchor institutions; and to link the process of procurement to the local economic, social and environmental challenges they face. And we have wanted our cities to challenge the orthodox and bureaucratic approach to undertaking procurement.

The Procure Network has come at an opportune time in European policy making. The 2014 amends to the European Procurement Directives have encouraged a change in thinking around public procurement, with greater emphasis on flexibility, SME development, and using the process as a way of enabling wider social and environmental goals.

We would argue that our 11 cities have taken advantage, with the guidance of URBACT, the Lead Partner (Preston City Council), and the Lead Expert (Matthew Baqueriza-Jackson) of this opportunity. Our cities now understand how their approaches to procurement fit within the context of European and National Level legislation; know how to measure where procurement spend goes and its wider impact and how to embed social and environmental considerations into procurement exercises. And they also understand how SMEs can be more effectively engaged in the process of procurement.

Our 11 cities have all changed their perceptions of procurement and the way in which they and other institutions operate as a result of the Procure Network and utilising the URBACT methodology. Each of our 11 cities has developed an Integrated Action Plan, a means through which this cultural and behaviour change can continue for the benefit of their local economies and people.

Moving forward, our hope is that progressive approaches to procurement are not just restricted to our 11 cities but become part of mainstream policy making and delivery across Europe. This is a bold aspiration which hopefully this publication will support through telling the story of the Procure Network and detailing how cultures, behaviours and practices can change.

**PUBLIC PROCUREMENT IS NOT DULL  
– IT IS EXCITING!**

**Tamar Reay** (*Lead Partner Coordinator*)

and

**Matthew Baqueriza-Jackson** (*Lead Expert*)

# 1. CONTEXT

This final network publication presents the key findings and learning derived from the ‘Creating a Good Local Economy through Procurement’ (Procure) Network. Commencing in September 2015, the Procure Network has been one of 20 networks commissioned through the European Union’s URBACT III programme which seeks to enable transnational exchange and learning between cities around a particular theme.

The purpose of the Procure Network has been to support cities to enhance procurement processes so that they bring greater benefits for their city economy in social and environmental terms. The focus of Procure has not just been upon city authorities (municipalities), but the range of ‘anchor institutions’ which have a significant stake in that city.

## The publication seeks to provide 5 things:

- ✓ To set the context to the Procure Network through detailing why public procurement is important;
- ✓ To detail the activities undertaken through the Procure Network;
- ✓ To identify the key learning from the Procure Network across our cities;
- ✓ To highlight the change instigated in our individual cities and the focus of Integrated Action Plans (IAPs);
- ✓ To conclude and offer recommendations at the European level and for other cities.

## What is public procurement?

Public procurement is the process used by cities and particularly their municipalities and anchor institutions to buy goods and services. All cities across Europe need to buy goods – products such as stationery and furniture which enable them to function; services – activities such as employment support for their residents; and works – such as the construction of new schools. These goods, services and works will be provided by a range of businesses and other types of organisations (suppliers), with procurement being the competitive process used to make decisions about which supplier to use.

Across Europe, the scale of public procurement is significant – Governments, local municipalities, and other public institutions such as the Police spend over 2000 billion euros a year buying goods, services and works. This accounts for around 14% of Member State Gross Domestic Product (GDP) and in many cases is often more than annual budgets for healthcare and defence, for example. The European Commission itself uses public procurement to buy products and to make decisions around the award of wider funding, as does the URBACT Programme.

## The historical legislative framework

As a result of this sheer scale, legislation around public procurement is rightly tight. The regulations seek to ensure that procurement is undertaken in a legally compliant, competitive and cost-efficient way, so that legal challenge is avoided, financial savings are made, and issues associated with anti-competitiveness and corruption are negated.

The problem with this legally defined approach is that the process of public procurement is often seen as very bureaucratic and technical and, in many ways, dull and boring. The legislation has historically been seen as complicated and interpretation at National level and local level is difficult. Potential suppliers of goods, services and works have had to fill in reams of paperwork in order to participate in a procurement exercise. And decisions around successful suppliers have often been made on the basis of price, with the cheapest good, service or work winning the contract.

## The 2014 European Procurement Directives

In 2014, the European Commission changed their Procurement Directives (the regulations used to govern the way in which procurement is undertaken). The refreshed Directives retained the core emphasis upon compliance, efficiency and competitiveness in public procurement, but introduced three important wider considerations.

Firstly, the Directives highlighted a new emphasis on flexibility in procurement processes. By this they meant they did not want to see the same rigid procedures applied to all procurements, but instead they wanted to see cities and procurers innovate in the process dependent on the scale of spend. For example, by adopting simplified documents for procurements below the EU thresholds.

Second, the Directives talked of a desire for more Small to Medium Sized Enterprises (SMEs) to bid for and potentially win procurement opportunities. This was as a result of the recognition that when compared to the large scale of SMEs across Europe, a relatively small proportion are delivering contracts for Governments, municipalities, and other public sector institutions.

Third, the Directives wanted procurement to become more strategic. By this they meant that they did not just want procurement decisions to be made on the basis of cost efficiency, but also to consider wider factors such as quality and predominantly how procurement could be used to achieve wider social and environmental goals.

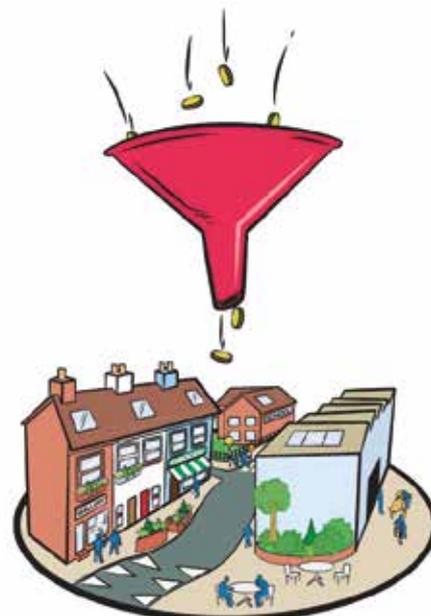
## The development of the Procure Network

The amends to the European Procurement Directives as outlined above effectively became the stimulus for the development of an URBACT action planning network around the theme of public procurement. Preston City Council, in the United Kingdom, had already done some work around progressing procurement processes and practices in their city, both in response to the new Directives and as a result of a drive to address poverty. Preston City Council also recognised that whilst the Directives needed to be transposed to National Level law there was a key gap and thus opportunity for city based learning around procurement and the transposition of the Directives into city and wider institution procurement behaviour.

The Procure Network, was therefore born on the foresight of Preston City Council and with a particular desire to foster transnational and local learning around realising the opportunities offered by new legislation. Particular emphasis was placed on the second and third new aspects of the Directives around SME engagement and utilising procurement as a lever in achieving wider social and environmental goals.

## Conceptualising the Procure Network

The conceptualisation of Procure was not however just about the process of procurement; it was also about local economic development and integration. We wanted to think about new ways in which local economies could develop and grow and through which places could maximise the benefits of the scale of procurement spend and other investment in local economic, social and environmental terms. We wanted to enable integration between municipalities and other place-based anchor institutions around a common theme. The below diagram has been used endlessly to frame the Procure Network, as we have sort to shift the way in which cities think about procurement.



## 2. THE ACTIVITIES OF PROCURE

As detailed in the context section, the Procure Network was developed in response to the new European Procurement Directives of 2014 and a desire for procurement to be undertaken in a more flexible manner, for procurement cultures to change in cities, and for procurement to be used as a way of addressing wider local economic social and environmental challenges.

We selected a group of cities who matched this desire, who were willing to change their behaviour, who brought differing degrees of existing activity and who were prepared to work hard in the production of not only IAPs, but also in changing practice organically as the network progressed.

The Lead Partner, **PRESTON** City Council, was therefore joined by: **LUBLIN** (Poland); **KOSZALIN** (Poland); **ALBACETE** (Spain); **ALMELO** (The Netherlands); the **SATU MARE** County Intercommunity Development Association (Romania); Metropolitan City (Cimet) of **BOLOGNA** (Italy); **PRAGUE** District 9 (Czech Republic); **KOPRIVNICA** (Croatia); **CANDELARIA** (Spain); and **NAGYKÁLLÓ** (Hungary).



This section of the publication details **the activities of Procure over the last three years** in more detail.

## Our baseline position and objectives

### A range of existing challenges

The study visits undertaken as part of the baseline element of the Procure Network were particularly challenging. All partner cities identified a range of political, cultural and practice based barriers that would potentially prevent them from responding to the aspirations of the Lead Partner City and in achieving the proposed objectives of the Network.

Common challenges experienced by our partners included: a lack of knowledge around their local business bases and what their capacity, skills and capability to bid for procurement opportunities was; the existing rigidity and bureaucratic nature of national level law which restricted progressing procurement practices; the lack of use of criteria beyond price in procurement (many partner cities did not consider quality or social and environmental criteria, for example); and the lack of the internal procurement expertise and capacity to respond to the opportunities of the New Directives and the need to think differently about procurement.

### A range of existing activities

Some partner cities suggested that they were not really doing anything about progressing their procurement activities for the benefit of their local economies or in addressing social and environmental benefits. However, it became clear once we had explored this in more depth, that whilst there were inherent challenges with progressing the process of procurement, our cities were actually undertaking a lot of activity.

Some cities were being flexible in the procurement process by adopting different procedures for procurements below the EU thresholds. This was opening the market up to SMEs and local organisations, in particular. Some cities had a procurement plan or calendar in place. This meant that potential suppliers were aware of what the municipalities were looking to procure and when.

Some cities had a centralised procurement office in place meaning that there was in theory a common approach to procurement across departments and an opportunity for procurement to be viewed as a strategic function. Some cities were already doing some form of spend analysis, where they were looking to understand where their procurement went and the types of goods and services they were buying.

### Our common Procure Network objectives

The above existing challenges and activities were subsequently utilised to coproduce with Partners our common objectives and activities for Phase 2 of the Procure Network. We had three core objectives:

- **Objective 1** - to provide a deeper understanding of procurement and what can and cannot be achieved;
- **Objective 2** - to change procurement cultures;
- **Objective 3** - to maximise the benefit procurement brings to cities in economic, social and environmental terms.

## Our transnational activities

The agreed objectives framed the themes for transnational meetings to be undertaken in Phase 2 of the Procure Network. Below we outline the content of each transnational meeting and the key learning.

### Meeting 1 – *European and National Level Law*

Our first meeting focused upon European and National level law around public procurement and generally what cities can do around innovative procurement in both process and practice terms. We discussed the legislation at European and National levels and how that legislation could contribute towards changing behaviours and practice in our cities. We learned that there were commonalities in the challenges that partners faced in legislation and policy at the national level;

### Meeting 2 – *Spend Analysis and Developing a Procurement Strategy*

Our second meeting explored in depth spend analysis and developing a procurement strategy. We discussed how cities can undertake analysis of where their procurement spend goes geographically, sectorally, and in business type terms; and approaches cities need to go through to produce a procurement strategy. We learned that evidence is a core component of procurement approaches and needs to link to strategy development, commissioning, tendering and decision-making, and delivery and monitoring.

**Meeting 3 – Innovation in Procurement – Social Criteria**

Our focus in the third meeting was upon innovation in procurement (social criteria). We discussed how cities can practically embed social considerations and criteria into each of the stages of the procurement cycle. We learned that whilst examples of the use of social criteria in procurement were rare, the use of such criteria can be a key way of addressing social and environmental challenges.

**Meeting 4 – Engaging and raising awareness with local businesses and SMEs**

This meeting explored how to engage and raise awareness with local businesses and SMEs of procurement opportunities. We discussed the barriers and challenges associated with such engagement and the ways in which cities can raise awareness of procurement opportunities. We learned that our cities faced a range of common barriers; yet responses to those barriers needed to be bespoke to city circumstances.

**Meeting 5 – Innovation in Procurement – Environmental Criteria**

In the fifth meeting we revisited the topic of innovation in procurement but this time with a focus upon environmental criteria. We discussed how cities can practically embed environmental considerations and criteria into each of the stages of the procurement cycle. We learned that whilst practice around Green Public Procurement is growing, such processes take time.

**Meeting 6 – Monitoring Impact**

Our sixth meeting focused upon monitoring impact. We discussed how monitoring the impact of procurement spend should not just be thought about at the end of a procurement cycle as a standalone activity, as is often the case in many cities and organisations. We learned instead that it should be an integral part of the cycle of developing a good or service, designing it, tendering for it through a procurement process, and in the delivery of it.

**Our local activities**

All of our partner cities developed an URBACT Local Group (ULG) to facilitate activities at the local level. In the Procure Network, engagement in the local group was not just restricted to the municipality but included a range of anchor institutions including: hospitals, universities, the police, and housing organisations for example. The ULG has been responsible for transferring the knowledge gained from the transnational meetings, instigating organic changes in procurement culture, and for developing the Integrated Action Plan (IAP) for each city.



## 3. OUR LEARNING AND TRANSFER OF KNOWLEDGE

The activities of the Procure Network have led to a wide range of learning and transfer of knowledge. This learning relates to how cities think about the process of procurement in theoretical terms and how they implement more progressive approaches practically. The learning also relates to the personal development of the individuals involved at both transnational and local levels. We would say that the learning associated with the Procure Network has been significant.

### Core learning

#### – PROCUREMENT IS A CYCLE:

The Procure Network has sought to help its 11 partner cities to think more progressively about the way in which they undertake procurement, with an end objective being to ensure that procurement spend is harnessed for maximum local economic, social and environmental benefit, whilst at the same time remaining competitive, compliant and transparent. Our core learning in relation to this is that change takes time and there is no single way of progressing procurement.

Instead procurement has to be viewed as a cycle. If cities are to progress procurement and deliver wider benefits through the process they have to think long term and they have to think about those benefits at each of the stages of the cycle. Procurement is not just about issuing a tender document and making a decision. Instead, it is a cycle of activities which flows from spend analysis (which provides the evidence base for everything that follows); to strategy; to commissioning; to tendering and decision-making; to monitoring impact.

There are effectively **6 STAGES** to the cycle of procurement within which considerations of wider benefits can be embedded:

- **STAGE 1 – Spend analysis and identifying needs** - The first part of the cycle is that organisations need to understand how their procurement processes are undertaken and where their procurement spend goes – they effectively need a baseline position of where spend goes geographically, in which sectors, and by organisation type (such as SME).
- **STAGE 2 – Strategy** - The second part of the cycle is that organisations and cities need a procurement strategy. This needs to detail the types of considerations which are important in procurement processes from a legislative and compliance perspective; and additionally needs to detail the considerations which are important from a wider benefit perspective. Cities need to effectively understand which issues they want procurement to contribute towards addressing.
- **STAGE 3 – Designing procurement (Commissioning)** - The third part of the procurement cycle that organisations need to think about when designing goods and services (commissioning) is which wider benefits they can contribute towards. This needs to happen long before a tender exercise. There are four main ways of doing this: citizen engagement; Innovation in Procurement (social criteria); Innovation in Procurement (environmental criteria); and market engagement.
- **STAGES 4 and 5 – Tendering and Awarding (decision-making)** - The fourth and fifth stages of the cycle are that organisations embed in tender processes and decision-making how wider benefits will be asked about and evaluated. There are a number of ways of doing this including through e-procurement; through asking questions associated with wider social and environmental considerations; and through embedding the principles of the three previous stages of activity.
- **STAGE 6 – Delivery and Monitoring** - The sixth stage of the cycle is that suppliers deliver the goods and services that they were procured to provide and the organisation which undertook the procurement monitors the delivery and any wider benefits which were agreed as part of the terms of the contract. There are two main ways of monitoring impact. One is through reviewing how levels of spend have increased in a local economy through spend analysis and through undertaking surveys with a sample of suppliers around particular outcomes. The second is to contract monitor the delivery of wider outcomes on a monthly, six monthly or annual basis.

# HOW TO ADD VALUE IN PUBLIC PROCUREMENT?

## Procure's Tips

### LAW

The law offers the opportunity to do procurement differently, and to be not just price-based.

Talk to your peers at local, national and international level to build confidence on what you can do in practice.



### 1 IDENTIFYING NEEDS

- Inclusion of citizens and suppliers in the identification process
- Spend analysis (sector, geography, type of business)
- Review of policies, challenges and issues of the city as a whole
- Build a supplier database



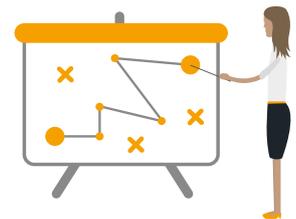
### 6 MONITORING

- Capacity building of procurers, contract managers and technical officers
- Orientation and support to help suppliers deliver wider outcomes
- Choice of methodology to manage and monitor wider outcomes (contract by contract/collective basis)



### 2 STRATEGY

- Linking the procurement strategy to identified challenges and wider policy
- Implementing strategy by building capacity building across all stakeholders
- Engage with citizens through participatory budget allocation



### 5 AWARDING

- Choice of methodology of scoring (quantitative, qualitative, pass/fail)



Communicate about challenges in your city!

Use your spend analysis to shape wider procurement policy, processes and practices.

Specify the challenge you want to solve rather than how you want to solve it; suppliers can be the source of innovation!

Keep going, progressing innovation takes time!

In doubt about how best to score innovative criteria, communicate with your peers about best practices!

Look to divide tender in smaller lots.

Use the tender to get to know your suppliers (type of business, postal code)

### 4 TENDERING

- Embedding wider social, environmental and economic outcomes in the contract
- Including questions focused on wider outcomes
- Weighting the criteria and wider outcomes



### 3 DESIGNING PROCUREMENT

- Innovate for outcomes
- Linking design to wider issues
- Early engagement with suppliers (Meet the Buyer/Supplier Days)
- Co-design of procurement with citizens
- Support and capacity building for suppliers
- Encourage SMEs' joint bids and buyers' joint tenders

## Wider learning around procurement processes:

Whilst the core learning for partners has been the importance of treating procurement as a cycle of activity and that wider benefits can be introduced at various stages of the cycle; there has also been an array of other learning around the procurement processes. This learning is explored further below.

### Public procurement can influence the local economy

Each of our partner cities face challenges around their economies. Each of the stages of the cycle outlined earlier can be used as a way of encouraging cities to think about these local economic issues during the process of procurement. For example, strategies and frameworks can be developed with these challenges as key desired outcomes. Procurement can also be used as a lever to develop the skills and abilities of local businesses to bid for opportunities both locally and on a wider footprint.

### Importance of linking procurement to wider strategy

The Procure Network has really shown the important role procurement plays within wider place-based strategy. The process of procurement and associated strategy should be seen as a sub-set of those wider strategies with the vision and objectives aligned. This enables procurement to contribute towards wider priorities, much in the same way that a regeneration or an economic development initiative can.

### There is a need to invest in staff capacity and skills

The activities of the Procure Network have highlighted that procurement teams are not as much at the forefront of corporate policy as they should be and municipalities have not invested in developing the capacity and skills of their procurement teams. There is a need therefore for municipalities and other organisations to invest in their procurement functions and develop the skills of officers so that they know how to realise the stages of the cycle of procurement outlined earlier.

### Utilisation of spend analysis

The Procure Network has really demonstrated the importance of evidence and understanding in particular of where procurement spend goes. Before any city embarks on progressing the way it undertakes procurement and the cycle of procurement outlined earlier, it needs to understand where its existing spend is undertaken. There needs to be knowledge of where spends goes geographically, in which sectors, and by type of business; with this evidence in turn shaping wider strategy and future processes.

### The importance of the market

Prior to engagement in the Procure Network, our partner cities were very wary of engaging with the market prior to a tender process commencing. The relationship between procurement and the market should not be restrictive. Indeed, if procurement is to be utilised as a lever to address wider challenges, then the market needs to be aware of what those wider challenges are, and scope has to be built into tender processes to enable suppliers to detail how they will contribute to addressing those outcomes through the provision of a good or service.

### The gap of monitoring impact

The network has identified that despite this activity, there remains a real gap in monitoring the impact of procurement spend. By this we mean measuring throughout the duration of a good or service contract, the extent to which the supplier is contributing towards defined and agreed outcomes and indicators. Some of this gap remains a resource issue, which is caused by a lack of staff to enable effective contract monitoring.



## Practical and personal development:

In addition to the procurement process focused learning identified above, our partners have identified a wide range of other learning that has been derived practically and personally from being involved in the Procure Network. This learning is outlined below.

### Less bureaucracy

Prior to involvement in the Procure Network, our partner cities viewed the procurement process as dull, bureaucratic and complex – effectively a means of purchasing goods and services. Throughout the course of the last two and a half years, all of our partners have changed their perspective on procurement. They still see there being bureaucracy associated with the process and rightly so; but they also now see it as a real lever for local economic, social and environmental change.

### Learning from case studies

All of the cities involved in the Procure Network have had something to offer and have been able to provide case studies of practice they are already engaged with. Additionally, the network through the utilisation of external experts and gathering of case studies has been able to highlight what other cities are doing around the process of procurement. The case studies and learning from the transnational meetings have enabled cities to develop their Integrated Action Plans (IAPs); it has however also enabled them to start to introduce new activities that they were not undertaking prior to the network.

### Development of local SME market

The Procure Network has focused not only upon the procurement processes and behaviour of municipalities and wider institutions; but has also sought to link procurers with business representation organisations such as Chambers of Commerce. The outcome of this is that all of our cities have developed much closer relationships with business representative organisations and a more effective understanding of their market and potential market.

### How to develop a procurement strategy

The IAPs for the Procure Network are effectively procurement strategies. They outline the context to each of our cities, the activities they are already undertaking around procurement, the challenges they face around procurement, their individual aims and objectives, and the actions they will undertake moving forward to progress policy and practice. This means that each of our cities have learned both during the network and embedded learning into practice and also have a long-term approach in place.

### Broader individual knowledge and professional development

The activities of the Procure network have really contributed towards the knowledge and professional development of the individuals involved. We have seen real shifts in the behaviour of individuals, particularly in cities where change in procurement has been traditionally shrouded in risk. There has been a shift from a “cannot do” attitude around factors such as social and environmental criteria to one where those cities are willing to “give it a go” and starting to embed such criteria into tender documentation.

### Creation of a more collaborative process and partnership locally

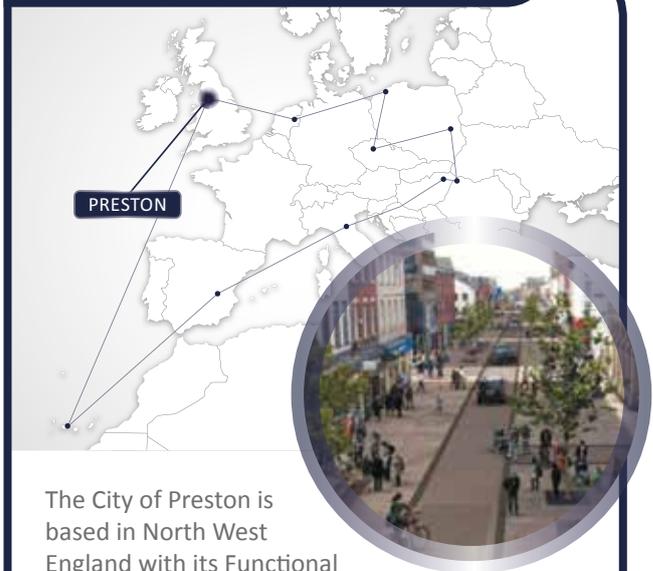
The emphasis in the Procure Network upon not just municipalities, but additionally wider anchor institutions has been important. It has enabled our cities to develop local groups and partnerships which are not just focused on procurement but also wider local economic development and in addressing social and environmental challenges.



## 4. THE CHANGE INSTIGATED IN OUR CITIES AND THEIR IAPS

Building upon the overarching learning for the Procure Network detailed in section 3, this section of the publication explores partner city level change in more depth. We do this by providing some demographic information about each partner, by discussing political and policy buy-in to the Procure Network, by discussing how Procure has changed behaviour, and through detailing the core objective of their IAP.

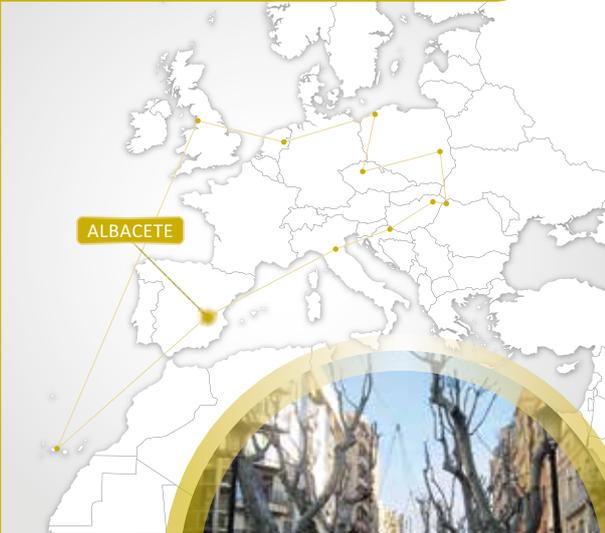
### PRESTON



The City of Preston is based in North West England with its Functional Urban Area (FUA) having a population of 365,000 people. The FUA covers 3 local authority areas (Preston, Chorley and South Ribble) and is often referred to as Central Lancashire. Maximising the benefit procurement brings for local economies and in social and environmental terms has been a political and policy priority in Preston since around 2011. This has formed part of a wider project entitled 'community wealth building' which has sought to ensure that Preston residents and the Preston economy reaps maximum benefit from the investment which comes into the City.

Involvement in the Procure Network has therefore sought to build upon this spend analysis activity and other strategic work around procurement, which shapes the overarching objective of the IAP, which is: ***'to build a common local economy strategy across anchor institutions from the region (Lancashire) and develop knowledge and capacity of local suppliers.'*** Through the Procure Network, Preston has been able to continuously explore its spend and has seen increases in levels of investment in the local economy.

## ALBACETE



Albacete is located in the South Eastern part of Spain, with the Functional Urban Area (FUA) having 191,794 residents. The FUA covers the core urban area of Albacete and several villages including La Roda, Barrax and La Herrera. The City of Albacete has an annual procurement spend of around €120million, which is spent on a range of goods and services and also includes construction. In political and policy terms, maximising the impact procurement brings to the Albacete economy has been seen as increasingly important.



The overarching objective of the IAP for Albacete is *'to increase the access of local companies to the calls for public procurement of the City'*. Through the Procure Network, Albacete have been able to develop a much more effective relationship with their SME business base and have twinned ULG meetings with engagement and training activities with SMEs.

## ALMELO



Almelo is located in the Eastern part of the Netherlands and forms part of the wider Regio Twente, which is the largest city-region within the country. The City of Almelo has an annual procurement spend of over €80million which is for both goods and services and construction. In political and policy terms, maximising the impact procurement brings has been seen as increasingly important. It is high on the political agenda because of the scale of the social issues facing the city; with procurement seen as a key way of addressing challenges around issues such as unemployment.



The core focus of the IAP for Almelo is *upon collaboration and upon various regional partners coming together to foster innovation through a more effective approach to procurement and through an innovation partnership*. Through the Procure Network, Almelo have been able to develop strategy and practice that encourages the circular economy, with a number of projects developed including around food production and procurement.

## KOSZALIN



Koszalin is located in the North Western part of Poland and forms part of the province of Zachodniopomorskie. Koszalin is the second city of the province (after Szczecin). The Functional Urban Area (FUA) of Koszalin encompasses the City of Koszalin and eight surrounding communes which form the District of Koszalin. The City of Koszalin covers an area of 98.3km<sup>2</sup>, with the District of Koszalin covering 1,653km<sup>2</sup>. Overall, the FUA has a population of over 175,000, with 108,605 of those resident in the City of Koszalin. In political and policy terms, maximising the impact procurement brings to the Koszalin economy has been seen as increasingly important. It is high on the political agenda and increasing public spend in the local economy, is a priority for the municipality, who are willing to engage with other anchor institutions and businesses and community groups. In policy terms, whilst the City of Koszalin does not have a procurement strategy, it does have two internal directives by the Mayor for procurements up to the value of €30k and a procurement plan which is put together annually to detail upcoming opportunities.

The IAP for Koszalin has an overarching objective of ***'an increased level of public funds retained on the local level for the good of the local economy'***. Through the Procure Network, Koszalin have been able to embed knowledge around non-price criteria into their procurement processes and practices.

## LUBLIN



Lublin is located in the South Eastern part of Poland and is the core city in the Lublin Functional Urban Area (FUA). There are sixteen other cities and towns in the FUA including Glusk, Jablonna and Konopnica. The City of Lublin covers an area of 147km<sup>2</sup>, with the wider FUA covering 1,582km<sup>2</sup>. The City of Lublin has a population of 341,700. In political and policy terms, maximising the impact procurement brings to the Lublin economy has become increasingly important, particularly in policy terms. The City of Lublin would like more Lublin based businesses to provide goods and services. The City would also like to cooperate further with other anchor institutions who possess significant procurement spend, and are based in the city in order to maximise their benefit to the Lublin economy.

The overarching objective of the Lublin IAP is ***'to increase the participation of local enterprises in public procurement in the Municipality of Lublin'***. Through the Procure Network, Lublin (the municipality) has been able to engage far more effectively with other anchor institutions based in the city and move towards a common goal.

## CANDELARIA



Candelaria is located on the Island of Tenerife, which is the largest and most populated island of the seven Canary Islands in Spain. The City of Candelaria is made up of a central urban area by the coast and several villages into the hills above the city. Candelaria has a population of 27,923 people. In political and policy terms, maximising the impact procurement brings to Candelaria's local economy has been seen as increasingly important. The Lady Mayor of Candelaria has been heavily involved in this network and sees procurement as one of the ways in which key challenges facing Candelaria, such as unemployment, can be addressed.

The IAP for Candelaria has three overarching objectives:

- **To improve the process of public procurement for strategic purposes;**
- **To improve experience and ability to support local businesses;**
- **To increase the knowledge of local companies about the possibilities offered by public contracting.**

Through the Procure Network, Candelaria has been able to develop ways of engaging with their suppliers more effectively, and in monitoring their impact.

## METROPOLITAN CITY OF BOLOGNA



The Metropolitan City of Bologna is based in North East Italy and is one of 10 metropolitan areas, which were legislated for in 2014. Being a metropolitan city means that Bologna is one of the most populous and economically important cities in Italy. The Metropolitan City of Bologna consists of 55 municipalities and has a total population of one million people. Maximising the benefit procurement brings for local economies both socio-economically and environmentally, has been a political and policy priority in Bologna since around 2001. This has also been evident at regional and national levels, with specific legislation around green and social procurement supporting the achievement of such outcomes. In the Metropolitan City of Bologna, there is a political drive to ensure that procurement is linked to both economic development and social affairs and to link this into wider Europe wide agendas.

The IAP of the Metropolitan City of Bologna has two overarching objectives:

- **Promoting an innovative and sustainable public procurement strategy;**
- **Increasing and improving the participation of local businesses and (especially) SMEs in the public procurement process.**

Through the Procure Network, the Metropolitan City of Bologna has been able to increase the emphasis it places on social and environmental criteria in procurement.

## KOPRIVNICA



Koprivnica is located in the North Western part of Croatia and is one hour away by train from the capital city Zagreb. It is the 18th largest city in Croatia and the capital of the Koprivnica-Krizevci County. Koprivnica has a population of 30,000. In political and policy terms, maximising the impact procurement brings to the Koprivnica economy has been seen increasingly important, but it does provide a dilemma. Large procurements due to their size and value are unlikely to be currently delivered by local companies. However, the local political agenda is to support local companies and SMEs. There is therefore a need to better balance the practices of procurement and the priorities of politicians.

The IAP of Koprivnica has five overarching objectives:

- **To implement new legal requirements;**
- **To increase of the transparency of public procurement process;**
- **To increase the innovation of public procurement in Koprivnica;**
- **To make public procurement more cost effective from the administrative point of view;**
- **To make an impact on the local economy.**

Through the Procure Network, Koprivnica have been able to link their activities around procurement to other European funded activities, predominantly around the environment.

## NAGYKÁLLÓ



Nagykanizsa is located in the North East of Hungary and is close to the borders of both Romania and Ukraine. Nagykanizsa is one of four urban areas which make up the County of Szabolcs-Szatmar-Bereg County. The others are Nyiregyhaza which is the County Seat, Nyirbator and Tiszavasvari. The combination of the four urban areas is deemed the Functional Urban Area (FUA). Nagykanizsa itself has a population of 9,707 people. In political and policy terms, maximising the impact procurement brings to the Nagykanizsa economy has been seen as increasingly important, particularly in financial terms. The spend of public money is extremely high on the political agenda in Nagykanizsa, and the City of Nagykanizsa recognises that whilst local organisations pay significant levels of taxes; few actually deliver services and provide goods for the municipality and other procurers. The City of Nagykanizsa is seeking to harness its wealth so it brings better benefits for local organisations.

The overarching objective of the Nagykanizsa IAP is **'to improve the local economy by improving the role of SMEs in public procurement processes'**. Through the Procure Network, Nagykanizsa have been able to undertake analysis of where their procurement spend goes.

## PRAGUE DISTRICT 9



District 9 is one of 10 municipal districts which form part of the centre of Prague, the capital of the Czech Republic. The Functional Urban Area (FUA) spans much further and is called Prague Capital City and consists of 57 municipal districts. The FUA has a total area of 496km<sup>2</sup>. District 9 is a largely industrial area and has a population of 55,569. In political and policy terms, maximising the impact procurement brings to the District 9 economy has not really been considered as important until this project, as both officers and politicians did not view procurement as a tool for innovation. They do however see it as important in relation to wider priorities around the redevelopment of brownfield land, growing local businesses, and in ensuring District 9's budget is spent efficiently and effectively.

The overarching objectives of the Prague District 9 IAP link largely to the core objectives of the Procure Network around: **providing a deeper understanding of what can and cannot be achieved; changing procurement cultures; and maximising the benefit procurement brings to cities.** Through the Procure Network, Prague District 9 has been able to embed environmental considerations and criteria into some of their tender processes.

## SATU MARE



The County of Satu Mare is located in the North West of Romania. The County includes six cities (Satu Mare – the largest and main administrative centre, Carei, Negresti-Oas, Tasnad, Livada and Ardud) and 59 communes. The County of Satu Mare is part of the North West Development Region of Romania and is strategically well-placed with borders to Hungary and Ukraine. The County of Satu Mare is more than 4,400km<sup>2</sup> in surface size and has a population of 344,360. In political and policy terms, addressing some of the challenges around procurement has been viewed as increasingly important. However, the County of Satu Mare is hugely restrained by national level legislation in making change.

The overarching objective of the IAP for Satu Mare is **'to enable an innovative public procurement system for Satu Mare'**. Through the Procure Network, Satu Mare has been able to think differently about the culture of procurement and move away from a sole emphasis upon cost.

# 5. POLICY AND RECOMMENDATIONS

The Procure Network has changed the way in which 11 cities think about procurement. As a result of the project we have seen individuals change, we have seen municipalities change, and we have seen impacts upon economic, social and environmental challenges. In this section of the publication, we provide our key concluding thoughts, together with recommendations for other cities and wider policy making at a European level.

### Concluding thoughts

We can conclude the activities and learning of the Procure Network by revisiting the extent to which our three core objectives have been met:

#### The Procure Network has enabled continuous professional development.

All 11 cities and their representatives strongly agreed or agreed that involvement in the Procure Network has helped in their professional development. In particular, the network has:

- ✓ Enabled participants to develop their knowledge of procurement policy and think more progressively about the process;
- ✓ Enabled participants to develop their skills around public speaking and engagement;
- ✓ Enabled cities to use the Procure Network as a catalyst for wider work and engagement in other European Programmes;
- ✓ Enabled cities to develop their capacity to undertake work around the theme of procurement and to link it to wider local economic development.

#### The Procure Network has enabled cities to change their approach to procurement at the local level.

All 11 cities and their representatives strongly agreed or agreed that involvement in the Procure Network has helped to change their approach and culture around procurement at the local level, with the transnational meetings particularly helpful in enabling this to happen. In particular, the network has:

- ✓ Enabled participants to translate transnational learning into real practice at the city level;
- ✓ Enabled participants to learn from other cities in the network, and additionally from a range of case studies;
- ✓ Enabled cities to embed new practice into the process of procurement, most notably around social and environmental criteria.

#### The Procure Network has enabled cities to link procurement more effectively to the challenges their cities face.

9 of our 11 cities and their representatives strongly agreed or agreed that involvement in the Procure Network and the development of their IAPs has helped to maximise the benefit procurement brings in economic, social and environmental terms and thus address challenges. In particular, the network has:

- ✓ Enabled cities to more confidently engage with SMEs and develop their capacity to bid for and win procurement contracts;
- ✓ Enabled cities to recognise the important role that public procurement plays in wider economic and corporate strategy;
- ✓ Enabled cities to think differently about the process of procurement and embed considerations around local economic, social and environmental benefit into the process.

## Recommendations

The cities involved in the Procure Network number just 11. We have been ‘trailblazers’ of a new approach to procurement across Europe. There is however scope to embed the principles of the Procure Network into the behaviour of other cities; so that it is widely understood what can be done through the process, so that cultures change across Europe; and so that benefit is maximised in economic, social, and environmental terms. Rather than providing a raft of recommendations; we instead provide a checklist of considerations for cities to work through to progress their processes and practices around procurement:

- 1 Understand the European Procurement Directives, their translation to National Level Law and what can be achieved;
- 2 Understand where existing procurement spend goes geographically, sectorally, and in business type terms through spend analysis;
- 3 Develop procurement strategies which are about legislation, compliance, cost efficiency AND addressing local economic, social and environmental challenges;
- 4 Link the process of procurement to wider city priorities and develop Procurement Outcomes Frameworks which highlight the challenges procurement could contribute towards addressing;
- 5 Think of procurement as a cycle of activity and embed considerations of social and environmental impact at an early stage. This means when designing goods and services (commissioning) identify the social and environmental outcomes that could be delivered;
- 6 Understand the market and potential supply chain, particularly in terms of local organisations and SMEs and develop capacity and skills;
- 7 Innovate in procurement so that the market helps to define goods and service contracts and therefore deliver outcomes;
- 8 Ask questions in tender documentation about how potential suppliers are going to deliver wider social and environmental considerations;
- 9 Evaluate tender responses on not only cost and quality, but also response to social and environmental questions; and weight decisions accordingly;
- 10 Ensure social and environmental commitments are detailed as conditions in contracts;
- 11 Monitor the delivery of social and environmental outcomes and the change the above activities have through both contract monitoring and further spend analysis.

It could be argued that the learning and practice derived through the Procure Network is fundamental to shifts in policy contemporarily and in the future at the EU level.

### EU2020

The Procure Network and its learning links intrinsically to the priorities of the overarching EU2020 strategy. It links to the priority of 'Smart Growth' because it has supported cities to think differently and innovatively about the process of procurement. It links to the priority of 'Sustainable Growth' because of the key emphasis upon encouraging local businesses and SMEs to bid for contract opportunities, which in turn create employment and skills development opportunities. And it links to the priority of 'Inclusive Growth', because procurement has been utilised to support some of the most marginalised people in Europe and new forms of cooperative enterprise are being developed.

### EU Urban Agenda

The activities of the Procure Network and its learning are also informing the 12 EU Urban Agenda Partnerships. The Lead Partner, Preston and the Lead Expert (representing URBACT) are both involved in the Urban Agenda Partnership on Innovative and Responsible Public Procurement. The Partnership is looking to reframe the way in which procurement is thought about at European level and as such its activities link to the focus of the Procure Network. There is an emphasis amongst other things on: Procurement Strategy, spend analysis, innovation of procurement, and monitoring impact.

### Public Procurement Package

The European Commission published its new Public Procurement Package on 3rd October 2017. It is interesting to note that the activities and learning derived through the Procure Network link into the six priorities, taking our work to a much wider level than the 11 cities engaged.

- Greater uptake of innovative, green and social criteria in awarding public contracts;
- Professionalisation of public buyers;
- Improving access by SMEs to procurement markets in the EU and by EU companies in third countries;
- Increasing transparency, integrity and quality of procurement data;
- Digitisation of procurement processes; and
- More cooperation among public buyers across the EU

## Useful Links

Procure Partners Journey in Posters:

[http://urbact.eu/sites/default/files/media/procure\\_partners\\_journey.pdf](http://urbact.eu/sites/default/files/media/procure_partners_journey.pdf)

Procure Partners Integrated Action Plan Summaries:

[http://urbact.eu/sites/default/files/media/procure\\_partners\\_iap\\_summary.pdf](http://urbact.eu/sites/default/files/media/procure_partners_iap_summary.pdf)

Procure Explainer Video:

<https://www.youtube.com/watch?v=UzsoKf2qdxU>

Urban Agenda for the EU, Public Procurement Partnership:

<https://ec.europa.eu/futurium/en/public-procurement>

European Commission webpage on Public Procurement:

[https://ec.europa.eu/growth/single-market/public-procurement\\_en](https://ec.europa.eu/growth/single-market/public-procurement_en)

European Commission Public Procurement Package:

[http://ec.europa.eu/growth/content/increasing-impact-public-investment-through-efficient-and-professional-procurement-0\\_en](http://ec.europa.eu/growth/content/increasing-impact-public-investment-through-efficient-and-professional-procurement-0_en)

ICLEI webpages:

<http://iclei-europe.org/topics/procurement-economy/>

## Centre for Local Economic Strategies (CLES):

During the activities of the Procure Network, Matthew Baqueriza-Jackson was the Deputy Chief Executive of the Centre for Local Economic Strategies (CLES). CLES has undertaken an array of work over the course of the last thirteen years on progressive procurement.

More information can be found here:

<http://cles.org.uk/local-wealth-building/>

## Contact

**Tamar Reay**

*Lead Partner Coordinator, Preston City Council*

[t.reay@preston.gov.uk](mailto:t.reay@preston.gov.uk)



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