

# MAKING SPEND MATTER

Basic Spend Analysis Case Study

Bistrița

# Bistrița



# INTRODUCTION

## About Making Spend Matter

The **Making Spend Matter Transfer Network**<sup>1</sup> is one of 23 transfer networks funded through the **URBACT Programme**<sup>2</sup>. Generally, the transfer networks are seeking to transfer an **URBACT identified piece of Good Practice**<sup>3</sup> associated with integrated urban development to other cities across Europe.

In the case of Making Spend Matter, the identified good practice is around the process of public procurement, and in particular a methodology called spend analysis, which enables cities to measure where their procurement spend goes and subsequently work in cooperation with other partners and the market to progress the way in which they undertake procurement policy and practice.

The spend analysis good practice has been developed by the City of Preston in the United Kingdom over the course of the last seven years. Since 2018, Preston has sought to transfer the principles and practice of the methodology to six other cities: Pamplona (Spain), Vila Nova De Famalicão (Portugal), Schaerbeek (Belgium), Kavala (Greece), Bistrița (Romania), and Koszalin (Poland).

## About the Making Spend Matter Toolkit

The Making Spend Matter Toolkit ([www.preston.gov.uk/makingspendmattertoolkit](http://www.preston.gov.uk/makingspendmattertoolkit)) brings together guidance and learning from the network to enable other public organisations and cities to start / continue their own strategic procurement journey. The Toolkit comprises four parts:

- The first part explains how public organisations can take a more strategic approach to public procurement to help them deliver positive impact on their communities, economy and environment.
- The second part provides a spend analysis tool produced by CLES (a national organisation for local economies in the UK) and a guide (produced by Making Spend Matter partners) to help cities

analyse their procurement spend in terms of geography, sector and with different types of suppliers, and interpret their findings to help inform where changes can be made to procurement processes.

- The third part provides tips and guidance through a series of Frequently Asked Questions (FAQs) and infographics on a range of topics including from how to develop a strategic approach to public procurement, increase your engagement with Small and Medium-sized Enterprises (SMEs), embed social and environmental criteria and measure the wider impact of your procurement activities.
- The fourth part provides practical examples on the topics highlighted in parts two and three and other activities which partners engaged in during the lifetime of the Transfer Network.

## About these Case Studies

Each partner city participated in the core transfer activities which were delivered through a series of transnational meetings of all partners, led by the Lead Partner, Preston and Lead Expert. After each transnational meeting, each partner undertook further activities to implement what they had learned. This learning was then shared with partners at the following transnational meeting.

These case studies show how each partner has taken the basic spend analysis based on Preston's good practice, adapted it to their own contexts and interpreted the results to progress public procurement processes and practices in their cities. They have also sought to define how they would re-use the analysis in the future.

The case studies are designed to be practical in nature for cities who are undertaking their own procurement journey, whether they have analysed their procurement spend, or are planning to for the first time. The case studies follow the same format, outlining how each partner understood the basic spend analysis, how they adapted it, how they interpreted the findings and how they plan to re-use the transfer in the future.

In order to understand the background and the methodology, interested cities should also refer to the spend analysis tool and guide (Part 2 of the Toolkit).

<sup>1</sup> [www.urbact.eu/making-spend-matter](http://www.urbact.eu/making-spend-matter)

<sup>2</sup> [www.urbact.eu/](http://www.urbact.eu/)

<sup>3</sup> [www.urbact.eu/good-practices/home](http://www.urbact.eu/good-practices/home)

# CASE STUDY

## Understanding of good practice:

Bistrița is based in Northern Romania and has historically viewed procurement as a process as being complicated and bureaucratic. They wanted to get involved in Making Spend Matter to transform the way in which procurement was undertaken in Bistrița and by other institutions. By this they meant making the process more straightforward, making it more open to SMEs, and making it more focused not just upon price but other factors such as quality and social and environmental considerations.

Bistrița understood the process of undertaking spend analysis as being part of this transformational approach. It would enable them to have a better understanding of how much they spend on an annual basis through procurement, who they spend money with, and where that procurement spend goes. Bistrița already had lots of information about procurement, including a procurement plan, and viewed spend analysis as a way of filtering this information and using it more effectively.

## Adapting the methodology:

Bistrița largely used the spend analysis tool and guide as developed through Making Spend Matter to undertake their spend analysis. However, they made some important adaptations to fit it to local circumstances and contexts:

- First, they utilised an existing system to generate the analysis reports within, called SEAP. This is a national system utilised to characterise procurements, and it made sense to use this, rather than to introduce something completely new;
- Second, Bistrița had to add a lot of information manually into the spend analysis tool, particularly around the sectors of suppliers and whether suppliers were SMEs or not. There was no national database through which these considerations could be cross-referenced in a straightforward way;
- Third, Bistrița split the entries into the spend analysis tool into two types – competitive procedures and direct awards.

## The spend analysis findings:

Bistrița undertook spend analysis for the financial year 2018/19 and undertook the analysis at three geographical levels – Municipality of Bistrița, 'Regiunea Nord-Vest', and Romania. The analysis explored nearly 20 Million lei of spend, which accounts for 51 suppliers. Bistrița split their analysis down by both the percentage spent with different types of organisations, for example, and the number of suppliers that were those different types of organisations. Overall, the findings of the spend analysis were as follows:

- 26% of spend in 2018/19 was with organisations based in Bistrița, (20 suppliers); 58% of spend was within the wider region not including Bistrița, (11 suppliers); with 16% in wider Romania, (20 suppliers);
- 99% of all spend was with SMEs in 2018/19 (46 suppliers);
- The sectors with the greatest amount of procurement spend were construction and repairs and maintenance.

The Municipality of Bistrița has also looked to transfer the spend analysis methodology and the principles of the project to other municipally owned organisations and wider anchor institutions in the locality.

## Interpreting the findings:

Bistrița is utilising the findings of their spend analysis to inform their wider approach to procurement moving forward. They recognise that spend analysis is a simple to use tool, that is flexible and unlimited. In terms of interpretation, they see spend analysis as having three key purposes:

- First, it can generate statistical indicators that can be used to demonstrate the achievement or otherwise of objectives detailed in local strategies and plans.
- Second, it can be used to explore and evaluate where public money goes and can be used to demonstrate achievements around local economic development, for example.
- Third, it can form part of the supporting information that informs the setting of Municipality budgets on an annual basis.

“As I said in my brief presentation, I find this project extremely challenging, mostly because in Romania we are dealing with constant law changes. Although every city involved in this project has its own struggles, it’s good to know we are not alone! We can find a way to achieve what we all aim for: a better procurement system, and why not, change the way our citizens think about how we spend public money.”

**Coralia Bulcu**, Bistrița Project Team Member

## Re-using the transfer:

Whilst recognising the value of the spend analysis tool, Bistrița were keen to stress that it should not be used by contracting authorities to limit the ‘import’ of goods and services to the local level from other areas, as this is in contradiction with legislation. It can however be used to identify sectors, where there may be scope to support different enterprises to develop their capacity and bid for procurement opportunities in the first place. Bistrița are going to continue to encourage other institutions to utilise spend analysis, and additionally engage with them on the importance of procurement in achieving wider local economic, social and environmental benefits.



Making Spend Matter is a network of 7 European cities, funded through the URBACT III Programme and the European Regional Development Fund, exploring how spend analysis can be used as an evidence base to improve public procurement and deliver wider benefits to communities and places.