

MAKING SPEND MATTER

Basic Spend Analysis Case Study

Pamplona

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INTRODUCTION

About Making Spend Matter

The **Making Spend Matter Transfer Network**¹ is one of 23 transfer networks funded through the **URBACT Programme**². Generally, the transfer networks are seeking to transfer an **URBACT identified piece of Good Practice**³ 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) 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).

¹ www.urbact.eu/making-spend-matter

² www.urbact.eu/

³ www.urbact.eu/good-practices/home

CASE STUDY

Understanding of good practice:

Pamplona is based in Northern Spain and came to the Making Spend Matter Transfer Network with the objective to learning and advancing the way in which they undertake procurement. Pamplona recognised at the outset that the good practice and spend analysis is a tool that enables the Municipality and other anchor institutions to understand more about their procurement spend and particularly where that spend goes geographically, sectorally, and in business type terms.

However, Pamplona recognised that spend analysis was far more than just a simple spreadsheet. Instead, the evidence that spend analysis provided was a means of influencing and adapting the way in which procurement was undertaken and a means of influencing wider strategy. Indeed, Pamplona made an important early link between spend analysis, procurement, and the Municipality's Strategic Plan. In particular, they recognised the impact procurement spend could have on the economy, on social welfare and in addressing environmental challenges. Pamplona identified that spend analysis enables the Municipality to make better decisions and support wider strategy.

Adapting the methodology:

Pamplona made some changes to the good practice to adapt it to local circumstances and contexts:

- First, they undertook a different geographical approach to Preston, by exploring spend at city, metropolitan, regional, and country levels;
- Second, they added a further business type to the analysis, in that they not only explored levels of procurement spend with SMEs, but also with Social Economy organisations;
- Third, whilst utilising the Making Spend Matter tool and guide as the basis of their analysis, they used Power BI as an alternative way of collating the data and undertaking the analysis, as this was more locally appropriate;
- Fourth, they also undertook analysis that was not restricted to spend with the top 300 suppliers; instead, they also explored minor contracts.

The spend analysis findings:

The spend analysis undertaken by Pamplona over a four-year period of their own Municipality spend identified the following:

- That 55% of spend was with businesses based in the Pamplona Metropolitan Area, with 38% being outside of the Navarra region. This figure is decreasing over the four years of analysis undertaken;
- That 50% of spend in 2018 was with SMEs. This is an increase from 40% in 2019;
- That spend is dominated by four key sectors - transport, water and waste, construction, and other services, which collectively make up 45% of all spend.
- That 7% of spend is with Social Economy organisations;
- That spend on minor contracts is almost exclusively with SMEs.

As part of Making Spend Matter, the Municipality of Pamplona also transferred the spend analysis methodology to two key anchor institutions, namely the Public University of Navarra, and the Regional Government of Navarra, with the collective analysis covering over 500 Million Euros of spend.

“The result was fully satisfactory, as all the entities were aligned with the project's objectives and methodologies, and the first commitments of anchor institutions to overcome their own spend analysis were also made. I can't imagine a best way to start my duty as ULG Coordinator!”

Santiago Lesmes, URBACT Local [stakeholder] Group (ULG) Coordinator (2019/2020)

Interpreting the findings:

Pamplona adopted a very data-based and evidence-focused approach to their interpretation and identified recommendations relating to the wider procurement process as to how this could lead to greater influence in delivering the objectives of the Strategic Plan:

- First, the data identified that the 18 biggest contracts accounted for 50% of all procurement spend so it is unlikely that SMEs will have the capacity to deliver such contracts. Therefore, Pamplona is focusing upon ensuring that these contracts and the suppliers are encouraged to deliver greater social and environmental benefits.
- Second, the analysis has identified that there is an opportunity to influence spend in the sectors of construction and other services. By this we mean there is scope to develop the capacity and capability of SMEs in particular to bid for contract opportunities and also for sub-contracting opportunities, with larger organisations, particularly in relation to construction projects.
- Third, and linked to both previous points, the data identified that the biggest contracts do not match the size of local companies. Pamplona is therefore looking to use its Guide for Social Responsibility (see case study on Social Criteria) to influence the behaviour of the largest contractors.

Re-using the transfer:

Pamplona will continue to undertake spend analysis into the future and will additionally seek to transfer the methodological approach to other anchor institutions in the Navarra Region, and across other Municipalities in Spain. Pamplona is also being increasingly asked to demonstrate on a European level its approach to procurement, particularly around social responsibility.



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.