

MAKING SPEND MATTER

Basic Spend Analysis Case Study

Schaerbeek

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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:

Schaerbeek forms part of the Brussels Capital Region in Belgium, with Making Spend Matter being the Municipality's first foray into an URBACT Network. Schaerbeek viewed the spend analysis methodology as something that would enable them to understand their procurement spend in more detail and raise the level of importance of the procurement process both politically and also with officers within the Municipality. They were attracted to the Preston good practice because of its long-term nature and its ability to demonstrate evidence and achieve concrete results.

Schaerbeek have however viewed spend analysis as being just one part of their approach to becoming a 'responsible consumer'. Spend analysis is just one of a suite of things which Schaerbeek needs to do to become more strategic in procurement – they view it as a key component part of being more focused upon sustainability in procurement, and in supporting SMEs and local employment.

The objectives of undertaking spend analysis in Schaerbeek were two-fold.

- First, they wanted to understand in more depth their current procurement spend, and also to project their future spend;
- Second, they wanted to know more about the businesses and organisations currently providing them with goods and services, and particularly their economic sector, size, and location, in order to enable market development.

Adapting the methodology:

Schaerbeek looked to directly integrate the good practice methodology and analysed procurement spend for 2017 and 2018 (this was an election year in Schaerbeek). However, they made three key adaptations:

- First, they adapted the geographical approach to the analysis. Rather than analysing specific geographical boundaries, they deployed distance between the supplier and the Town Hall in Schaerbeek as the indicator, with 'local' spend defined as being within 50km;
- Second, the definition of SMEs in Belgium differs from the European definition. They therefore defined a SME as being an organisation with less than 50 employees;
- Third, they recognised that whilst Preston had also undertaken analysis with other anchor institutions, that this was not feasible in Schaerbeek, as these institutions tend to operate at a Brussels Capital Region level and partnerships with organisations like the Police and universities need to be more mature.

The spend analysis findings:

Schaerbeek undertook analysis of their procurement spend for both 2017 and 2018, with the total amount analysed being around 40 Million Euros in each year. In terms of spend directly within Schaerbeek, the analysis identified this as being 4% in 2017 and 11% in 2018 – this reflects the relatively narrow boundaries of Schaerbeek and the nature of the Schaerbeek economy predominantly being residential. In terms of the Brussels Capital Region, this figure was 52% in 2017 and 62% in 2018 (these results include the amount spent in Schaerbeek as one of the 19 municipalities of the Region).

Schaerbeek also analysed their procurement spend by business type and sector, with a particular emphasis on construction spend. In 2017, 24% of spend was with SMEs (see definition above), with this increasing to 28% in 2018. Spend with the construction sector dominates Schaerbeek's procurement spending and local spending with around 60% of all spend being with the construction sector in each of 2017 and 2018. In 2018, spend with Schaerbeek construction companies made up 72% of all spend with Schaerbeek-based companies.

Interpreting the findings:

The Municipality of Schaerbeek undertook detailed interpretation of their spend analysis findings to seek to explain their figures and in particular the difference between 2017 and 2018. They recognised that part of the increase in Schaerbeek spend resulted from one specific tender for an urban renovation project, thus highlighting 1) the importance of construction and urban renovation in the municipality’s expenditure; 2) a relevant example of money spent with local businesses for a project that will directly benefit the citizens.

Schaerbeek recognised that the higher levels of spend in the Brussels Capital Region highlighted the region’s economic importance and the presence there of a number of multinational headquarters. They also recognised that increases in SME spend were largely with organisations in the wholesale and retail sector, and of vehicle maintenance.

Schaerbeek recognised that given the relatively low level of spend with Schaerbeek based businesses and the nature of the Schaerbeek economy, there is room for improvement in this particular area of sustainability, although the economy within the municipal boundaries is tightly linked to and influenced by the regional economy. However, Schaerbeek did recognise that there was significant scope to develop a framework of reference by developing a Strategic Procurement Plan, which will focus upon how to encourage suppliers to deliver local economic, social, and environmental benefit through the process of procurement.

“Schaerbeek’s team decided to structure its work for the Making Spend Matter project around four working groups, each with different activities and goals. This approach has really helped us strengthening the link between URBACT activities and other ongoing projects in the municipality. This gives us hope that the efforts deployed for the “making spend matter” objectives will also benefit the general work of our colleagues and of the municipality in general. For example, the Municipality is working on methods to best implement the standards related to the UN Sustainable Development Goals and we are very aware that public spending can be a great leverage in that direction.”

Valentina Morselli, Schaerbeek
URBACT Local Coordinator

Re-using the transfer:

In terms of the future, Schaerbeek is planning further adaptations and activities around spend analysis.

First, they will continue to undertake spend analysis, but will change the data they will analyse. Rather than looking at actual spend based upon invoices as advocated by the Preston good practice, they will explore data around the value of awarded contracts.

Second, they will focus more on advanced spend analysis and identify spend that can be influenced. By this they mean, for example: taking the time for extensive market assessment; sharing relevant resources and good practices to increase sustainability; identifying opportunities for increased environmental sustainability when new legislation is passed or new technology is available; strengthening positive social practices like separation of smaller lots or working with social economy organisations.



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.