

# MAKING SPEND MATTER

Social Criteria Case Study

Pamplona

# Pamplona



# 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 particularly 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. Over the course of the last two and a half years as part of the transfer network, 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, the Centre for Local Economic Strategies in the UK) and 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.

<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)

- The third part provides tips and guidance through a series of Frequently Asked Questions (FAQs) and infographics on a range of topics from how to develop a strategic approach to public procurement, increase your engagement with 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 has had the opportunity to participate in optional transfer activities in relation to the topics of advanced spend analysis, developing strategic procurement plans, business database development and SME engagement, and social and environmental criteria. These activities were either delivered through bilateral meetings between smaller groups of partners with the support of a Lead or Ad Hoc Expert, or bespoke one-to-one individual partner meetings with the support of the Lead Partner, Preston, and the Lead Expert. After these meetings each of the partners undertook further activities to implement what they had learned.

Each case study which follows here, covers one of the elements of the optional transfer which partners participated in according to their own contexts and needs. Engaging with Anchor Institutions<sup>4</sup>, the topic of one of the case studies, was not a separate activity in its own right, rather it was a golden thread running through the Transfer Network around the importance of engaging more widely with other institutions in order to maximise the impact of public procurement on place.

The case studies are designed to be practical in nature for cities who are undertaking their own procurement journey, whether they are just starting out or have already embarked on it. The case studies follow the same format, outlining the context of each city, why the activity is important to them, the barriers they faced, the activities they undertook, what worked well, what did not work so well, and lessons learned.

<sup>4</sup> These are large, often public sector institutions, that are important because they spend a great deal of money buying goods and services, they employ lots of people, they own lots of land and assets, they often have democratic mandate, and they are unlikely to go anywhere.

## Pamplona Context

The City of Pamplona lies in the Navarra region of Northern Spain. The city itself has a population of around 200,000; with the Metropolitan Area of Pamplona a population of 350,000; and the region a population of 640,000. In economic terms, Pamplona has a strong but focused economy. There are two core sectors of the economy in the form of tourism and finance, which both account for around 36% of economic output. There are a total of 6,125 registered businesses in Pamplona. Pamplona is home to one key private sector anchor institution in the form of Volkswagen, which employs some 4200 people at its branch. GDP in Pamplona is 29,000 Euros per head.

In social terms, the unemployment rate in Pamplona is 10%, which whilst still high is lower than in recent years and lower than the Spanish average. 120,000 people in Pamplona are economically active, which means around 12,000 people are currently active but not in employment. The population of Pamplona has quite high skills levels, meaning a potential imbalance between skills levels and the type of employment on offer through the tourism industry.

The key anchor institutions in Pamplona are the municipality itself, the Regional Government of Navarra, various publicly owned entities, the Universidad Publica de Navarra (Public University of Navarra), and the Corporacion Publica Empresarial de Navarra (CPEN).

## Why focus on social criteria

Whilst the City of Pamplona had already implemented the use of environmental criteria in some of its procurements between 2008 and 2018, thanks to an internal guide on the subject produced in 2005 and a regional law formalising their use in 2008, incorporating social criteria into procurements was still a new concept.

In 2018 there was a new regional procurement law that makes social criteria a mandatory 10% of selection criteria which changed the goalposts and meant the City and its anchor institutions needed to understand better how to include social criteria going forward.

## Barriers / Challenges

Pamplona City Council, however, has faced a number of barriers and challenges in realising their goals:

- The lack of a dedicated team or unit specialized in public procurement. The tasks in public procurement processes are spread into a variety of professional profiles. Every one of the 12 different departments manage its own procurement processes;
- The lack of knowledge of the staff making the tendering documents (technical and administrative specifications) about social and environmental issues and how they can be addressed properly;
- The lack of a framework or strategy around procurement and the outcomes that Pamplona City Council wants to achieve;
- In some cases, public servants are reluctant and unwilling to change the way they procure. Some public servants still think that price must be the only selection criteria as it makes procurement an easier process.

## Actions taken / changes made:

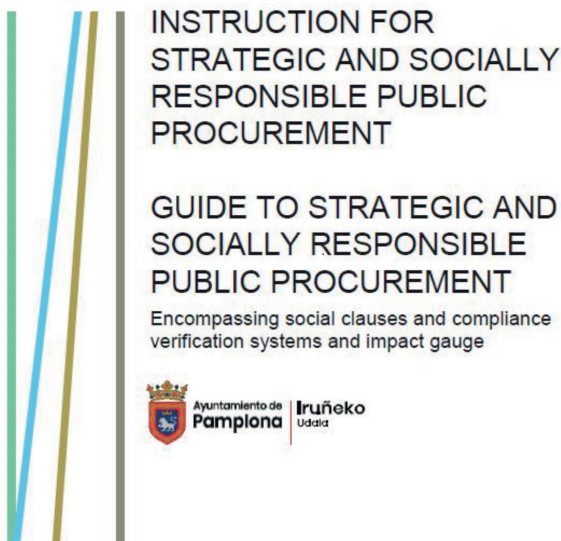
The City of Pamplona has taken a number of actions.

It has undertaken an exercise to understand their current practices and potential for increased use of socially responsible public procurement which showed that this use:

- Encourages responsible consumption by the public authority staff;
- Increases staff awareness of procurement effects in Pamplona's communities;
- Can be a tool to progress towards strategic objectives through public procurement;
- Is an opportunity to think about procurement impacts;
- Must be included in all the designing process of procurement (inc. strategy).

It has used the learning and political momentum provided by Making Spend Matter, Pamplona adapted Social and Environmental Criteria to their own context.

In 2019 the City produced an instruction and guide about strategic and socially responsible public procurement. The guidance includes support for procurement staff on objectives and principles of SPP in Pamplona, internal rules for how to conduct SPP and how to include social and environmental criteria throughout the entire procurement process.



The guide also provides the staff in Pamplona with examples of social and environmental criteria, backed up with legal text, in order to show what is possible, and reduce perceptions of risk. Indicators of social and environmental criteria, and an evaluation and monitoring system with verification suggestions also further provide procurers in Pamplona with the tools to make SPP happen.

## What worked well:

- The guide about strategic and socially responsible public procurement is really ready to use and gives specific examples of social criteria, and how to assess and evaluate them;
- From 2018 it is mandatory by law to include social or environmental criteria (before it was optional). This ensures that employees of public institutions make the effort to introduce social criteria in procurement processes;
- Once the guide was approved it was explained through training workshops to the employees of the different municipal departments. This helped to raise awareness of this internally.

## What worked less well:

- Despite these efforts, organisational culture around procurement has changed very slightly;
- Too strong political leadership around socially responsible procurement can put progress at risk if a political change happens;
- Monitoring of impact is still the unfinished business of socially responsible procurement.

## Lessons learned:

The work on the guidance and embedding sustainable public procurement more strategically in Pamplona has led to the following reflections and lessons learned:

- Organisational and cultural change is a key part of integrating social criteria into procurement;
- The market learns and adapts slowly to social demands, so informing them early is very important;
- It is easier for big companies with dedicated procurement departments to bid for tenders with social criteria, so the challenge is balancing demands while giving SMEs opportunities to bid;
- It is very important to integrate the tender design process for sustainable elements with as many stakeholders as possible and as early as possible;
- Difficulties lie in finding the link between what the city of Pamplona wants to achieve, what to ask for and how to evaluate it (example: how can more job opportunities for people with disabilities be provided in one contract, what documents does the city need to ask to the providers to prove it, and how will the city measure the number of job positions, hours, % of disability...);
- While Pamplona has set the strategy, policy and guidance in place, the challenge now is to provide the staff and suppliers with capacity to implement this tender to tender.



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.