

MAKING SPEND MATTER

Basic Spend Analysis Case Study

Kavala

Kavala



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:

Kavala is based in North East Greece, with Making Spend Matter the first time they have specifically been involved in a project around procurement. Prior to involvement in Making Spend Matter, Kavala already had a strong procurement team which was rightly focused upon being legislatively compliant in the procurement process. However, the Municipality of Kavala saw Making Spend Matter and particularly the process of spend analysis as a tool to further evolve their capability and knowledge, and in turn inform procurement decisions. Kavala understood the good practice of Preston as being about three things:

- First, it was seen as a means to collect data around how and where the Municipality spends money, effectively providing an evidence base.
- Second, it was seen as a means to enable the Municipality to develop relationships with other partners in the locality, such as Municipal Service Departments, and also with the market and particularly SMEs.
- Third, it was seen as a way in which wider outcomes could be achieved through the process of procurement, particularly in terms of facilitating local economic growth, and in addressing social and environmental challenges.

Adapting the methodology:

Kavala utilised the tool and guide developed by Making Spend Matter, and largely followed the basic spend analysis in a step-by-step way. They identified:

- The total amount of money spent in procuring goods and services in 2018;
- The amount of money spent with suppliers based in the Municipality and wider Region;
- The amount with both SMEs and larger enterprises.

The spend analysis findings:

The analysis explored just under 10 Million Euros of Municipality procurement spend in 2018 and identified in relation to geography that 50% was being spent with enterprises based in Kavala, 40% in the wider Region (outside of Kavala), and 10% elsewhere in Greece and wider Europe. In terms of spend with different types of business, the spend analysis identified that 79.8% of Municipality procurement spend was with very small enterprises, 18.1% with small enterprises, 1.6% with medium enterprises, and 0.5% with large enterprises.

Interpreting the findings:

Kavala has used the good practice and the spend analysis to inform a series of changes to the way in which they undertake procurement. They have presented the findings to the Municipality Council (of Politicians) to raise awareness of the importance of procurement to the local economy, and as a way of securing buy-in to change policy and practice around procurement. This presentation was successful as the procurement team was authorised to change the way it operates and to create a Strategic Procurement Plan. This Plan will use the evidence gathered through spend analysis to shape a new approach which, whilst still obeying national legislation, will also seek to enable local economic, social and environmental benefits through the process of procurement.

In addition, the Plan will also focus upon how Kavala can engage with local enterprises and SMEs prior to a procurement exercise, to both make them aware of the opportunity and also enhance their capability to bid. In Kavala, the basic spend analysis has been seen as the starting point for engaging in other aspects of this network, including around advanced spend analysis, business database development and SME engagement, and social and environmental criteria. The process of spend analysis has also been used as part of a much wider objective in Kavala to create more effective relationships with suppliers and local SMEs. They will look to ensure in the future that procurement is as much about relationships as it is about a transaction between the public sector and the commercial sector.

“ Spend analysis for Kavala is the starting point of a series of activities aimed at redesigning procurement processes and practices in order to benefit and improve our local economy. Supplies will be strategically designed (with political input) and operationally implemented, through extensive consultation with the local stakeholders.

Making Spend Matter gives Kavala the opportunity to develop a strategy for strengthening economic, social and environmental outcomes through public procurement. ”

Giannis Chatzikonstantinou, Director of Finance, Kavala

Re-using the transfer:

Kavala intends to undertake the basic spend analysis again in 2022, as a means of assessing change in levels of spend in the local economy and with SMEs, and as a way of identifying the impact of their Strategic Procurement Plan.



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.