



Making Spend Matter Transfer Network

Our network is one of a new generation of networks funded by the URBACT III programme and the European Regional Development Fund which seeks to transfer an identified Good Practice from one city (the Good Practice City) to another (the Transfer City) and to record that journey.

The Making Spend Matter Transfer Network is about demonstrating how analysing your procurement spend in your city can be used as an evidence tool to generate more economic, social and environmental benefits from procurements which in turn benefit the city's economy and priorities.

Participating in the network is not a one-way process. It is about putting the transfer into practice, and learning and exchanging experience together so that the Good Practice can be further developed and improved.

The Making Spend Matter Network is led by the City of Preston, which has been analysing its procurement spend for the past six years. This has led to a fundamental change in how the municipality undertakes procurement over that six years. This work resulted in the municipality being awarded the status of a Good Practice City in May 2017 and lately this Transfer Network.

There is more information below which provides the background to the Good Practice, the focus of the network and what we believe being a Transfer City will enable you to do by the end.

The network is just the start of the journey. The transfer of analysing procurement spend and developing ways of getting additional benefit out of procurements is an ongoing process, and will last long beyond the two and a half years of this network.

We hope you will join us on this journey.

Tamar Reay

*Lead Partner Coordinator
City of Preston*



Background note:

Context

Local economies are key for local prosperity. However, across Europe, regions and cities are struggling with issues such as the after-effects of the economic crisis, austerity measures and increasing disparities which are undermining local economies, and by extension local prosperity.

Faced with similar challenges, in 2013 the city of Preston embarked on a journey to explore new ways of thinking and delivering policies and services to increase local economic and community benefits. A particular approach of this initiative revolved around harnessing the city's purchasing power to spend it differently. From the beginning, the municipality recognized that other public anchor institutions based locally also possessed considerable purchasing power that could be used to achieve this objective. Together, six other anchor institutions joined Preston City Council in its initiative.

To illustrate just how much harnessing public purchasing powers matters, one can refer to the OECD statistics that show government procurement accounts on average for a third of total public expenditure in most OECD countries.¹ In the EU alone, Public Procurement expenditure amounts to €2 trillion annually.² Furthermore figures indicate there is high scope for sub-central levels to influence how these expenditures are spent as local government are responsible for more than 63% of Public Procurement and 40% of governmental expenditure.³

The year 2014 marked a change in Europe for public procurement with the publication of the 2014 EU Public Procurement Directives which allowed the introduction of innovative measures into the purchasing procedure. In effect, it provided the opportunity for public authorities to use procurement as a tool to develop innovative solutions to tackle wider economic, social and environmental issues.

Procurement spend was acknowledged as one element of wealth public institutions could influence. To further build that influence, a key element in the work of Preston has been to undertake an analysis of the anchor institutions' spend (approx. 900 million €). It was carried with the objective to see where it went – both geographically and sectorally but also to understand what types of business were undertaking the tenders and what happened to the spend once it reached suppliers. The anchor institutions then used the evidence gathered to progress how they undertake procurement. In 2017, they revisited the spend analysis and the evidence suggested their spending substantially increased, doubled in fact, not only within the local economy but with small to medium-sized enterprises (SMEs) as well.

¹ OECD National Accounts statistics (database) 2012, referenced p.16 in [OECD publication: "Why Clean Public Procurement matters", in *implementing the OECD Principles for integrity in Public Procurement: Progress since 2008*, OECD Publishing, 2013, PDF online: http://www.keepeek.com/Digital-Asset-Management/oecd/governance/implementing-theoecd-principles-for-integrity-in-public-procurement/why-clean-public-procurement-matters_9789264201385-3-en#page1,page consulted on 20/08/2017]

² European Commission, *Green public procurement drives the circular economy*, 05/09/2016, https://ec.europa.eu/environment/efe/themes/economics-strategy-and-information/green-public-procurement-drivescircular-economy_en, page consulted on 20/08/2017

³ OECD (2017), *Public Procurement for Innovation: Good Practices and Strategies*, OECD Publishing, Paris, p17. <http://dx.doi.org/10.1787/9789264265820-en>, page consulted on 21/08/2017



Preston statistics at a glance

2012/2013



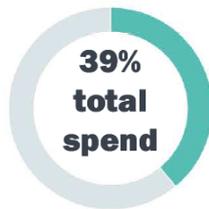
an increase in spend with Preston based organisations of **£74,750,857.47**

2016/2017



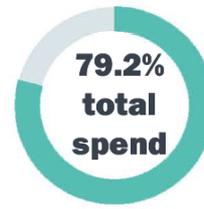
Lancashire statistics at a glance

2012/2013



an increase in spend with Lancashire based organisations of **£199,688,679.96**

2016/2017



Preston's anchors work demonstrates the importance of using evidence to shape policy change and the role of procurement in addressing local and regional challenges.

That same year, Preston was awarded the label of [Good Practice City](#) by URBACT for its work around spend analysis and progressing public procurement. In parallel and at a transnational level, the city was leading an URBACT Action Planning Network, [Procure](#). The 11 European cities involved worked on creating a good local economy through public procurement which you can discover more about in Procure's [short video](#).

Focus of the network and good practice to be explored:

The Making Spend Matter Transfer Network explores how spend analysis can progress practices and change behaviour around public procurement to generate more economic, social and environmental benefits. The Good Practice at the core of the dynamic between Preston and Transfer Cities is based on a methodology consisting of three parts:

- 1) First, it will enable cities and institutions to understand where their procurement spend goes. So, the methodology measures the extent to which the annual procurement spending of anchor institutions is in terms of geography (in the city, in the wider functional urban area, in the region,..), in terms of types of businesses (big businesses, SMEs, social enterprises...) and with businesses in particular industrial sectors.
- 2) Second, it will help cities and institutions understand the extent to which their procurement spend leaks out of their local economies, both regionally and nationally, which sectors it relates to and the potential for that spend to be delivered differently through achieving wider outcomes.



- 3) Third, it will empower cities and institutions to identify the extent to which their suppliers are creating jobs or apprenticeships and find out about their practices around social sector engagement and environmental management.

Another key component of the Good Practice is its participatory approach. The objective is to involve locally not only public authorities but all relevant actors involved in the process, from public institutions (anchors), to business representatives, SMEs and cooperatives. It will seek to build cooperation between all public anchors through a collective spend analysis.

Effectively this Good Practice Transfer will work towards helping cities develop an evidence base through which they can understand the existing contribution their anchor institutions make to the local context; shape strategies and policies; harness public spending power; and change behaviour in how public procurement is carried out.

The Transfer Network is looking to share the Good Practice model and exchange about how it could be transferred, adapted, improved and taken forward with cities, towns and municipalities currently facing similar challenges. To achieve this objective, partners will work on the following activities:

- a) To develop a Transfer Plan
 - To set out the actions and measures needed to adopt the spend analysis
 - To enable a range of baseline data to be collected about the existing impact of anchor institutions and the wider business base in each city
 - To help Transfer Cities acquire a greater understanding of their supply base and businesses with the potential to deliver goods and services
- b) To establish a URBACT Local Group (ULG)
 - To foster discussion, interaction and collaboration between stakeholders on how to implement the spend analysis and introduce practice changes in the mechanism of public procurement
- c) To monitor the transfer of the Good practice through a Transfer Diary
 - To record the key learning and outcomes of the transfer process
 - To provide insights into the barriers and incentives relating to the Good Practice transfer between cities

These actions will enable Transfer Cities:

- To generate the development of a collective statement of intent between stakeholders with a long-term vision (importance of political support).
- To change behaviour around procurement in public institutions to enhance impact (cooperation across silos, data exchange between officers, institutions and other stakeholders like the supply base).
- To create progressive places for local economic development and address local and urban issues.
- To harness the potential of spend analysis and public procurement in their ability to deliver wider positive outcomes (economic, social, environmental)