



Simplified scheme for public spending analysis - Delivering Socially Responsible Regeneration and Procurement

By Matthew Baqueriza Jackson, Ad-Hoc Expert

1. Context

Over the course of the last 2 and half years, the Urban Regeneration Mix Transfer Network has been seeking to enable a new approach to urban regeneration. Framed by the good practice of the Lead Partner of the City of Łódź (Poland), the network has sought to influence the process of regeneration so that it includes greater community involvement and engagement, so that it brings social and environmental benefits, and so that it challenges the orthodoxy of the way in which regeneration has been undertaken historically in a European context.

As part of this wider set of activities, the Urban Regeneration Mix Transfer Network asked Matthew Baqueriza-Jackson¹ to provide Ad-Hoc Expertise around the topic of public procurement. The Łódź Lead Partner team and the partners felt it would be important that if a new approach to regeneration was to be realised, then there also had to be a focus upon procurement – and particularly how municipalities spend their own money and encourages others such as developers and regenerators to think about how they do so.

Historically, the process of regeneration and the accompanying procurement undertaken as part of it has been undertaken in a very ‘growth’ and ‘trickle-down’ manner. There has been an assumption that if a city attracts inward investment or a major developer, or significant regeneration activity that the benefits of such spending will automatically ‘trickle-down’ to residents in the form of jobs, improved skills, better wages, and better lives. In many cases, this has simply not been the case, with the core beneficiaries being the shareholders of the developers or the companies that have located in the city.

As cities across Europe increasingly start to face challenges linked to social and environmental issues, such as youth unemployment, and climate change; they need to increasingly use physical regeneration and procurement processes as a means of addressing those challenges. This is encompassed in the focus of this paper upon ‘delivering socially responsible regeneration and procurement’.

Through the Urban Regeneration Mix Transfer Network, Matthew has delivered two sessions that have focused upon how the partner cities can become more socially responsible in procurement, and the extent to which they are already doing so. However, as part of this focus upon procurement, it became clear that the partner cities needed to think about social responsibility more generally in their activities, and certainly before they started to try and embed it into procurement. This paper therefore does three things:

- ❖ First, it outlines the stages which the partner cities will need to go through generally to be more socially responsible in their overarching activities and in their approach to regeneration;
- ❖ Second, it looks specifically at the process of procurement and details the mechanisms which the partner cities can use to be more socially responsible in that process;

¹ Matthew has spent much of the last fifteen years working with Cities in the UK and across Europe (including as Lead Expert for the [Procure](#) and [Making Spend Matter](#) Networks) to change how they think about the process of procurement. This is part of much wider work around enabling a more progressive approach to regeneration which truly benefits local economies, people and the planet.

- ❖ Third, it makes an assessment of the extent to which the Urban Regeneration Mix partners are already being socially responsible in procurement and offers some high level recommendations for the future.

2. Becoming More Socially Responsible

Social responsibility is not just something that should apply when a city is undertaking physical regeneration or procurement – instead it should frame all activities that Municipalities undertake. Everything that they do should not only bring economic benefits for a city, but also social benefits in the form of: reducing poverty and inequality; increasing levels of volunteering and support for the voluntary and community sector; healthier communities and people; and better lives for citizens. Municipalities need to go through a series of stages of activity to make social responsibility a reality.

- ❖ **Stage 1** – the first thing municipalities need to do is *define what they mean by social responsibility* in their context – is it about reducing poverty or is it about health or is it about ensuring that businesses that operate in the locality adhere to certain socially responsible values or requirements?
- ❖ **Stage 2** – the second thing municipalities need to do is *ensure that those principles of social responsibility are evident politically and in city strategy*. If there is a desire to increase levels of volunteering through municipality activities, for example, then this needs to be detailed clearly in overarching strategy.
- ❖ **Stage 3** – the third thing municipalities need to do is *ensure that the overarching social responsibility objectives detailed in strategy filter through the workforce of the municipality*. Regardless of whether an individual is a Mayor or a Director or an Administrator, if their approach is to be more socially responsible, they need to have it as a key component of the way in which they work;
- ❖ **Stage 4** – the fourth thing municipalities need to do is *influence the behaviour of others*. Delivering regeneration and better cities is not just the responsibility of municipalities – instead, it is the responsibility of other public sector institutions, businesses, suppliers of goods and services through procurement, and the voluntary and community sector. Therefore, the principles developed in stage 1 need to filter into the behaviour of those other organisations.
- ❖ **Stage 5** – the fifth thing that municipalities need to do is *measure and monitor their impact*. It is important that if a more socially responsible approach is to be realised, then municipalities need to understand the impact of such an approach.

The above stages are fundamental to changing the way in which regeneration and procurement is undertaken in cities and enabling a more socially responsible approach. By having those principles defined; embedded in strategy, culture and practice; and with a means of measurement, gives municipalities the legitimacy to start embedding them into regeneration and procurement activities. In

the following section of the briefing, we outline the mechanisms which municipalities can use to enable this to happen.

3. Becoming More Socially Responsible in Procurement

This section of the briefing note sets out 17 key mechanisms which municipalities can utilise to be more socially responsible in their approach to procurement. Ideally, these would be implemented as part of the approach detailed in the previous section or following it. The mechanisms are shaped by five themes which are inherently linked to what is known as the cycle of procurement.

Theme 1 – Governance and Strategy

This first theme of mechanisms is around governance and strategy – this should drive the way in which procurement is undertaken politically, strategically, and operationally.

Mechanism A) Spend Analysis

Municipalities can be more socially responsible in procurement by developing evidence bases as to how they currently spend procurement monies. Known as spend analysis, this enables municipalities to understand how much they spend through procurement, and where that money goes geographically, sectorally, and in business type terms.

Mechanism B) Social Responsibility focused Procurement Strategy

Municipalities can be more socially responsible in procurement by developing procurement strategies which are shaped by social responsibility. Traditionally, and rightly so, procurement strategies will focus upon compliance with legislation. They can however link to wider strategic priorities and particularly delivering wider economic, social, and environmental outcomes.

Mechanism C) Social Responsibility Procurement Framework

Municipalities can be more socially responsible in procurement by developing Procurement Frameworks which are focused on social responsibility. In this, they can link social responsibility to each of the stages of the procurement cycle by developing outcomes, indicators, social value questions, means of evaluating responses, monitoring measures, and matrices of where social responsibility is relevant to particular service areas.

Mechanism D) Socially Trained Procurement Officers

Municipalities can be more socially responsible in procurement through ensuring their procurement officers are correctly trained. This means training around how to undertake procurement from a legal and compliance perspective, and also from a social responsibility perspective, thus ensuring that social responsibility is an integral part of the process.

Theme 2 – Commissioning

The second theme of mechanisms is around commissioning – these are all things that those responsible for designing goods and services can think about prior to going to tendering and the market.

Mechanism E) service user engagement

Municipalities can be more socially responsible in procurement through actively engaging citizens and service users in the design of goods and services. This can include through public consultation or engaging with users on the design of a service that they are going to benefit from. This activity can be particularly prevalent in the provision of health and well-being services.

Mechanism F) cross-departmental relationships

Municipalities can be more socially responsible in procurement through making the responsibility for the process go beyond procurement officers. There needs to be active engagement of those which are designing the good or service (commissioners) and those which have knowledge of local economies, the market, and the challenges facing localities (those working in economic development).

Mechanism G) early market engagement and innovation

Municipalities can be more socially responsible in procurement through developing more effective relationships with the market prior to a tender process. For example, they can use the expertise and knowledge of the market to support the design of the good or service. In addition, municipalities can also seek innovation from the market through pre-procurement engagement and through buying for outcomes rather than a specific product.

Mechanism H) lotting and thresholds

Municipalities can be more socially responsible in procurement through adopting practices which enable a greater diversity of organisations to bid. For example, they can break large contracts down into smaller lots which opens the market up to SMEs and social enterprises, in particular. They can also introduce specific conditions for contracts below specific thresholds, for example making it a requirement that three SMEs have to bid for opportunities below £50,000.

Mechanism I) social responsibility weighting

Municipalities can be more socially responsible in procurement through introducing weightings into decision making criteria that go beyond cost and quality. For example, they can weight responses around social responsibility as 20% of the overall decision.

Theme 3 – Pre-procurement

The third theme of mechanisms is around pre-procurement – these are all things which cities can undertake to make potential suppliers aware of upcoming procurement opportunities.

Mechanism J) information provision

Municipalities can be more socially responsible in procurement through effectively communicating the process and opportunities to the market. They can set up portals which enable organisations to be alerted to relevant opportunities and which make them aware of how procurement is undertaken, with a particular emphasis on social responsibility requirements.

Mechanism K) meet the market events

Municipalities can be more socially responsible in procurement through engaging with the market as part of the process. For example, they can arrange events where interested organisations come together to discuss a specific opportunity. This can also be effective in developing relationships across organisations which are important for sub-contracting arrangements.

Theme 4 – Procurement and Decision-Making

The fourth theme of mechanisms is procurement and decision-making – these are things which cities can do in the tender process itself and in evaluating the responses of potential suppliers.

Mechanism L) social responsibility questions

Municipalities can be more socially responsible in procurement through asking specific questions as part of the tender process around social responsibility. These questions can link to the types of social responsibility activities which an organisation is already undertaking and activities that they will undertake specifically in relation to the opportunity they are tendering for.

Mechanism M) qualitative and quantitative evaluation

Municipalities can be more socially responsible in procurement through adopting innovative approaches to evaluating tender responses. This can include the utilisation of quantitative metrics to explore the potential impact of social responsibility activities, for example.

Theme 5 – Delivery

The fifth theme of mechanisms is delivery – these are things which cities can do during the actual delivery of the contract by the chosen supplier.

Mechanism N) Legal and Contractual terms

Municipalities can be more socially responsible in procurement through being more robust about how social responsibility commitments are detailed in contracts. They should be a condition of contract with suppliers expected to deliver against them, and monitor against them, with penalties for non-compliance.

Mechanism O) social responsibility brokerage

Municipalities can be more socially responsible in procurement through supporting suppliers to deliver social responsibility commitments. In this, they can broker relationships with employment and apprenticeship providers, for example and with voluntary and community sector organisations.

Mechanism P) Monitoring

Municipalities can be more socially responsible in procurement through actively monitoring the outputs delivered by suppliers. This can be particularly in exploring the extent to which social responsibility commitments have been delivered, and the wider impact of such activities on beneficiaries and wider economic, social and environmental outcomes.

Mechanism Q) Supplier Networks

Municipalities can be more socially responsible in procurement through developing relationships across suppliers delivering goods and services. They can set up networks that enable suppliers to share practice and learn from each other. The focus of such networks could be around social responsibility, for example.

4. Social Responsibility and Urban Regeneration Mix Partners

As part of the activities undertaken around procurement as part of the Urban Regeneration Mix Transfer Network, partners were asked to self-assess the extent to which they were already undertaking the 17 mechanisms of being socially responsible in procurement. The table below details the outcome of this self-assessment using a RAG (Red, Amber, Green) rating. Green was awarded where the partner has undertaken spend analysis for a number of years, for example. Amber would be awarded where the partner has started to think about and collect the data required for spend analysis, for example. Red would be awarded where the partner has not started to think about spend analysis at all, for example.

<u>Type of activity</u>	<i>Toulouse</i>	<i>Zagreb</i>	<i>Baena</i>	<i>Bologna</i>	<i>Braga</i>	<i>Lodz</i>
Governance and Strategy						
Spend Analysis	Green	Green	Red	Green	Amber	Green
Social Responsibility focused Procurement Strategy	Green	Red	Red	Amber	Red	Amber
Social Responsibility Procurement Framework	Amber	Red	Red	Green	Amber	Green
Socially Trained Procurement Officers	Amber	Red	Red	Red		Green
Commissioning						
Service User Engagement	Amber	Green	Red	Red	Red	Red
Cross-Departmental Relationships	Green	Green	Red	Amber	Amber	Amber
Early Market Engagement and Innovation	Green	Amber	Red	Amber		Amber
Lotting and Thresholds	Green	Green	Red	Green	Green	Green
Social Responsibility Weighting	Amber	Amber	Red	Amber	Red	Green
Pre-Procurement						
Information Provision	Green	Amber	Red	Red	Amber	Red
Meet the Market Events	Green	Amber	Red	Red		Red
Procurement						
Social Responsibility Questions	Red	Green	Red	Red		Red
Qualitative and Quantitative Evaluation	Red	Green	Red	Amber	Red	Amber
Delivery and Monitoring						
Legal and Contractual Terms	Amber	Amber	Red	Amber		Amber
Social Responsibility Brokerage	Red	Amber	Red	Red		Red
Monitoring	Red	Amber	Red	Green		Green
Supplier Networks	Green	Amber	Red	Red		Red

It is clear from the above self-assessments that is a relatively mixed picture amongst Urban Regeneration Mix partners when it comes to embedding social responsibility within procurement. With the exception of Toulouse, all of the partners self-assessed as either amber or red when it came to having a Social Responsibility focused Procurement Strategy. This suggests that as detailed in Section 2 of this paper, each of the cities need to undertake more work on defining more generally what social responsibility

means in their city and embedding it in wider strategy; before moving on to seeking to embed it further into procurement.

In conclusion, Urban Regeneration Mix is seeking to shift the way in which regeneration is undertaken in six partner cities. This paper and the work undertaken as part of the network has demonstrated that it is not straightforward or quick to embed social responsibility into regeneration and procurement – instead this is something that partners will need to work on over the coming years and utilising the stages and mechanisms outlined in this paper.