

PROCURE
INTEGRATED ACTION PLAN
ALBACETE



1. INTRODUCTION

This Integrated Action Plan (IAP) for Albacete has been developed as part of the activities of 'creating a good local economy through procurement' (Procure) network.

[Procure](#)¹ is a network of [11 partners](#)², led by Preston City Council and funded through the [URBACT III Programme](#)³ which seeks to enable transnational exchange and learning between cities around a particular theme. The Procure network seeks to connect cities and build success around the theme of procurement, which is the process used by public authorities and commercial business to purchase goods and services.

The network was initially funded in September 2015 (see the [baseline study](#)⁴) and lasts until May 2018.

Over the course of the two years (from May 2016), Procure partners have met together (both at a transnational - European level and at a local level – through [local stakeholder groups](#)⁵) to discuss and explore a number of topics; with a core purpose of developing an IAP.

Procure partners agreed that the focus of the project at transnational and local level would be upon the following themes:

- Responding to European and National level law;
- Spend analysis and developing a procurement strategy;
- Innovation in procurement: social and environmental criteria;
- Engaging and raising awareness with local businesses and SMEs;
- Monitoring impact;

¹ <http://urbact.eu/procure>

² <http://urbact.eu/interactive-map?network=7450>

³ <http://urbact.eu/>

⁴ http://urbact.eu/library?f%5B0%5D=field_network_reference_multiple%3A7450

⁵ <http://urbact.eu/urbact-local-groups>

The IAP for Albacete reflects on the knowledge and learning gleaned from transnational and local levels around the above themes and sets out our plan of actions for progressing procurement activities moving forward. It is shaped by: the challenges we identified in the baseline study, our existing processes and practices around procurement, what we have learnt through the network, and what we want to do and achieve moving forward.

2. LEARNING FROM URBACT MEETINGS

URBACT's mission is to enable cities to work together and develop integrated solutions to common urban problems, through networking, learning from mutual experiences and identifying best practices to improve urban policies.

As a result of the participation in this network, Albacete city has experienced the benefits of working together with other partners in the realization of this **Integrated Action Plan** and also the creation of a **Local Action Group of PROCURE Albacete**.

The main challenge addressed through the network is how the use of a better procurement policy can bring to the respective cities wider economic, social and environmental benefits.

In the two years of the Procure network, Albacete city as the result of the different **transnational meetings**, has been learning about the processes adopted by the partner municipalities, together with:

- How the European Procurement Directives and associated national level law influences the design of goods and services and their procurement;
- Where their existing spend goes – the extent to which it is in their local economies, with particular sectors of business, and with SMEs;
- How they can be innovative in procurement and particularly how social and environmental criteria can be embedded in the process;
- How SMEs can be engaged in the process and supported to bid for opportunities;

- How the impact of procurement spend and its contribution to wider outcomes can be measured and monitored.

At the end of each transnational meeting, each partner is encouraged to understand the key learning points and how can be integrated in the Integrated Action Plan. Some examples and good practices learned from other cities are:

From Preston (UK): how to measure where the procurement spend goes in geographical and sectoral terms.

From Almelo (Netherlands): how to develop the skills and capabilities of SMEs to enable them to bid for procurement opportunities.

From Koszalin (Poland): what they want to achieve through procurement to the priorities of their Development Strategy.

From Lublin (Poland): how they have a dedicated procurement office and procurement plan.

From Candelaria (Spain): how to look to co-design goods and services with residents of the city.

From The Metropolitan City of Bologna (Italy): about been innovative in procurement through actively considering green issues, social responsibility and the role of SMEs in contracting.

From Koprivnica (Croatia): to encourage SMEs to bid for opportunities.

From Nagykallo (Hungary): how to have engaged with businesses prior to procurement.

From District 9, Prague (Czech Republic): about advertises all procurement opportunities on the municipality website.

From Satu Mare (Romania): how are undertaking some lotting of procurement opportunities to encourage smaller businesses to bid.

Following these transnational meetings, the **Local Actions Group**, made up of key anchor institutions, is held in Albacete municipality in order to disseminate the information learned and discuss how it applies specifically to our city.

In Albacete this local group is made up of:

The Albacete City Council of Employment, the procurement department, the Confederation of Entrepreneurs of Albacete, The University of Castilla-La Mancha, different business associations of Albacete and a company dedicated to social entrepreneurship 'Dramblys'.

Name	Organization
Fernando Ortega Redondo	Head of Service of Albacete City Council Procurement Department
Julian Ortega Garijo	Procurement Councillor Albacete City Council
Carmen Naharro de Mora	Albacete City Council, Employment and Economic Promotion department Advisor
Evelin R. Molano	Associations Department Responsible, FEDA
Lina Klemkaite	Dramblys
Ana Cordoba Lopez	CEEI Albacete
Jose Serna Luna	CEEI Albacete
Angel Prieto	CEEI Albacete

3. CONTEXT

European cities are seen as the motors for regional growth, innovation and employment creation. Therefore towns and cities of all sizes across Europe have a crucial role to play in improving the quality of life for citizens whilst also reducing their environmental footprint.

Procurement within a city are not only the responsibility of local authorities but also of what are called “anchor” institutions - organisations which have established themselves over time in a particular location and which are unlikely to move. They are often major employers with a great deal of economic power, which derives from their need to buy goods / services to run on a day-to-day basis and deliver local services to their communities. Therefore they are ideally placed, alongside the city authorities, to help support and grow their local economies through their purchasing power (procurement).

However, although the cumulative / combined spending power of these public / anchor institutions is very large, often much of this spend does not remain within the local economy.

For participating cities, it may be difficult to innovate in the procurement process, as this process is seen as incredibly bureaucratic, paperwork-filled and subject to strict EU legislation.

The European Union has already taken a step to help in this. In December 2011, the European Commission proposed a revision of public procurement rules which had been in force since 2004. These guidelines were chosen by the European Parliament on 15 January 2014 and approved by the Council on 11 February 2014. The Member States have until April 2016 to transpose the new rules into their national legislation (apart from the electronic procure, where the deadline is September 2018).

The aim of the revised standards is to make them simpler and more flexible, and thus to increase the capacity to incorporate environmental and social integration policies into procurement as well as to innovate.

However, cities need more time to change their way of recruitment and require a practical guide to complement and implement the new law.

Therefore, the political challenge is how to influence this economic power, exercised through public procurement, so that, as far as practically possible, it is spent locally and in a way that can be reverted to local economic benefits, social and environmental impacts of its citizens.

There are many ways to bring this ambition to reality. The Capitalization Report of URBACT II "Social Innovation in Cities" reports that in some cases, cities have used public procurement policies to stimulate social innovation, and to encourage agents such as SMEs, NGOs or groups of citizens to access to the procurement.

Therefore, there are a lot of solutions available that could work in cities. But, as noted above, cities by themselves cannot have the resources, capacity or knowledge to implement these new ideas. Cooperation and the exchange of experience throughout Europe are crucial.

This is the ambition of the PROCURE project - Creating a good local economy through public procurement -

ALBACETE CONTEXT

Albacete is a city and municipality in the Spanish autonomous community of Castilla-La Mancha, and capital of the province of Albacete. With a population of 172,487 (2014) in the municipality proper, and 219,121 in the larger metropolitan area, it is the largest city in both the province and the region of Castilla-La Mancha, and indeed one of the largest of inland Spain, being included in the 20 largest urban areas in Spain. The municipality of Albacete is also the seventh largest in Spain by area, being 1,125.91 km² (434.72 sq. mi).

Albacete is the economic and judicial capital of Castilla-La Mancha, being home to the regional High Court of Justice.

Albacete is a commercial and industrial city par excellence. The industry is one of the pillars of the city. Albacete is home to major multinationals and has five

large industrial zones, including Campollano, which is the largest industrial area of Castilla-La Mancha and one of the largest in Spain. Higher education and research are other major development areas of the city, highlighting the University of Castilla-La Mancha, the Biomedical Campus of Albacete and the Technology Park of Albacete.

The aviation industry is one of the main economic engines of the city. Albacete hosts the School of TLP NATO pilots, Los Llanos Air Base, Ala 14 and the Air Maestranza Albacete, the most important of Spain. In addition, the city houses the Air and Logistic Park of Albacete, home to major companies.

The city is the capital of the province of Albacete, and therefore are located in it different administrative bodies of provincial, autonomic and central government.

In the provincial aspect, it emphasizes the Diputación de Albacete that offers to the municipalities of the province different services and is in charge of its government and administration.

At the regional level, the city has a Provincial Delegation of Castilla-La Mancha Government that brings together, since the last reform of the Autonomous Administration, the representation of all areas of the Autonomous Government in Albacete.

In representation of the central Government, there is the Sub delegation of the Government, functionally dependent of the Delegate of the Government in Castilla-La Mancha. National peripheral services are also located.

Its political administration is realized through a City council, of democratic management, whose components are chosen every four years by universal suffrage.

There are 30 public institutions based in Albacete. They currently do not work together to acquire goods and services.

In order to help the growth of the local economy, Albacete wants to identify how many of its activities to supply goods and services are contracted by the City Hall and other public institutions to develop ways to use public procurement to

improve their local situation, in particular In terms of reducing unemployment and adapting the skills of its workers to meet market demands.

NATIONAL AND LOCAL LAW IN PROCUREMENT

Albacete follows the procurement procedures and strategy **established by European and Spanish law**. It has not explored other ways to use procure procedures to improve the local economy.

At European level, the **'Europe 2020 strategy, is a strategy for smart, sustainable and inclusive growth'** (Commission Communication of 3rd March 2010), establishes among its basis objectives to develop and economy based on knowledge and business innovation, especially in **SMEs**. The Europe 2020 strategy considers that public procurement 'plays a key role' in the achievement of its objectives, because of managing around 20% of the EU GDP, they can contribute with the use of these resources to the implementation of the EU policies about environmental, innovation and promotion SMEs.

The **government procurement 2014 Directives**, which have been implemented since 2016, point out that one of the objectives in to facilitate the SMEs access to public contracting, introducing flexibility in procurement procedures, reducing the bureaucracy and avoiding disproportionate requirements about financial of the candidates. **Directive 2014/23/UE** of the European Parliament and Council of 26th of February of 2014 highlight that must be improved the access for SMEs in all the procurement markets of the Union and to facilitate the participation of small and medium-sized enterprise (SMEs) in public procurement.

At national level, **Law 14/2013 of 27th of September** on support of entrepreneurs and their internationalization provides "measures to eliminate barriers to entrepreneurs' access to **public procurement**, so that it can act as a real help for the expansion and consolidation of the SMEs".

The City Councils and regional government have adopted internal regulations to stimulate the participation of SME's in the procurement procedures.

The new draft law on public contracts of the Spanish public sector is currently into standby. In particular, the novelties contained in the future regulations are:

1. Generalized use of electronic, computer and telematics means in the contracting processes.
2. Definitive elimination of the negotiated procedure without publicity because of the amount.
3. Implementation and very possible generalization for works contracts of a simplified open procedure, more agile and with less formal requirements.
4. Development of a new, more balanced regulation of the regulations regarding the equity responsibility applicable to concessions.

(Update: EU Directives adopted 9th November 2017)

In political and policy terms, maximizing the impact procurement brings to the **Albacete economy** is increasingly important.

Political representatives have dual purposes; they are both Councillors and Directors of service departments; this means they are involved in the development of goods and services provisions and subsequent procurements.

Whilst there is no procurement strategy or annual plan of upcoming opportunities in Albacete, there is a procurement group which evaluates tenders. This group includes procurement officers, the departments promoting the tender, legal people, and councillors.

SPEND ANALYSIS

Above The Threshold

	2013	2014	2015
Budget awarded Percentage to Local businesses	64,98%	18,37%	31,54%
Budget awarded Percentage to Non Local businesses	35,02%	81,63%	68,46%
Awarded Files to Local Business Percentage	57,14%	64,36%	60,71%
Awarded Files to Local Business Percentage	42,86%	35,64%	39,29%

As it can be observed, from the previous data, it can be seen that the percentages obtained according to the awarded budget vary considerably from those obtained according to the number of awarded files, in fact, they are totally inverted in most cases. This is because both in the 2014 and 2015 annuities, there have been various awards to companies not belonging to the local area, of substantial amounts

Minor Contracts

	2013	2014	2015
Budget awarded Percentage to Local businesses	68,19%	75,12%	76,31%
Budget awarded Percentage to Non Local businesses	31,81%	24,88%	23,69%
Awarded Files to Local Business Percentage	78,27%	75,45%	80,65%
Awarded Files to Local Business Percentage	21,73%	27,55%	19,35%

Around 90% of these below threshold contracts are accessed by local companies. Where contracts are above these thresholds, Spanish law applies; however, the law in Spain has not yet formally adopted the new European Directives. (Update: EU Directives adopted 9th November 2017)

In 2015, 71 major contracts were awarded with 41.3% going to Albacete based organisations. For minor contracts, analysis is also done by percentage of total value, with 80.65% of contracts going to Albacete organisations in 2015; representing 76.31% of total spend on minor contracts.

Albacete City Council actions already undertaken

The City of Albacete has undertaken some work already to raise the importance of its procurement function and to sup local and small businesses to bid for opportunities. For 'minor' contracts (construction up to €50k, and goods and services up to €18k) they are able to commission organisations directly;

however there is an internal document which suggests that gathering three quotes is better practice.

The City of Albacete has started to consider factors beyond price within its decision-making, with objective criteria whereby quality must apply to the nature of the contract. The City of Albacete have also started to link procurement to job creation, so it is looking to include clauses in contracts for the creation of job and employment opportunities.

The City of Albacete is already undertaking a number of activities to both understand their procurement spend and maximize the benefit it brings. In the last three years, they have undertaken analysis of the percentage of contracts, which go to Albacete, based organisations. The City of Albacete has also started to raise awareness of their procurement opportunities through advertising on their own website.

4. DEFINITION OF THE PROBLEM

Albacete faces a number of barriers and challenges, which are preventing the value of procurement being realized and maximized.

First, the new EU Directives have not yet been embedded into Spanish Law, which means there is not sufficient flexibility at the moment for the City of Albacete to engage SMEs, and consider wider societal goals on the above threshold opportunities. This also means that Albacete are not experienced in considering factors in the procurement process which go beyond price and objective quality considerations. This means that wider social and environmental criteria are very rarely utilized. (Update: EU Directives adopted 9th November 2017)

Related to the above, the City of Albacete does not ask tenderers in the procurement process to demonstrate their capability to deliver. This only comes into effect once tenders have been evaluated and a contract is awarded. This approach, however, often prolongs the process as organisations sometimes fail to demonstrate their capability, leading to the whole process needing to be started again.

There are also barriers in relation to the function of businesses themselves, particularly small businesses. The City of Albacete applies turnover requirements to above threshold tenders which prevent smaller businesses from bidding. There are also skills gaps in the local business sector around bidding for and delivering procurement contracts, with an identified need for training. There is also an additional concern that the introduction of e-procurement from 2018 will be a further barrier for SMEs, as they will face skills and capacity challenges.

The City of Albacete also faces barriers in relation to its internal processes. For example, there is an identified lack of coordination between departments around procurement, as suggested guidelines are not always followed. Additionally, there is no formal procurement strategy or plan which prevents forward planning.

In terms of its economy, Albacete is home to some 7000 businesses, with the largest in the service (78.8%) and construction (9.3%) sectors. Albacete is seeking to grow its economy through knowledge and innovation focused industries, and is home to CEEI Albacete, which is seeking to stimulate entrepreneurship.

Albacete has lower than average levels of employment activity than other areas of Spain. The employment activity rate is 60%, with unemployment at 25%. The employment activity rate compares to 65% in Palma de Mallorca, and 62.3% in Madrid. Unemployment has affected particular sectors adversely with losses of up to 50% of jobs in the construction sector since the economic crash of 2008. The economy of Albacete has responded, but there has been a particular growth in part time working.

There are a number of other anchor institutions based in the area which they could collaborate with over procurement practice; however, this has not yet happened. These institutions include the University of Castilla-La Mancha and the Regional Government of Castilla-La Mancha.

There are four areas in terms of challenges through the development of its Integrated Action Plan, which CEEI Albacete (together with the City of Albacete) is seeking to realise as a result of involvement in the Procure network and the involvement with the Albacete UGL. These are:

- Lack of awareness of business opportunities respecting public procurement from the local companies, and the lack of awareness of the City Council to improve the information about what local businesses can offer.
- Training on public procurement
- Lack of information on the capacity of tenderers
- Too much bureaucracy and rigid legislation at both national and local levels

5. FOCUS AND OBJECTIVES

In the specific case of Albacete, the aim of the PROCURE project is to analyse the initial situation and design a Local Action Plan.

There are five areas in terms of change, which CEEI Albacete (together with the City of Albacete) is seeking to realize as a result of involvement in the Procure network and through the co-production of the Integrated Action Plan. These are:

- More green procurement; so undertaking procurement in a way which creates green jobs and wider benefits for the environment;
- More services which are directly co-produced with business;
- An improved capacity amongst small businesses to bid for and win procurement opportunities;
- Improved relations with business
- Improved working and co-ordination across departments within the municipality.

The likely focus of the Integrated Action Plan will be upon:

- Using the process of procurement to create green job opportunities, particularly in the sector of construction;
- Developing better relationships with Albacete based businesses by co-designing services and activities and through engagement pre-procurement;
- Using the skills of existing suppliers of goods and services to engage and mentor small businesses to develop their skills and capabilities with regards to procurement;
- Developing new criteria in the procurement decision particularly around social and environmental considerations;
- Learning how other countries work with national level law in achieving wider benefits through procurement.

The Local Action Plan will take into account the priorities mentioned above, within which the main objective is established:

‘To increase the access of local companies to the calls for public procurement of the City’.

The specific objectives based in the main objectives have been established in these points:

- To increase the awareness of Local Public Procurement Processes to Local SMEs.
- To increase the number of local suppliers included in the database where actually there are only non-local companies.
- To increase the skills of Local SMEs and officials regarding public procurement processes.

- To reduce the number of paper work needed to access to a public procurement.

6. Role of local support groups in problem analysis, development of solutions

One of the main actions of this project is that all project partners create a Local Support Group and develop a Local Action Plan.

The core of the PROCURE network is composed by the members of the Local Support Group, which has been established by each partner city. The overall objective of the Local Support Group is to improve the impact of URBACT's exchange activities at a local level. Local Support Groups can help to extend the learning of transnational activities to a broader section of stakeholders at the local level and ensure that the lessons learned lead to a change at the local level.

The different members of the **Local Action Group of PROCURE Albacete** are:

The **Albacete City Council of Employment**, the **procurement department**, the **Confederation of businessmen of Albacete**, The **University of CLM**, a company dedicated to social entrepreneurship '**Dramblys**' and **different business associations of Albacete**:

1. Association of Albacete Designers (DAB). Juan Soriano
2. Albacete Environmental Association (AGESAM). Pedro Saez
3. Association of cleaning services (APLA). Pepe Lozoya
4. Forestry Association (ASEFCAM). Joaquin Serena
5. Technologies of Information Association (APETI). Joaquin Navarro
6. Association of offices. Antonio Ochoa

ULG helps to spread the learning from transnational exchanges to a broader cross-section of local stakeholders and to ensure that the lessons learnt lead to change at a local level.

Up to date three ULG meetings have been organised, all of them in the City Council facilities.

The group has five members (one of them is composed by various enterprises associations) and they are developing the local action plan through meetings and workshops, focusing on the main problems, opportunities and challenges of the Public Procurement in Albacete.

7. RESULTS FRAMEWORK

Specific Objective	Result Indicator	Output Indicator
To increase the awareness of Local Public Procurement Processes to Local SMEs.	Proportion of total local SMEs that have been informed about the public procurement calls. Baseline: 2.817 Target: 3.100	<ul style="list-style-type: none"> • Number of local SMEs in the Municipality database. • Number of member ULG
To increase the number of local suppliers included in the database where currently there are only non-local companies.	Proportion of total procurement budget spent with local SMEs. Baseline: 76,31% Target: 85%	<ul style="list-style-type: none"> • Number of local suppliers in each area.
To increase the skills of Local SMEs and officials regarding public procurement processes.	Proportion of minor contracts awarded to local SMEs against non-local SMEs Baseline: 80,65% Target: 90%	<ul style="list-style-type: none"> • Number of training sessions for technical officials. • Number of local SMEs that assist to the training session. • Number of training sessions for local SMEs.

<p>To reduce the number of paperwork needed to access to a public procurement.</p>	<p>Proportion of bids received from total requests. (Total requests from the city council to the data base companies)</p> <p>Baseline: 56,5% Target: 65%</p>	<ul style="list-style-type: none"> • Number of paperwork processed in a period. • Time used in a paperwork process.
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8. ACTIONS: *To increase the access of local companies to the calls for public procurement of the City*

Objective 1: To increase the awareness of Local Public Procurement Processes to Local SMEs.

Action 1.1

- **What:** Informative sessions for SMEs
- **How:** Showing to the SMEs that there are opportunities to participate in Albacete local public procurement processes.
- **Who:** CEEI Albacete will organize the informative sessions. Public Procurement City Council Officer will be the speaker.
- **When:** Fourth quarter 2017 to the end of the year 2018.

Objective 2: To increase the number of local suppliers included in the Albacete municipality database where currently there are only non-local companies.

Action 2.1

- **What:** Informative campaign to the companies to cover the local companies supplier list gaps
- **How:** City Council will inform stakeholders about the contracts not covered by local suppliers, then the stakeholders will spread this information among their contacts (companies, entrepreneurs, partners, clusters, ...)
- **Who:** Stakeholders (CEEI Albacete, FEDA, ADECA, AJE, Albacete Scientific and Techno Park, others)
- **When:** Fourth quarter 2017 and subsequences

Objective 3: To increase the skills of Local SMEs and officials regarding public procurement processes.

Action 3.1

- **What:** Training session for SMEs
- **How:** A conference will be organized by CEEI Albacete but designed by the officers of Albacete City Hall
- **Who:** Public Procurement City Council Officer will be the speaker
- **When:** Fourth quarter 2017 and subsequences

Action 3.2

- **What:** Training for officers
- **How:** An expert will design the content
- **Who:** CEEI Albacete
- **When:** Fourth quarter 2018 and subsequences

Objective 4: To reduce the number of paper work needed to access to a public procurement.

Action 4.1

- **What:** To adapt the Local Public Procure Procedures to the ESPD
- **How:** The City Council would include into their web information about the ESPD in the local public procurement city council web. The stakeholders will spread this information among their contacts (companies, entrepreneurs, partners, clusters, ...)
- **Who:** City Council, Stakeholders (CEEI Albacete, FEDA, ADECA, AJE, Albacete Scientific and Techno Park, others)
- **When:** Second quarter 2018 and subsequences

9. ROADMAP: To increase the access of local companies to the calls for public procurement of the City

Action 1.1	<i>Informative sessions for SMEs</i>
Intended Result:	To increase the number of total local SMEs that have been informed about the Albacete public procurement calls.

Resources/Assets:	Albacete city Council Procurement officer, ULG members
Lead Agency:	CEEI Albacete
Key partners:	Albacete City Council, FEDA (Albacete Business association), CEEI Albacete
Estimated cost:	600 €
Timescale:	Fourth quarter 2017 to the end of the year 2017

Action 2.1	<i>Informative campaign to the companies to cover the local companies supplier list gaps</i>
Intended Result:	To increase the local spent with local SMEs.
Resources/Assets:	Stakeholders, Digital leaflet for campaign
Lead Agency:	CEEI Albacete
Key partners:	Albacete City Council, ULG
Estimated cost:	200 €
Timescale:	Fourth quarter 2017 and subsequences

Action 3.1	<i>Training session for SMEs</i>
Intended Result:	To increase the number of minor contracts awarded to local SMEs
Resources/Assets:	Albacete city Council Procurement officer, ULG members
Lead Agency:	CEEI Albacete
Key partners:	Albacete City Council, FEDA (Albacete Business association), CEEI Albacete
Estimated cost:	600€
Timescale:	Fourth quarter 2017 and subsequences

Action 3.2	<i>Training for procure officers.</i>
Intended Result:	To increase the opportunities of the local companies to access to the local procurement procedures (Increasing of procurement innovation through social and environmental criteria).
Resources/Assets:	External expert

Lead Agency:	CEEI Albacete
Key partners:	Albacete City Council
Estimated cost:	1.700€
Timescale:	Fourth quarter 2018 and subsequences

Action 4.1	<i>To adapt the Local Public Procure Procedures to the ESPD</i>
Intended Result:	To increase local SMEs applicants to procurement calls.
Resources/Assets:	Stakeholders, Digital leaflet for campaign
Lead Agency:	Albacete City Council
Key partners:	CEEI Albacete, ULG members
Estimated cost:	200€
Timescale:	Second quarter 2018 and subsequences

10. RISK ANALISYS

Temporary planning risk:

There is a risk in terms of the planned time, however, in this ULG have been planned well in advance. With the current planning, there is a **low risk** that the actions planned to achieve the different objectives are not completed in time.

Political risk:

Given that the current government team is a key part of the project and of the ULG and is the one that motivates the realization of the proposed actions, a change in the high levels of the City Council's management can cause to lose that leadership and also to lose the necessary motivation for this project to continue advancing considering that this plan is intended a review and an update to be able to include improvement in coming years. The next municipal elections will be hold in May 2019, and until then no change is expected in the government team, we can consider that there is a **low political risk**.

Financial risk:

Although the amounts handled are small and the City could take charge of their own funds, there could be a change in the motivations of the City towards this plan that could affect the postponement of actions or non-compliance with these, in this case, CEEI Albacete could seek alternative financing through other European projects related to this topic in order to cover the costs necessary to carry out the planned actions. Therefore, we could consider that there is a **medium risk** that the proposed actions cannot be financed.

Human risk:

One of the achievements made with the creation of the UGL is the personal involvement of the constituent members, with which, a change in the people representing the different organizations that are involved in the UGL would entail a **medium risk** derived in the change in the way of working and in the cohesion of the group. For example, a change in the person who leads the purchasing department in the City of Albacete and in the person responsible for the associations in FEDA, whose personal involvement has meant a greater advance in the development of the actions, could lead to they will be stagnant or delayed.

11. Conclusions and Future Plans

Participation in the URBACT PROCURE network has helped to Albacete to develop a better understanding of the procurement processes and how these processes can be very positive to improve the local economy.

This Local Action Plan reflects the efforts of the Albacete City Council to this goal.

This Local Action Plan is a document that will guide the road of actions that should be taken by the city of Albacete regarding the present and future of the procurement processes.

Albacete City Council has the intention to maintain the efforts that the UGL has built up during the processing of making this IAP. One of the main goals reached during the life of this project has been the creation of a work group

involving the different interest of Albacete. The local Government, the local business associations, the view from a social responsibility company, other local institutions like CEEI Albacete. With this idea the UGL is willing to continue with the local meetings beyond the life of the currently project.

CEEI Albacete together with Albacete City Council will take the responsibility of accomplishing with the project timescale, reviewing and updating the IAP when necessary to ensure the IAP actions and consequently the main objective 'To increase the access of local companies to the calls for public procurement of the City'.

Albacete City Council has the porpoise of continuing the actions foreseen in the actions specified in the Local Action plan by joining in other projects and initiatives, including Local, National or European level.

ANEX I: EUROPEAN AND LOCAL CONTEXT (EXTENDED)

European cities are seen as the motors for regional growth, innovation and employment creation. Therefore, towns and cities of all sizes across Europe have a crucial role to play in improving the quality of life for citizens whilst also reducing their environmental footprint.

As noted above, local economies are key to the prosperity of the local economy, and although they are slowly recovering from the financial crisis of 2008, they still face unprecedented challenges such as limited financial resources to provide services, Maintenance of the number of enterprises and levels of employment / unemployment and increasing inequality.

These issues cannot longer be tackled with traditional short term economic growth objectives. It has been acknowledged that economic development can only be sustainable when it is accompanied by measures designed to reduce poverty, social exclusion and environmental problems.

The new economy indeed needs to be more circular, more inclusive and more just. One way of helping local economies to grow would be to encourage local purchasing and spending with local businesses. In turn, this would impact on not only spending in the local economy, but also, for example, employment and skills, standards of living and distance travelled by goods (economic, social and environmental benefits).

How can this be done? One solution is through the use of public procurement.

There is scope to tap into the cities own economic power. Governments and other public authorities spend considerable amounts of public money buying works, goods or services through contracts with suppliers (“public procurement”). In times of financial constraint, it is important that they get the most value out of the procurements – not just in terms of value for money but also in terms of being eco-friendly and socially responsible.

Procurement within a city are not only the responsibility of local authorities but also of what are called “anchor” institutions - organisations which have established themselves over time in a particular location and which are unlikely to move. They are often major employers with a great deal of economic power, which derives from their need to buy goods / services to run on a day-to-day basis and deliver local services to their communities. Therefore, they are ideally placed, alongside the city authorities, to help support and grow their local economies through their purchasing power (procurement).

However, although the cumulative / combined spending power of these public / anchor institutions is very large, often much of this spend does not remain within the local economy.

One reason for this is that cost has traditionally been the most important factor in selecting contractors and suppliers to provide goods and services. Public officials are often subject to budgetary constraints.

Although price will continue to be an important factor, focusing only on this aspect can avoid considering new and innovative solutions that may appear more expensive, but that can translate into improve investment and long-term results.

For participating cities, it may be difficult to innovate in the procurement process, as this process is seen as incredibly bureaucratic, paperwork-filled and subject to strict EU legislation.

The European Union has already taken a step to help in this. In December 2011, the European Commission proposed a revision of public procurement rules which had been in force since 2004. These guidelines were chosen by the European Parliament on 15 January 2014 and approved by the Council on 11 February 2014. The Member States have until April 2016 to transpose the new rules into their national legislation (apart from the electronic procure, where the deadline is September 2018).

The aim of the revised standards is to make them simpler and more flexible, and thus to increase the capacity to incorporate environmental and social integration policies into procurement as well as to innovate.

However, cities need more time to change their way of recruitment and require a practical guide to complement and implement the new law.

Therefore, the political challenge is how to influence this economic power, exercised through public procurement, so that, as far as practically possible, it is spent locally and in a way that can be reverted to local economic benefits, social and environmental impacts of its citizens.

There are many ways to bring this ambition to reality. The Capitalization Report of URBACT II "Social Innovation in Cities" reports that in some cases, cities have used public procurement policies to stimulate social innovation, and to encourage agents such as SMEs, NGOs or groups of citizens to access to the procurement.

According to the same report, another form of contracting, which goes a step further and has allowed cities to use their purchasing power for the development of social innovation, is the implementation of services. These are new approaches to promoting free competition and collaboration between public, private and non-governmental service providers.

These services are based on traditional contracting arrangements such as subcontracting, private financing and privatization, but rely on a wide range of service delivery and business models where governments and citizens can influence how they are delivered Services in order to achieve better results.

Therefore, many solutions available that could work in cities. However, as noted above, cities by themselves cannot have the resources, capacity or knowledge to implement these new ideas. Cooperation and the exchange of experience throughout Europe are crucial.

This is the ambition of the PROCURE project - Creating a good local economy through public procurement –

ALBACETE CONTEXT

Albacete is a city and municipality in the Spanish autonomous community of Castilla-La Mancha, and capital of the province of Albacete. With a population of 172,487 (2014) in the municipality proper, and 219,121 in the larger metropolitan area, it is the largest city in both the province and the region of Castilla-La Mancha, and indeed one of the largest of inland Spain, being included in the 20 largest urban areas in Spain. The municipality of Albacete is also the seventh largest in Spain by area, being 1,125.91 km² (434.72 sq. mi).

Albacete is the economic and judicial capital of Castilla-La Mancha, being home to the regional High Court of Justice.

At present, Albacete is a modern capital with large areas for pedestrians and green areas. Further, its flat area and the elimination of architectural barriers have also led it to be one of the most accessible cities across the country, with better quality of life and one of the safest.

Albacete is a commercial and industrial city par excellence, reflected in its extensive commercial area that includes more than 556 723 people from 154 municipalities. Its privileged location, halfway between Madrid and Mediterranean coast, makes it the main logistical hub and communications Southeast Spain, with great connections by motorways and by rail (including services AVE) and air through your airport, which connects points of the Spanish geography.

The industry is one of the pillars of the city. Albacete is home to major multinationals and has five large industrial zones, including Campollano, which is the largest industrial area of Castilla-La Mancha and one of the largest in Spain. Higher education and research are other major development areas of the

city, highlighting the University of Castilla-La Mancha, the Biomedical Campus of Albacete and the Technology Park of Albacete.

The aviation industry is one of the main economic engines of the city. Albacete hosts the School of TLP NATO pilots, Los Llanos Air Base, Ala 14 and the Air Maestranza Albacete, the most important of Spain. In addition, the city houses the Air and Logistic Park of Albacete, home to major companies.

The city is the capital of the province of Albacete, and therefore are located in it different administrative bodies of provincial, autonomic and central government.

In the provincial aspect, it emphasizes the Diputación de Albacete that offers to the municipalities of the province different services and is in charge of its government and administration.

At the regional level, the city has a Provincial Delegation of Castilla-La Mancha Government that brings together, since the last reform of the Autonomous Administration, the representation of all areas of the Autonomous Government in Albacete.

In representation of the central Government, there is the Sub delegation of the Government, functionally dependent of the Delegate of the Government in Castilla-La Mancha. National peripheral services are also located.

Its political administration is realized through a City council, of democratic management, whose components are chosen every four years by universal suffrage.

Albacete follows the procurement procedures established by Spanish law. It has not explored other ways to use procure procedures to improve the local economy.

There are 30 public institutions based in Albacete. They currently do not work together to acquire goods and services.

The economy of Albacete is growing. In the period 2008-2010, the number of companies decreased, but since 2011, this trend has been reversed. Its

business base is mainly composed of SMEs (90%). However, the recession of 2008 has reached jobs and the unemployment rate in the city is just under 25%, with the most affected age group 19-35 years old. Weekly average gross pay has been declining and is currently the lowest in 20 years.

In order to help the growth of the local economy, Albacete wants to identify how many of its activities to supply goods and services are contracted by the City Hall and other public institutions to develop ways to use public procurement to improve their local situation, in particular In terms of reducing unemployment and adapting the skills of its workers to meet market demands.