



TRANSFORM

REPORT

of the

**2nd TRANSFORM INNOVATION
PROCUREMENT WORKSHOP**

Introduction

TRANSFORM (www.transform-europe.eu) is a coordination action, sponsored by FP7, which aims to mobilise the procurement power of city authorities and major companies to accelerate progress towards sustainable zero carbon transport systems in European cities. It builds on a variety of prior initiatives by individual members of the consortium to address societal challenges through demand-led innovation. The core of the TRANSFORM project is the bringing together of influential stakeholders from European cities, and the innovation community, to explore barriers to progress and options for collective joint actions that will enable transformational change.

The sustainable transport challenge for cities is huge. Transportation as a whole is the only sector that has significantly increased its emissions since 1990. Urban transport in Europe already accounts for some 40% of CO₂ emissions and 70% of other air pollutants from road transport. According to the European Environment Agency, 33% of European citizens still live in areas with particle content that is higher than the EU permitted maximum. This will get worse without transformation change as the proportion of the European population residing in urban areas rises from 72% in 2007 to a forecast 84% by 2050.

This report summarises the results and conclusions of the 2nd TRANSFORM Innovation Procurement workshop that was hosted by Barcelona City Council on 21 October 2014. It provides a summary of the presentations and the break-out discussions before making some conclusions on the implications for the final year of the TRANSFORM project. Presentations slides can be found on the website (www.transform-europe.eu) along with the report from the 1st Workshop and other publications.

Agenda

The workshop programme, with speakers, is shown below.

9.00	Registration and Coffee
9.15	Session 1 – The Need for Joint Action <ul style="list-style-type: none"> • Welcome from Barcelona City Council (Mr. Adria Gomila, Director of Mobility) • Chairman’s Introduction (Dr. Jonathon Frost OBE)
9.30	Session 2 – Key Note Presentations <ul style="list-style-type: none"> • Corporate Leaders View (Piedad Molina-Niñirola Moreno, Ferrovial) • Innovation Agency View (Rick Lindeman, ERA-NET Transport)
10.00	Session 3 – Examples of How Procurement Can Drive Innovation <ul style="list-style-type: none"> • Natalie Evans, ICLEI • Ville Valovirta, VTT • Luis Miguel Herrero, City of Avila • Nicole Fletcher, London Fire Brigade
11.00	BREAK
11.15	Session 3 continued <ul style="list-style-type: none"> • TRANSFORM leader-led projects <ul style="list-style-type: none"> - Barcelona - Birmingham - Rotterdam • Introducing Innovation Procurement Compacts (Chairman) <ul style="list-style-type: none"> - Zero Carbon Delivery Vans (Francis Allouche, Symbio FCell) - Progressive Standards to Reduce Transport Emissions in Cities (Chris Walsh, CENEX) • Open Discussion
11.45	
12.30	
13.00	LUNCH
14.00	Session 4 – How to Mobilise the Procurement Power of City Authorities (World Café Format – 30 minutes per group and option to move round groups and discuss guiding questions) <ul style="list-style-type: none"> • Collaborative policy actions • Collaborative procurement actions within and between cities • Compacts and their role in creating new options and demonstration consortia • Possible Future Projects and Funding Options
16.00	Session 5 – Feedback from Session Chairs <ul style="list-style-type: none"> • Priority areas for joint action • Chairman’s conclusions
17.00	End of workshop

The participants were provided with a briefing document¹, which was based on the 1st TRANSFORM Policy Brief, and the CENEX Report on demand side measures for environmentally friendly vehicles². Both of these are available on the TRANSFORM website (www.transform-europe.eu).

In addition, a peer learning tour and briefing was arranged the following morning by Transports Metropolitans de Barcelona (TMB), the organisation that is responsible for public transport in the city. Delegates experienced travelling on a new hybrid bus to the TMB headquarters on the outskirts of Barcelona. During the trip, Mr Michael Pellot (TMB Director of Research & Development) provided dialogue on the regeneration of Barcelona as the delegation made their way to the venue. The talk was very informative and included highlights of innovation and innovative design as each were approached en route.

On arrival, the delegates were given a very thorough and detailed presentation that included the following topics and was concluded by a Q&A session:

- An overview of the range of buses that TMB have in their fleet – Electric, CNG, Hybrid
- An overview of the route design changes to improve efficiencies in service
- An overview of the traffic/incident monitoring centre to ensure continued service/route redirection
- How the current fleet is meeting the EU emission levels
- How they engaged with manufacturers that produce either all of the bus, bus parts or complete hybridisation
- How they considered costs implications

The delegates were then given a guided tour of the range of buses within the fleet.

¹ Innovation Procurement and its role in supporting the transformation towards sustainable transport in cities, Workshop Discussion Briefing Document, 2nd TRANSFORM Workshop, Barcelona, 21 October 2014

² Demand Side Measures in Practice for Environmentally Friendly Vehicles, Final Report to the TRANSFORM Project, May 2014

Overview of the Workshop

The aim of the 2nd workshop was to enable the TRANSFORM consortium and invited guests to share experience and ideas on how to mobilise the procurement power of city authorities through both joint actions and collaboration with other stakeholders. It was hosted by Barcelona City Council and involved a mixed group of nearly 50 stakeholders from nine European countries who were invited by members of the TRANSFORM consortium.

Mr Adria Gomila, Director of Mobility for ***Barcelona City Council*** welcomed the delegates and gave them some examples of how the city is using new technologies to achieve its aim of safe, sustainable and efficient mobility for pedestrians, cyclists and motorists.

The workshop was again chaired by ***Dr Jack Frost OBE***, the industrial chairman of the TRANSFORM project steering group, and a Director of Johnson Matthey Fuel Cells. He reminded participants that TRANSFORM is an unusual project as it is concerned with demand-led innovation and



therefore one of the key challenges is how to mobilise joint expressions of demand for innovative new solutions. He encouraged everyone to contribute ideas for collaboration and joint actions between cities and with other stakeholders.

He then explained that the workshop would consist of three main sessions:

- Keynote presentations from representatives of the innovation community
- Case examples of how procurement can be used to drive innovation
- Break-out group discussions on different ways to mobilise the power of city authorities

Each of these are summarised below.

Keynote presentations

This session was designed to provide some perspectives from the innovation community of how cities could be more strategic about driving innovation to meet their challenges. It included presentations from a major urban infrastructure service company that is involved in the delivery of urban transport systems (Ferrovial) and a network of national innovation agencies that is focussed on transport innovation (ERA-NET TRANSPORT).

The first presentation from Piedad Molina-Ninrola Moreno of **Ferrovial** explained how their business has evolved from being a construction company toward the provision of a complete infrastructure management

services. She reflected on the fact that cities need new and more complex solutions but don't have the money.

One option is to work in long term partnerships with private sector businesses that are able to invest in the transformation of infrastructure and associated services. This can be driven by outcome-based contracts with quality-related key



performance indicators (KPIs) that encourage both service integration and investment in innovation. Two short video were shown to illustrate the key messages:

- The first was from Birmingham (UK). A large company (Amey) has a total service contract for maintenance of the roads and associated street lighting/furniture in the city. This approach to highway and related services has enabled innovative solutions to be implemented and citizens benefit from an integrated service model.
- The second was from the United States. Dynamic traffic management systems are being introduced in some cities that automatically vary the prices on toll roads depending on the volume of traffic and the number of occupants in the vehicles. This encourages congestion-reducing behaviour including car sharing.

The Ferrovia presentation highlighted the need for cities to have a good understanding of the outcomes they wish to achieve and to specify these broadly enough to encourage innovative solutions to be delivered. It was also clear that such outcome based contracts need to be long enough to allow innovation to occur. After the workshop, Ferrovia also provided some additional perspectives on what cities should do to enable transformation.

1. Establish the current transport infrastructure (as is) and then develop what an ideal future infrastructure would look like (to be). This to be completed for each city before any Procurement process starts. Build a consensus of opinion on future state infrastructure that all stakeholders sign up to.

2. Ensure that all stakeholders are involved from the outset to ensure their buy-in/ engagement.
3. Engage the external market early to establish the art of the possible via consultation/ presentations/ exhibitions to tap into latest trends/ technology/ solutions before commencing the Procurement process.
4. Use the Procurement process to invite solutions rather than responses to water-tight specifications.
5. Consider funding options - Public? Private? Both?
6. Consider EU Procurement rules and their applicability for this type of Procurement.
7. Collaborative Procurement across national boundaries is riddled with difficulty - nationalism, economic protectionism, historical paradigms etc. Consider if you really want to procure across national boundaries or just collaborate across them?
8. Sustainability / green standards vary across national boundaries- is a common standard achievable?
9. For examples of Innovative Procurement, look beyond Transport Infrastructure to other areas of Procurement e.g. London's Olympic Park.
10. This type of Procurement requires top quality Procurement professionals with the ability to engage and influence at Board level.

The second presentation was from Rick Lindeman of the Dutch Ministry of Infrastructure and Environment, which coordinates the ***ERA-NET TRANSPORT*** network. This involves 24 innovation funding agencies from 19 countries/regions that are working together on defining and co-funding joint priorities for R&D in the area of sustainable surface transport. He mentioned that the network has also been carrying out research, involving over 50 European cities, to understand the successful



policy measures that are aimed at making mobility patterns more sustainable. The results were presented at a final conference in September and the policy recommendations will be available by the end of 2014. Some of the open questions are around the readiness and capacity of municipalities as well as the wide variation in procurement rules and practice. He also reflected on some experience from the Small Business Innovation Research (SBIR) programme in the Netherlands, which has been supporting pre-commercial procurement of R&D (PCP) for many years. The creative sector has been involved in some projects related to solutions for intermodal transport but there is always the question about acceptance of new solutions due to resistance to change.

Case examples of how procurement can be used to drive innovation

This session included nine presentations organised into three groups:

1. Case examples from four guests on what is happening outside of the TRANSFORM project from ICLEI, Finland, the city of Avila and London Fire Brigade
2. Update on progress and lessons from the three TRANSFORM city projects in Barcelona, Birmingham and Rotterdam
3. Two examples of emerging areas for joint actions and/or Compacts (i.e. joint statement of need)

Case examples from other cities/projects

Natalie Evans from **ICLEI** provided some interesting examples from the Clean Fleets project (www.clean-fleets.eu), which is about purchasing clean public vehicles and supported by the Intelligent Energy Europe programme. Various EU workshops have been organised to facilitate collaboration/exchange and the project has produced a number of publications include a 'Clean Buses' report. She also signposted two other useful European sources of information on good practice in eco-innovation (www.innovationseeds.eu) and green public procurement (http://ec.europa.eu/environment/gpp/case_en.htm). Natalie then summarised four interesting Green Fleet examples of electric vehicle procurement including a joint public/private procurement of electric vehicles by nearly 300 buyer organisations in Sweden, a design-based tender competition for hybrid electric buses in London that has been replicated in Belfast, electric minibuses for Vienna and a low emissions vehicles lease contract tender by Bremen that used the Clean Vehicles Directive and social criteria in the procurement methodology. In her conclusions she mentioned that all of the case examples are from cities that have senior level buy-in and overarching policies and strategies in place. Her closing message was that others need to step out of their comfort zone and can take advantage of the wealth of experience from the leading cities.

Ville Valovirta and Sami Sahala provided an overview of public procurement of innovative transport solutions in **Helsinki**. They mentioned that there are three national programmes in Finland that can support innovation procurement activities in cities: the smart procurement programme, the innovative cities programme and the Transport Lab. This was followed by three case examples. The first was concerned with the development of a real time information management system that was specified and piloted by an SME through an innovation procurement process. Whilst the implementation of the full scale system for Helsinki metropolitan environmental services has since been awarded to a large IT service firm, with the necessary delivery capacity, the SME has capitalised on the project by winning other related development contracts in Finland and beyond. The second example, concerning the procurement of a real time traffic information system for the Finnish Transport Agency, set out performance-based requirements but did not specify the technology. The winning bid was based on video-technology but it failed to meet the requirements in adverse weather conditions and a second procurement has attracted a better solution based on cellular technology, which will be implemented from the end of 2014. The third example was about a new

initiative (supported by the innovative cities programme) to create an open market platform in Helsinki for mobility-related services.

The above two case example presentations can be regarded as leading edge initiatives in sustainable transport in European cities and was followed by a down-to-earth presentation from Luis Miguel Herrero of the small, historic **City of Avila** near Madrid. He explained that the city has recently embarked on its 'Avila Smart City 2020' initiative but will need to address a number of mobility challenges in the historic district, which has narrow and cobbled streets. This is a common issue for many historic European cities but Avila also has some specific needs as access to the historic district is quite hilly and dangerous in bad weather conditions, especially for elder people who make up a relatively large proportion of the population. A mobility strategy has been developed to reduce motorised mobility, reduce the environmental impact of freight traffic, reduce air/noise pollution and support commercial development. One of the unmet needs is for a bus that is adapted to the historic district requirements but the city cannot yet find a commercial vehicle in the market that suits their needs. The search for a solution is being explored through competitive dialogue with Spanish bus vendors. This is perhaps an example of the potential for a joint communication of need for niche vehicles that are designed, or adapted, for historical cities in Europe.

Last, but not least, Nicole Fletcher from the **London Fire Brigade (LFB)** explained how they have embedded innovation requirements within an outsourced service contract to procure and maintain a fleet of over 500 public safety-critical vehicles. This is based on an outcome based service contract specification including a target to reduce emissions by 37% within 10 years. In addition, engagement with electric vehicles suppliers, through demonstrator trials, and a nil-cost tender for charging points has provided the experience and infrastructure to start including electric vehicles in contractor-led tenders from 2015. As well as supporting its service contractor to achieve its progressive vehicle emission targets, LFB is now working on an EU-funded innovation procurement partnership project with its peer in Ghent to make



their fleets greener (www.fired-up.eu). This has included an assessment of 21 technologies and parallel development of outcome-based specifications for specific solutions. This is another example of how a public sector organisation can procure outsourced services in a way that encourages the contractor to seek innovative solutions to meet specified outcomes and targets. As Nicole's headline message says, "If we can do it, anyone can".

Update on progress and lessons from the three TRANSFORM city projects

The workshop agenda then moved to the lessons being learned through the three TRANSFORM leader led projects in Barcelona, Birmingham and Rotterdam. The purpose of these is both to influence the procurement process in three major cities and provide practical evidence of how

European cities can better use their procurement power to support their sustainable transport and mobility policies.

In **Barcelona**, the leader-led project has so far involved the main public transport operator (TMB), which has been developing and implementing its plan for progressive replacement of its bus fleet with the ultimate goal of achieving zero emissions. TMB has been a very active player in carrying out trials of low and zero emission vehicles, participating in a global stakeholder network on advancing urban transport (UITP) and joint R&D projects at the European level. This means that there is a strong and ongoing engagement between the big buyers of buses (e.g. TMB has more than 1,000 buses in its fleet and buys over 70 new ones every year) and the main suppliers in what is a quite a concentrated market. It seems that huge technological changes in the power train are now emerging in response to the demand but many of the solutions are not yet suitable or affordable. TMB has therefore been exploring how some of the methodologies of innovation procurement, such as competitive dialogue, can help with the development of specific solutions (e.g. small buses for local mobility) in addition to its mainstream activities for early adoption of emerging technologies for high capacity buses.



The City Council announced that it is also exploring another innovation procurement opportunity aimed at finding a new solution for the control of pedestrian crossings. In Barcelona, these do not yet have a visible time counter for pedestrians and the current system gives priority based on traffic flow rather than the needs of pedestrians. This is not satisfactory for individuals with mobility problems who have difficulty in judging if they have sufficient time to cross. So, the plan is to prepare a specification of needs and launch a market sounding action to inform the proposed tender.

The leader-led project in **Rotterdam** is focussed on the transportation of people with disabilities. The city council spend €34m per annum on providing such mobility services and has a number of existing contracts with different end dates (2015, 2016, 2017, 2019). This is also a politically sensitive area with many internal and external stakeholders including several Deputy Mayors. For this reason some research has been carried out on options with the University of Amsterdam including a visit to an air traffic control centre to consider how such an approach could be used for social taxi management. The key short term milestone is to introduce the specification of needs to the market, which will be done at a national event on 'procurement for mobility' on 25 November. This market sounding activity is then expected to guide the tender strategy, which could be in the format of PPI, PCP or some combination of both.

By coincidence, the leader-led project in **Birmingham** has also focussed on the potential for innovation procurement in the area of social transport services. Birmingham has established a Green Commission, which published a roadmap in 2013 with the aim of achieving a 60% reduction in

carbon emissions by 2027. One of the priorities is to support the transformation of vehicle fleets operated by the city council and this is being led by the Green Fleet Change Manager, who has taken advantage of the TRANSFORM project to identify procurement contracts that are ripe for the application of innovation procurement methodologies. She has carried out an evidence-based study of the Adult and Community service area to demonstrate to the fleet manager that the current system is both economically and environmentally unsustainable. A pilot project with an electric vehicle that has been provided by Nissan for use by the Adult and Community service team is also helping to overcome the cultural barriers to change and internal perceptions of technical risk and more expensive green solutions. The option to use innovation procurement concepts is being embedded in the Birmingham City Council Green Fleet Strategy, which is expected to be launched before the end of 2014. This will provide the key milestone and political commitment to launch the market sounding prospectus for “a green transport and mobility solution for people centred Adult and Community Services”.

Examples of emerging areas for joint actions

One of the main objectives of the TRANSFORM project is to explore and initiate joint actions and try to mobilise concerted action in areas of common need for new solutions.

The Chairman explained that one way of doing this is by using an approach known as ***Innovation Procurement Compacts***, which is a way of communicating a joint statement of need for new solutions by a group of potential buyers. This is not the same as ‘joint procurement’, which is very difficult due to different timescales and specific requirements. Nonetheless, it can still be difficult to mobilise a co-signed ‘Compact’ that communicates a genuine need that will motivate the market to respond with innovative new solutions.

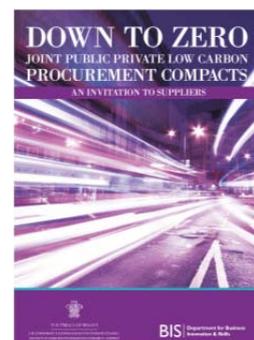
What are Procurement Compacts?

These Procurement Compacts are a statement of commitment of public and private sector customers to buy progressively lower-carbon goods and services providing they meet operational needs and can be delivered cost-effectively.

This will give suppliers the opportunity to differentiate their offering on the basis of environmental credentials that are valued by the buyer, and represents a forward commitment by customers for low-carbon alternatives.

The Procurement Compacts provide a means to bring together and make visible a previously fragmented demand for lower-carbon goods and services in a way that provides a strong and credible ‘direction of travel’ message to suppliers from some of their major customers, thus stimulating providers to align their supply chains to low to zero carbon objectives.

He referred to experience in the UK with an initiative known ***Down to Zero*** to develop ‘Joint Public-Private Low Carbon Procurement Compacts’ that was led by the Prince of Wales UK Corporate Leaders Group and the Department for Business Innovation and Skills (BIS). This involved 11 major UK companies and 12 public sector organisations. The initiative led to the development and communication of ‘Compacts’ in three areas of common need including low



to zero carbon transport, heat and power from renewable biomethane and towards zero carbon catering. The Compacts were launched in 2012. The one concerned with zero carbon catering was most successful, in terms of a positive response from the market, but the major vehicle suppliers did not respond to the expression of demand from major private and public sector buyers of fleet vehicles. Most of the interest shown was from innovative SMEs that didn't have the credibility or capacity to deliver the solution to market.

The Chairman was pleased to advise that there are now indications that the market is responding to the continuing unmet need for zero emission & low carbon delivery vans. He introduced Francis Allouche from ***Symnio FCell***, which has developed a hydrogen range extender for electric vehicles that offers a potential solution. Francis explained that Symnio FCell is a French start-up that is working with Renault, Nissan and other partners on this novel solution that can be integrated into their vehicles. He acknowledged that city authorities are keen to limit access to noisy and air polluting vehicles but that there are two evolutionary paths to achieve this: one is concerned with passenger cars, the other with urban delivery vehicles. For the latter, the goal is to achieve zero emissions with 'near-to-diesel' total cost of ownership and the same operational continuity (i.e. kilometre range and speed of refuelling). It should also be noise-free to enable night time delivery options. The Symnio FCell business model is based on providing hydrogen fuel cell range extender kits that can be installed in mass-produced electric vehicles. This will initially focus on clusters of captive fleets (i.e. multiple customer fleets of delivery vehicles within a defined area) that can be supported by a hydrogen refuelling station. The first trial will commence in December 2014 in Grenoble and Lyon with 50 Renault Kangoo vans. It will involve DHL, French poste, Air Liquide, Linde Gas and is part-sponsored by ADEME Rhône-Alpes (regional environment and energy agency). This will aim to show that the system can achieve up to 300km range between normal electric vehicle charging by using the fuel cell to top up the battery when the vehicle is stopped whilst making deliveries.

As the number of possible solutions for zero emission vehicles increases so also does the need for comparative standards that allows the buyer to assess their relative merits. This is an important factor for decision making in outcome-based, innovation procurement tenders and was highlighted as an area for joint action at the 1st TRANSFORM Workshop. Chris Walsh of ***CENEX*** presented the conclusions from a definition study that has been carried out, on behalf of the TRANSFORM project. The aim was to develop a high level standard methodology that could be used for comparative assessment of different solutions in response to the outcome-based procurement of low and zero carbon vehicles. He explained that current assessment methods focus mainly on the vehicle's environmental impacts during its use and neglect other sustainability factors including its construction and end-of-life disposal. The proposed methodology enables a comparison of different solutions and/or suppliers and the basis for a progressive increase of assessment standards. This prototype assessment tool will be reviewed by an invited group of buyers with a common interest in the procurement of low or zero emission vehicles.

Group discussions on how to mobilise the procurement power of City Authorities

The final session of the workshop was devoted to break-out discussions on 'How to Mobilise the Procurement Power of City Authorities'. This was organised in a way that all participants had the opportunity to join in the discussion around four separate topics:

- Collaborative policy actions
- Collaborative procurement actions within and between cities
- Compacts and their role in creating new options and demonstration consortia
- Possible future projects and funding options

A representative from each group provided a summary of the main conclusions on each topic.

Collaborative policy actions

Several important issues were discussed including behavioural/cultural aspects, the need for



innovation procurement to gain a higher profile and better connectivity to share risk and achieve critical mass. Innovation is often assumed to be about technology but cognitive/behavioural innovation may be more important. Policy tools need to nudge people towards certain behaviour and be more consistent. Innovation policy makers could better share best practice and tools to create new markets for innovation.

Collaborative procurement actions within and between cities

The main benefit of this is to achieve more buying power and influence in the market. Leading cities need to get better at joint expressions of unmet needs, not just reacting as procurements pop up. Is there scope for more buyer groups? What are the common requirements for purchasers of mobility solutions within the cities? There may also be scope for supplier groups, or consortia, that could be co-funded by buyer groups. Scenario planning may be a way of articulating the future evolution of needs. This would require some kind of continuity of purpose – i.e. the 'glue' that will synthesise needs and collate/disseminate information.

Compacts and their role in creating new options and demonstration consortia

The language of 'Compacts' seems to be a bit scary as any joint communication that looks like a formal commitment is difficult to secure. Perhaps an approach that enables progressive levels of commitment would be more practical. Much of the value is in the process of bringing the right

people together. Needs to be a strategic issue and needs a leader. Unclear what the right format or structure is for such cooperative statements of joint need. Perhaps need to run a consultation around some ideas.

Possible future projects and funding options

Many cities have similar characteristics so it should be logical for coalitions of cities to develop. At the national/regional level there is scope for big cities to help smaller ones. There is also a need to involve local climate action teams and R&D funding agencies. However, since public funding is a major constraint then more radical approaches to service innovation is required involving private sector funding models.

More detailed notes of the discussions are included in the Appendix.

The Chairman then concluded the workshop by reflecting on a fascinating day of presentations and discussions. He acknowledged that there are many good initiatives that have responded to problems or needs but most examples are about individual action. The challenge of how best to collaborate remains and will be an important part of the TRANSFORM agenda in the final year of the project.



Appendix: Notes of Group Discussions

Group 1 - Collaborative policy actions

On this topic all groups had a slightly different perspective. However, all groups shared the opinion that better connectivity is the key issue. Better connectivity is related to different aspects:

1. Creating a level of understanding and a mentality to try a different approach, a new **organizational culture**. To create Behavioural changes take time. It's important to have
 - Insights of the benefits to create awareness
 - Best practices/practical examples from pioneers. Not only intimidating technical innovations, also practical and incremental innovations.
 - Failures to learn from.
 - A positive approach, look at contracts in a different way, take your time, quality vs lowest price.

In this period of economic downturn it's hard to create a positive attitude, culture is exasperated.

2. To **put policy into practice**.
 - What's needed to create support **bottom up** is:
 - i. Guidance and support from pioneers
 - ii. Group collaboration
 - iii. Needs education
 - iv. Procurers and experts working together
 - v. Cooperate on strategic goals
 - What's needed **top down** is:
 - i. Consistency in policies (EU/national level)
 - ii. Clear Strategy
 - iii. European Framework
 - iv. Standards
 - v. Incentives to take risks
 - vi. IP at a strategic level
 - vii. EU respecting different regions, understanding different needs, different behaviour
 - viii. Agreements on KPI's
3. To develop a **strategy** as a starting point
 - Similar objectives
 - Policy at government level
 - Translating vision into procurement plans
 - Targets in a specific area
 - Integrated policy
 - Credible message
4. **Knowing, creating and influencing** the market

- Knowing what's already there
- Knowing the structure of the market
- Technological knowledge
- Inform the market, create understanding by sharing knowledge, policies, strategic plans
- Create a market by changing the market
- Accelerate what's already taking place
- Creating open competition, focusing on results ("value of competition")
- Using the results of R&D projects
- Risk sharing market and public authorities

5. Joint actions

- Measurement systems outcome/impact
- Partnership: Sharing resources, risks, vision and strategy. Unified voice on the city level.
- When it works in one city, translate it to other cities
- Cooperation instead of competition between cities.
- Focus on specific topics
- No joint procurement, partners have different interests
- Involve citizens

The starting point for public procurement of innovation is a clear strategy

Group 2 - Collaborative procurement actions within and between cities

Collaborative procurement action is aimed at creating win-win relationships between cities. These relationships may help overcome barriers (technology, money and political cycles) to innovation procurement. When cities recognize their common interest, such partnerships will succeed in the long run (exceeding 3 years formal agreements within European funded PPI projects). Cities could particularly benefit from close co-operation in procurement activities such as:

1. Joint planning, policy and market engagement (regional, national and European level)
 - Look for cities “same pain”, a “joint expression of unmet need”
 - Cities should prioritise innovation policies on a long term, wider knowledge of future demand and plan in advance
 - Need to convene groups with similar needs, and explore differences and sharing resources (e.g. in the trial of a service or building an evidence base)
 - Communicate the unmet needs with the supply chain; groups of suppliers can form ‘consortiums’ to provide services and discuss the unmet need, due process required to ensure SME Participation
 - Scenario planning can be used to understand the evolution of demand as the need changes over time
2. Sharing of expertise and working time in common definitions of criteria
 - Lead organisations develop framework and others can buy off this
 - In order to make the procurement activity scalable, create a basic set of requirements, adjust to local conditions
 - Concerning criteria: focus on issues, leading to outcome based specifications
 - Focus on assessment criteria – aim to build capabilities
3. Volume benefits achievable through joint procurement
 - Create economies of scale, more buying power leads to more innovation
 - Create buyer groups to discuss requirements, which may lead to a joint framework
 - Pre-procurement stage process for market engagement/testing/pre commercial pilots (EU organised)

Group 3 - Compacts and their role in creating new options and demonstration criteria

- Anything that feels, or sounds, like commitment is difficult using a bottom-up approach. Individuals do not have a mandate to sign up on behalf of organisations
- Needs to be more accessible that looks useful for the organisation and can mobilise follow up without overt commitment
- Where Compacts or sign up to collaboration have worked is where there is a pre-formed interest group that has already signed up for participation in a thematic group e.g. Corporate Leaders Group on Climate Change (Down to Zero) and NW Universities Sustainable Procurement Group (INNOCAT).
- Sign up within local authorities will always be more difficult due to changing politics and complex internal processes – need to go in at the top – and the organisation asking has to have influence or peer pressure (example of Forest Stewardship Council – wrote to Council Leaders)
- What can we learn from the Scandinavian led joint fleet procurement initiative? Was the effort worth the outcome? – the FSC gave internal enthusiasts in councils a hook to change procurement for FSC timber. What can we learn from this.
- Overall – Compacts are unlikely to be practical without pre-formed interest group, a strong and obvious common unmet need, and needs influential organisation or person inviting participation or coordinating.
- Need to revisit what the Compacts were trying to achieve and re-examine options to create a process that City authorities are able to join in and areas where pre-formed groups have identified or are capable of identifying a need.

Group 4 – Possible future projects and funding options

Identifying funding opportunities at an early stage is key to the success of procurement. As funding may be sought from public and private partners, it is essential that each party is well aware from the onset of the project of its legal, fiscal and policy implications.. The following aspects were analysed in details by the Group:

1. Size of companies: what role does it play in ensuring funding?

- Larger companies tend to be more aware of funding availabilities, while **SMEs** are often at a disadvantage due to their limited expertise/limited staff availability.
- The **critical mass** required to enter the procurement market has increased considerably over the past 5 years due to growing legal and administrative complexity.
- Bigger cities should be encouraged to help smaller cities to seek funding and develop joint projects

2. Hidden costs of procurement projects: impact on funding decisions

- **Maintenance, aftercare** etc. are often hidden costs, not easily identifiable. It is difficult to properly account for these costs and sometimes unclear who should bear them. This may discourage funders, who need certainty and long term predictability
- The cost of **rented services** is often hard to assess. Better models need to be found to properly take account of their overall costs.

3. Dialogue and awareness raising: included in costs?

- Procurement matrices do not properly reflect the **time cost of “soft”** actions, such as raising **awareness, education** efforts etc. On the one hand, such activities are deemed essential, on the other hand squeezed budgets mean they often go first in times of crisis
- Public procurement is extremely complex: responsibilities are often collegial or split, and **identifying the right actors** both in companies and municipalities is harder than ever.
- The **R&D portfolio** of public agencies can support not only technical research but also the dialogue needed to mobilise actors around it