



press and media



Getting value for money from every Council £1

As Gordon Brown's party conference speech called for 'value for money for every £1', councils are being encouraged to measure their 'local economic footprint' to ensure value for money is achieved locally.

A new research report *Creating resilient local economies: exploring the economic footprint of public services* – produced in partnership by the Association for Public Service Excellence (APSE) and the Centre for Local Economic Strategies (CLEES) – was the subject of debate at the Labour Party Conference in Manchester.

The research looks at the effect of public spending on local economies and urges local authorities to ensure public money is used in a way that has the best possible impact locally. It features a case study at Swindon Borough Council, which shows how £1 of council spending can generate £1.64 in the local economy.

APSE's chief executive, Paul O'Brien, told a fringe event marking the Labour Party Conference launch of the report: 'The money local authorities spend is pivotal to the success of local economies - particularly as the effects of the global credit crunch are biting. There is a real need to speak up about the role that local authorities play in the local economy and this research demonstrates that role in tangible terms.'

Neil McInroy, chief executive of CLEES, described methodology and wider implications of the research to delegates. He said: 'A method for harnessing the power of public service spend and preventing leakages from local economies is a way to create local economic resilience within a changing economic landscape. We would encourage all local authorities to use this 'local economic footprint' model as a matter of course.'

The research analyses procurement supply chains and staff spending patterns in the Commercial Services direct service organisation at Swindon and shows how every £1 spent generates £1.64 in the local economy. Key findings include:

- 96% of Swindon's Commercial Services staff live in the borough.
- These employees re-spend 52.5 pence in every pound in the local economy.
- 34.4% of the service's expenditure upon suppliers goes to local companies and organisations.
- Local suppliers re-spend 30.8 pence in every pound in the local economy.

The report is the third in an extensive research programme, commissioned by APSE and conducted in partnership with CLEES and INLOGOV. This programme has

shown how direct public employment can have benefits in terms of democratic accountability, efficiency and responsiveness to social and environmental as well as economic considerations.

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NOTES FOR EDITORS

- 1) Councils in England alone spent £141bn in 2005-6. Local government expenditure is around 10% of all domestic expenditure. Councils employ 1.7m people nationally.
- 2) While local authority procurement must take place within the framework set by the EU, there is flexibility within legal requirements to support the developments of local economies.
- 3) Public services account for 18.7% of jobs in Swindon. 96% of Swindon's commercial services staff live in the borough. These employees re-spend 52.5 pence in every pound in the local economy. 34.4% of the service area expenditure upon suppliers goes to local companies and organisations. Local suppliers re-spend 30.8 pence in every pound in the local economy. Commercial services invested £12m in local suppliers over that period.
- 4) Using a variant of the 'multiplier' model developed by New Economics Foundation to calculate showed that all these factors meant that every £1 invested in the street scene service area, and extra 64 pence is generated in the local economy. The research, which included staff interviews and spending diaries and analysis of the knock-on spending of local suppliers, revealed strong local employment and supply chains. This created a virtuous circle and stopped funds leaking out of the area.
- 5) Staff in Swindon Commercial Services' streetscene team were asked to keep spending diaries, which revealed that not only did the majority of them live locally; they also spent the bulk of their cash locally. The streetscene service employs a high number of staff from the most deprived parts of the borough.
- 6) The report *Creating resilient local economies: exploring the economic footprint of public services* is the third in a research programme, commissioned by APSE and conducted in partnership with the Centre for Local Economic Strategies (CLES) and the Institute of Local Government Studies (INLOGOV). Together APSE, CLES and INLOGOV have produced a body of evidence to demonstrate the benefits of public employment. The first report in the series was *Towards a Future for Public Employment*. The second examined *Governance, Neighbourhoods and Service delivery*. Copies of all these reports are available.

- 7) APSE has 260 members from councils delivering front-line services across the UK.
- 8) CLES is an independent think tank and network of subscribing organisations involved in regeneration, local economic development and local governance. For further information on CLES visit: www.cles.org.uk
- 9) To arrange an interview or for a full copy of the report please contact Mo Baines on mbaines@apse.org.uk