

Feeling the benefit locally

Using £175bn public procurement power effectively can yield huge benefits for local economies. Mark Bramah looks at how councils can deliver 'community benefits' when spending scarce resources

Gone are the days when spending local government cash can be just about getting goods and services for the lowest possible price. A more sophisticated understanding that true cost effectiveness and value is not the same as mere 'cheapness' has hopefully now been developed.

APSE's latest research, in partnership with the Centre for Local Economic Strategies (CLES), looks at how councils can use their spending power to make local economies more resilient, their communities more sustainable and minimise environmental impacts. *More Bang for the Public Buck: A guide to using procurement to achieve community benefits* considers barriers preventing councils getting the most from their procurement. It draws upon practical examples of measures authorities across the UK are using to overcome obstacles and includes a checklist to help formulate a strategic approach to delivering better benefits from spending. A number of lessons emerged.

Firstly, using sustainable procurement to achieve community benefits must not just be a concern for procurement officers or lawyers. The most senior managers, councillors and heads of department as well as those responsible for procurement per se all have to do their bit to embed consideration of wider economic, social and environmental value into all contracts that are being let.

Secondly, local authorities can no longer hide behind European Union regulations as an excuse or as a delay in delivering community benefits when they procure goods and services. Of course it is necessary to stay within the confines of EU law and no one is suggesting otherwise. Our guide summarises legal considerations that must be adhered to. But case studies show councils that are less risk averse are able to boost economies, supply chains, employment, skills and training locally and still remain within the law.

Thirdly, attitude is the most important factor in achieving community benefits. Our research found that deeply ingrained culture a more significant obstacle than national policy or European law. It is not easy to change ingrained perceptions, but the good news is that this cultural shift is within the control of local government rather than external agencies. A flexible procurement process is essential. The authorities that have had the most success achieving community benefits are those that have re-thought their entire approach.

Our guide, launched at the Conservative Councillors Association conference in London on 5th March, is full of examples from councils breaking new procurement ground. Glasgow City Council, for one, has embraced the use of community benefit clauses within contracts to promote local employment and training opportunities

as part of its £4bn investment in regeneration prior to hosting the Commonwealth Games 2014.

Engagement with local suppliers, capacity building, advertising locally through a procurement portal, contract unbundling, staff training, reviewing procurement processes from tendering to contract management and use of community benefit clauses in contracts are all measures that can be achieved to achieve the 'triple bottom line' of greater economic, social and environmental value. But these need to be implemented within a holistic strategy that ties in with wider council objectives.

As public sector resources are squeezed, there is a growing need to achieve ever-greater value for every pound. Sustainable procurement does not have to cost more than standard delivery of contracts, yet it is far more meaningful to consider value in terms of whole life costs and better social, economic and environmental outcomes than simply initial outlay. APSE's previous work with CLES analysing the 'local economic footprint' shows a multiplier of £1 of public spending can generate £1.64 in the local economy through local employment and supply chains. If councils achieved community benefits through their procurement, that figure could rise to £2.

Using sustainable procurement can make local economies more resilient but requires a mindset rather than just a set of procedures. It requires a creative, innovative 'can do' culture. This is not just about procurement. It is about strategic approaches to procurement that link in with broad-ranging local government policy. It needs buy-in at the most senior leadership level. The results are worth it.

BOX: Councils delivering more local bang for their procurement buck

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- Staffordshire CC has made a raft of changes to its procurement process including; a tender toolkit for local suppliers; e-tendering for low value contracts; pre-tender workshops; and lengthening and unbundling contracts. This restructure has generated an estimated £10m of savings since 2004 and a total of 36% of procurement spend is now within the local area.
- When its £3m food supply contract came up for renewal, Northumberland CC took several measures to ensure community benefits were yielded and four of the seven lots were taken up by small businesses able to supply fresh, local produce.
- South Gloucestershire Council restructured the way in which it engages with its supply chain and tenders for contracts, which has enabled the authority to effectively consider cost, quality and also community benefits in tender criteria.

Mark Bramah is assistant chief executive at the Association for Public Service Excellence (APSE). For copies of *More Bang for the Public Buck: A guide to using procurement to achieve community benefits*, £20.00 for APSE member authorities and £40 for non-members, email: mbaines@apse.org.uk