

## **Money Well Spent!**

Local Government expenditure makes a significant contribution to the economy each year; in England alone it spends in excess of £100 billion through initiatives such as PFI schemes, BSF and the decent homes programme. However do we really maximise the potential benefit from this capital investment for local people?

The bulk of the money, from capital intensive programmes, is spent on procuring capital works through the private sector so surely it makes sense that the money we spend in local government, cascades down into the local economy, achieving a beneficial multiplier effect on local businesses and employment through community benefits.

While delivering effective community benefits strategies is notoriously difficult, such difficulties can be readily overcome. What is required is a willingness to embrace a cultural shift that puts maximising the potential of the public pound at the heart of large-scale procurement projects.

So, how can community benefits such as local business growth potential, employment and skills, environmental objectives, and sustainable economic growth be achieved within the framework of legislation governing local authorities?

One of the obvious routes is to integrate community benefit aims into the procurement process. There are three different stages of procurement where this can be achieved.

Firstly, examining specifications to ensure that they do not exclude small or developing businesses from tendering will enhance opportunities at a local business level. How specifications are drawn and developed will also have an impact on which companies are attracted to the contract.

Second, at contract award stage local authorities are able, providing they have advertised their intentions, to ask potential suppliers how they will address specific community benefits and weight this in the evaluation process.

Evaluation would need to be on the basis of most economically advantageous tender rather than price alone and have regard to the prescriptive restrictions set out in the EU Directives on non-discrimination on grounds of nationality.

Third, authorities can look to the use of contract enforcement mechanisms through specific clauses and of course using their own expertise.

However, the most effective way for councils to ensure community benefits are realised is to take a twin track approach; engaging in the issues that will make community benefits really work.

That means looking at and setting in place the necessary infrastructure to support businesses deliver better outcomes for the public pound. One method of delivering this is to put in place a Community Benefits Development Manager to help appropriate agencies and partners support contractors, in recruiting suitable local staff as well as facilitating training.

If councils demand more of suppliers they can expect a sea-change in the market place whereby the buyers rather than sellers start to have a powerful influence on using the public pound to better effect.

Maximising potential through community benefits is a sure fire way of developing truly sustainable communities. The multiplier effect of the public pound will extend beyond simplistic contract performance measurements. A far richer reward, of supporting sustainable communities through skills, business growth and a buoyant local economy will then start to square the circle of a high public sector spend within the private marketplace.

Use of community benefits clauses mean that sustainable communities are not only desirable, but increasingly affordable, through a more discerning public sector approach to demanding full value for money for the billions spent.

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