

MAXIMISING THE BENEFIT OF PUBLIC SPEND

When public resources are tight, questions around how and where we spend money is of paramount importance. Efficiencies need to be made, but we should also seek greater effectiveness from the goods and services which the public sector procures. Over the last six years, CLEES has undertaken a number of pieces of work exploring how and where local authorities procure and importantly how maximum benefit can be extracted from the process for local people, the local economy and communities. Our engagement in this procurement work has come about for three reasons.

- we wanted to understand the benefit procurement spend brought for local economies.
- we wanted to dispel some of the myths associated with procurement and change cultures in local government procurement teams.
- we wanted to influence the behaviour of authorities and the supply chain to ensure spend reaped maximum local economic benefit.

As such there are 10 considerations when seeking to do procurement more progressively:

1. Procurement as key to effective place leadership role- often the key barrier to progressive procurement is a lack of political will and a risk adverse attitude. To enable progressive procurement, local authority Leaders need to see procurement as a key part of their place and community leadership role. Procurement can lead to a host of wider economic, social, and environmental benefits.

2. Procurement is central to corporate policy- a key challenge for the function of procurement has been its isolation from other departments and its sometimes silo-ed working. Procurement as a function needs to be corporate, cross departmental and embedded in strategy and policy with core priorities being the core priorities of every procurement decision.

3. Commissioning and procurement are part of the same process- in local government the functions of designing and commissioning services and procuring services have sometimes been treated as different entities. Commissioning and procurement must be viewed as complimentary processes. The easiest stage to build wider economic, social, and environmental considerations into the delivery of a service is in its design.

4. Adopt a common strategic approach- commissioning and procurement in local government needs to be affected by a set of common criteria which officers ask themselves when designing and procuring services. For progression, these questions need to consider, for example, at each stage of the cycle: co-production; economic and social benefit and clauses; and the amount of the decision which is assigned to sustainability or social value criteria. This needs to be informed by an overarching statement of intent or sustainable procurement strategy.

5. Understand spend- if local authorities are to aspire to progressive procurement practice they must understand their spend, where it goes, what impact it has on the local economy, and what the practice of their supply chain is when it comes to local economic, social and environmental outcomes.

6. Understand your local market- a key barrier to engaging more local firms in the procurement process is a lack of linkages between procurement and economic development officers. In order to progress procurement it is important that local authorities understand who their local business base are, what types of products and services they can potentially provide, what their skills and capacity are, and what support they need to engage and tender for opportunities.

7. Develop your markets- small and local firms and the voluntary and community sector are often put off the procurement process by its perceived bureaucracy and complexity. To enable progression, authorities should look to open up their potential supply base by amongst other things: simplifying and standardising PQQ documentation; offering local Portals and advice; offering prompt payment terms for small business and passing on this requirement to key contractors; and lotting certain value contracts into smaller chunks.

8. Engage in a constant dialogue with suppliers- the end of a tender exercise does not mean the end of the procurement process. Through supplier networks and contract and category management, authorities can influence the behaviour of suppliers so that they consider employment for difficult to reach groups, apprenticeships for young people, and the local economic impact of their supply choices.

9. Monitor impact- to aid continuous improvement and continuous intelligence gathering, authorities should look to monitor the contribution which suppliers make to wider corporate priorities through a set of

common indicators. Indicators could include: proportion of suppliers employees which live in the local authority boundary; number of apprenticeships offered, and types of corporate social responsibility activity delivered throughout the term of the contract.

10. Read our research- CLES and partners have produced a number of pieces of work on progressive procurement. Of key relevance are the following: *Creating resilient local economies: exploring the economic footprint of public services*; *The power of procurement*; *Responding to the Public Services (Social Value) Act*; *Local Procurement: making the most of small business, one year on*

Central government must also recognise the potential of public procurement in the future vibrancy of our economy and in enabling local economic, social and environmental benefit. The principles outlined above should also be at the forefront of central government procurement practice.

CLES can provide a range of work around procurement. We can:

- undertake supply chain, spend and impact analysis;
- assess local authority practice against our framework for maximising economic, social and environmental benefit;
- support local authorities in changing the procurement culture of other public sector and anchor institutions;
- facilitate workshops and training around progressive procurement.

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