



Community benefits and maximising the council's economic footprint

Thursday 22<sup>nd</sup> January 2009

Neil McInroy, Chief Executive

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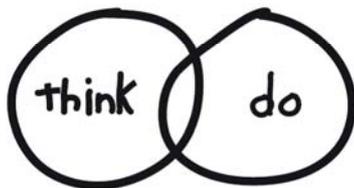
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### About CLES



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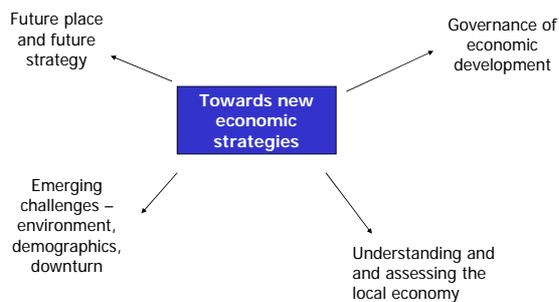
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### What we are about



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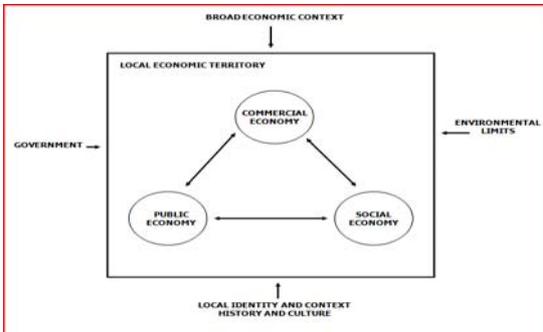
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## Toward 'New' Economic Strategies and what interests CLES




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## What are the weaknesses which make our communities and localities less resilient

Low enterprise    Disempowerment    Discrimination

Inequality

Poverty

Poor health



Worklessness

Low capacity

Lack of opportunity

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## Strengths which increase the resilience of our communities and localities

Effective community infrastructure

Empowered citizens

Entrepreneurial spirit

Volunteering

Quality environment

Fairness

'Sweating' Public spend

Education & skills

Employment opportunities

Local businesses

**boing!**




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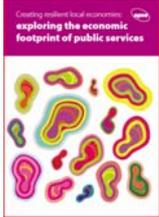
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**CLES** **APSE/CLES research partnership**

- APSE, CLES and INLOGOV research partnership
  - Number of pieces of research examining the role of public sector in local economies and local communities
    - Governance, Neighbourhoods and Service Delivery




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**CLES** **APSE/CLES Policy fear: Losing the benefits?**

- Public sector has embraced modernisation
  - Personalisation of service and choice
  - Emerging new orthodoxy assumes that pragmatic public service = efficiencies before effectiveness?
- Need to re-assert benefits of public economy and public spend
- If we don't .....danger of losing enduring economic and social benefits
- Vital in period of economic instability
- Stimulate demand by ensuring money is in the hands of local business, communities and people

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**CLES** **APSE/CLES research on community benefits**

- Fuelled by four core issues
  - Resilience, and a need to understand public interventions in the economy and in society
  - A lack of awareness of types of community benefits that can be achieved
  - A poor uptake by local authorities of UK policy mechanisms supporting community benefit
  - A common perception that EU Law prevents community benefit
- Aims of research:
  - Unpack and detail the barriers to achieving community benefit through procurement
  - To assess how these barriers can be overcome- best practice
  - To provide examples of types of community benefit which can be achieved through procurement
  - Drill down into legal aspects
  - Look to potential wider policy aspects which may need to change

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## APSE/CLES research on community benefits

- o What are we doing?
  - o A desk review of procurement law
  - o Identifying barriers to community benefit
  - o A survey of procurement officers and other stakeholders
  - o Identifying types of benefits that can be achieved
  - o Undertaking case studies to detail best practice
  - o Developing a toolkit for deriving community benefits through procurement

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## What do we mean by sustainable procurement?

### Sustainable Procurement

- o 'sustainable procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment' (North East Centre for Procurement Excellence)

### Community Benefits

- o Collectively include:
  - o Social benefits e.g. providing local employment opportunities
  - o Economic benefits e.g. supporting SMEs and VCS
  - o Environmental benefits e.g. Reducing carbon footprint as regards distance of supply chains

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## Common debates in procurement

A number of common debates in realising sustainable procurement:

- a Can efficiency and sustainability be reconciled?
- o Does sustainability have to cost more?
- o Does value for money = lowest cost?
- o Are non-cashable benefits still of value and how are they measured?
- o How much government, including local government should interfere with the market?

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### What does EU law actually say?

- o Aim of EU Procurement treaty:
  - o Imposes obligations on member states which are designed to promote free movement of goods, services, businesses and capital to create a single market
- o It means that:
  - o 'Local authorities must act reasonably in a non-discriminatory way towards all contractors and suppliers regardless of their geographic origin'
- o Supplemented by UK law restrictions:
  - o 1988 Local Government Act: outlaws consideration of 'non commercial matters' in tendering
- o In EU Communication on CSR (2006) ..public procurement as a tool to promote CSR is absent

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### Common barriers to achieving community benefit

- o EU law and the administration of EU law
- o Higher value contracts have to be advertised in Official Journal European Union (OJEU)
- o Mindset of and culture of procurement
- o The size and scale of contracting marginalises SMEs
- o Poor advertising of contracts to smaller providers
- o The term 'local' is viewed as discriminatory
- o Strong regulation of selection and shortlisting stages
- o Also some financial regulation and practice rules and laws

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### How can local authorities address barriers to community benefit?

- o Number of ways in which local authorities can strategically overcome barriers to community benefit in procurement:
  - o Package or unbundle contracts enabling better opportunity for SMEs
  - o Encourage SMEs to sell their services as sub-contractors to large contractors
  - o Promote collaboration amongst SMEs to bid for contracts
  - o Set up a dedicated procurement portal
  - o Be generic in benefits requests: e.g. use 'unemployed' rather than 'local unemployed'
  - o Make it clear in local procurement strategy of the value of community benefits
  - o Take advantage of English law such as Power of Well Being

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### Achieving community benefit through the procurement process

- ❑ Five key stages of procurement process
  - ❑ Identifying need
  - ❑ Specification
  - ❑ Selection
  - ❑ Tender Evaluation
  - ❑ Contract Management/Conditions
- ❑ Extent to which community benefit considered in procurement dependent upon stage
- ❑ Key stage is in identifying need (see diagram)
- ❑ For further information – OGC publication on social issues in purchasing - [http://www.ogc.gov.uk/documents/Social\\_Issues\\_in\\_Purchasing.pdf](http://www.ogc.gov.uk/documents/Social_Issues_in_Purchasing.pdf)

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### Types of community benefit that can be achieved

- Social**
- ❑ Stipulating employment opportunities in **contract management**
- Economic**
- ❑ Utilising SMEs, VCS and social enterprise in **identifying need** and subsequently ensure procurement channels are open to them
- ❑ Assessing likelihood of local economic multipliers in **selection**
- Environmental**
- ❑ Specifying a requirement for the sourcing of green energy in **specification**
- ❑ Banning the use of environmentally damaging products in **specification**
- Overall**
- ❑ Use community benefit clauses in **tender evaluation**

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### Further information

- ❑ Further details about the research or to get involved contact:
  - ❑ 0161 236 7036 or [neilmcinroy@cles.org.uk](mailto:neilmcinroy@cles.org.uk)

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