

Good Practice Summary – Progressing procurement practice through spend analysis – Preston City Council

Work around community wealth building, procurement and spend analysis commenced in Preston in around 2011. The work was initially driven by the challenges facing the local economy and people as a result of the financial crises of the late 2000s and a political drive to challenge the orthodoxy of approaches to economic development and address poverty and social exclusion. Following an initial emphasis upon campaigning, the attention of activities in Preston moved more towards anchor institutions based in the City and wider Lancashire (commencing in 2013). Over the last four years a number of activities have been undertaken.

- First, initially engagement was undertaken with lead politicians and officers for 6 institutions based in the City to secure buy-in (Autumn 2013);
- Once the six identified anchor institutions were engaged the process of spend analysis commenced with exploration of where around 1 billion euros of spend went (Autumn 2013);
- Following the initial engagement and the spend analysis, the process of seeking to influence the behaviour of the anchor institutions through procurement began. An event was held which explained the baseline spend analysis and developed an agreed statement of intent (Winter 2014);
- The initial analysis identified significant leakage of spend out of the Lancashire economy across the anchor institutions. Areas of spend which could be influenced were identified and a database of potential Preston based suppliers developed (Summer 2014);
- A Preston Procurement Practitioners Group was then developed which sought to share practice and learning around how the benefit of procurement spend could be enhanced and maximised (Winter 2015). This has evolved into the URBACT Local Group for the Procure Network (January 2016);
- Some of anchor institutions have subsequently explored the wider impact of their spend through the supply chain (Spring 2016). This has been framed by the development of a measurement framework;
- Further work has been undertaken to understand the contribution of the wider Preston business base to the local economy and in addressing social and environmental issues (Autumn 2016);
- Currently (Spring 2017) the spend analysis is being undertaken again in order to identify change.

To date, nine key achievements from the work in Preston over the last four years have been identified from the wealth building initiative and the analysis of spend. The core impact has been in the behaviour of anchor institutions and the realisation that spend analysis and procurement can be utilised as a lever or way in which challenges facing cities can be addressed.

- First, it has positioned Preston as a progressive place for local economic development and addressing poverty.
- Second, it has led to a much more effective relationship within and between institutions in Preston.
- Third, it has enabled a range of baseline data to be collected about the existing impact of anchor institutions and the wider business base in Preston.
- Fourth, it has secured the buy-in of senior stakeholders and enabled the development of a collective statement of intent.
- Fifth, through the analysis of leakage it has enabled a much greater understanding of Preston's business base and those which could potentially deliver goods and services.

- Sixth, it has changed behaviour around procurement in each of the institutions and enabled enhanced impact. For example, the proportion of spend of Preston City Council with Preston based business through procurement has increased from 14% to 28%.
- Seventh, it has recognised that this is a long term approach to addressing key challenges.
- Eighth, it recognises the importance of scale when implementing wealth building initiatives.
- Ninth, it has had an impact on addressing wider issues including of low pay and deprivation.

The work around community wealth building, spend analysis and procurement behaviour change will continue in the coming years and there are six next steps:

- Further spend analysis and identification of leakage is being undertaken with each institution;
- An anchor institutions and spend analysis toolkit is being produced;
- A cooperation network is being developed where anchor institutions share learning and undertake collaborative activities;
- The role of cooperative development is being explored and the potential of cooperatives to deliver procurement contracts;
- A Preston Pledge is being developed which is focused on businesses;
- Other wealth building and harnessing initiatives beyond procurement are being developed.