

COUNCIL

Community Wealth-Building and Local Procurement 31 January 2018

Report of the Chief Officer (Regeneration and Planning)

PURPOSE OF REPORT

This is an interim report to provide an update on investigations and proposed activities to develop local procurement practices working with anchor institutions, local businesses and communities, as part of the Council's approach to Community Wealthbuilding.

This report is public.

RECOMMENDATIONS

- (1) That Council notes the opportunities and actions being taken for developing and implementing a local approach to 'Community Wealth-Building.

1.0 Introduction

- 1.1 There is a growing body of evidence to suggest that local public institutions can make a significant contribution to inclusive economic growth in their communities through strategic local procurement often referred to as "Community Wealthbuilding".
- 1.2 A motion brought to Council on 19 July 2017 resolved that *'the Economic Development team investigate the 'Preston model' alongside other potential models for implementation in the Lancaster district'*, to report further in January 2018.
- 1.3 Since that time some early steps have been taken and a number of potential developments have been identified and this report provides the basis of a way forward to capture local procurement benefits for the district.

2.0 Progress and potential developments

2.1 Project Team

A small Project Team from across the Council has now been established to bring together relevant expertise from within Council services, at this stage. The team currently includes officers from the Chief Executive's Office,

Economic Development and Procurement but may require the engagement of other services as this area of work develops.

2.2 **Good practice**

Considerable experience in local procurement models has been developed in the North West in recent years. To gain a greater understanding of how this works in practice, officers have undertaken a range of discussions at various levels with Preston City Council, following their work in the last couple of years. The Council also works with Preston CC as part of a Lancashire procurement group.

Broadly, it is acknowledged that valuable lessons can be learned from Preston's approach to Community Wealthbuilding, although Lancaster district is different in many respects. However, potentially significant benefits could be delivered by developing a strategy around local expenditure that builds on local assets and opportunities and fits with a wider Inclusive Growth agenda.

Action: As the Lancaster approach develops, officers will continue to liaise with Preston CC and will seek to engage with Manchester CC who also have experience of this kind of model.

2.3 **Baseline and monitoring success**

The Project Team recognises that, at present, it is difficult to accurately and consistently identify local spend by the Council without undertaking a complex analysis of multiple transactions. A clear baseline that identifies current levels of local spend is a crucial starting point and equally, moving forwards, monitoring progress will be an important factor in understanding the success of the initiative.

Preston City Council have adopted a software product developed by the Association of Greater Manchester Authorities (AGMA), which tracks Council expenditure to provide an analysis on how the organisation uses its spending power.

Costs for this software are £3,250 for the first year (£1,500 annually thereafter) and provide a cost effective means of providing a baseline and monitoring information for around four years.

Note: A proposal to acquire the system to cover a fixed period of up to 5 years is provided for within Cabinet's budget proposals (as part of the growth to support Community Wealth-building) included elsewhere on the agenda.

2.4 **Engagement with Centre for Local Economic Strategies (CLES) and Preston City Council**

At the time of writing this report, discussions with CLES (Centre for Local Economic Studies) have been scheduled and it is expected that CLES could undertake some work to explore the key opportunities for Community Wealthbuilding in Lancaster District and provide a platform for engagement with other anchor institutions in the area. The costs of this work have been estimated at £20k.

Note: A proposal for commissioning this work is provided for within Cabinet's budget proposals (as part of the growth to support

Community Wealth-building) included elsewhere on the agenda.

2.5 Lancaster University Management School (LUMS)

LUMS is currently undertaking a project around procurement with local businesses, which would provide an excellent opportunity to engage with a key anchor institution as well as small and medium-sized enterprises (SMEs) in developing Lancaster's Community Wealth-Building approach. The work being undertaken appears to broadly support the approach the Council is developing.

Action: Officers will progress discussions with LUMS and identify areas joint working opportunities.

2.6 Business in the Community (BITC)

BITC is a separate but related project that supports the Local Wealthbuilding initiative. BITC is one of The Prince of Wales's Charities and provides support to organisations via a secondment scheme, with the aim of creating 'healthy communities with successful business at their heart'.

Discussions with BITC have led to some interesting opportunities in relation to shared aims around local prosperity and, in particular, the development of the wider Inclusive Growth agenda and Community Wealthbuilding. The scheme is very good value for money, at £12k p.a. for up to two years, and can provide skills, experience and capacity to achieve innovative solutions and results that many Councils would otherwise struggle to resource.

Note: A proposal for the BITC scheme (for two years) is provided for within Cabinet's budget proposals (as part of the growth to support Inclusive Growth) included elsewhere on the agenda.

2.7 Local Money Loop

Michael Hallam of the Small Green Consultancy and manager of Lancaster Ethical Small Traders' Association (ESTA) has for many years studied the local economy, and in particular the relationships between local individuals, SMEs and larger organisations.

This research has been instrumental in developing an app (the 'Local Loop') which individuals can use to explore the value of spending locally to retain money within the local community. The application allows individuals to track their own daily expenditure and forecasts what proportion of money spent is likely to be retained locally. Economic benefits are considerable.

Action: Further information will be provided for elected members to introduce them to the Money Loop.

2.8 Support for businesses

Bearing in mind that the majority of businesses in the district are SME's and many are, in fact, micro businesses, it is recognised that the procurement practices and requirements of large organisations will be challenging to understand. Soft research suggests strongly that many businesses have limited experience of how to engage and how to meet procurement requirements.

Action: The Economic Development and Procurement teams will work together to work with businesses to help them to become more able to engage with the Council and other anchor organisations for the supply of goods and services and in relation to capital schemes.

5.0 Conclusion

- 5.1 This report provides an update on progress regarding the Community Wealthbuilding initiative first discussed by Council in July. Some early progress has been made and some clear next steps identified. These steps will establish the current position of the Council and inform the potential to deliver genuine benefits going forward. As part of this it has been recognised that some additional resources are required to take this initiative forward at a reasonable pace, and this is reflected in Cabinet's budget proposals elsewhere on the agenda. It is intended that future progress on this initiative will be incorporated into the Council's performance management and reporting arrangements, reflecting the Council's future corporate planning and priorities.

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing):

No direct implications as a result of this report.

LEGAL IMPLICATIONS

No direct implications as a result of this report.

FINANCIAL IMPLICATIONS

As reflected in the body of the report – additional spending needs have been identified to take the community wealth-building agenda forward, on the basis that this is a proposed priority area for the Council, and these are included in Cabinet's budget proposals. Clearly if resources are not ultimately allocated, then this would have adverse impact on the Council's ability to make progress, and future ambitions and plans would need to be cut back accordingly.

OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces:

Some staff resource is required to manage and deliver this project and there will be a need for services across the Council to become more familiar with the principles and practice of this approach in their own areas; this will be managed through business planning and approved budgets.

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has been consulted and has no further comments.

MONITORING OFFICER'S COMMENTS

The Deputy Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

None

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