



## **ADEPT response to the Cabinet Office consultation: Transforming Public Procurement**

March 2021

### **Introduction**

ADEPT is a professional association that represents executive ‘directors of place’ from county, unitary and combined authorities, along with directors of local enterprise partnerships, sub-national transport bodies and corporate partners drawn from key service sectors. More than two thirds of households in England rely on services provided by ADEPT members including housing, environmental and regulatory services, planning, development, culture, and highways and transport. ADEPT represents its members' interests by proactively engaging Government on emerging policies & issues, promoting initiatives aimed at influencing government policy, and through the sharing of best practice, professional networking and development opportunities. Our strategic priorities include climate change and the environment; infrastructure and communities; and place-based funding.

### **General comments**

We have not found it appropriate to provide answers to the detailed questions posed in the Green Paper. Instead, we offer some more general comments and recommendations from the particular perspective of local authority Place Directors.

We welcome the government’s stated goals to:

- speed up and simplify procurement processes
- place value for money at their heart, and
- unleash opportunities for small businesses, charities and social enterprises to innovate in public service delivery.

Following on from that third goal, we recommend that the procurement framework should explicitly aim to stimulate local economies to help them grow, level up the differences in productivity and prosperity between different parts of the country, and make them more resilient to the shocks that we face now and in the future.

We support the proposed statutory principles of public procurement – public good, value for money, transparency, integrity, fair treatment of suppliers, and non-discrimination. The proposed National Procurement Policy Statement will play a crucial role in describing the key outcomes required from the procurement framework: these include creating new businesses, jobs and skills, encouraging innovation, and improving supplier diversity. The Green Paper also mentions tackling climate change and reducing waste, and we recommend that these are front and centre of the procurement strategy. It is vital that procurement supports the achievement of key national objectives including the statutory commitment to net zero carbon emissions by 2050, and the various aims around improving nature, air and water quality, and reducing waste as set out in the Environment Bill.

We welcome the proposal to replace ‘outdated’ procurement procedures with a new procedure which will allow for more negotiation and greater engagement with potential suppliers to deliver innovative solutions in partnership with the public sector. The statutory framework should be

simplified and rationalised wherever possible. Processes should make full use of digital technology to encourage new suppliers into the market place by making it quick and easy for suppliers to register, identify opportunities, and bid.

### **Outcomes-based procurement**

Public contracts are traditionally based on specifying inputs (where the delivery of exact services is set out prescriptively) or outputs (where achievement is based on measured performance standards). Last year, ADEPT worked with one of its corporate partners, Amey, on a joint Excellence in Place Leadership Programme which focussed in part on outcomes-based commissioning and procurement. Put simply, outcomes-based contracts where the interests of the client and contractor are aligned to the achievement of a mutually agreed goal should encourage innovation in delivering a tailored service to meet local needs.

This is not a new idea but it is one that is gaining renewed attention – others involved in the discussion include the Future Highways Research Group which we run in collaboration with Proving Services, the Chartered Institution of Highways & Transportation, the Environmental Industries Commission, the Government Outcomes Lab, and the Connected Places Catapult (CPC). Our work with Amey and CPC looked at a number of local authority case studies with leading practices in the ‘place’ context: although the final report is not yet available, we are happy to share this draft Insights paper (attached) which sets out some key findings and themes for further research. Along with our partners, we would value the opportunity to discuss this with the Cabinet Office to help bring a place leadership perspective to your review of the procurement framework.

### **Green procurement**

As set out in our [Submission to the HMT Spending Review](#) last autumn, we want to see the Government driving/enabling a post-Covid recovery that prioritises public spending and policy on low/zero carbon programmes aligned with achieving a net zero economy and supporting sustainable and inclusive economic recovery. We have welcomed the Government’s various commitments to a green recovery with concern for our environment at its heart. Place Directors are at the forefront of local Covid-19 recovery and renewal. As we look to get the economy back on its feet we must ‘build back green’: to create jobs, develop new and essential workforce skills to build resilience against future shocks, boost local supply chains, deliver significant energy savings including alleviating fuel poverty, and health and wellbeing benefits. All will contribute significantly to achieving the net zero target.

ADEPT is part of a coalition of local government, environmental and research organisations which has published a [Blueprint](#) for accelerating climate action and a green recovery at the local level. This sets out 5 immediate priorities for a green recovery – low carbon and resilient infrastructure, re-skilling for a net zero economy, retrofitting homes and buildings, enabling active travel, and accelerating tree planting and green infrastructure.

Green procurement is central to achieving this. As the Climate Change Committee has recognised, commissioning and procurement are key levers that local authorities can use to help deliver net zero targets. We are working with partners including CIPFA and the Local Government Association (LGA) to develop the procurement skills and techniques required. The LGA ran a green procurement webinar last year with the Business Services Association, and has now commissioned a Sustainable Procurement handbook. Meanwhile, some councils are making good progress in developing a local green procurement strategy.

At present there is little guidance or support from Government to develop green procurement skills, capacity and processes within local government, and we would welcome the opportunity to engage with a range of stakeholders in Whitehall – Cabinet Office, Treasury, MHCLG and others – to develop the frameworks and capacity for councils and other public authorities to do this in an effective and

consistent way. Collectively, public bodies can describe outcomes and develop specifications which act as a catalyst to drive the supply market, encourage innovation and green products.

### **Challenges for local authorities**

The context for local government procurement now and in the future is one of spending cuts, reduced capacity, and financial uncertainty. As the National Audit Office has [reported](#), local authority finances at the start of the pandemic were under severe pressure following a prolonged period of funding reductions and growth in service demand. Government funding for local authorities has fallen over the last ten years to less than 50% of the level it was in 2010-11, and although council tax has risen local authorities' spending power is less than 75% of its previous level. This period of reducing funding has coincided with increasing service demand in the face of a growing population and greater needs.

In addition, local authorities have now made a major contribution to the national response to the COVID-19 public health and economic emergency, working to protect local communities and businesses, while continuing to deliver existing services. Councils have faced £9.7bn COVID-19 cost pressures and income losses estimated for 2020-21, with a £600m shortfall in the additional funding provided by Government.

All of this increases risk, and undermines councils' ability to set out long term spending plans with pipelines of projects that will be coming to market. We have consistently argued for longer term funding for local government, more integrated funding streams, and an end to competitive bidding for project funding. It is important that any new tasks or burdens placed on local authorities by changes to the procurement framework (such as data standards, staff training, and supplier management) are fully funded. Commercial capacity in many councils has been reduced: in order to help deliver the transformational and innovative approach as envisaged in the Green Paper, there will need to be investment in the skills and capacity required to reform public procurement.