



Belfast City Council

Report to:	Strategic Policy and Resources Committee
Subject:	Economic Impact of Council Expenditure and proposed study visits associated with the Investment Programme
Date:	24th August, 2012
Reporting Officer:	Gerry Millar/ John McGrillen
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1.0	Relevant Background Information
1.1	On 22 June 2012, the Strategic Policy and Resources Committee approved project briefs aimed at delivering the local spend and social clause targets outlined within the Investment Programme. This is in recognition to the fact that Belfast is predominantly a micro-business economy with 96% of our businesses employing 50 people or less. Consequently through the Investment Programme, the Council has committed to increasing the amount that the Council procures locally from 50% to 60%.
1.2	In recognition of the fact that many councils have tried a range of approaches to achieve similar targets, some research was undertaken to identify best practice. This research pointed to the work of CLES (Centre for Local Economic Strategies) who are based in Manchester. They have carried out a range of action research projects on behalf of a number of local authorities. One of their key clients has been Manchester City Council and they have presented reports outlining the procurement approaches; how these changed over time and the outcomes of this development.
1.3	Following an overview of the process presented by CLES at a seminar in the Council offices in late May 2012, a follow-up visit to Manchester City Council (MCC) was arranged for June 2012. Meetings took place with the Heads of Procurement and Economic Development and these presented an opportunity for exchange and discussion as to what worked well; what they would change; what drove them to undertake this work; what the achievements have been and what the next steps are likely to be.
1.4	As part of the £150 million capital investment within the Investment Programme, members have also requested that consideration be given to introducing, where appropriate, social and community benefits clauses into council tenders. On 4 July, the Minister of Environment Alex Attwood MLA presented to the Assembly legislation to enable Councils to incorporate social clauses in their contracts.

	<p>Consideration is currently being given to the outworking of this legislation and the Department of Environment (DoE) is working on accompanying guidance.</p>
1.5	<p>The Committee will be aware that one of the key projects in the Council's Investment Programme is the investment of a sum of £20M to extend the Belfast Waterfront Hall to provide dedicated conference and exhibition facilities</p>
1.6	<p>The Committee, at the meeting held on 18th May, in considering a report in this regard, agreed that a report be submitted to a future meeting which would outline a range of options for the undertaking of study visits to similar-type developments in the British Isles.</p>

2.0	Key Issues
	<u>Increasing Local Economic Spend Update</u>
2.1	<p>The project brief identifies a series of actions to be taken which will deliver on the objectives around increased access to procurement opportunities for local companies.</p>
2.2	<p>Fifty local construction companies are being supported through the Construction Sales Growth Programme (CSGP) to access sub contracting opportunities arising from regeneration initiatives across the city, including council capital build schemes. To date meetings have been held with contractors appointed for the Woodvale and Dunville Park development schemes to promote companies on the programme and to encourage the main contractors to involve them in supply chain opportunities</p>
2.3	<p>In addition to the Council projects, companies have been looking at a range of additional procurement opportunities. Some of the key programme achievements to date include:</p> <ul style="list-style-type: none"> • Companies being “matched” are being helped to tender for over £15million worth of contracts (outcomes of tenders pending) • 6 companies have had visits to potential clients in Scotland and England and are following up on potential leads • One company has won a contract for a new shop fitting job valued at £400,000 • Three companies have become Invest NI client businesses
2.4	<p>Thirty three local companies have been supported through the Smarter procurement programme to help them to identify procurement opportunities and equip them with the skills to tender effectively. The most recent wave of this programme has identified contracts wins to the value of approximately £1.1 million. This programme is scheduled to open for recruitment in October 2012 with ten places available for local companies.</p>
2.5	<p>As outlined above, in order to learn from best practice, a cross departmental group of council officers undertook a visit to MCC in June 2012. The purpose of this visit was to learn firsthand what the key drivers behind the Manchester experience were and how the council has maintained momentum in its efforts to improve its procurement practices.</p>

2.6	Critically for MCC a key driver was a research project undertaken on their behalf by CLES. The project tasked CLES to measure the economic impact of the council's spend and to recommend how MCC could move towards more progressive procurement practices.
2.7	The CLES research measured MCC's spend with local suppliers, the number of jobs supported locally through council spend and the re-spend in the local economy by suppliers. This data informed the development of MCC's procurement practices and allowed for a more targeted approach to improving local spend targets, resulting in an increase of supplier re-spend in the local economy from 23p to 43p in every £1 over a three year period.
2.8	Facilitating linkages between suppliers and the local Job Centre Plus offices was a key task as part of the MCC improvement project. One example of the practical application of this linkage was that the security contractor appointed by the Council has committed to working with the Job Centre Plus and other local employment and training organisations in order to ensure that long-term unemployed people are given an opportunity to apply for these jobs. The Council has committed to providing additional pre-employment support for these individuals in order to ensure that they are prepared for the recruitment process.
2.9	Overall the visit reassured officers that the approach we are taking will lead to an increase in the local economic impact of council expenditure. Council already have in place many of the fundamentals evidenced in Manchester such as the electronic tender portal, and have been exploring other support initiatives such as targeted information events; business support programmes to improve tendering skills and changes to our communication with businesses e.g. improving our website; making information on tenders more accessible.
2.10	Further opportunity for learning exists through the Manchester experience. It is proposed to undertake a further visit to Manchester focusing upon the Manchester into Construction Scheme and the work undertaken to engage with existing suppliers such as G4S. It is further proposed to invite the Chairperson of the SP&R and Development Committees and all Party Group Leaders or their nominees to participate on a future visit
2.11	The Manchester experience outlined the importance of baseline data to inform the development of progressive procurement practices. It is therefore recommended to seek approval from council to develop an economic impact model to measure the impact of council spend in Belfast, Greater Belfast and the wider region. It is proposed this should be delivered in partnership with the Local Government Procurement Officers' Working Group and follow a similar model to MCC, with some modification for local needs.
2.12	At a recent Local Government procurement officer group at which Minister Attwood attended he declared his interest in the Local Multiplier Model. Subsequently his officers have been in touch with a view to developing a Northern Ireland based model.
2.13	A report outlining the key findings from the MCC visit is contained in Appendix 1.

	<p><u>Local Government Best Value</u></p> <p><u>(Exclusion of Non –commercial Considerations) Order NI) 2012</u></p> <p>2.14 On the 4th of July the Assembly passed the Local Government Best Value (Exclusion of Non –commercial Considerations) Order (NI) 2012. This legislation seeks to relax the restrictions on councils to consider certain non-commercial matters as part of its procurement processes.</p> <p>2.15 Of the most direct relevant to the Council is the removal of the restriction on considering the terms of employment of individuals, as this restriction prevented the use of clauses providing opportunities to the unemployed.</p> <p>2.16 The legislation enables councils to consider the use of social clauses as contractual conditions, for instance, requiring contractors to provide employment opportunities to the unemployed. Such conditions must not infringe the general principles of EU law and provided that such clauses are introduced in such a way that they do not discriminate.</p> <p>2.17 Furthermore, the Council can only use social clauses insofar as they relate to the functions of the Council and given the Councils powers in relation to economic development, could consider inclusion of social clauses which aim to provide job opportunities for the unemployed.</p> <p>2.18 This legislation comes at a time when the Council has been actively reviewing the measures which it can put in place by way of “social clauses” in its procurement contracts for the purpose of stimulating local employment and skills opportunities, and promoting better opportunities for local small businesses by way of better procurement support initiatives</p> <p>2.19 Through the Local Government procurement officer group Belfast Council Officers will continue to work with the DoE in order to develop guidance on how best to implement the opportunities created by the new legislation.</p>
	<p><u>Convention Centre and Exhibition Centre – Study Visit</u></p> <p>2.20 As highlighted, members suggested that study visits be undertaken to understand how national conference and exhibition facilities are operated. As part of the study trip to Manchester there is an opportunity to combine the visit to Manchester City Council, CLES and a prestige convention and exhibition centre.</p> <p>2.21 Initial contact has been made with a number of organisations</p> <p>Birmingham International Convention Centre</p> <p>2.22 This centre was opened in 1991 and is considered to be one of the most prestigious conference venues in England. The facility has helped to rejuvenate the canals area of Birmingham and is operated by an organisation known as Marketing Birmingham.</p> <p>2.23 Mr. Tim Mason Director of Marketing Birmingham has indicated that his organisation would be pleased to host a deputation from the council on Wednesday 12th September, where a working lunch would be provided. Mr. Mason has agreed to provide an overview of the experience in establishing</p>

	successfully establishing convention and conference facilities provide a tour of the site.
2.24	<p>Within the correspondence Mr. Mason has indicated that the Lord Mayor of Birmingham Cllr. John Lines has expressed an interest in visiting Belfast and specifically Titanic Belfast. This request will be passed to the Lord Mayor's Unit and arrangements can be made to facilitate such a visit.</p> <p>The Convention Centre Dublin/ Digital Hub/ Waterways Ireland</p>
2.25	<p>The Convention Centre in Dublin was opened in 2010 and is Ireland's first purpose built convention centre. It is located at the Spencer Dock xclose to the city centre and was funded through a public – private finance initiative. The Centre has become a landmark building in Dublin and offers a full – range of facilities to suit the modern conference and exhibition market. A request to receive a Council deputation on a date in late – September has been forwarded to the Centre and is hoped that the Committee will be updated in this regard at its meeting on the 24th August.</p>
2.26	<p>At the meeting of the Committee on 18th May, Members expressed also an interest in undertaking study visits to Dublin's Digital Hub and to the headquarters of Waterways Ireland, which oversaw the re- development of the Royal and Grand canals. Accordingly, requests have been forwarded to these organisations with a view to undertaking a collective study visit in one day. Again, an update will be provided to the Committee at the meeting.</p> <p>Other venues identified for a potential visit</p>
2.27	<p>These include Edinburgh International Convention Centre & Liverpool Convention Centre. A request has been forwarded to Edinburgh Council and the operators of the Liverpool venue asking that it host a Council deputation. Should we get a positive response from the Liverpool operators it may be possible to combine this study trip with that in Manchester.</p>

3.0	Resource Implications
	<p><u>Financial</u> The costs associated with the study visits and the use of CLES can be met from within existing budgets.</p> <p><u>Human Resources</u> Resources to deliver the proposed actions will be made available from cross departmental units including Democratic Services, Economic Initiatives and Procurement Units.</p>

4.0	Equality Implications
	None.

5.0	Recommendations
	The Committee is requested to:

	<ol style="list-style-type: none">1. Note the contents of this report2. Authorise the attendance at study visits of the Party Group Leaders, together with the Chairmen of the Strategic Policy and Resources and Development Committees (or their nominees). These include combined visit to Manchester and Liverpool and a subsequent visit to Edinburgh.3. Authorise the attendance at the study visits of the appropriate officers.4. Approve the Council's approach to adopt a Belfast Economic Multiplier Model and if required appoint appropriate contractor to complete this work.5. Approve, if tender required that delegated authority be given to the Director to award any contract.
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6.0	Decision Tracking
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Further updates will be provided as and when dates and itineraries are confirmed by the Director of Property & Projects and/or Director of Development	
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7.0	Abbreviations
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MCC: Manchester City Council CLES: Centre for Local Economic Strategies CSGP: Construction Sales Growth Programme	
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