



Rethinking Public Procurement for Public purpose:

Insights from Anchor Institutions in the City of Leeds – How can large public sector organisations in the city use their buying power to support a more inclusive and resilient economy?

Executive Summary

This report examines how large public sector organisations can use their buying power to support a more inclusive and resilient local economy, by keeping wealth circulating locally and maximising public benefits from public sector supply chains. Based on a qualitative study of anchor organisations in the city of Leeds committed to the ‘inclusive growth’ principles of the Leeds Anchor Network, we explore the challenges and barriers associated with leveraging public procurement for local economic resilience.

Our findings are based on qualitative interviews with 28 participants in 11 of the Leeds Anchors network’s member organisations, as well as 2 local authorities outside of Leeds that currently adopt a ‘community wealth-building’ approach. Since its founding in 2017, the anchor network has made some positive progress towards its ‘inclusive growth’ aims. We focus the substance of our analysis on the challenges faced in further leveraging public procurement for (local) public value. Drawing on insights from community wealth-building, we set out how public procurement practitioners in anchor organisations grapple with some of these difficulties and limitations, which we class into five sets of intersecting challenges, barriers or trade-offs:

- 1) Anchor organisations are typically struggling with a **lack of resources** with which to pursue more local and socially impactful procurement spending. A lack of resource impacts not only total spend but also practitioners’ capacity to pursue goals related to local progressive procurement, including engagement with suppliers and other stakeholders, monitoring contracts to ensure delivery of social value commitments, varying levels of flexibility and leverage in anchor organisations of different sizes, and more widely means difficulty coupling procurement to complementary local economic resilience mechanisms like directly boosting local industrial capacity.
- 2) There are **systemic policy and regulatory contradictions** that face procurement practitioners seeking to implement progressive local procurement practices, or even to realise social value as prescribed by legislative requirements. Many see the legislation and regulations, particularly those that prescribe competition, transparency and fairness, as in tension with aims to spend more locally, even where this is an aim of central government policy guidance.
- 3) Procurement is a complex practice and in the context of anchor organisations takes place within highly complex institutional environments. There are **competing priorities** between organisations, at different levels of organisations, and between the different priorities that organisations have. There are a series of challenges for progressive local procurement related to this level of complexity where different priorities (beyond the commercial and legislative priorities already discussed) compete, and which pull procurement practitioners in different directions – the outcome of which is a limit to how much social and economic impacts can be focused on and driven through procurement.
- 4) Procurement practitioners struggle with the key question of how to convert policy direction into action. While some of those challenges are practical ones that procurement teams are best equipped to resolve, much of the issue comes from a **lack of clear guidance, vision, and leadership** from above. Procurement teams understand what the Leeds Anchors network



aims to achieve in its progression framework in general terms, but are limited in a more specific understanding of key terms and ideas, and in more fully grasping the broader economic logic and direction behind spending locally and leveraging community benefits.

- 5) In an inherently risk-averse professional environment, there is little incentive to do things differently to meet wider socio-economic objectives, and little capacity to think about how the existing, minimal requirements to consider social impacts relate to a wider strategic vision for an alternative local economic approach that better meets people's needs. But to better leverage public sector procurement in support of local economic resilience, **wider systemic thinking is necessary**.

To address these challenges, we offer three recommendations for policy and practice, aimed at supporting the Leeds Anchor Network to deepen the local economic impact of its procurement spend to boost community wellbeing, support socially beneficial local enterprise, reduce inequalities, and advance ecological sustainability objectives:

- 1) Since one research finding was how real social impacts are limited by lack of knowledge of how local communities frame their own needs and demands, a local **social impact hub** would collate community asks as a resource for suppliers and procurers to target social value criteria toward. The hub would be a platform with institutional support from the anchors to facilitate match-making between suppliers' capacities and voluntary and community organisations' specific needs.
- 2) Secondly, twinning research findings that identified

the limits of local market capacity for procuring organisations to spend locally with anchors not currently considering how to engage with VCSEs and the social economy as opposed to SMEs in general, we recommend launching a **socially impactful business incubator**. This would be modelled on existing innovation infrastructure and function as a supportive space for social economy enterprises to grow and match their business plans to stable public sector demand.

- 3) Finally, we recommend anchors adopt a more robust set of principles and clear definitions in a refreshed **anchor strategy for public value in public procurement**, based on the research finding that the network requires greater leadership vision and clarity, and particularly lacks clarity on how to deepen its local social and economic impact and civic commitments.

Instead of delving in the specific detail of procurement processes, which are not equipped to comment on, the research provides a higher-level overview of some of the key contradictions facing procurement practitioners in relation to local economic resilience. We offer a critical perspective to clarify some of the key contradictions and difficulties for leveraging procurement spend for local social and economic impacts; including the barriers within the scope of procurement practice, but with particular emphasis on how it relates to the external forces that shape it, whether legislation, economic conditions, organisational composition, and so on. We offer this report to support procurement practitioners and organisational leaders in anchor institutions to refine their strategic thinking about the role of procurement in wider local policy objectives toward a thriving and prosperous city of Leeds.

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