

Public good procurement could generate £3.9 billion for local communities

Submitted by: Aspire Community Works

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Public bodies are being urged to use their purchasing power to tackle poverty and inequality within local communities and create a good jobs industry in the UK in a new report 'Public Good Procurement' issued on behalf of the grassroots #BetterForUs campaign run by award-winning community enterprise, Aspire Community Works.

Drawing on its own lived experience of the procurement process, the report argues that all too often public procurement pushes wages down, fails to address deep-rooted inequalities and puts pressure on the public purse through subsidising low paying employers who offer bad work detrimental to people's health. This puts good employers who pay the Real Living Wage at a disadvantage within the procurement process, leading to a spiral of downward wages within the procurement process and negative public value.

The report urges the UK Government to take the lead in delivering maximum public value across the country through raising the standards in how public authorities spend £390 billion every year as part of its national missions to promote growth and opportunity. The report calls on the UK Government to:

- require the Real Living Wage as the default position for all public contracts irrespective of value, lifting thousands of people out of poverty;
- require good working conditions as the default position for all public contracts irrespective of value providing high quality and sustainable opportunities for people working on public contracts; particularly for those in traditionally low paying occupations;
- introduce a target to support Good Works organisations that work with people who are disadvantaged by the labour market to promote a more inclusive economy and bring more people back into the workforce;
- highlight the mission of public good procurement and links key objectives to the Sustainable Development Goals within its forthcoming National Procurement Policy Statement.

Dr Katharine Sutton, author of the report said: "This is a once in a life-time opportunity for a new Government to stamp its authority on a new Procurement Act due to be introduced in February 2025. If only one percent of the procurement spend in the UK was reserved for positive action employment programmes this would generate £3.9 billion for local communities and Good Work organisations that aim to support and sustain people into and in employment. These programmes could take place within in-house delivery, under the auspices of private contractor or run by social enterprises themselves.

Using public procurement to set the standards and act as an example for all employers is an economic imperative that will deliver inclusive growth that makes a real difference to people's lives."

The report includes recommendations to other public bodies and practical guidance on how public procurement can be used for the public good.

-Ends

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Notes to editors

1. BetterForUs 2020-2024 is a campaign run on behalf of award-winning organisation Aspire Community Works that tackles labour market disadvantage through providing sustainable employment and training opportunities offering the Real Living Wage as a minimum, good working conditions and promoting frontline employees' voice in the design and delivery of services. The majority of its frontline work is obtained through the public procurement process.

2. The Government has recently announced that the Procurement Act 2023 will come into force in February 2025. It has delayed its implementation to draw up a new National Procurement Policy Statement and is currently consulting on this issue.

3. In the UK procurement is devolved and the report outlines the differences in approach within the UK. It is calling on the UK Government to incorporate the Sustainable Development Goals as the golden thread to run through all procurement in the UK.

4. BetterforUs is supported by Trust for London.