

***ECONOMIC IMPACT STUDY***  
Final report prepared by  
**Centre for Local Economic Strategies**  
Presented to  
**Belfast City Council**

**November 2013**



**Introduction**

This report presents the findings of research undertaken by the Centre for Local Economic Strategies (CLES) between August and November 2013. The research has sought to understand the economic impact of Belfast City Council's (BCC's) spend and identify means through which the Council can further maximise the economic, social and environmental benefit derived from its spending processes, practices, and choices.

The report looks in particular at the findings of a Local Multiplier 3 (LM3) analysis of BCC's revenue, capital and grant spending. Analysis of local economic impact has been undertaken at four geographical levels of Belfast, Post Reform Belfast, Greater Belfast and Northern Ireland. It additionally applies CLES' existing framework for maximising benefit from procurement to Belfast City Council's processes and practices as a means of identifying gaps; and alongside the LM3 work proffers recommendation for change and improvement.

The executive summary broadly follows the structure of the report with the first section detailing the findings of the LM3 study; the second the analysis of BCC's processes; and the third the core recommendations.

**Economic impact of Belfast City Council spend**

The analysis of the economic impact of BCC's spend is explored at four geographic levels: Belfast boundary; Post Reform Belfast; Greater Belfast; and Northern Ireland. Using the Local Multiplier 3 methodology, the impact of BCC's spend on the local economy is assessed over three rounds of spending:

- the first round is BCC's total spend;
- the second round is BCC's spend on suppliers, grant recipients and employees;
- the third round is the money spent by the suppliers, grant recipients and employees themselves.

In each round, the proportion of money spent in the relevant local economy is calculated in order to assess the overall impact of BCC's spend on the local economy.

**Round one: Total spend**

The total spend by BCC for the financial year 2012/2013:

spend on suppliers, grant recipients and employees (gross) = £140,646,465.64.

**Round two: Spend on suppliers, contractors and employees**

BCC spent a total of £50,008,531.40 with revenue suppliers. Of this:

- £26,357,934.89 (53%) was among suppliers based in Belfast;
- £27,188,929.90 (54%) was among suppliers based in the Post Reform Belfast boundary;
- £30,653,687.07 (61%) was among suppliers based in Greater Belfast;
- £40,073,573.68 (80%) was among suppliers based in Northern Ireland.

BCC spent a total of £15,173,383.01 with capital suppliers. Of this:

- £3,788,389.00 (25%) was among suppliers based in Belfast;
- £3,794,864.67 (25%) was among suppliers based in the Post Reform Belfast boundary;
- £8,643,757.84 (57%) was among suppliers based in Greater Belfast;
- £13,680,903.18 (90%) was among suppliers based in Northern Ireland;

BCC spent a total of £12,336,966.80 with grant recipients. Of this, £12,038,203.76 (98%) was spent with Belfast based organisations.

BCC spent a total (gross) of £63,127,614.43 (£46,411,308.22 net) upon 3,307 different employees. Of this net figure:

- £22,660,867.23 (49%) was on employees resident in Belfast;
- £25,957,066.84 (56%) was on employees resident in the Post Reform Belfast boundary;
- £35,419,988.21 (76%) was on employees resident in Greater Belfast.
- £46,345,900.75 (99.9%) was on employees resident in Northern Ireland.

**Round three: re-spend of suppliers and employees**

- Suppliers re-spend £27,975,181.96 back in the Belfast economy (or 36p in every £1) and £34,870,554.43 in the Greater Belfast economy (or 45p in every £1).
- Employees re-spend £14,546,429.80 back in the Belfast boundary, which is equivalent to 29p in every £1 spent. Employees re-spend £20,863,866.72 back in Greater Belfast or 42p in every £1 spent.

**Local multiplier 3 analysis**

- For every £1 spent by BCC 76pence is spent or re-spent in the Belfast economy.
- For every £1 spent by BCC 80pence is spent or re-spent in the Belfast economy (post reform of local government).
- For every £1 spent by BCC 102pence is spent or re-spent in the Greater Belfast economy.
- For every £1 spent by BCC 135pence is spent or re-spent in the Northern Ireland economy.

**Maximising the impact of Belfast City Council spend**

The CLES framework for progressive procurement can be utilised to assess the procurement processes and practices of local authorities and to identify how they can enable economic, social and environmental benefit. The framework has been designed by CLES, and was utilised to assess the current practice of Belfast City Council and identify key gaps. The analysis found that Belfast City Council is undertaking positive work in terms of:

- The relationship between procurement and economic development priorities;
- Disaggregating and packaging contracts;
- Seeking quotations from businesses which have not previously undertaken activity with the Council and from local business;
- Standardising tender documentation; and
- Pre-procurement potential supplier engagement and capacity building activities;

The framework also identified a number of key gaps in which Belfast City Council could make improvements in terms of their processes to maximise impacts. The gaps were as follows:

- Gap 1 – a lack of commissioner to procurer relationship;
- Gap 2 – promotion of the Procurement Strategy externally;
- Gap 3 – promotion of sub-contracting opportunities;
- Gap 4 – training on sustainable procurement principles;
- Gap 5 – using targeted business intelligence;
- Gap 6 – promotion of opportunities through business networks;
- Gap 7 – addressing the changing nature of community organisations;
- Gap 8 – a systematic approach and evidence of clauses in action;
- Gap 9 – continuous influencing of behaviour of supply chain;
- Gap 10 – influencing the behaviour of suppliers based in areas of deprivation;
- Gap 11 – continuous monitoring of supplier contribution to wider outcomes.

**Recommendations**

The economic impact study concludes with a series of recommendations as to how Belfast City Council can maximise the impact of their spend. The recommendations relate to each of the gaps identified above and are as follows:

**Recommendation 1 – promote the principles of the procurement strategy widely**  
 CLES recommends that Belfast City Council promotes the three core principles of the Procurement Strategy at of compliance, efficiency, and local procurement spend with the following stakeholders: Departments at Belfast City Council with devolved responsibility for purchasing; other anchor institutions in the City; business and voluntary and community sector networks; and small businesses based within the locality.

**Recommendation 2 – develop a find it in Belfast/NI platform**  
 CLES recommends that Belfast City Council works with sourcing NI to develop a more mature find it in Belfast/NI platform. The platform would serve the purpose of:

efficiencies. reached the procurement stage and it would ensure that service delivery met service demand thus enabling and community sector organisations to develop their capacity and potentially bid for opportunities once they there is scope to pilot a co-produced approach. This would be beneficial in that it would support voluntary CLES recommends that Belfast City Council selects suitable service opportunities on the revenue side where

**Recommendation 9 – engage the voluntary and community sector in service design**

CLES recommends that Belfast City Council sets up revenue and capital side supplier networks. The purpose of the networks would be two-fold. First, they would provide suppliers with the opportunity to detail barriers they face in the procurement process. Second, they would enable Belfast City Council to detail their wider priorities to suppliers with a view to them changing behaviour and deriving further benefit through service delivery and the provision of goods.

**Recommendation 8 – develop a suppliers network**

- As a contract performance condition;
- As a core requirement;
- As a post-award voluntary agreement.

CLES therefore recommends that Belfast City Council continues to screen tenders for social clause inclusion, but implements different types of requirement based upon the contract or service activity. There are three ways in which Belfast City Council could implement social clauses:

**Recommendation 7 – develop a systematic approach to social clauses**

CLES recommends that the scope of the Smarter Procurement and Procurement Training is widened out to the voluntary and community sector. This would develop the capacity of the sector to bid for opportunities and develop skills that move beyond being a passive recipient of grant. This will be particularly important for Belfast based voluntary and community sector organisations which are in receipt of grant from central government departments in Northern Ireland.

**Recommendation 6 – widen scope of Smarter Procurement Programme and training**

CLES recommends that the procurement and economic development teams at Belfast City Council work more closely with business networks such as the Northern Ireland Chamber of Commerce and Federation of Small Businesses. This can come through asking business networks to advertise opportunities and through business networks providing the required intelligence for suitable businesses for targeting in relation to recommendation 5. CLES also recommends that departments work with the central procurement team and the economic development unit to list upcoming quotations in advance of formal release of the opportunity. Economic development can then work with business networks to identify suitable local small businesses to target for quoting.

**Recommendation 5 – utilise business networks to promote opportunities**

CLES recommends that Belfast City Council when looking to re-let contracts in particular sectors explores the potential of Belfast based business to engage in the tendering process. The sectors of focus are those where there is slippage of spend out of Northern Ireland and include: ICT; security equipment and services; professional services; business support services; and facilities management. Further analysis of the existing Belfast business base has identified a propensity of businesses based in Belfast which deliver arts, sport and leisure activities; ICT; professional services; and food, beverages and catering in particular which could be targeted. However, it should be remembered that certain specialist services may not be available in the local economy.

**Recommendation 4 – target sectors for improved local spend**

CLES therefore recommends that Belfast City Council, again using the Procurement Strategy and its principles as a basis, develops a training programme for officers with devolved responsibility for procurement. The training would focus upon compliance and efficiency, but also upon how local economic benefit can be maximised and how the other recommendations detailed in this report can be realised.

**Recommendation 3 – develop progressive procurement training programme**

- Enabling procurers to advertise opportunities;
- Enabling contractors to promote sub-contracting opportunities to local small businesses and the voluntary and community sector;
- Enabling local businesses to provide information about themselves, including the sector they operate in and the types of goods and services they could potentially provide;
- Arranging 'meet the buyer' and other network events.

**Recommendation 11 – monitor economic, social and environmental outcomes**  
CLEES recommends that Belfast City Council develops a suite of outcome indicators which form part of the contract management process. Suppliers would be expected to provide data around indicators such as number of apprenticeships created in order to demonstrate their wider impact. The indicators should be developed collaboratively across departments within Belfast City Council, but implemented by the procurement team through category and contract management.

**Recommendation 10 – work with suppliers based in areas of deprivation**  
CLEES recommends that there is also a target detailed in the Procurement Strategy 2013 to 2016 that seeks to increase levels of re-spend by suppliers back in the Belfast economy. Belfast City Council should look to achieve this target by engaging with and cajoling existing suppliers based in areas of deprivation to achieve wider benefits beyond the delivery of services. This could include: considering the local population and the long term employed when looking to recruit; and engaging more effectively with local businesses as sub-contractors. Belfast City Council should also seek to influence the behaviour of Belfast and Greater Belfast based suppliers with spend of over £100,000, so that they derive wider economic benefits through their service delivery activities.

