

UK local government urged to optimise procurement power

Procurement Leaders, 25/09/09

Local Government in the UK must use its £42bn buying power work harder, Communities Secretary John Denham has urged.

The comments were made at a meeting of innovation and procurement experts from the private sector, academia and the public sector which was convened to identify new ways that local government's £42bn of taxpayers' money can be used to work harder to improve public services and create new markets.

Speaking to the panel, John Denham said: "Councils have proved they can be efficient but given the economic climate their £42bn buying power must be made to work harder with one eye on the future in order for its real potential to be fully realised."

According to Denham councils need to think more carefully about how to use the buying power that big budgets bring. They must also consider how collective buying power can be used to secure greater efficiencies and get future benefits with that money.

He added: "I am determined to find the right savings necessary to protect frontline services but every taxpayer pound must be made to work as hard as the person who earned it did. This means councils need to recognise that creative purchasing is not simply 'buying for less' it is also about being innovative and shaping markets - these must become the new principles of public procurement.

"All too often contracts are written with a product already in mind as though the only objective is the bottom line, but this can exclude innovative solutions and smaller businesses. By thinking creatively councils can deliver real social, environmental and economic benefits - helping to create jobs, boost skills, and support small businesses."

The panelists will discuss the potential market shaping role of local government procurement, including its ability to encourage new technologies that can be triggered by a more open approach from local authorities, including improving access for small and local business or third sector organisations.