



## Why 'delivering more' is a basic requirement for local authority procurement

The days of purely transactional procurement for local authority contracts – particularly in areas like transport infrastructure – are well and truly over.

This isn't just driven by funding pressures – although those are significant. It's also driven by contractors like Octavius who recognise that 'giving back' and 'delivering more' should be obligations if your work is funded from the public purse.

But what do giving back and delivering more mean in the context of transport infrastructure? In our view it goes to the very heart of what we deliver, how we deliver it and how we meet fundamental needs that can't always be found in the project specification.

Part of it is social value, which is relatively easy to quantify if you deploy the right tools and processes. In other cases it's about delivering assets that work better for individuals, communities and the environment.

You can't always put a monetary figure on this, but it's valuable nonetheless – particularly for communities that are still in the process of post-Covid reconstruction.

The **Procurement Bill** seeks to codify good practice and value creation through public procurement. But there's another element that's harder to enshrine in law. And that's the value of relationships.

Relationships lie at the heart of everything. In this respect it's critical that we don't define ourselves as contractors or suppliers, but as partners – not just with local authority officers and members, but also with the people they serve.

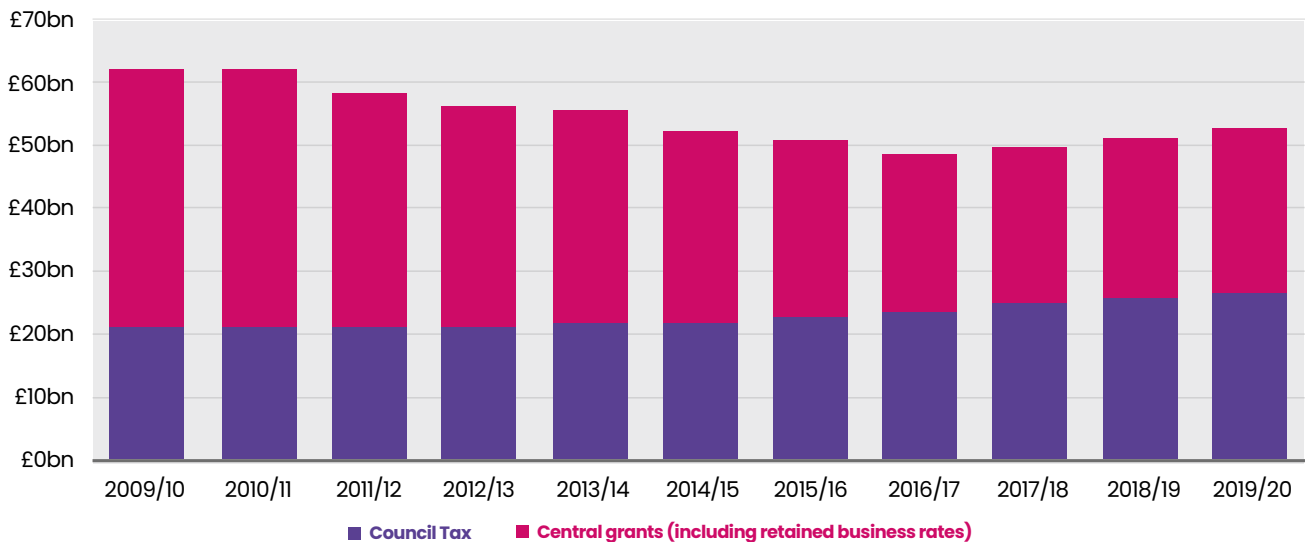
# How has local authority spending power changed?

There is, of course, a financial backdrop to all of this. Local authorities have pretty much the same responsibilities they always did, but significantly less money to deliver them.

Local authority spending power in 2020 was 16% lower than 2010 (source [Institute for Government](#)). This chart from the IfG illustrates how the drop is largely due to reduced grant funding from central government.



## Local authority revenues by source (2019/20 prices)



**Source:** Institute for Government analysis of MHCLG, Local Authority Revenue expenditure and financing in England: individual local authority data - revenue outturn. Excludes grants for education services, police and public health. 2019/20 includes one month of emergency Covid-related funding (March 2020) which increased the proportion of funding from government grants.

It's also worth noting that metropolitan districts were disproportionately affected. Spending power in these areas declined by over 20% because relatively high deprivation levels made authorities more reliant on central government funding.

This reality significantly raises the profile and importance of delivering meaningful social value through local authority contracts in these areas.

It also means that every penny spent on transport infrastructure has to deliver maximum value, socially and economically.

The LGA also points to the increase in **specific targeted grants**, usually aimed at addressing problems rather than preventing them. This trend allows even less room for innovative local action.



## Beyond the specification

For all local authority procurement, simply delivering to the specification isn't enough. Local authorities need partners who can advise on better solutions and share their commitment to supporting and improving the lives and prospects of the communities they serve.

Value creation lies at a deeper level than functional requirements.

It requires delivery partners to ask more searching questions about why projects are being procured and what they hope to achieve.

The National Procurement Strategy for local government updated in 2022 reflects these pressures and sets out expectations for organisations that provide services.



***“There is an imperative for the sector to share new approaches and to learn rapidly and openly with key partners including commercial partners. We must understand data and insights in order to develop innovative solutions to issues including price increases and potential market failure. The sector must work even more collaboratively and commercially. We must continuously improve our end-to-end contract management to fully realise the benefits from the contracts we have let.”***

**(National Procurement Strategy).**

## In the following sections we'll outline how Octavius is responding to this changing landscape.

It's worth noting the call in the strategy vision for 'strategic engagement with suppliers to improve performance, reduce cost, mitigate risk and harness innovation'. This is very much how we prefer to do business.

Where we believe we can make the biggest impact is through innovation and by identifying and delivering benefits that our experience makes us best placed to identify.



## 'Deliver more'

Octavius Infrastructure has a 'deliver more' ethos. So when a local authority engages us to build or upgrade an asset such as a section of highway, bridge or multi-modal hub, our starting point isn't the technical specification.

Instead we seek to understand the fundamental objectives and the reasons behind the project procurement. The specification might, for example, ask for a bridge over a road or rail line to improve transport links to a highway, rail network, community or business park.

Our first questions would be about who and what types of traffic would use the bridge, where would people be travelling from and to? Today it might just be motor vehicles making that journey but would a more convenient and shorter route open it up to sustainable transport modes? Would a tunnel be a more effective solution overall?

Too often in the past, rigid, transactional procurement methods left little room for questions like this that constructively challenge project assumptions to be asked.

But questions are always the best starting point for innovation.

And maybe there's yet another level of value creation as Graham Thorley of Octavius explains: ***"Let's strip it back a step further. If the asset is designed to enhance the local economy or improve access to employment or education opportunities, what's the best way to achieve that?"***

***"Transport infrastructure professionals and supply chain partners have a wealth of experience and specialist knowledge that can be applied at a more fundamental level than 'what's the best or cheapest way to build this?'"***

As a result of a thorough and honest listening exercise we might modify or enhance the project so that as many people as possible benefit from the new or improved asset. Through applied innovation we aim to achieve this within the constraints of the original budget.



## The social value economy

Long-term approaches to procurement and relationships help to build the social value economy.

**The National Social Value Task Force** uses the term to describe an economy where all sectors of society work together, using all of their organisational levers to maximise social value.

The National Procurement Strategy defines a leader in social value terms as an authority where: ***'Social value is a core operational metric, integrated into all departments and activities with regular reporting against targets and decision-making.'***

By adopting the Thrive tool for measuring social value, Octavius is more than able to provide data that authorities can use to objectively measure the social value delivered through infrastructure projects. You can see some examples later.

Using frameworks for procurement helps to provide a kind of compound interest for social value creation. We can build on previous achievements rather than launch brand new initiatives with each project that might have a transitory impact.

## Frameworks and sustainable social value

The most effective platform we know for nurturing strategic engagement, value creation, innovation, cost reduction and superior outcomes is the framework.

One-off contracting inevitably shortens the time horizon. It limits the time for building relationships, understanding underlying strategic objectives and investing in future success. There's less opportunity to really get to know the communities that are being served. Frameworks bring stability, certainty, innovation and long-term mutual benefits.

Through frameworks we can become embedded with communities. For example, during a 12 month period our engagement with the Hertfordshire Framework delivered over £1.6m of social value.

Frameworks allow us to make a long-term contribution to the development of local supply chain partners. We always prefer to engage local SME partners in project delivery. When this is built around a framework we can work with these partners to improve systems and technology (such as applying BIM) and help them implement elements of **Lean practice** to enhance their existing technical specialisms.

These types of interventions help to create a vibrant and sustainable local business community.

# Co-creation is more than a fashionable buzzword

We may have plenty of technical knowledge and infrastructure experience but we don't have all the answers. Better solutions – by which we mean ones that work better for people and deliver above and beyond the original objectives – always come through collaborative effort.

One key is meaningful engagement. This can mean methodical early contractor engagement. Or it can be talking with, rather than to, communities. The other key is always keeping your mind open to new perspectives and better alternatives.

***“When you see yourself as an expert it's all too easy to lapse into a ‘we know best how to do this’ mindset. That's the antithesis of innovation and value creation,”*** Graham adds.

***“Take something as basic as traffic management and detours. Who's best placed to find the optimum solution: a contractor looking at a map or the people who use those routes every day?”***

For projects that are likely to create significant disruption to normal travel patterns we use dedicated community engagement professionals. Their job isn't simply to inform but also to listen to fears, anxieties and ideas about the project, both while it's in progress and after completion.

Dialogue and collaboration always leads to better solutions that work for everyone. Being consulted in a meaningful way is, in itself, a source of reassurance that your views matter

## Co-created social value

There's a similar argument with social value. In this day and age it should never consist of delivering a few standard tick-box activities and counting the financial value. The most meaningful social value is always co-created with local authorities, community groups and individuals.

We don't tell people what social value looks like. We listen to what people need and what would enhance their lives. We then collaborate to explore different ways to deliver against those priorities.

## ECI

So too with economic value. Early Contractor Involvement (ECI) is the route through which we co-create better and more efficient technical solutions with our supply chain partners.

One of the big advantages of applying Lean methods in a collaborative way is how it brings discipline to ECI. We use detailed process mapping and project walk-throughs to identify potential clashes and bottlenecks. For local authorities this means faster and more reliable project delivery with less disruption to the communities they serve.



# Delivering more in practice

These examples offer a window into what it means to deliver additional community benefits and social value by choosing to deliver projects in a different way.

## Seeing the opportunity and making it happen

We were engaged to upgrade and refurbish a footbridge in South Park, Berkhamsted. During the site survey we noticed that the footpath leading to the bridge was in a poor state.

We eventually secured approval to improve the footpath at the same time so it was easier and more pleasurable for people to access the refurbished footbridge.

We also supplied bird and bat boxes for the local community to install. These were made by the Riverwood Project - a social enterprise and training scheme that offers work experience and activities to adults with a learning disability.

## Measurable results

Thrive is an excellent tool for capturing and quantifying the social value created during projects. It complements the Lean methods that we deploy across our major projects. Here's an example of the level of reporting we're able to produce.

The Flitwick Interchange is a £5.3m multi-modal project that provides more convenient connections between road and rail. Alongside the building works for the new interchange Octavius generated over £3.5m in social value. As well as delivering this important project on time we:

- Hired six local people and provided a work experience placement.
- Spent 352 hours upskilling staff on the construction site.
- Spent 177 hours with local schools and Bedford College doing mock interviews with students, giving industry talks and providing work experience.
- Recycled 3722 tonnes of waste, avoiding landfills and supporting sustainability.
- Spent 57 hours on community engagement and integration.
- Spent over £6,000 in community donations.
- Supported nine people with sustainable travel options and installed electric vehicle charging points and environmentally friendly cabins on site.

These initiatives helped to support many of the objectives of Central Bedfordshire Council and South-East Midlands Local Economic Partnership (SEMLEP).

You can also see how the social value delivered relates to the Government's social value model including supply chain resilience, job creation, environmental stewardship and community cohesion.



## Local partnerships

We firmly believe that **supportive partnerships** with local authorities in which we share their objectives are the key to delivering sustainable benefits through innovative delivery. The needs and ambitions of communities and local authorities give a shape and direction to innovation and to our objective of 'delivering more.'



To discover more about how we support the aims and objectives of local authorities through innovative project delivery, visit our [Resource Centre](#) or contact [enquiries@octaviusinfrastructure.co.uk](mailto:enquiries@octaviusinfrastructure.co.uk)