

STATES OF JERSEY



PUTTING JERSEY BUSINESSES FIRST (P.56/2020): ADDENDUM

Presented to the States on 1st June 2020
by Deputy K.F. Morel of St. Lawrence

STATES GREFFE

ADDENDUM

Should the States of Jersey adopt [this proposition](#), States Members can rest assured that we will not be the first to have done so.

The following information and case studies will help Members understand the benefits of the Government of Jersey adopting a ‘Jersey Businesses First’ procurement policy.

Economic Benefits of Local Purchasing

“Giving preference to local suppliers, even if it means spending a little more, can actually benefit a city’s finances. When local governments spend their money with locally owned firms, those firms in turn rely on and generate local supply chains, creating an “economic multiplier” effect. Each additional dollar that circulates locally boosts local economic activity, employment, and, ultimately, tax revenue.

Numerous [economic impact studies](#) have quantified this effect. One of them, [a 2009 study](#) from California State University at Sacramento, found that the State of California generated approximately \$4.2 billion in additional economic activity and 26,000 new jobs between 2006 and 2007 by contracting with disabled veteran-owned businesses and local small businesses instead of larger companies.

[Another study](#), from Civic Economics, looked at Arizona, and found that at a locally owned office supply company, 33.4 percent of revenue remained in the local economy, compared with just 11.6 percent at national company with a presence in the state. The study also looked at the potential impact of the City of Phoenix contracting with the local firm. It found that given a one-year, \$5 million contract for office supplies, with the local company, an additional \$1 million would stay in the area economy. With the national company, just \$580,000 of that \$5 million would recirculate locally.

In Britain, a county council found that vendors based within the county spent 76 percent of their county contracts locally, on wages paid to local employees and goods and services purchased from local businesses, while vendors based outside the county spent only 36 percent locally. The council, which has an annual procurement budget of £ 245 million, concluded that, if it shifted just 10 percent of its current spending with non-local suppliers to local suppliers, it would generate an additional £34 million (about \$65 million) for the local economy.”.

Source: <https://ilsr.org/rule/local-purchasing-preferences/>

The Preston Model

August 2013 – Ongoing

“Following the failure of an economic development plan based on attracting inward investment, Preston City Council saw the need for a new approach to address the growing needs of the city and its people. In 2013, they made it happen.

Impact (so far)

Since 2013, over £70 million has been redirected back into the Preston economy; £200 million invested into the Lancashire economy; spending behaviour within public

bodies has been transformed; and, new tools for a fairer economy have been developed. The Preston Model has received national attention from press, government and towns and cities up and down the country, and it is shaping the narrative around what a new post-Brexit, devolved economy can look like.

Preston statistics at a glance



Lancashire statistics at a glance



1. **Wealthier local economy** – the public services now spend £74 million more in Preston than they did in 2013; and £200 million more is spent in wider Lancashire.
2. **More democratic economy** – anchor institutions have a greater affinity to the local economy and its residents.
3. **Positive behaviour change** of both strategists and procurement practitioners.
4. **Put Preston on the map** – as a place of progressive local economic development. Preston is at the forefront of community wealth building work in a UK and European context.
5. **Methodology innovations** – a new way of measuring spend and shaping the development of business and cooperatives in the local economy has been developed.
6. **Collaboration** between 8 local anchor institutions
7. **EU wide collaboration** – 10 other EU cities engaged through the Procure network.
8. **Movement building**.”.

Source: <https://cles.org.uk/the-preston-model/>

Scottish Enterprise Procurement Strategy

2019 – 2020

“As part of our work to ensure SE’s [Scottish Enterprise] procurement activity further benefits communities across Scotland, we will be refreshing our approach to contracting over the coming year, placing a greater emphasis on creating opportunities for local and regional suppliers. In making this change, we will review available evidence from similar approaches elsewhere, including the ‘Preston Model of Procurement’, where the City Council has been spearheading a collaborative approach to Community Wealth Building in partnership other key public sector organisations in the region.”.

Source: <https://www.scottish-enterprise.com/media/2810/2019-20-se-procurement-strategy-final.pdf>

City of Madison, Wisconsin

“On purchases over \$5,000, the city of Madison, Wisconsin, grants local businesses a 1% price preference on bids and a 5% point preference on RFPs (request for proposal). To qualify as “local,” a business must meet at least two of three criteria involving the portion of its employees working at facilities in the local area (at least 50%), portion of ownership vested with local residents (at least 50%), and portion of sourcing within the local area (at least 15%). Businesses are ranked based on these factors so that some may be listed as more local than others.”.

Source: <https://ilsr.org/rule/local-purchasing-preferences/2727-2/>