

ARCOM Social Enterprise and Social Value Seminar, NTU, 31st March 2016

In March 2016 ARCOM held a Social Enterprise and Social Value seminar at Nottingham Trent University (NTU). A small group of invited participants represented the major players in this space, including private and public sector contractors and clients, social enterprises, researchers and academics. The aim of the day was to draw together some of the leading minds in social enterprise and Social Value in the built environment to better define the field of enquiry, share experiences and consolidate existing efforts. Some specific questions that guided the discussion during the day included:

- In what ways are we developing and supporting social enterprise and Social Value and for who?
- How and when are we evidencing Social Value? How are we measuring Social Value and what's effective?
- What are the key challenges in the field?
- Who are doing things well and what can we learn from their experiences? What can we do together to consolidate efforts and drive improvements?
- What does the future look like?

These questions arise from an increasing acceptance of the need to ensure construction projects provide Social Value, rather than simply economic value. In a housing context, Social Value can mean looking beyond traditional norms of value, such as cost to complete, in addition to generic satisfaction criteria like space and the quality of the finished housing product, to instead include factors such as the impact new developments have on local communities, jobs, training and self-esteem. The UK government introduced the Public Services (Social Value) Act in early 2012, thereby making it a mandatory requirement for all English and Welsh public bodies to specifically consider improving economic, environmental and social wellbeing through the services they procure. Moreover, some organisations working outside of legislative control are looking to develop their social impact. Groups such as the Chartered Association of Building Engineers have pushed professionals to make sense of social value and to include it as a central aspect of their work. The growing Social Enterprise sector is one useful mechanism by which the construction industry can deliver greater social value to the communities in which it builds. However, recent research shows that the Social Enterprise sector is under-represented and poorly understood in construction and that although these good intentions are made manifest in public services tender documentation, they often lead to unexpected poor consequences such as an inability to effectively take account of SME tenderers' ability to demonstrate tangible Social Return on Investment.

Professor Martin Loosemore, from The University of New South Wales (UNSW), Sydney, Australia, who has just co-authored a very timely and important text, *Social Enterprise in the Construction Industry: Building Better Communities*, opened the seminar with a keynote.

Reflecting on developments within labour markets internationally Martin identified a need for action; a need to deal with the growing and increasingly complex and interconnected social challenges within communities. Government revenues and expenditure are falling, and so they cannot solve problems alone. Need for innovation, partnerships, collaboration and collective solutions with the private sector, third sector and communities together with legislative imperatives are the key driving forces for change.

Martin highlighted that the construction industry presents a unique opportunity for delivering social value. It is the world's biggest employer and largest youth employer. Yet, the industry is anticipated to grow rapidly, for example in the UK with an unprecedented £411bn infrastructure/ construction pipeline. Construction work is often the first port-of-call for disadvantaged groups. The work environment is tolerant of disadvantage and in places culturally diverse. It is a great local job creator, operating in remote and disadvantaged communities as well at the heart of busy cities. Skills shortages signal opportunities for employment and development. On a societal level investments go a long way; buildings and infrastructure have a transformative impact on society, culture, environment and economy.

Martin also recognised some of the more significant challenges which are likely to hinder the delivery of social value in construction. The barriers to entry that Social Enterprises face when seeking to engage with the construction industry include negative perceptions of Social Enterprises, CSR rhetoric, resistance to change, existing procurement practices, lack of engagement between Social Enterprises and construction organisations, high levels of regulation, culture within construction industry, and lack of partnerships, alliances and support. Internally, Social Enterprises were also said to face barriers relating to the size and scope of their activities, not having an effective strategy, communicating value-add, not being construction sector savvy, running a small business, resourcing/ finance, and partnerships.

At the end of his keynote, Martin challenged the seminar participants to consider a range of key actions: a need to establish a memorandum of understanding (MOU) between some sympathetic clients, contractors, governments, professional organisations and agencies; to develop a national research and education agenda; to initiate a national industry marketing campaign; to develop a strategic plan to introduce Social Enterprise into the construction sector; and launch a common approach to measuring social value.

Several organisations showcased good practice following Martin's keynote, including Nottingham based Anna Mimms from BESTBuild; Leeds based Dan Chaplin from Latch; Wakefield based Simon Gutteridge from Wakefield District Housing; and Paul Senior, Soarbuild, from Sheffield.

Anna Mimms from BESTBuild reflected on the many practical and real challenges of operating a Social Enterprise and how the very nature of Social Enterprise as a business can offer an advantage, an opportunity to deliver value (commercially and socially), yet

promoting a social value agenda can also hinder achievement of contract work. Anna believed that there is a need to fight the stereotype of Social Enterprise; they need to compete and win against other commercial organisations. Social Enterprises need to have a creditable product not just Social Value. Anna called for a commercial approach to delivering Social Value - to commercialise Social Value and use construction language and count things which are important for the QSs, who measure what has been delivered on site. It is difficult to quantify social impact and change within individual lives and communities. Thus, Anna notes: *“the price is commercial and the impact is social!”*

Beulah Allaway from Anthony Collins Solicitors provided a legal update on the Public Services (Social Value) Act 2012 and Public Contract Regulations 2015. Barriers to achieving the Public Services (Social Value) Act’s full potential were noted to include: lack of awareness and take up; and varying understanding of how to apply it. The application of the Act may be particularly challenging in determining how to define Social Value, how and when to include it in procurement, applying Social Value in a legal / regulatory framework, and clarifying use at pre-procurement stage. Policy was noted to sit at the core of securing Social Value and Beulah encouraged the seminar participants to be bold – for employers to ask for Social Value and for contractors to demonstrate how they can deliver Social Value.

After lunch **Simon Gutteridge** from Wakefield District Housing provided a public sector client’s perspective and identified how managing assets can be enhanced by delivering Social Value through everything they do. Social Value is not just “added value” for Wakefield District Housing. Affordable warmth/ fuel poverty, financial and digital inclusion, and community safety and estate management were three of the projects discussed that demonstrated the policy and practice of delivering Social Value within Wakefield District Housing.

Paul Senior shared the Soarbuild story which is driven by creating training and employment opportunities and quality work. Soarbuild focuses on unbundling thinking internally; working with their clients and supply chain; and engaging with community and developing employment initiatives. Two project examples from South Wales showed how residential works at operational level connected with the vision and objectives of Soarbuild at strategic level. Paul also demonstrated how Soarbuild measures success of employment and community engagement initiatives. During group discussion Soarbuild’s approach to social accounting emerged as best practice.

Dan Chaplin outlined Latch’s key aspects of social value and enterprise - they work with vulnerable communities in order to:

- Develop a quality product of value
- Allow individuals to benefit from volunteering and supporting with on the job skills development and training
- Enhance and improve the area
- Provide a positive outlook for those disengaged
- Help the most vulnerable to change their lives
- Create safe and comfortable environments
- Benefit all engaged through multiparty collaboration
- Share success stories
- Generally move forward with new enterprise and ventures

Latch works on refurbishing properties and providing support for those out of work and in socially vulnerable situations. Through the social engagement and valuing lives through its enterprise it has managed to change lives, improve individual outlooks and provide an enterprise that is stimulating micro economies in areas of need. They refurbish empty, rundown houses in Leeds, with much of the renovation work being undertaken by unemployed volunteers, who gain skills and experience whilst working on site. The projects engage the local community, develop skills and bring about positive change.

When the properties are refurbished, furnished and fully modernised they provide supported housing for people who are homeless or in housing need - the whole process helps to make a positive change to the lives of those engaged. As such, the process is used to develop skills whilst at the same time delivering high quality refurbished houses for those in need. Latch owns and manages over 60 properties and over the last year their staff, volunteers and contractors have worked on nine rundown empty houses and transformed them into comfortable family homes, providing housing for twenty people. They recently piloted their own Low Energy Homes, offering insulation services to homeowners and there was a strong response from a small amount of publicity, showing that there is a desire for this type of service.

(Note: the presentations accompanying this report provide further insight into the keynote, the legal update and presentations by Simon Gutteridge and Paul Senior – please see <http://www.arcom.ac.uk/seminars.php>)

In terms of identifying a way forward the seminar participants prioritised the following agenda items:

- Define ‘added value’.
- Define terms clearly and develop consistency in use of language re: Social Value, Social Enterprise, Social Return on Investment, etc. Identify the sub criterion, demystify.
- Practitioner Guide - capture case studies and showcase good practice.
- Share examples of Social Accounts (good practice) and develop a metric to demonstrate why an organisation would want to deliver Social Value; a common approach to measuring Social Value, a consistent standard.
- Develop our understanding of the skills needed, what do businesses actually want, and, what skills are relevant and important for developing confident communities.
- Resource bank; a pool of new friends, a website, a ‘phone-a-friend’ network; a roadmap, to support start-ups.
- Education and support for subcontractors on Social Value, to help them win work and develop Social Value bottom up.
- Research, empirical data and a clear narrative.

- Revisit existing research on lowest capital cost v wider concepts of overall value.
- Engage with research and practice (and practice-based research) beyond the construction management community – transfer of knowledge.
- Build connections with like-minded organisations such as SEUK (<http://www.socialenterprise.org.uk/>).

In the longer term, the intention is to create a network of researchers, practitioners and other stakeholders to show leadership in developing the academic field of Social Value and Social Enterprise in the built environment. The next meeting we have organised will be during the 32nd ARCOM Conference in Manchester, 5-7 September 2016.

We look forward to engaging with researchers in this space – please get in touch!

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