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ASSOCIATION OF RESEARCHERS IN **CONSTRUCTION MANAGEMENT**

Social Value and Social Enterprise in  
the Built Environment

Nottingham Trent University



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*KEYNOTE ADDRESS*

Professor Martin Loosemore

University of New South Wales, Australia



# Building the Third Construction Sector

Never Stand Still Faculty of Built Environment

Professor Martin Loosemore

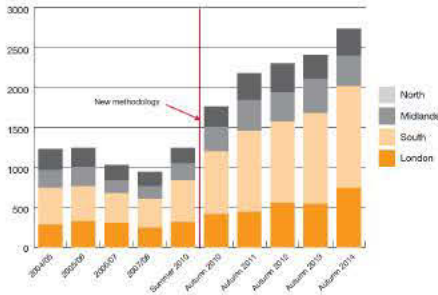
University of New South Wales, Sydney, Australia

Inaugural ARCOM Social Enterprise seminar Nottingham 2016

## THE NEED

### Community

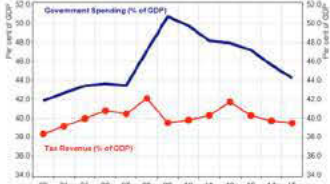
Social challenges are growing  
The challenges are becoming more complex and interconnected



Numbers of rough sleepers  
Source: Institute for Social Policy Housing, UK (2016)

### Government

Government revenues and expenditure are falling  
Cannot solve problems alone  
Peak State  
Outliers get neglected  
Want innovation, partnership, collaboration and collective solutions with private sector, third sector and communities  
Legislative imperatives to do so



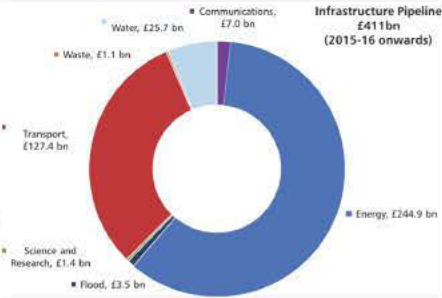
UK government spending and revenue  
Source: OECD World Economic Outlook (2016)



# THE OPPORTUNITY

## The construction industry

- Unprecedented infrastructure/construction pipeline
- The world's biggest employer
- Largest youth employer
- Anticipated to grow rapidly
- Skills shortages
- Often first port-of-call for disadvantaged groups
- Tolerant of disadvantage
- Culturally diverse
- Operates in remote and disadvantaged communities
- It's a great local job creator
- Investments go a long way
- Buildings and infrastructure have a transformative impact on society, culture, environment and economy



UK Infrastructure pipeline Source: HM Treasury (2016)



# THE GAP

The construction industry's poor record of delivering social value and other social benefit organisations to communities



**Barriers to entry (external):**

- Negative perceptions of social enterprises
- CSR rhetoric
- Resistance to change
- Existing procurement practices
- Lack of engagement between social enterprises and construction.
- Highly regulated
- Client silos – strategy not implemented on site
- Construction industry culture
- Lack of partnerships, alliances and support

**Barriers to entry (internal):**

- Size and scope of activities
- Not having an effective strategy
- Communicating value-add
- Not being construction sector savvy.
- Running a small business
- Resourcing/finance
- Partnerships



# To Conclude

Can we afford to wait?



**What we need:**

MOU between some sympathetic clients,  
contractors, governments, professional  
organisations and agencies

National SE research and education agenda

National industry marketing campaign

Strategic plan to introduce SE into construction  
sector

Common approach to measuring social value



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*SOCIAL ENTERPRISE*

Anna Mimms MBE

BESTBuild






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*ACADEMIC*

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Australia



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Social Value and Social Enterprise in  
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DISCUSSION



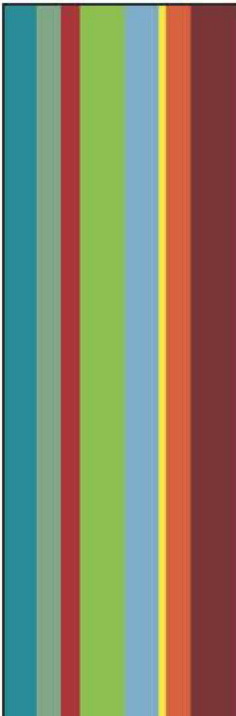


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*LEGAL UPDATE*

Beulah Allaway

Anthony Collins Solicitors



Anthony Collins  
solicitors

Social Value in Public Procurement  
– the legal position

ARCOM Social Value Seminar, 31 March 2016

Beulah Allaway  
Solicitor

## Social value – the legal framework

- The Public Services (Social Value Act) 2012
- Public Contracts Regulations 2015



## Government's Review of the Social Value Act

Barriers to achieving Act's full potential include:

- Lack of awareness and take up;
- Varying understanding of how to apply it, particularly:
  - How to define social value
  - How and when to include it in procurement
  - Applying social value in a legal / regulatory framework
  - Clarifying use at pre-procurement stage



## The Three Pillars of Social Value

Securing through procurement:

- economic well-being;
- social well-being; and
- environmental well-being.

## Social Value and Corporate Social Responsibility



## Social Value



If it's policy, it's core

## The Public Services (Social Value Act) 2012

### The Act:

- covers public service contracts
- applies to the pre-procurement stage of the commissioning process
- requires that contracting authorities should consider:
  - how to improve the economic, social and environmental well-being of the area served by them through procurement;
  - how to undertake the process of procurement with a view to securing that improvement;
  - whether to undertake any consultation as to these matters
- provides that genuinely urgent situations do not require this exercise



### Section 1 also says.....

Contracting authorities must:

- consider only matters relevant to what is proposed to be procured; and
- in doing so, must consider the extent to which it is proportionate in all the circumstances to take those matters into account.



### What has this got to do with works contracts?

Mandate for contracting authorities to consider social value in services procurement



Best practice to take the same approach in works procurement



## Public Contracts Regulations 2015

### **Contracting authorities must follow regulatory procedures for “above threshold” contracts**

- works contracts: £4,104,394
- Supplies and services (other than Central Government): £164,176

### **EU Treaty Principles underlying the Regulations:**

- transparency
- equal treatment
- proportionality

## Public Contracts Regulations 2015: providing clarity:

- “Social aspects” linked to the subject matter of the contract can be used as award criteria;
- A specific label can be used to demonstrate that environmental, social or other characteristics that are part of the technical specifications, contract award criteria and/or contract performance conditions are being met;
- Compliance with Environmental, Social and Labour Laws is built into different stages of the procurement process, including exclusion of potential candidates and proposed subcontractors, the decision to award a contract, the treatment of abnormally low tenders; and
- Contract Performance Conditions: may include “economic, innovation-related, environmental, social or employment-related considerations”.

## The subject matter of the contract



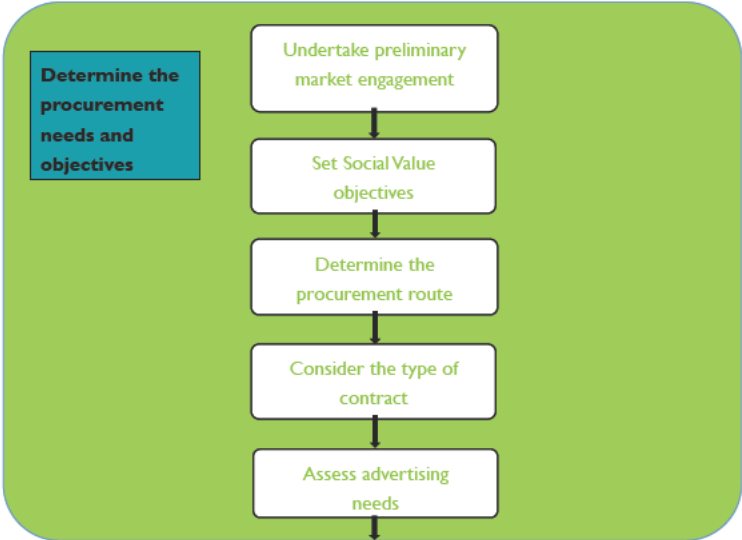
Reg 67: “social aspects” can be used as award criteria as long as linked to subject matter

## Verifiable

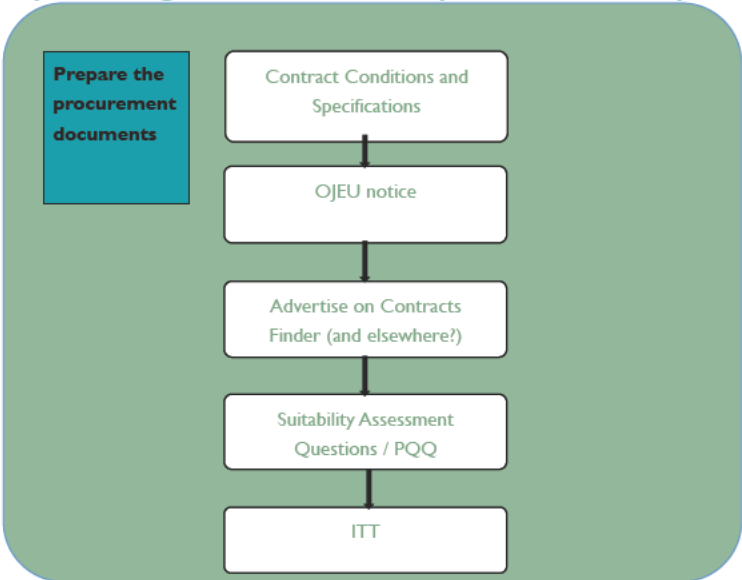


Reg 67: must be able to assess how well tenders meet the award criteria

### Engage with social value at pre-procurement stage

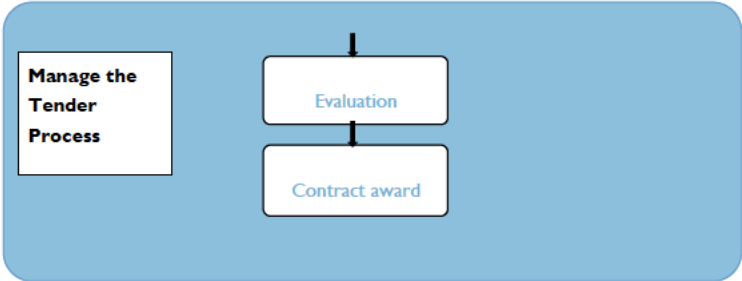


### Incorporating social value in procurement process





### Getting what you asked for



## TOP TIPS

## Problems with “supporting local”

**Do not:** Include requirements favouring local bidders over non-local bidders

Requirement	Finding	Case
Pre-qualification stipulation for contractor to have premises in particular area	Unjust Discriminatory	<i>Contse SA v Insalud</i>
Requirement for supplier to get portion of supplies from a specific region	Discriminatory	<i>Du Pont v Unita Sanitaria</i>
Danish materials, goods, labour and equipment to be used where possible	Discriminatory	<i>Storebaelt</i>

## Supporting local: create a level playing field

- Specify named sources from which new employees can be recruited
- Require vacancies are notified to named source
- Require contractor to hold “meet the buyer” event



## Recruitment and training

- What are you measuring: number of workers / person weeks?
- How many workers / person weeks will be needed overall to deliver the works?
- What proportion of that is it reasonable to expect to be new entrants?
- What is a “new entrant”?



## Environment

- Sustainability Action Plan: evaluation method statement; make it binding in the contract conditions
- Use KPIs to reward / sanction delivery
- Require that environmental contract obligations “cascade” down the supply chain



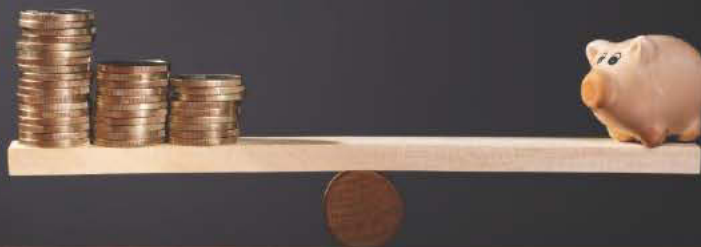
## Labels

- **do not** specify that a product carries a certain label or meets a certain standard (e.g. British Standards);
- **do** specify that a product meets the criteria underpinning / is of standard applying throughout EU (e.g. meets British or EU Standards);
- **do** specify criteria of a label are met **only** where they relate to characteristics of the services/product/production process;
- **do not** specify criteria of a certain label are met where they are solely linked to general management of the company producing them.



## Living Wage and fair working practices

- Case law: *Ruffert*; *Stadt Dortmund*;
- EU clarification to Scottish Government
- **CANNOT**: reserve element of overall tender score specifically to payment of Living Wage



## Living Wage and fair working practices

### **BUT you can:**

- Evaluate fair working practices (which could include payment of living wage) **where relevant and proportionate**
- Make it a contract condition to pay national wage / national living wage
- Ask contractors to make commitment to pay Living Wage

## Living Wage and fair working practices

### **Statutory Guidance on the Selection of Tenderers and Award of Contracts**

Addressing Fair Work Practices, including  
the Living Wage, in Procurement

October 2015



## Be bold!

Employers: ask for social value

Contractors: demonstrate how you can deliver social value


**Disclaimer:** Whilst every effort has been made to ensure the accuracy of these materials, advice should be taken before action is implemented or refrained from in specific cases. No responsibility can be accepted for action taken or refrained from solely by reference to the contents of these materials. © Anthony Collins Solicitors LLP 2014

If you have any queries or comments in regards to this document please Beulah Allaway 0121 214 3614 or [beulah.allaway@anthonicollins.com](mailto:beulah.allaway@anthonicollins.com) of Anthony Collins Solicitors LLP

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LUNCH



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*POLICY MAKERS*

Simon Gutteridge

Wakefield District Housing




# WDH

Simon Gutteridge  
31 March 2016

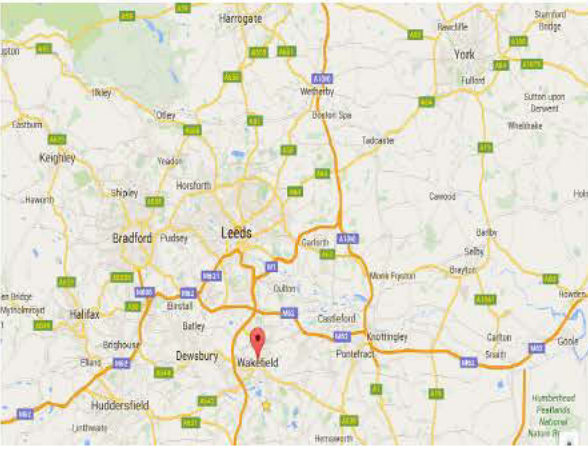
delivering promises, improving lives

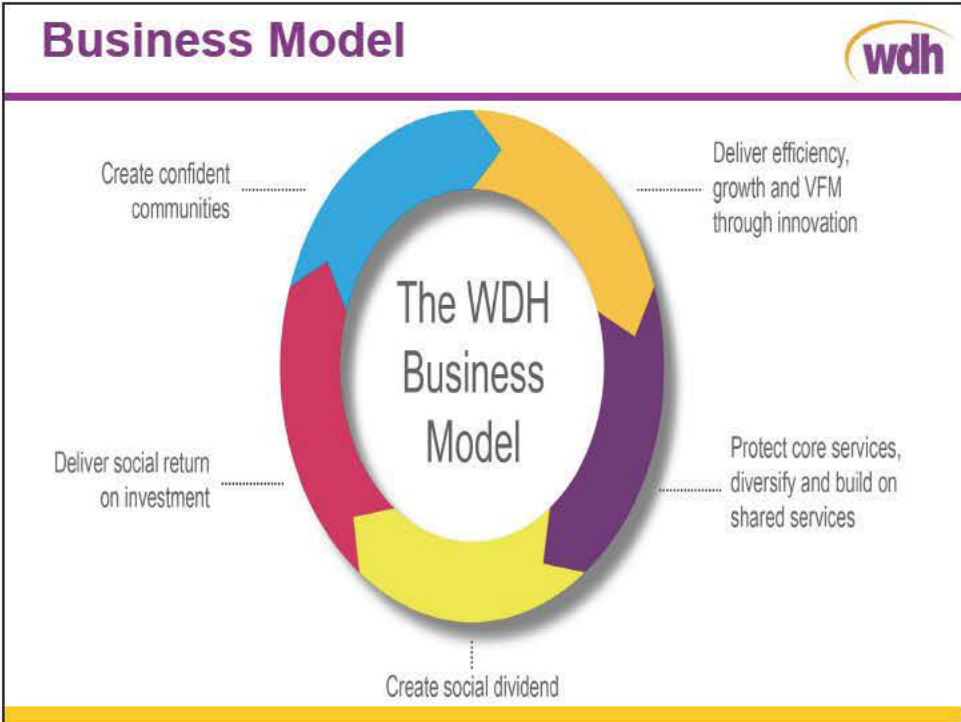


## Who are WDH?



- Registered social landlord and charity.
- Manage 31,000 homes in the Wakefield District, with more than 60,000 tenants.
- 1,400 employees.

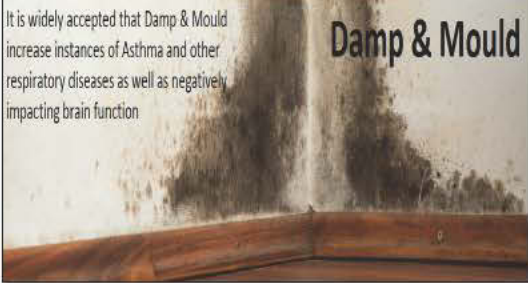




# Affordable Warmth/Fuel Poverty



- New Build:
  - Code for Sustainable Homes.
  - Park Dale.
  - Home Builder.
  - KTP.
- Retrofit:
  - Fabric improvements.
  - Renewable energy.
- Energy advice.



# Financial & Digital Inclusion

- Cash wise.
- Financial inclusion.
- Wellbeing Caseworkers and Mental Health Navigators.
- Employment support.
- Digital inclusion.

## Housing bosses help spread festive joy



**When the food banks are open ...**

With the festive season upon us, food banks across the country are busy helping those in need. Housing bosses are also getting involved, with many offering support and advice to those who are struggling to make ends meet.

For more information on WDH's Cash Wise advice visit [www.wdh.org.uk/cashwise](http://www.wdh.org.uk/cashwise)

## Further Community Engagement



- Community safety and estate management.
- Reducing anti social behaviour.
- Engagement events/programmes:
  - Community Leadership Programme.
  - Digital Angels.
  - Befriending service.

## Housing policy challenges



“The most noticeable and impactful government change is in the new requirement for social housing enterprises to reduce rents by 1% per year over the course of the parliament... estimated to remove £3.9bn of income from the sector.”

*Social Housing 15 July 2015*

- Welfare reform.
- Right to Buy.
- Grants for sale not rent.
- Additional challenges:
  - Ageing population.
  - Economic climate.
  - Increased need for emergency support.
  - Levels of financial awareness.



# Environmental policy challenges



**“The nine green policies killed off by the Tory government**

Onshore wind, solar, green homes ... we round up the measures that have gone under the knife in what some are calling the worst period for UK environmental policy in 30 years”

*The Guardian, 24 July 2015*



**Social value is not just “added value”.**



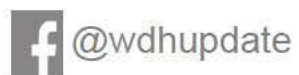


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**[www.wdh.co.uk](http://www.wdh.co.uk)**

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*CONTRACTORS*

Paul Senior


Soarbuild



**The Effect of the Social Value Act on  
SOARBuild**

**soarbuild**



1. Introduction	10. Measurement in the future
2. The story to date	11. Future objectives
3. What do we do, vision & values	12. How will we achieve objectives?
4. The six thinking hats	13. Who will be our clients?
5. Position in the market place	14. Just do it
6. Through troubled waters	15. Any questions
7. Case Studies	
8. Why SOARBuild?	
9. What do we measure – is it enough?	



### Introduction

**Paul Senior**

- Director of SOARBuild for 10 years
- Director of Keepmoat operating units for 15 years



### The Story to Date

- Sheffield 2004
- Why FHM/Keepmoat
- Why SOAR?
- Choice of Trades?
- The early years 2006 to 2010
- Geographical re-location
- Re-focus on delivery
- A new era
- What the future holds?



### What we do – Aims, Objectives and Values

#### VALUES

- Quality of service
- Supportive
- Collaborative
- Business-like
- Responsive
- Innovative & motivational
- Model employer
- Local ownership

#### AIMS & OBJECTIVES

- Create Wealth
- Create Employment
- Develop Quality Services
- Develop Transferable Skills
- Care for the Environment
- Effective Communication

**DRIVEN BY CREATING TRAINING & EMPLOYMENT OPPORTUNITIES AND QUALITY WORK**



**THE SIX THINKING HATS – a creativity process for results driven groups**


 	<p><b>Dave Sheridan</b> CEO of Keepmoat</p> <p>Managing the Thinking</p>	 	<p><b>Ian Drayton</b> SOAR Partnership Manager</p> <p>New Ideas, Possibilities</p>	 	<p><b>Janet Sharpe</b> Interim Director of Asset Management Sheffield City Council</p> <p>Information</p>
 	<p><b>Elaine Elkington</b> Director SoarBuild</p> <p>Benefits and Feasibility</p>	 	<p><b>Martin Garvey</b> Financial Director, Keepmoat Central</p> <p>Risks, Difficulties &amp; Problems</p>	 	<p><b>Paul Senior</b> Regeneration MD Midlands, Wales, Keepmoat</p> <p>Feelings, Intuition, Gut Instinct</p>

**The Six Thinking Hats Allow us to Unbundle Thinking**



**The six thinking hats method:**

<p><b>Blue Hat: Managing Thinking</b></p> <ul style="list-style-type: none"> <li>•Control hat</li> <li>•Organises the thinking</li> <li>•Sets the focus and agenda</li> <li>•Summarises and concludes</li> <li>•Ensures the rules are observed</li> </ul>	<p><b>White Hat: Information</b></p> <ul style="list-style-type: none"> <li>•Information we know</li> <li>•Information we need</li> <li>•How are we going to get that information</li> <li>•Determines accuracy and relevance</li> </ul>
<p><b>Green Hat: New Ideas, Possibilities</b></p> <ul style="list-style-type: none"> <li>•Creative thinking</li> <li>•Seeking alternatives and possibilities</li> <li>•Removes faults</li> <li>•Doesn't have to be logical</li> <li>•Generates new concepts</li> </ul>	<p><b>Yellow Hat: Benefits &amp; Feasibility</b></p> <ul style="list-style-type: none"> <li>•The optimistic view</li> <li>•Reasons must be given</li> <li>•Needs more effort than the black hat</li> <li>•Considers both short-and-long-term perspectives</li> <li>•Finds the benefits and values</li> </ul>
<p><b>Black Hat: Difficulties and Problems</b></p> <ul style="list-style-type: none"> <li>•The sceptical view</li> <li>•Reasons must be given</li> <li>•Points out thinking that does not fit the facts, experience, regulations, strategy, values</li> <li>•Points out potential problems</li> </ul>	<p><b>Red Hat: Feelings, Intuition, Gut Instinct</b></p> <ul style="list-style-type: none"> <li>•Permission to express feelings</li> <li>•No need to justify</li> <li>•Represents feelings right now</li> <li>•Keep it short</li> <li>•A key ingredient to decision making</li> </ul>



### Position in the Market Place

- Initially a specialist sub-contractor
- Delivering plastering, tiling and decoration on Decent Homes
- Migrated into CESP and ECO works from 2011
- Commenced as main contractor in 2014
- Expanding regionally from our South Yorkshi

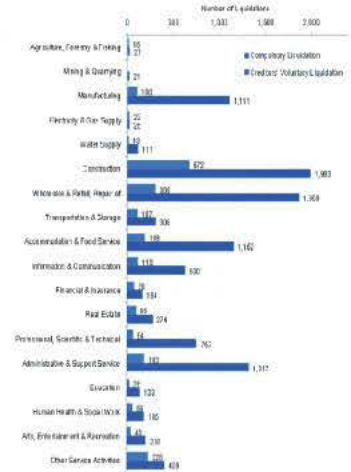
**WHAT IS OUR NICHE MARKET?**

- Delivery
- Training / People Development
- Community Engagement



### Through Troubled Waters

- Lack of resources**
- Reduced workload**
- Government decisions**
- Reduced margins**
- Payment issues**



Total company liquidations in England and Wales by sector. Year ending Q4 2013. Source: Insolvency Service and Companies House





### Case Studies

	 Trident Social Investment Group	 RCT Homes
1. Scope of works	Kitchens, window installations, solar thermal installations	Kitchens, bathrooms, re-wires
2. Working alongside	Trident Reach	Grew Young Wales (GREW)
3. Average number of operatives on site each day	18	19
4. Number of trainees on site per day	8, Including: <ul style="list-style-type: none"> <li>• Administration trainee</li> <li>• Resident liaison trainee</li> <li>• Multi-skilled apprentices X 2</li> <li>• Graduate placement – Project Management</li> <li>• Graduate placement – QS</li> </ul>	8, Including: <ul style="list-style-type: none"> <li>• Trainee general foreman</li> <li>• Graduate placement – QS</li> <li>• Administration trainee</li> <li>• Multi-skilled apprentices</li> </ul>
5. Number of local residents of RCT and Trident employed by SoarBuild	5	6



### Why SOARBuild?

- We deliver on four key imperatives
1. Local Employment
  2. Trained and Skilled Workforce
  3. A Sustainable Commercial Business
  4. A quality service and product

- We are respected in our sector
- We support our peer groups
- We have the full support of major organisations
- We care about our people

Do we have a magic wand or silver bullet?

No but we have EFFECTIVE & EMPOWERED teams at all levels





# What Do We Measure – Is It Enough?

**Traditional Metrics reviewed on Monthly Basis**

- Trainee numbers

- |   |  |
|---|--|
| <p><b>Internally</b></p> <ul style="list-style-type: none"> <li>• Health and Safety</li> <li>• Progress</li> <li>• Cost against budget</li> </ul> | <p><b>Externally</b></p> <ul style="list-style-type: none"> <li>• Customer satisfaction</li> <li>• Local employment</li> <li>• Carbon footprint</li> </ul> |
|---|--|



# Measuring our Success

Employment Initiative's	Outputs	Reporting
NVQ trainees - Created	3	Quarterly SIP
NVQ trainees - Safeguarded	1	Quarterly SIP
Progression into employment – unemployed more than 6 months	3	Quarterly SIP
School / College / University site visits	1	Quarterly SIP
School / College workshops	2	Quarterly SIP
Work experience placements 16+	6	Quarterly SIP
Graduate work experience	1	Quarterly SIP
Vocational qualifications – existing staff	1	Quarterly SIP
Construction Skills Certification Scheme (CSCS) skills card	100%	Quarterly SIP
Short Courses (i.e. Health and Safety training)	4	Quarterly SIP
Tenant IT training sessions	1 per year	Quarterly SIP
Careers fair	2 per year	Quarterly SIP
CV and interview support	4 per year	Quarterly SIP
Tenant Inspection training	2 per year	Quarterly SIP
Meet the buyer events	1 per year	Quarterly SIP
Local Suppliers	50%	Quarterly SIP
Local subcontractors	60%	Quarterly SIP
Local Employment	85%	Quarterly SIP



## Measuring our Success

Community Initiatives	Outputs	Reporting
School Visits	1 per quarter	CSR Tracker
Coffee Mornings	1 per month	CSR Tracker
Tenant Surgeries	1 per month	CSR Tracker
Sponsorship opportunities identified	2 per year	CSR Tracker
Staff volunteered hours	52 hours per year	CSR Tracker
Estate walkabout / clean ups	2 per year	CSR Tracker
Tenant conferences	1 per year	CSR Tracker
Tenant DIY workshops	2 per year	CSR Tracker
Community facility refurbishment	1 per year	CSR Tracker



## Future Objectives / Focus Areas

Key areas of focus with the themes of Community and Marketplace having particular relevance to SOARBuild's future direction of travel.

### The Marketplace: Clients and Supply Chain

- 1. Listening to our customer priorities
- 2. Working in long term partnerships and joint ventures
- 3. Creating mutually beneficial relationships
- 4. New approach to supply chain engagement

### Community: Covers employment and community engagement

- 1. Employment and education
- 2. Community engagement



## How Will We Achieve Objectives?

(Strategic Review 2014-19)

- Track the markets and sectors
- Awareness of public procurement
- Embrace the changing procurement landscape
- Provide stability of resources
- Develop strategic partnerships
- Have robust measurement procedures
- Awareness of and collaboration with likeminded social enterprises



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## Who Will Be Our Clients?

- Enlightened contractors
- Dynamic and innovative RP's and LA's
- Energy companies
- Training related organisations and 'bodies'
- Trade federations
- Peer groups and organisations
- Sector based supply chains



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✓ **Wear a different hat every day**


	Be informative: work on facts, just facts
	Be Positive: identify value and benefit
	Spot the Difficulties and Dangers and Manage Them
	Express Emotions and Share Feelings
	Manage the Thinking Process
	Be Creative: make it happen, JUST DO IT

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▶ **Thank You**

Questions and Answers

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*DISCUSSION*



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*REFRESHMENTS*



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*THE WAY AHEAD*