



Social Value:

Delivering beyond cost



A podcast chaired by **Jonathan Daly (Influential)** with guests Dr Ani Raiden (Nottingham Trent University), Alison Ramsey (Scape Group) and Sean Bowles (Morgan Sindall Construction)



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Social value - delivering beyond cost (via SoundCloud)

Local government leaders have struggled through more than 10 years of austerity.

Signs of financial distress and services stripped back to the statutory minimum are today commonplace in towns and cities.



The Social Value Act was introduced in 2013, in an effort to help public sector organisations cope with these challenges and get more benefit from the buying power they do have. The biggest payoff for communities was expected to come from the built environment.

But six years on, how effective has the mandate been? How can we even measure social value? And are we at risk of missing important qualitative changes by attempting to quantify it?

These are some of the questions examined in the discussion which explores whether the construction industry in the UK is truly delivering beyond cost.



The podcast opened by clarifying how social value could be defined.

In relation to the built environment, it is often defined as the social, economic and environmental impacts of projects and initiatives.

Ani Raiden commented:

“Our research has highlighted nine possible definitions, and these are only a small selection. We see it as the social impact that any organisation, project or programme makes to internal and external stakeholders, including those in the communities that the projects are built.”



Sean Bowles added:

“At Morgan Sindall Construction we think of social value as how we improve the social, economic and environmental impact of the projects we build, in the places we deliver them. We want the benefits to be tangible and sustainable, and we want to do it because it feels right.”



There are great examples of social value being generated through national frameworks which emphasise its importance in procurement criteria, but everyone agreed that there is still a disparity in how this is approached.

Alison Ramsey stated:

“We see some local authorities which are risk-adverse, but also plenty taking pioneering approaches to social value. The best examples are those which have worked with their local schools, colleges and communities to get to the heart of what people living there truly need.”



Progressive local authorities place **emphasis on social value**, rather than simply buying on cost.

They work hard to tailor individual initiatives to local communities and use social charters or similar policies to ensure the activity isn't just paying lip service to the concept.

But in some organisations, much of the drive to deliver social value still comes from individuals.

Ani commented:

“Sometimes social value can be closely attached to particular individuals. When personnel changes, priorities can change dramatically. It can often be driven through a set of very personal connections. So, whilst there are great examples, sometimes it’s very much down to an individual project, delivered by a personal set of values.”



Alison added:

“In the public sector policy is driven from the top, and when leaders or politicians change, which sometimes happens regularly, that changes the priorities too.”

Within the public sector, there can be a missing link between the creation of social value policy, and the work being done on the ground. Frequently this gap becomes apparent in the middle management of authorities, at commissioner level. They can be under intense pressure to deliver the cheapest cost and that’s where considerations of social value can fall by the wayside.

When public and private sector organisations work collaboratively with a view to the long term, change can happen much more readily.



Sean stated:

“Taking a 10-year view is vital. Organisations must see themselves as part of communities rather than separate entities. At Morgan Sindall Construction we benefit from being a decentralised business meaning we have local businesses, employing local people and delivering for local customers and communities.”

Adopting this approach has clear benefits for construction firms extending beyond altruistic aspirations. They’re able to address the skills shortage at the ground level through school engagement, while developing rewarding relationships with strong local SMEs and social enterprises in the supply chain and from the fact they need to attract a talented workforce.

Sean added:

“The other key factor here is how work is procured. If we have visibility of a strong pipeline of work, it encourages businesses to invest and make longer-term decisions on training and recruitment.”

The combination of deep-rooted community ties and assurances about future work is key for main contractors looking to generate sustainable social value.

Alison added:

“Our frameworks require collaboration from the construction companies working on them. The benefits of what our contractor partners can do together is far greater than what they can do on their own.”

Scape’s frameworks encourage all participants to share best practice and work together on joint activities like ‘meet the buyer’ events to engage the supply chain. This is complemented by education programmes like the Construction Youth Trust’s ‘Budding Brunels’ scheme, which encourages students from socially and economically disadvantaged backgrounds to consider a career in construction.



Sean said:

“We operate a responsible procurement framework and identify at the outset what the client’s priorities are by developing a charter. This defines how we then go and procure the supply chain in line with the wider social value priorities of the scheme.”

Ani added:

“Shared apprenticeship schemes are a great example of contractors working together. A central hub of apprentices allows contractors to take on apprentices as and when they need them, and the apprentices themselves get a diverse experience with support all the way through their training.”

The measurement of social value remains a hotly-debated subject, with some questioning whether attempts to quantify it are working.



Ani said:

“A lot of attention is required across the board in terms of how social value is managed, because it varies so much. It is such a broad construct and cannot only include those things that you can visibly and tangibly measure.”

Alison advised:

“If we want to compare then we must use a consistent method. We find clients want to see social value measured and see a pound sign against what has been delivered. That really helps the decision-making process in future procurement.”

Sean added:

“There are a number of tools out there and the best ones align to Cabinet Office and Treasury guidance. While there may be some suspicion around self-declared numbers, there is a real scientific approach to how the output is calculated.”

Ani commented:

“While I can’t advocate one particular tool, business often depends on pound signs. So there is a clear need for some mechanism that can convince those who are not solely delivering from the heart, but more as a commercial opportunity.”

Despite good progress by larger construction companies at measuring social value, one of the main challenges remains being able to accurately report the impact which SMEs in the supply chain are making.

Alison said:

“So long as you are really clear about what you are including, you can be transparent and accurate in how you calculate and measure, then you have to draw a line in the sand and get on with reporting. Otherwise you’re at risk of waiting too long for a universal tool or a perfect model.”

In other countries such as Australia, they use a quota based system, placing the contractor to deliver a certain percentage of the project cost in social value.

While everyone agreed that this can act as a catalyst, the general consensus was that social value can differ dramatically depending on the customer, the community, project type and other factors.

A focus on quotas and quantification also risked missing the qualitative benefits; the human success stories which can't be captured in data.

Sean said:

“Some of the most satisfying work we do is through organisations like Switch Up here in Nottingham; providing training, mentoring and employment opportunities to people from challenging backgrounds.”



“This kind of work is incredibly rewarding and let’s face it – people are motivated by other people. The qualitative aspect of what we’re talking about really shines through, and thoughts of measurement start to fall away, because you’re totally driven by helping people on a case by case basis.”



Alison added:

“We can provide all the reports we want to clients around monetary value, but if you include in that some personal case studies that capture how people’s lives have been changed – that’s incredibly powerful.”

The discussion finished with the participants giving their suggestions for listeners to make a focus on social value part of their organisation’s strategy.

- ▶ **Avoid paralysis by analysis** | don’t let the measurement debate hold you back. Pick a method to assess your activity and get on with the delivery
- ▶ **Don’t try and boil an ocean** | start small by implementing it on one project, or by launching one initiative – then build on those results
- ▶ **Lead from the top** | push for social value to be integrated in your organisation’s culture. Make it part of the DNA, rather than a separate ‘social value department’
- ▶ **Tell the story** | get your people involved and passionate by sharing stories about the impact your company is making in the communities it works in
- ▶ **Twin purpose with profits** | ensure that everyone within the business can see the commercial benefits that can come from focusing on making a social impact