

A valuable contribution to society

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The industry could add greater social value to its projects if it exercised a clearer understanding of what the concept entails

One of the challenges facing built environment professionals is their lack of understanding of what 'social value' means. Yet the concept is not new and has come in many forms in the past, from community benefit to philanthropy, corporate social responsibility (CSR) to social impact and sustainability to socio-economics.

Defining social value is difficult because it is, like sustainability, both an umbrella term describing social, environmental and economic benefits to society and a stand-alone function concerning the health and well-being benefits to individuals.

Adopting a balanced, collaborative and holistic approach is vital to making your contribution to the total social value

The UK government defined social value in the [Public Services \(Social Value\) Act 2012](#), which requires those buying public services to consider how this can 'improve the economic, social and environmental well-being of the relevant area'. As it stands, the Act only covers services commissioned by the public sector, and its legislative impact on construction is limited. However, local authorities and procurement frameworks have looked to our industry to meet the legislation's requirements, predominantly due to the steps taken by the social housing sector, where contractual requirements for apprenticeships and local employment were adopted before the Act.

[Constructing Excellence](#) recently defined social value specifically for the built environment, saying it means:

'meeting the current needs of the industry and the communities in which we work; improving the quality of life for generations to come'.

Adopting a balanced, collaborative and holistic approach is vital to making your contribution to the total social value, both negative and positive, of a development. Bear in mind that intentions may be admirable but still have a negative effect on this value: by way of illustration, for every '1 raised by charity parachutists, the NHS spends an average of '13.75 patching them up afterwards (see [Parachuting for money](#) for more information).

What is social value?

It is thus vital to embed a clear, practical business strategy for social value that:

- considers social value as part of physical assets? total economic value;
- develops and implements a social value plan from project inception to the assets? legacy, [RIBA Stages 0?7](#) ; and
- monitors social value centrally and makes it transparent, measurable and comparable.

Too often, responsibility lies with an individual and is not the focus of project teams or the whole business. The policy must come from and be endorsed by senior management, forming part of all employees? roles and fostering a social value culture.

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A project or business strategy should answer one simple question: where does our business or project have enough influence to achieve the most positive change for our stakeholders? Employees and partner colleagues should then ask: where do I have enough influence to achieve such change? The answer to both questions should include the 8 key areas of social value (see Figure 1).

- **Community:** engaging and consulting with local communities should allow them to influence the development?s outcomes.
- **Design:** this should ensure materials are responsibly sourced, and green and blue spaces are created.
- **Supply chain:** social value can be created by contracting and upskilling suppliers. Support, training and contract opportunities can be provided for local small and medium-sized businesses, voluntary and community organisations and social enterprises. Payments should also be prompt, monitored and transparent.
- **Skills:** developing the skills of the existing, new and emerging workforce, throughout the supply chain and project lifecycle, should be a consideration.
- **Employment:** current and new professionals should be employed throughout the supply chain. There should be targeted recruitment of local individuals, and underrepresented, disadvantaged and vulnerable groups.
- **Environment:** considerations include waste management, responsible and ethical sourcing, minimising carbon emissions, the embodied carbon of manufacturing processes, material re-use and recycling, and the potential to create and manage blue and green spaces and green infrastructure.
- **Asset:** this covers the productivity and environmental efficiency of its operation, project lifecycle and economic, socio-economic and environmental impact and service provision.
- **Sentiment:** how do communities, businesses and individuals feel about the asset and its service provision?

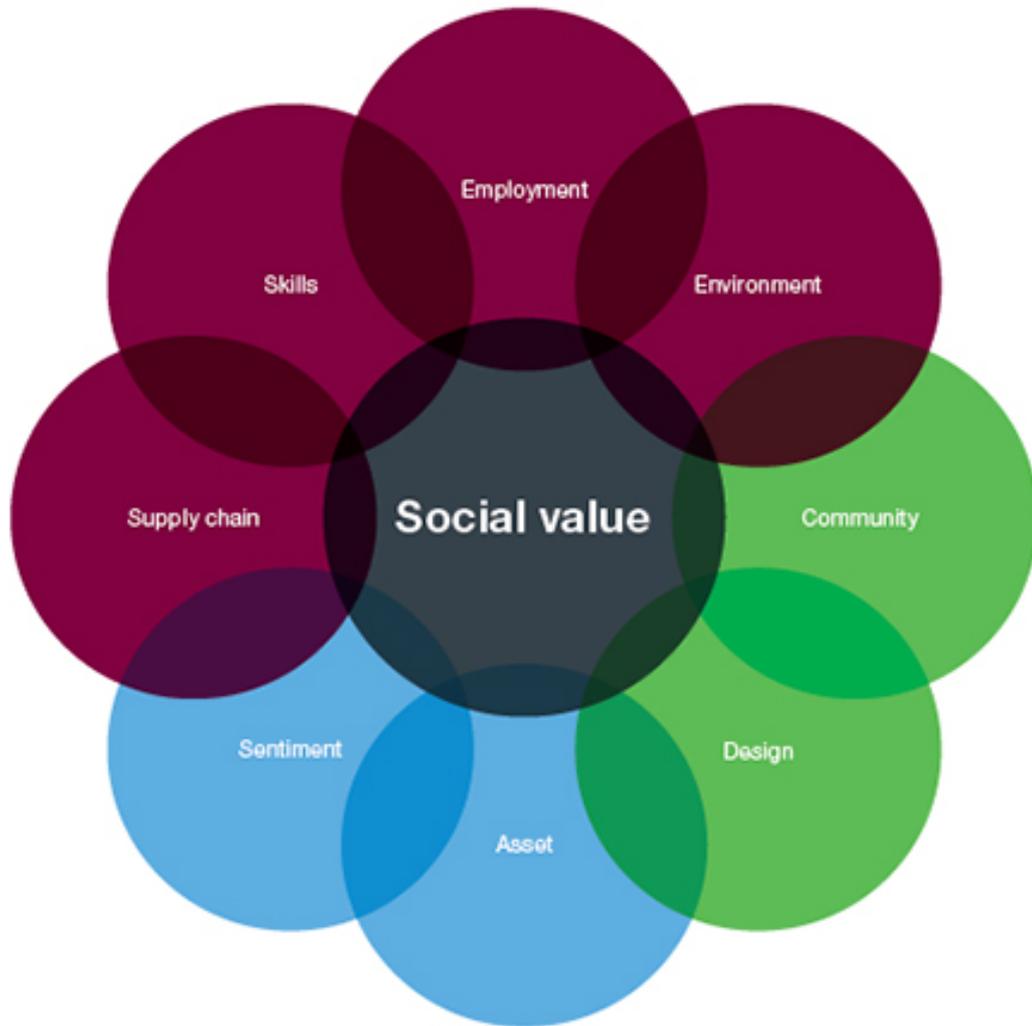


Figure 1: The 8 key areas of social value

Adapting to client needs while remaining true to your social value strategy and objectives is an integral part of the planning, procurement and project management process. For example, if a client's focus is on supporting local enterprise as part of its inclusive growth strategy and part of your strategy is to help tackle the skills shortage, then you can:

- ensure prompt payment of your supply chain, allowing them to plan for recruitment, upskilling staff and investment, and then monitor and report on performance, successes and challenges;
- open up internal and external training to local businesses to develop their skills, allowing them to bid for contracts and creating employment as people progress in their careers; and
- encourage new entrants to the industry by collaborating with your supply chain and local businesses to establish partnerships with a local school, college or university.

For surveyors and project managers in construction, social value activities and objectives can and should be planned and costed into the project from the outset, and managed, monitored

and measured in the same way as quality and time.

Social value rationale

Social value will benefit government, public-sector clients and their communities in several ways, including:

- increased economic growth, prosperity and local spend, bringing additional local income through employment and business contracts and savings for public services;
- increased health and well-being for residents, reducing unemployment and crime, raising aspirations, pride and skills; and
- increased retention of talent and skills, bringing innovation, new business and future prosperity to the local area increased funding for major construction projects and illustrating the benefits to the public sector.

The importance given to social value in public-sector planning, procurement and economic strategies is increasing. Many core cities are adopting inclusive growth strategies and highlighting the benefits for every member of society. Planning policies can ask for evidence of socio-economic and environmental impact assessments alongside economic ones. Procurement policies can be weighted heavily for social value, a percentage of total marks awarded being given to measures that help realise it.

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This being so, there is one clear benefit of adopting and implementing a meaningful social value strategy: it helps win new business. It also brings industry-wide benefits that address the major challenges we face, as highlighted in the [Farmer Review](#) . There are numerous other qualitative benefits for you, your firm and the industry as a whole, as follows.

- Businesses that have a socially conscious culture are more attractive to new talent and have higher retention rates and more productive staff.
- Businesses whose activities generate social value have a better reputation in the public sector, helping them win more work.
- Businesses that can support clients in addressing local social challenges and boost the potential for inward public and private investment are seen as beneficial partners.

These benefits have been realised by businesses across the industry. [BAM Construction](#) , for instance, has made social value both a culture and an outcome for most projects. Its national community engagement manager Syreeta Bayne says:

?Quantifying the social value created through projects ? demonstrates the wider impact [our clients] are having, helping to aid their future investment decisions. It also engages and stimulates our people, giving us a more motivated workforce.?

As we see social value expand through the RIBA stages, we have also seen consultants, designers and engineers embrace its benefits. Shaun Lunn, a director at Faithful+Gould comments:

?Our clients want to see a benefit that is more than just a set of numbers, and we want to

create a place that is better than just the investment; but it has to stack up. Quantifying, monitoring and managing the social value alongside time, cost and quality allows us to differentiate ourselves from the competition in a commercial world.?

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The attention paid by the public sector to social value is only going to increase in coming years; it will be measured and publicly shared, prompting private clients to do the same and in turn encouraging socially conscious businesses to thrive.

Measuring social value

This is fast becoming an industry of its own as we move from measurement of outputs and quantitative data to demonstrating outcomes and collecting qualitative data. It is important to understand where your business is on its journey from data management through data exploration to data analysis.

A report due to be published by Carrie-Ann Huelin, director of social value enterprise Viola Clause, explains that measurement can be categorised into these 3 levels of increasing complexity.

- **Data management:** this looks at what was achieved, and includes setting and managing key performance indicators (KPIs). Data from similar sectors or other companies in the same sector can be compared against a standard set of KPIs, allowing for shared best practice and sector-specific improvements based on performance.
- **Data exploration:** this considers both what was achieved and how, and involves KPI management and performance, including inputs, outputs and impact. It allows successful interventions to be understood and replicated while enabling you to learn about measures that were less successful than expected.
- **Data analysis:** what was achieved, how, was it worth it and should we adjust strategy? Is it meeting client needs? To answer these questions will entail consideration of KPIs and impact, including economic and political influences. It can also allow financial values to be applied to activities to communicate their commercial impact. The Unit Cost Database and the Global Value Exchange are 2 popular means of showing the social value created.

The [Social Profit Calculator](#) (SPC) is one tool that allows projects, organisations and businesses to monitor, demonstrate and measure social value in line with their own strategy. The importance of not overclaiming social value, its impact and financial benefits is essential, as CEO of SPC Mark Bolger stresses:

?We have incorporated multiple analysis frameworks so that robust, accountable and auditable social value calculations can be made to forecast and evaluate projects. But it is important to include impact measures such as attribution, deadweight, displacement, leakage and drop-off to make sure companies do not overclaim their social and financial contributions to society.?

Where to go from here

There have been many good examples of our industry demonstrating certain aspects of

social value; however, projects that have taken social value to their heart and worked on it from inception to operation are hard to find. This is where the immediate future of social value lies.

A project lifecycle approach of this kind will see:

- public and private investors and developers designing and implementing social value from the project's inception;
- clients adopting the [UN Sustainable Development Goals](#) to ensure long-term outcomes for stakeholders and a move away from output numbers and box-ticking; and
- financial measurement of social value being used to influence the budget and quantify a project's success or failure.

There is an opportunity for the industry to lead this positive shift in social value, but we need to make it part of the culture of our businesses, collaborate with our clients and competitors, and share both best and worst practice.

Rob Wolfe is chair of Constructing Excellence's Social Value theme group, fellow of the Royal Society for the encouragement of Arts, Manufactures and Commerce and managing director of [CHY Consultancy](#)

Further information

- Clear and practical guidance on generating, implementing and measuring social value throughout the RIBA stages is available in [Constructing Excellence's Social value style guide](#) and the UK Green Building Council's report [Social value in new development](#)
- Related competencies include: [Business planning](#)
- This feature is taken from the [RICS Construction journal](#) (February/March 2019)
- Related categories include: [Inclusive design](#) , [KPIs and benchmarking](#) and [Social value](#)