Institute of Economic Development
Inspiring people - Improving places

Northern Housing Consortium
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Why - and why construction?

UK one of the most unequal economies in the developed world - child poverty, housing, education, mobility, health, productivity…..

And its getting worse – 30% of the population live in 10% most deprived areas

One in 4 suffer with a long term illness; life expectancy 16 years less

Trickle down economic growth model does not work – need to do different

Wanted to explore the SV Act - what difference is this making? What best practices can we share with members across the country?

Construction - £500b spend by 2030; contributes 7% of GDP; central to place; masive opportunity to deliver a transformational social impact – level up

Research and methodology

Wide definition of the construction industry, including infrastructure, water, buildings, transport, energy…

Client (public sector) and Industry surveys

Interviews with Tier 1 and 2 suppliers

Roundtables – SME and T1s

Case studies

Literature review

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What we found:

- There is an absence of a single definition and lack of understanding of what social value is.
- Cited as the biggest barrier by all
- A wide range of activities are considered to be social value
- Some of these reflect commercial self-interest, or good/legal business practices – very little innovation
- Social value is often interpreted as “local spend”, however there are lots of issues with this…..

Key Recommendation 2:

Agree a definition of social value, and what activities are within scope, for the construction sector

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What else was lacking:

- capacity, capability and resource on both sides for monitoring, evaluation, and a lack of enforcement of contractual undertakings from buyers.
- leadership and collaboration on SV on X-boundary projects
- clearly articulated and transparent social value strategies
- robust prior community engagement and needs analysis & alignment
- a focus on outcomes

In addition:

- disproportionate/unrealistic outputs
- proliferations of tools, frameworks, models, metrics
- Significant problems at lower end of the supply chain – SME/VCS

Delivering Social Value

Key Recommendations:

3. Update the Treasury Green Book, the Social Value Act and initiate mandatory reporting

4. Upskill both the public and private sector in different aspects of Social Value

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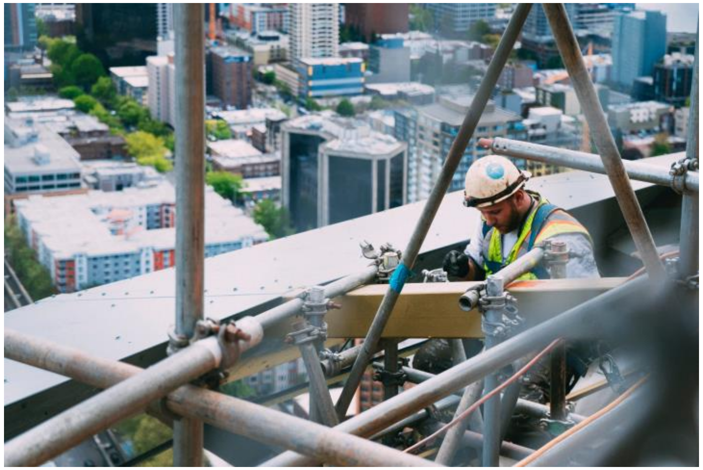
Partnerships

- Wide variety of partners used in Social Value delivery, and often the partnerships themselves were counted as SV.
- Partners seen to aid effective SV delivery - local knowledge and community networks

- But significant barriers and challenges reported by both sides:

- procurement capability, delivery capacity, lack of prompt payment, resilience and professionalism, little support to get into supply chain, incestuous and embedded, not a level playing field……



Key Recommendation

5. Support and upskill SMEs and VCS organisations

Monitoring and Evaluation

- Not consistently done and contracts rarely enforced
- Misalignment in what is believed to have been delivered, lack of clarity
- Varied tools and approaches – few outcome based measures, or negative impacts/geogs.
- Challenges of lack of capability and resources (people, finance)
- Need greater transparency, accountability,and publication; a ‘procurement memory’ or benchmark – in one Centre, for guidance, examples, training, learning, knowledge share, collaboration, what does good look like – and bringing together all the silos of activities.

Key Recommendations:

1. Establish a Social Value Centre of Excellence for Construction

3. Update the Treasury Green Book, the Social Value Act and initiate mandatory reporting and SV strategies.

Five Recommendations

- Define Social Value **<u>and</u>** what activities are within scope
- Establish a Social Value Centre of Excellence for the construction industry
- Support review of the Treasury Green Book, and initiation of mandatory reporting and SV strategies
- Upskill public and private sector
- Upskill local SMEs and VCS organisations

Doing it differently

The Report

www.ied.co.uk/insights

– Executive summary

– Case studies

– Full report

– Subscribe to our e-enewsletter at www.ied.co.uk

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It's all about action….

Lots of subsequent engagement and conversations –
Construction Innovation Hub, CLC, UKGBC, CCS, CBI…..

4 CPD sessions on community engagement, and 3 dissemination webinars

Fed into Green Book update, and UKGBC SV framework project

Driving forward Centre of Excellence now key:

Mentioned in bids

3 Round tables specifically on its priorities ~50 critical friends

2 page outline with Gregg Clark to get Treasury/Cabinet endorsement

Future Lighthouse for other sectors coming behind us

How can you help/get involved

Email to connect at bevhurley@ied.co.uk – will go on my update/CF list

Help us get government endorsement to take to next step:

Business modelling and financing for a lean, mean, sustainable, (ie self-financing after seed money) highly transparent and collaborative, action-oriented entity that enables a tangible improvement in the delivery of social value in construction, at all stages of the process for buyers and sellers and local communities alike.

It has to really move the dial!