



Resurfacing:

Local authorities, social value and the COVID-19 recovery

Foreword

Local authorities and other public sector bodies have been at the heart of the UK's response to COVID-19, providing essential services, protecting the vulnerable and keeping local parks and other facilities running. As we begin our economic and social recovery, these bodies are uniquely positioned to help kickstart this, positively shaping how we are going to "Build Back Better" and responding to the public's evolving expectations in a post-pandemic world. As local authorities and other public sector bodies plan their response, they will do so in partnership with the construction and infrastructure industry, which stands ready to support and advise them with the creation of sustainable infrastructure, as they design and redefine how communities operate.

Unfortunately, extra costs related to COVID-19 such as increased social care requirements and the need for large amounts of additional Personal Protective Equipment (PPE), combined with significant amounts of lost income from business rates and closed income-generating facilities, such as leisure centres and car parks, have added further pressure to an already challenging situation, in spite of additional Government support packages. This is adding new impetus to the social value debate and increased recognition of its importance, as local authorities and others responsible for taxpayers' money look to make sure they get as much value as possible for the public pound – something that is integral to the way both Balfour Beatty and SCAPE have worked for many years.

Social value already creates strong, sustainable outcomes within communities, delivering huge benefits across the country. However, if we were to put social value at the very heart of local authorities' strategies, there is, we believe, much more that could be done to deliver additional inclusive, sustainable growth. Indeed, we now have an opportunity to step back and consider whether social value is being used as effectively as possible to address some of the critical, interlinked challenges including the climate emergency, digitisation, inequality and the need to enhance biodiversity and wellbeing.

Now is the time to rethink, revitalise and redefine how we 'do' social value, to make sure we are getting the best out of it. To innovate, share and learn from existing best practice and to bring together the public sector, contractors and their supply chain partners to ensure that social value is hardwired into how infrastructure is delivered - that it is maximised where it is most needed and where it will have the greatest positive impact.

Now is the time to do things differently and to work together to find a better way.



Mark Bullock
CEO, Balfour Beatty UK Construction Services

Key points and recommendations

- 1** Procuring at scale via frameworks such as those offered by SCAPE gives the public sector huge buying power. It is a major tool in driving some of the changes needed to respond to new challenges and priorities, at pace.
- 2** Local needs have changed in the light of COVID-19. Those delivering social value need to make sure they understand these changes, ensuring that they are flexible and have processes in place to effectively listen to and involve local communities.
- 3** Once new local priorities have been understood, those delivering social value need to respond accordingly, improving how they deliver against them – and those commissioning infrastructure need to make sure they are asking the right questions of their framework provider to understand how they are going to prioritise, deliver, measure and replay social value outcomes.
- 4** Maximising social value as much as possible from construction and infrastructure schemes to improve things such as access to green spaces, employment and training and better air quality are all simple ways to keep costs down long-term – in terms of improving health and reducing impacts on the NHS for example. The incentive to choose partners who are skilled in these areas and who can deliver genuine social value for local communities has never been greater.
- 5** Design is critical as are the practicalities of construction and de-construction. Involving experts who know how to reduce capital, operational, and user carbon need to be involved in schemes from the outset, and as defined by PAS 2080, before the specification has been set too tightly.
- 6** Over-engineering schemes or sticking to standard specifications will significantly limit potential carbon savings. Those commissioning infrastructure projects must be bold and ambitious if they want to achieve meaningful carbon reductions. Both Balfour Beatty and SCAPE have clear sustainability policies, and work to the same project standards.
- 7** To advise on the decisions that will ensure that biodiversity is protected and enhanced during and following construction schemes, contractors need to be involved early on, in the planning phase, before the specifications have been too firmly set. This is something that by working together, SCAPE and Balfour Beatty prioritise.
- 8** Clients - those commissioning the schemes - are the key element in ensuring that biodiversity is protected and enhanced during and following construction schemes. They hold the purse strings and make the decisions.

Context

The social impacts of COVID-19 and the subsequent economic shock are far-reaching and varied, including increases in mental health challenges and growing unemployment¹.

For local authorities on the front line, the need to do more with less to deliver for their local communities has never been more pressing. And the focus on social value as the means of achieving this and helping to drive the economic recovery has never been greater. For Balfour Beatty and SCAPE, delivering enhanced social value on a local scale has always been integral to our approach. We firmly believe that the economic recovery must happen in a way that maximises social value, and delivered through a tailored to the needs and aspirations of each community. For us to really be able to "Build Back Better", social value outcomes need to be embedded at the heart of the post-COVID economy to secure inclusive, sustainable growth.

The Social Value Act 2012 has made a huge difference to communities across the country, with the Social Value Portal and others calculating that some commissioning authorities are now delivering around an additional 20% for every pound spent². For an average local authority spending c.£100 million per year, this could be as much as an additional £20 million for the local community, which, when multiplied by the number of communities, could play a significant role in the Government's 'levelling-up' agenda and the UK's post-COVID-19 recovery. This is why Social Value is one of the key themes of the Local Government National Procurement Strategy³, which encourages local authorities to use their buying power, and in particular to mobilise their significant capital spend, to drive long-term social change. It is also why the Government announced in September 2020⁴, a commitment to a minimum of 10% social value weighting on all central Government contracts from January 2021. But although some local authorities, and especially bodies such as combined authorities, have fully embraced the potential for transformative change that social value offers, there is still some inconsistency in its delivery. There is still a lot more that could be achieved through social value, as requirements evolve and the methods of delivery are refined. More could also be done between public sector bodies to share best practice and lessons learned to inform future delivery and build on an already successful model.

Social value can take many forms, tangible outcomes that can be seen, easily measured and understood, such as increases in apprenticeship numbers and support for small local businesses to the less tangible but equally as important outcomes, such as improvements to air quality and improving the quality of life of local residents by increasing access to green spaces. It can help us tackle some of the major challenges facing our communities and help to avoid future problems, driving down costs in the long-term. Improving the take-up and conversion of local training and employment programmes would lead to increased employment, which can also create additional tax income (regional) GVA and ultimately GDP.

As our recovery continues, it will be vital to ensure that all social value being delivered is part of the bigger picture, feeding into the area's wider local strategy and enhancing other activities. The focus must be on programmes that bring about real and positive change to communities. Given the current context with COVID-19, local needs have changed. Those delivering social value need to make sure they understand how they have changed and will need to respond accordingly, improving how they identify what the priorities are and how together, we deliver against them. We must think long-term and in new, creative ways about what can be achieved. We must aim high and be bold. And we must listen.



Beyond the immediacy of COVID-19, climate change is also a huge issue which is at the top of political agendas. Social value is one of the key tools at our disposal for tackling climate change, the impacts of which can often be worst felt by those from less affluent backgrounds or living in the most deprived areas. Procurement, especially when procuring at scale via frameworks such as those offered by SCAPE, gives the public sector huge buying power. It is a major tool in our armoury in terms of driving some of the necessary changes, at pace, helping discourage public sector construction schemes from automatically choosing the cheapest (and often least carbon efficient or community-enriching) option- what we call "race to the bottom" procurement. Instead, SCAPE's approach focuses on lifetime environmental performance and continuous improvement. Together, Balfour Beatty and SCAPE consider community enrichment, social value creation and leaving a legacy just as important as time, cost and quality. These go hand in hand – they do not have to be seen as being in opposition.

Another element of the climate emergency is the crisis facing biodiversity and the natural environment – essentially nature, plants and wildlife. The two issues are closely linked. Although arguably less well understood by the public than climate change, biodiversity plays a vital role in underpinning our health and wellbeing, economies and livelihoods. What COVID-19 has brought home to many people however, is the importance of nature to our mental and physical health, whether that's parks, woodland or other open spaces.

Addressing these critical issues, while getting the most out of the public money being spent and continuing to deliver all the other essential services they are responsible for is a major challenge for local authorities. But it is fortunately also a virtuous circle. Ensuring that construction, infrastructure and development work delivers enhanced social value in terms of improved biodiversity, air quality and employment and training opportunities are all simple ways to keep costs down long-term. The incentive to choose partners who are skilled in these areas and who can deliver genuine social value for local communities has never been greater.

Balfour Beatty

Total project
Social Value add:

£4.65m

Social Value Add

Windle Island – SCAPE Framework

Balfour Beatty completed the £7m Windle Island junction improvements project to reduce congestion and increase safety for drivers. To measure the additional social value of the works conducted we have used the National TOMs calculator created by the Social Value Task Force. This infographic shows how the decisions made by Balfour Beatty, our customer and supply chain have provided added social value in the community in which we worked.



CIVIL ENGINEERING



St Helens
Council



Supporting
the National TOMs



LM3
online



The 5% Club



£0.91

of added Social Value for every £1 spent by the customer

£2.5m

spent in the local¹
businesses



£2.46m

spent in the local¹ area
for every £1 spent with
Balfour Beatty

80%

suppliers were SMEs



1,430

school and college
students engaged



6

graduates, apprentices
and trainees employed



13

weeks of work
experience



47

hours of activities to
improve staff wellbeing



97%

of construction waste
diverted from landfill



15T

of CO₂ emissions avoided
through the use of solar
powered tower lighting



41/50

CCS score

3

jobs advertised locally
for unemployed adults

94%

local employment

Windle Island - SCAPE Civil Engineering framework

The future of social value

COVID-19 has brought out the best in us in many ways, for example we've seen communities coming together by looking out for vulnerable neighbours, walking each other's dogs, and delivering prescriptions and food to shielding individuals. It has also seen innovation in the delivery of social value. For example, SCAPE brought together its contractors including Balfour Beatty, schools and social enterprises specialising in education across the UK to deliver an online work experience programme, *Learning in Lockdown*, for year 10 school students, to replace the face-to-face skills and training support that would have been delivered before COVID-19 (see separate case study).

This spirit of innovation in delivering social value is important, as social distancing looks set to remain in place for some time. Delivering some elements of social value can rely on in-person activity such as mentoring and volunteering, which is why adapting and evolving our approach to delivery is so important.

Of course, not all the social value outcomes need be innovative. Some, such as paying suppliers on time, promoting equality by ensuring ethical employment practices and offering opportunities targeted at underrepresented and disadvantaged communities, should be a core part of the commitment all contractors make to the communities they operate in. This is embedded into the SCAPE frameworks and is a commitment that SCAPE shares with all its partners.

Social value can and should be used as a driver for economic growth that benefits all parts of society. The construction and infrastructure industry has a vital role to play in delivering this inclusive growth. For example, a key challenge to inclusive growth is that of creating high wage, high value-add jobs across the country. Education, skills and employment opportunities offer the best chance of improving prosperity and ensuring that this prosperity is spread more evenly across society. A key element of inclusive growth, therefore, is inclusive job growth, which the Organisation for Economic Co-operation and Development (OECD) defines as:



Sustainable job creation that leads to a more equitable distribution of good job opportunities, both socially and geographically."



The Government's Index of Multiple Deprivation⁵ sets out the seven key indicators used to define relative deprivation for neighbourhoods in England. The construction and infrastructure industry has the opportunity to help improve several of these indicators including income, employment, education, skills and training, and living environment. Addressing these indicators by ensuring that towns and cities are diverse, with housing, jobs and infrastructure that is accessible to those from all socio-economic backgrounds is the best way of reducing the gap between the wealthiest and the poorest in society, for example. These indicators are a part of how, working closely with clients, we identify the social value to be delivered.

The challenge is how to overcome the existing barriers to inclusive job growth and to facilitate employment opportunities for those who have been unable to access them. This might include, for example, those with health problems, carers, young people not in employment, education or training (NEET) or ex-offenders. Inclusive job growth also means providing access to better jobs for those who are underemployed or working in roles that do not help them fulfil their potential: upskilling people and improving their employment opportunities or directly providing them with work is key to driving improvements in living standards and productivity, as well as helping to tackle inequalities.



The next frontier: climate change and biodiversity



Alongside COVID-19, an equally pressing challenge for the world, people, local communities and the global economy is climate change. Over half of councils in the UK have declared a climate emergency⁶ with many having developed robust strategies to become carbon net zero. In June 2019, the UK became the first major economy to pass a law committing to cut all greenhouse gas emissions to net zero by 2050 based on 1990 levels.

Social value and climate change are intrinsically linked. Evidence suggests that people living in poverty suffer much more from the impacts of climate change than those who are better off⁷. For example, major floods devastate communities across the UK, with at least one major incident every year for the last nine years. Data shows that deprived communities in England are more vulnerable to flooding than the most affluent parts of the country⁸.

The urgency of the climate change challenge requires rapid progress on decarbonisation.

Although much progress has already been made in recent years in reducing emissions, achieving net zero will be a significant challenge which will require every sector to make real changes. As the backbone of the economy, the construction and infrastructure industry has two important roles to play in helping to deliver on these plans:

1 The sector designs, finances and builds the efficient transport networks and utilities that help reduce carbon emissions. It builds energy efficient buildings and other low carbon infrastructure. It also plays a key part in helping ensure towns, cities, buildings and other assets are made more resilient to the effects of climate change and that the carbon emissions of both the construction and the in-use phases of the assets are kept as low as possible.

2 The construction and infrastructure sector uses significant resources that require a lot of energy to process and which generate greenhouse gas emissions: from the extraction of raw materials and the emissions which stem from the manufacture and transportation of the building materials, the pouring of concrete and use of steel, to the operation of heavy machinery and multiple, temporary sites. The industry therefore has a responsibility to modernise its approach, reduce carbon emissions from its operations and its supply chain as well as consider other factors such as water use, air quality and biodiversity.

The collective response to the global pandemic has raised hopes that progress on delivering net zero can be accelerated. SCAPE is taking a proactive approach in bringing together its delivery partners and their technical supply chains across the UK to harness its collective power and influence, to begin to address the sector's carbon footprint, making construction a force for positive change.

Design is critical, as are the practicalities of construction and de-construction. All of those with expertise in how to reduce capital, operational, and user carbon need to be involved in schemes from the outset, as defined by PAS 2080, before the specification has been set too tightly. Over-engineering schemes or sticking to standard specifications will significantly limit potential carbon savings. Those commissioning infrastructure projects must be bold and ambitious if they want to achieve meaningful carbon reductions.

Biodiversity Net Gain

Natural England, the Government body responsible for ensuring that England's natural environment is protected and improved, has found through a 10-year study, that people who regularly spend time in nature have the greatest life satisfaction, better health and self-worth and reduced anxiety⁹. Natural England's latest People and Nature Survey¹⁰, also showed that the nation's gardens, parks, woodlands and rivers are playing a key role in helping with mental health during the coronavirus pandemic and that children's health, and mental health in particular, benefits from time spent outside. This principle, which some have called the 'Natural Health Service' has significant implications for the NHS and other publicly funded services, as it prevents and helps to treat a range of physical and mental health conditions, resulting in direct cost savings and reduced pressure on hospitals.

Unfortunately, the importance of the natural environment and access to it has often been undervalued in recent decades. As it stands, 2.69 million people across the UK do not have easy access to open space within a ten-minute walk of their home, according to the Green Space Index 2020¹¹. This number increased significantly when some parks were closed during the lockdown period. Figures also show that access to outdoor space and nature is easier for more affluent people, with the most affluent 20 per cent of wards in England having five times more parks and general green spaces than the most deprived ten per cent of wards. This is particularly acute for people from Black, Asian and Minority Ethnic (BAME) backgrounds, many of whom tend to live in more urban areas and who tend to spend less time outdoors in green spaces¹². Although access to nature is often free, it is not always equal. Addressing this is a key element of the Government's 'levelling-up' agenda and doing this alongside the delivery of infrastructure and development is one of the most efficient and cost-effective ways of doing so.

Some impact on biodiversity from construction work cannot be avoided. However, we believe that the aim when commissioning construction and infrastructure projects should be to achieve Biodiversity Net Gain, or to ensure that the development has a positive impact on biodiversity.

Clients, those commissioning the schemes, are the key element in the process. They are have overall responsibility for the finances and make the decisions. Contractors also need to be involved early on when infrastructure is commissioned, in the planning phase. By bringing them in early, the scheme will be able to have a more positive impact on biodiversity and costs will be kept as low as possible as, in our experience, the majority of the key decisions have already been made by the time a scheme reaches construction.

Balfour Beatty provides a Biodiversity Net Gain for every project of a value over £250k. It has committed to a Biodiversity Net Gain report for every project through the SCAPE Civil Engineering framework. Balfour Beatty's internal ecologists develop the report, taking a detailed look at the specific location and a wide range of external factors, which could help maximise any Biodiversity Net Gain delivered. The final report highlights the potential benefits that could be delivered, outlines any costs and is bespoke to the area, the size of the scheme and the needs of the local community. The report is then shared with the clients who then decide whether to accept the recommendations. In our experience, the existence of the report and being able to see the potential benefits, supported by a discussion with our experts dramatically increases the likelihood that they will be accepted.

Working in this way, Balfour Beatty has delivered over 20 Biodiversity Net Gain (BNG) reports for SCAPE clients, which set out project specific steps to deliver Biodiversity Net Gain.

Biodiversity Net Gain is a fundamental cultural shift where development is a catalyst for a healthy, thriving environment. To achieve that, we must think about it from the start.

The construction and infrastructure industry and social value

The UK construction and infrastructure industry is critical to the economy. It contributes c.7% of GDP to the national economy and employs 3 million people – which is around 10% of the workforce¹³. It is also central to the Government's "Build Back Better" imperative, the levelling-up agenda and the post COVID-19 recovery.

More than most other sectors, it already has a sustained, significant impact on communities across the UK, given its potential to provide large numbers of highly-skilled, well-paid jobs and training opportunities to the disadvantaged or long-term unemployed. Additionally, the skills and local knowledge delivered in partnership with local supply chains, allow the delivery of tangible social benefits.

Maximising the potential to deliver social value and inclusive growth relies on several factors, including a strong, reliable pipeline, for all parties to be aligned and focussed on the required outcomes and for these priority areas to be embedded into the decision making from the beginning.

The construction industry has the framework to act as an enabler, with the skills, networks and employment and training opportunities required to create real change. It is also a dynamic sector; fast evolving with an increased focus on automation, digital and artificial intelligence. It is vital that the focus of the programmes we develop cater for our future needs to provide maximum benefit and help tackle some of skills shortages facing the industry.

Delivering added social value: procuring through national frameworks

Frameworks enable contractors to make an even greater contribution to local communities in terms of social value, as they offer a secure, visible pipeline of work at a scale, which enables contractors and their supply chains to look beyond the individual scheme. In addition, they provide the opportunity to forge long-term relationships with local authorities and the local communities they represent.

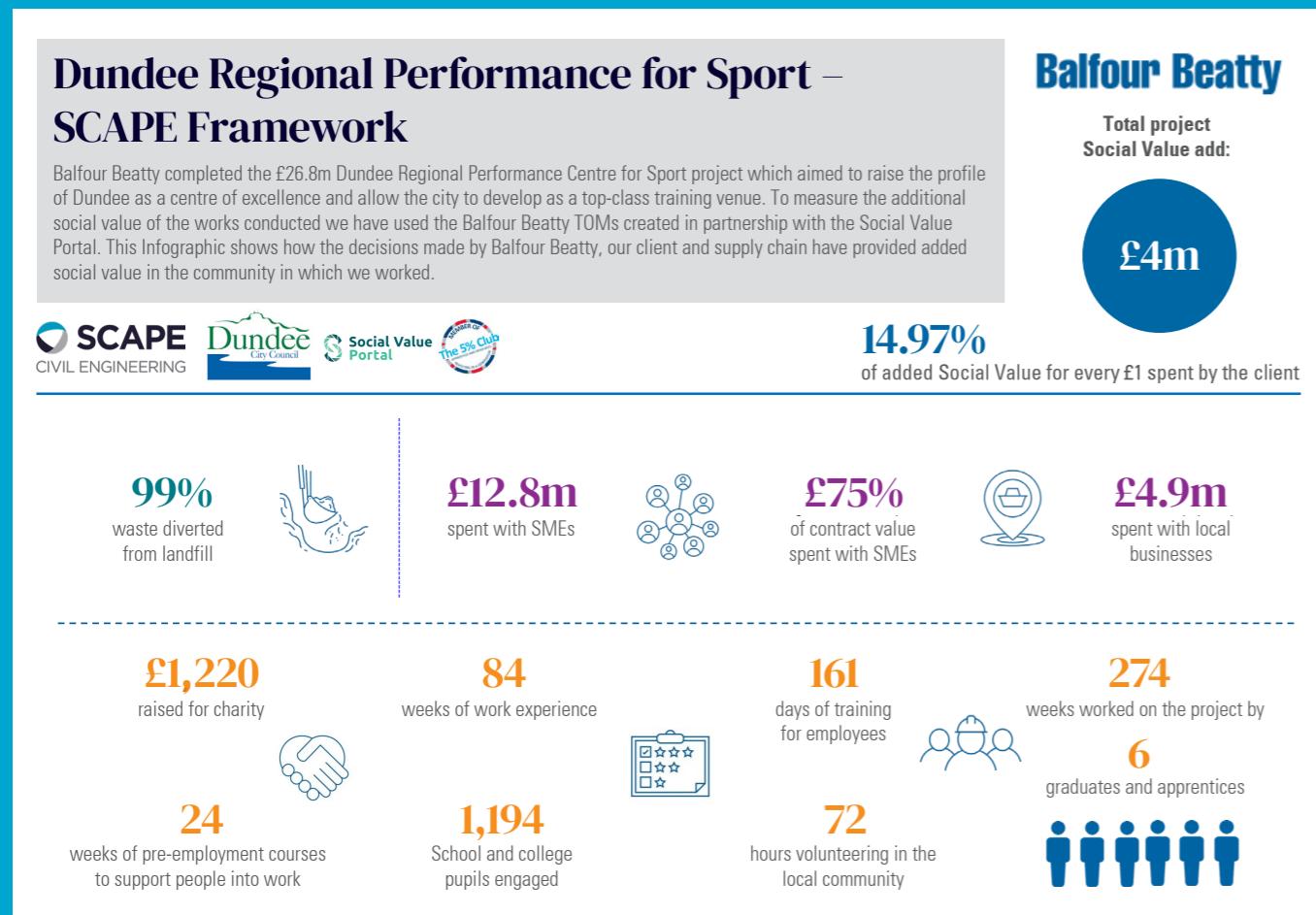
For local authorities, the option of using frameworks such as those offered by SCAPE offer a cost-effective option, which cuts through many of the procurement challenges¹⁴, such as the lack of a common, comprehensive definition of what counts as social value, a lack of benchmarking or consistent measurement, a lack of collaboration on cross-boundary infrastructure projects, and a lack of capability. We use national TOMs for the framework calculations.

When planned effectively, using a framework approach allows local authorities to alleviate their budgetary pressures in a range of areas. Not just by saving time and money when going out to tender, but also by facilitating a holistic approach to priority areas such as health or environmental outcomes for example, which can deliver longer-term savings for local authorities. Frameworks are also a strong tool for delivering inclusive growth and developing a more inclusive economy – a key goal across the UK.

This approach offers the best chance of securing social, economic and environmental benefits while building stronger, more resilient communities and leaving a positive legacy.

Another advantage for construction and infrastructure companies is the visible, guaranteed pipeline which flows from frameworks. Rather than the famine-or-feast, which can otherwise characterise the industry's workflow, and the 'lowest priced contract wins' approach, which there is some concern may return given the current economic situation.

Dundee regional Performance Centre for Sport - SCAPE Civil Engineering framework infographic



Virtual work experience: Learning in Lockdown



In May, as a result of the COVID-19 global pandemic, all scheduled educational site visits and work experience placements were suspended. To help fill the void and ensure that young people were still able to get a flavour of what working in the built environment sector involves, SCAPE and some of its partners developed a fully accredited, week-long virtual work experience programme for school children.

The programme, called “Learning in Lockdown”, was aimed at secondary school pupils. It was coordinated by SCAPE in partnership with Class of your Own, Industrial Cadets and Learn Live, with significant involvement from Balfour Beatty and SCAPE’s other partners. The week focused on providing vital work experience opportunities and virtual site tours, whilst the country was in lockdown.

2,000 year 10/S4 students from 300 schools in England, Scotland and Wales took part in the experience.

Every effort was made to ensure the programme was as enjoyable and educational as possible to help the young participants get a feel for the sector and gain some valuable experience during the global pandemic.

The week’s activity was based around the Pavilion Challenge, a team-based design exercise which involved student teams developing designs for a solar-powered, highly sustainable building in Dubai. Students worked together virtually, in small groups, to take the project from concept to design proposal and create models. They were supported throughout by experts from the construction industry, academia and the built environment, via video webinars and online chatroom discussions.

Scale models were presented for submission in a range of media; from SketchUp, Minecraft, Fortnite Creative and TikTok to intricate hand-cut cardboard models and Lego.

As a virtual experience, Learning in Lockdown was accessible from any location, which meant that it included a much more diverse cohort than usual.

46% of the students who joined us were female (compared to the industry average of just 13%), 10% were pupils with SEND (special educational needs) and 10% had English as an additional language, while 24% were from a BAME background.

The programme was free for students and delivered a 1:4 return on investment in terms of the social value generated, creating almost £200,000 within 7 days.

Balfour Beatty and SCAPE

In 2018, Balfour Beatty was appointed as the sole contractor to SCAPE's Civil Engineering framework suite, open to all public sector bodies in the UK, which will run for a period of four years.

The frameworks allow local authorities, local enterprise partnerships and other public sector bodies to commission works through a procurement process that provides the fastest route to market and utilises early contractor engagement and a collaborative approach to deliver best value design solutions.

As the delivery partner for the SCAPE Civil Engineering framework, Balfour Beatty operates a UK-wide network of local offices and supply chain partners. This network shares innovation and best practice, ensuring that projects are always delivered to cost and programme, with high levels of quality and the maximum positive social impact.

Using the framework also gives every client access to the expertise developed and lessons learned from more than 15 years of previous project delivery. Clients and supply chain partners are fully in control of this process, through team workshops, feedback surveys and ongoing support from their local relationship manager and project team.

Since Balfour Beatty's appointment to the framework in 2015, the company has secured over 130 projects across the UK, worth a combined value of £1.5 billion revenue in sectors including major highways and local roads, flood and coastal defence and public space.

SCAPE is the UK's leading public sector procurement authority, dedicated to creating spaces, places and experiences that leave a sustainable legacy within the community.

Since 2006, SCAPE has accelerated over 12,000 projects across the UK with their direct award frameworks, property services and innovative architectural designs. Working with SCAPE is all about partnership, bringing together the brightest talent from the construction industry and the local economy. SCAPE projects are collaborative, compliant and fully performance managed to ensure delivery efficiency, taxpayer value, targeted local economic enrichment and offer a direct response to the climate emergency.

SCAPE operates with a buying power of £13bn and is actively performance managing over 1,800 live projects. SCAPE is a member of the National Association of Construction Frameworks (NACF) and in 2020, was named in 'The Sunday Times Top 100 Best Not-For-Profit Organisations to work for' in the UK.

For more information visit: <https://www.scape.co.uk>

Conclusion

COVID-19 stopped the world in its tracks and has led to a wide range of changes to how society and business is operating. As we look to the future, ensuring that economic growth is inclusive and sustainable, and that access and advantage are spread more equally across society will be key. To deliver this vision, social value will be more important than ever. Working with the right partners and developing holistic, long-term strategies to ensure that social value is maximised and that it reaches as far as possible will become imperative for local authorities and other public sector bodies looking to ensure that public money is used to deliver maximum benefit.



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