

# News

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## **How construction firms can work in partnership with framework providers in order to drive social value**

It was once the case that an official opening of a building would mark the culmination of a construction project. When the last brick or window pane was put into place, a project team could be satisfied their work was done. Those days are long gone. Now, a key driver within the industry is the social value that a project generates, and not just the bricks and mortar of the finished building. Here, we explore what the rise of social value means for our industry, and how the use of frameworks can drive better outcomes.

Delivering projects for local authorities increasingly means working in ways that ensure social, economic and environmental value are woven into the response to any given tender.

The Social Value Act of 2012 set us on this course and the period since has coincided with the rise of construction frameworks. These procurement mechanisms have proved crucial in providing the public sector with streamlined and economically efficient ways to secure contractors in a manner that meets social value obligations.

So far, so good but in order to ensure that frameworks continue to play an important role in the next decade, both construction firms and framework models must continue to evolve.

Key to this is developing an ecosystem that supports the delivery of construction projects in a manner that has the wellbeing of society at the heart of its aims. Success in this will be strengthened by a continued commitment to the ethos of social value, underpinned by SME engagement and ensuring the latest technology is used to support these aims.

Morgan Sindall Construction is committed to this goal in numerous ways. For example, we define digital construction as the creation and managing of information on a project during its entire life cycle, to create both the digital and built assets. There are efficiency and cost control gains here.

The impact of digital construction will only grow in the years ahead as more public sector clients realise the significant benefits it provides on each project when it is used.

For successful projects to thrive, it is also vital to develop a healthy supply chain. Key to that is a commitment to thinking outside traditional hiring models and working with social enterprises.

Louise Townsend, Morgan Sindall Construction's Head of Social Value and Sustainability, explains: "Social enterprises often consist of more diverse workforces and can be designed to positively impact upon the working lives of marginalised groups. By implementing such groups into a supply chain, businesses ensure the social, economic and environmental impact of its operations can be felt by a wider range of people and play a key role in supporting a diverse workforce and making the industry welcoming under-represented groups.

"It is crucial that future legislation and procurement approaches are designed to encourage increased integration of SMEs, social enterprises and voluntary organisations into mainstream supply chains. This will make the entire supply chain more resilient, resulting in better outcomes for all involved, and in turn will result in increased efficiencies across large scale projects."

Ultimately, all of these stakeholders form part of a wider ecosystem, all of whom share a

commitment to creating world class buildings that improve wider society.

“In order for more businesses to commit to social value, we need to demonstrate why it is important and that it delivers results. That’s why we have adopted the Social Profit Calculator on all Pagabo framework projects,” said Robert Hall, Morgan Sindall Construction’s dedicated Pagabo Framework Director: “This utilises the social, economic and environmental value of a project using two key analysis frameworks: Social Return on Investment (SROI) and Economic Impact. The total social profit of a project is calculated by combining the SROI and Economic Impact Value.”

The SROI value is comprised of:

- Fiscal savings to UK Government and taxpayers associated with reduced cost for welfare benefits, health services, education, emergency services, housing and social care
- Economic benefits to HMRC associated with tax, national insurance and earnings due to reduced worklessness and sickness days
- Wellbeing Improvements associated with employment and skills development, qualifications, education support, school and community engagement, and improvements to physical and mental health
- Environmental benefits associated with reducing, recycling and diverting waste, reducing CO2 emissions, as well as ecological protection.

The economic impact is comprised of:

- Local Multiplier 3 (LM3) which accounts for how a project impacts upon local economies through spend on supply chain and employment
- Gross Value Added (GVA) which measures how project employment contributes to economic productivity and uplift of an area including the indirect and induced effects of direct employment.

Developing close working relationships with framework providers can ensure contractors are able to develop ways of working that drive efficiencies that only increase the social value being generated.

Robert said: “Through 18 ongoing projects that Morgan Sindall Construction is delivering through Pagabo’s suite of frameworks, we are set to deliver an astonishing £335,598,290 worth of social value, through the Social Profit Calculator we are able to demonstrate exactly where the benefits are being generated”.

This will be so important to communities across the country. For example, of that £300 million plus figure, £135,226,222 is in Liverpool alone, and the benefits will go on to be felt long after the project has reached completion. The importance of such benefits for a region is underlined by the fact that it was revealed last year that Liverpool City Region has the highest growth of any Combined Authority area in England. A key reason for this is the region’s construction sector and the resultant benefits that projects such as our work with Liverpool John Moores University, Liverpool City Council and Merseyside Police through Pagabo can bring.

Elsewhere, our work delivering numerous projects for St Albans City and District Council has resulted in over £75 million of social value for St Albans and the surrounding areas. This takes the form of educational support, the safeguarding and creation of jobs as well as the reduction of waste – all key drivers for local authorities that we are proud to assist with.

There is a general consensus that framework providers must do more than just simply ‘providing frameworks’, and a huge part of this should be a strong commitment to enabling and evidencing the social value delivered through projects they help deliver.

Pagabo’s Chief Executive Officer, Simon Toplass, explains: “We understand the essential role that

procurement has to play in making sure individuals, communities and businesses benefit from inward investment. To date, we have enabled over £1.64 billion in social value, which we firmly put down to the shared commitment amongst our contractors to social value.

“Looking forward, Pagabo has a three-pronged strategy in place for all future framework activity. It will focus on social value, technology and collaboration within our ecosystem – where we clearly see technology as the way to better outcomes for our clients and improved communication with our framework partners. We consider all three at the core of everything we do, which is why it is great to see Morgan Sindall Construction listening to and getting involved in what we are currently doing and more importantly in where we are going.”

Local authorities, framework providers, construction firms, the supply chain and the wider stakeholders all form part of the wider ecosystem that can help drive long term change in communities. It is up to all involved to continually improve the framework model through collaboration and innovative ways of working to ensure lasting benefits are felt as a result of each project delivered.

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