



Heart of the community

Increasing the social impact of Scotland's universities' capital spend

August 2019

Balfour Beatty



Foreword



Scotland's universities are a significant asset. They have a vital role to play in addressing critical skills shortages, underpinning economic growth and of course, they also directly employ thousands of people. Through science and research, they drive the innovation that leads to growth, developing new technologies and products, collaborating with business to generate new ideas, facilitating knowledge transfer and increasingly leading to business start-ups and supporting businesses as they grow. The sector is a source of skills, innovation and exports in its own right.

Universities also generate significant community benefit. This takes place via their primary purpose as educators and researchers, through which they enrich society. It also happens in a more deliberate way, as universities take pains to ensure that the money they spend locally is spent responsibly and that it benefits the local community they are a part of.

Five years after the Procurement Reform (Scotland) Act 2014 became law, the understanding of its true potential is still maturing. As is the case for many others, universities are still developing strategies which will ensure they maximise the community benefit they deliver.

Balfour Beatty's expertise in delivering community benefit through our work in the Further and Higher education sectors puts us in a strong position to work with key universities and colleges throughout Scotland to really maximise the social impact of this sector. We believe that universities have a significant opportunity to increase the community benefit they deliver by taking a more strategic approach to how they deploy their significant capital spend – and by working with the right partners.

This paper sets out some of our thoughts and experience in this area with the intention of stimulating discussion and helping to maximise the sector's potential to deliver community benefit.

Hector Macaulay
Managing Director, Scotland

Key points and recommendations

Case study: The Design Engineer Construct! programme

The University of Edinburgh and Balfour Beatty are committed to delivering a lasting skills legacy on our infrastructure projects in the Capital. In partnership, the University of Edinburgh and Balfour Beatty co-funded a learning programme that aims to inspire the next generation of specialists working in design, engineering and the built environment.

The Design Engineer Construct! programme – known as DEC! – is a learning programme with qualifications credit rated for inclusion on the Scottish Credit and Qualifications Framework (SCQF) and supported by the Chartered Institute of Building and other professional bodies. It is part of the Adopt a School scheme that has been developed by Class of Your Own, an award-winning consultancy focussing on built environment education.

Since its launch in September 2018, pupils at Castlebrae Community High School in Edinburgh have gained key skills needed by construction industry professionals in an initiative aimed at boosting recruitment in the sector. Balfour Beatty and the University of Edinburgh backed Class of Your Own to launch the initiative in September 2019, which augments the student curriculum in subjects including maths, science and technology while learning about the latest practices demanded by the construction industry.

The DEC! programme builds on existing links between the University and Castlebrae High School in which researchers at the Medical Research Council Centre for Regenerative Medicine have helped to develop science learning in the school. Balfour Beatty, uniquely positioned as a contractor with a strong working relationship with the University of Edinburgh have delivered STEM learning experiences to over 518 Edinburgh pupils on the Centre for Tissue Repair Project.

Balfour Beatty and the University of Edinburgh's commitment to delivering social value on infrastructure projects in the Capital will continue to develop a skills legacy for the City with new projects at The Darwin New Biology Project and Edinburgh Futures Institute.

1. Scotland's universities could increase the community benefit they deliver by focussing their capital spend, fostering strong relationships with and listening to local communities, harnessing the power of community engagement and by using the right partners to drive the community agenda.
2. Developing how community engagement is delivered would provide a range of better outcomes, from increased speed of delivery to better place making. It would also demonstrate the wider value of the university sector.
3. Delivering the maximum community benefit must become a core consideration in the procurement process, considered from the outset and at every stage beyond. It must form part of an overarching strategy, shaped by the local community and in partnership with all of the relevant stakeholders. The strategy must come first and every procurement decision thereafter must align to the strategy.
4. Universities must work closely with local authorities on the delivery of an overarching community benefit strategy for the whole area, rather than just on individual schemes. This creates the opportunity for achievement of more positive outcomes, promotes inclusive growth, and capital spend is therefore used in a more targeted way.
5. There must be clarity from the very beginning about the outcomes the university aims to achieve to enable contractors to work out how they can best deliver against them and reflect these ideas in their bids. Engaging and communicating with contractors in this open and transparent way helps in the delivery of benefits.
6. There must also be clarity regarding the weighting community benefit will be given in the procurement process. The best way to reflect the importance of achieving genuine community benefits and inclusive growth is to increase the weighting these priorities are given in the award criteria.
7. The commissioning bodies need to work with principal contractors by placing contractual requirements on delivering outcomes that address local needs. Without a clear commercial focus there is no principal driver to ensure that the local needs will be met.
8. Measurement must be set against consistent criteria and benchmarked over multiple projects, and the metrics must be robust in order to enable contracting bodies to effectively compare bids.

Context



Scotland's universities already have a significant social impact through the education and cutting-edge academic research that is their mainstay – creating and sharing knowledge. Amongst other benefits, they improve employability for the individual, opening doors by equipping people from all walks of life with vital skills and knowledge; act as centres of innovation; support evidence-based decision-making in public policy; and help attract global talent and investment.

In many cases, universities also nurture close links with the local communities they operate within. They are significant employers in their own right. Especially for those universities with city centre campuses, careful planning with the right partners about how capital spend is channelled, helps energise areas through inclusive place making that positions universities at the centre of local communities.

Many universities across the UK are making campuses accessible to local people, helping improve lives and offering social empowerment through access to healthcare, leisure facilities and cafes where these may be scarce.

Balfour Beatty believes that Scotland's universities could offer an even wider benefit to society by focussing their capital spend, fostering strong relationships with and listening to local communities, harnessing the power of community engagement and by using the right partners to drive the community agenda.

This is already being done in pockets as universities increasingly step up to the challenge on their social responsibilities. Glasgow Caledonian University, for example, has embedded community benefit through its *University for the Common Good*¹ approach. There are other positive moves external to individual universities which are also driving improvement. These include the measurement of universities on social impact based on the UN Sustainable Development Goals, including factors such as responsible consumption and production, reducing inequalities, gender equality and action to tackle climate change. It is extremely welcome to see Scottish universities doing so well in the rankings, with four² in the top 50 globally³.

Developing how community engagement is delivered would provide a range of better outcomes, from increased speed of delivery to better place making. It would also demonstrate the wider value of the university sector.

Balfour Beatty was one of the first construction and infrastructure contractors to fully embrace community benefit, make it part of our business strategy and to embed it across our business. We believe that one of our key roles is to assist our customers to maximise social, economic and environmental wellbeing of local communities⁴. Given our experience of delivering community benefit across the wide range of sectors our business operates in, we have been able to develop and hone our approach, cross-pollinating ideas and best practice which we aim to share across the industry in order to improve social outcomes across the piece.

¹ <https://www.gcu.ac.uk/theuniversity/commongood/>

² The rankings for Scottish institutions are:
#20 University of Dundee

#31 University of Aberdeen
#44 Glasgow Caledonian University
#50 University of Strathclyde

³ THE University Impact Rankings 2019, Times Higher Education
⁴ <https://www.balfourbeatty.com/media/317653/sus-pl-0002-social-value-policy.pdf>

Delivering more community benefit

Balfour Beatty has been advising clients on how to maximise community benefit, as well as taking a proactive approach to delivering it ourselves, for many years.

Based on our experience, we believe there are a number of steps that could be followed to increase the community benefit being delivered via investment in infrastructure, which could in turn have a significant impact on delivering inclusive growth:

- Delivering the maximum community benefit must become a core consideration in the procurement process, considered from the outset and at every stage beyond. Taking this approach, beginning with the end vision in mind, creates a virtuous circle. This approach increases the likelihood that more positive outcomes will be delivered.
- More importantly, it must form part of an overarching strategy, shaped by the local community and in partnership with all of the relevant stakeholders. Inequalities will never be truly addressed if the desired outcomes are considered one commissioning process at a time. The strategy must come first and every procurement decision thereafter must align to the strategy.
- Universities must therefore work closely with local authorities on the delivery of an overarching community benefit strategy for the whole area, rather than just on individual schemes. This creates the opportunity for achievement of more positive outcomes, promotes inclusive growth, and capital spend is therefore used in a more targeted way.
- Community benefit can be seen as being subjective, and suppliers can be unclear which elements will be prioritised by those responsible for the commissioning. There must be clarity from the very beginning about the outcomes the university aims to achieve to enable contractors to work out how they can best deliver against them and reflect these ideas in their bids. Engaging and communicating with contractors in this open and transparent way helps in the delivery of benefits.
- There must also be clarity regarding the weighting community benefit will be given in the procurement process. The best way to reflect the importance of achieving genuine community benefits and inclusive growth is to increase the weighting these priorities are given in the award criteria.
- Tenders which are overly prescriptive in what they expect to see delivered for the investment achieve less than those which invite proposals for solutions to the persistent problems that area faces, tied into the inclusive growth strategy. For example, those which set the objective of reducing unemployment or of upskilling an area achieve more than those which simply specify that x number of apprenticeships must be created.
- Close, early collaboration with all of the stakeholders, including the construction contractors, will also help to facilitate innovation and develop new ways of providing services, maximising the value of the investment and improving the outcomes.
- There must be a clear understanding of what the local community needs. This could be achieved by bringing together local authority and other community representatives as relevant, principal contractors, SMEs, commissioning bodies and service providers to develop a strategy. Principal contractors should then work with the local community and other stakeholders to deliver the agreed strategy.
- The commissioning bodies need to work with principal contractors by placing contractual requirements on delivering outcomes that address local needs. Without a clear commercial focus there is no principal driver to ensure that the local needs will be met.
- Incorporating community benefit into procurement processes must also be followed up with effective contract management to ensure the outcomes are being delivered.
- Measuring the impact of community benefit programmes can be challenging. Measurement must be set against consistent criteria and benchmarked over multiple projects, and the metrics must be robust in order to enable contracting bodies to effectively compare bids.

Taking a more focussed approach in this way would, we believe, unlock the potential to deliver a more ambitious community benefit agenda, which generates the outcomes local communities need while simultaneously tackling skills gaps across the economy and helping truly embed universities at the heart of local communities.

Case study: Glasgow

As part of our 'Responsible Neighbour Strategy' the Balfour Beatty community team is closely aligned to Glasgow City Council's priorities. One of the ways we have been working together has been through our support for the MCR Pathways⁵ programme - a Scottish Mentoring Programme and charity that provides disadvantaged young people with a mentor.

We have also increased our engagement with a range of schools and will work to support young people interesting in STEM in the Govan area all of which will provide the University of Glasgow with a pipeline of young people interested in construction.

Case study: Project Search

Balfour Beatty is proud to be refurbishing the Architecture School at the University of Strathclyde. As part of our programme of activities we are working closely with local communities to support local business and employability programmes.

We have focussed significant energy on Project Search, a Local Authority scheme hosted by the University of Strathclyde which supports young people with autism into employment. Through this scheme, we have offered work experience placements, career mentoring and regular site visits. This has allowed the University to meet some of their own CSR targets as well as providing opportunities for Balfour Beatty to showcase our commitment to being a fair and inclusive workspace.

We are working closely with the University's sustainability team to capture all our community benefit work so it can be recorded and measured through the Fraser Ellender Institute. We are in the process of appointing a student team of volunteers who will lead on this project.

Planned for the autumn term for school is an innovative partnership with the Engineering Development Trust which will see Balfour Beatty host an Engineering Challenge Bootcamp over a weekend in Glasgow. Six different schools will take part and be involved in a problem solving STEM based weekend of activities.

Case study: Balfour Beatty's approach

Balfour Beatty has set out how it will create a positive legacy and deliver community benefit in our Blueprint⁶ for a sustainable business. To deliver positive social impacts we focus on four key areas;

- providing local employment and skills opportunities
- supporting local businesses and economies
- enhancing local environments
- engaging with local communities.

In each of these areas, we have a tailored approach to meeting the needs of our customers and communities and work closely with the Social Value Portal⁷ to benchmark and report on the social impact we deliver.

We continually collaborate with our clients, local communities, supply chain and other stakeholders to define community benefit objectives for each new project we undertake. Developing these plans early in the project life-cycle ensures our value objectives are aligned to deliver tangible results for local communities.

Using our Social Value Measurement Framework alongside our UK Social Value policy, we capture, measure and report on our achievements to share and drive best practice across the sector. We have also partnered with the Social Value Portal to apply proxy financial values, giving us a deep, granular understanding of the community benefit we are delivering.

⁵ <https://mcrpathways.org/>

⁶ <https://www.balfourbeatty.com/media/195840/sustainability-blueprint-2017.pdf>

⁷ <http://socialvalueportal.com/>

Case study: Forth Valley College's Falkirk Campus

Balfour Beatty is proud to be constructing Forth Valley College's new Falkirk Campus. The new 20,709 square metre campus will become the Forth Valley College headquarters and house more than 2,000 full-time students.

The scheme will see us deliver an ambitious programme of community benefits. Balfour Beatty has made every effort to ensure the scheme benefits local residents, schools and the college itself, as well as boosting the local economy by employing nearby workers and purchasing materials from various community enterprises. For example, we are working closely with a variety of key community stakeholders including the Polmont Young Offenders Institution, Forth Valley Community Focus and The Engineering Trust to drive benefit and deliver on our added social value promises.

The support for the local community is measured and monitored through the Social Value Portal to quantify the socio-economic impact of our delivery. This will provide measurable values to the community and local employment, all of which will be displayed in the new college when it is completed.

Balfour Beatty has also sponsored UK STEM Skills charity, the EDT (Engineering Development Trust), to work in partnership with both EDT and Forth Valley College to develop an entirely new school STEM educational resource.

The project, which aims to promote foundation apprenticeships to S4 students, links industry with local colleges and has an overarching aim to provide a pathway into construction for young people at Foundation Apprenticeship level. Each participating pupil is given a mentor from Balfour Beatty to support them during their project.

Other initiatives aimed at educating and inspiring the next generation included 10 members of Balfour Beatty staff acting as voluntary mentors for the FVC students who were tasked with finding real-life construction-related solutions during the build.

Over 160 secondary pupils across the Forth Valley College have received extra-curricular STEM learning, site experience and mentoring from Balfour Beatty and the EDT. The pupils' work will be displayed at a ceremony in the newly constructed Forth Valley College in 2019.

Some key statistics which demonstrate the social value we have delivered on the scheme⁸ include:

- 285 weeks worked by graduates
- 9,697 hours worked by apprentices
- 38,096 hours of local labour
- 1,258 pupils given STEM experience
- A social enterprise is running the on-site catering

⁸Correct in May 2019



The construction and infrastructure industry's role in delivering community benefit

For many years, the construction and infrastructure industry has been a key driver of community benefits, leaving a legacy of positive benefits to the communities it operates in beyond the simply financial. For example, by employing locally and creating sustainable apprenticeships in the area around schemes; boosting local small, medium and micro businesses and social enterprises by ensuring they form a core part of the supply chain; maximising green space, and ensuring the value of materials is optimised through a circular economy.

Indeed, it is increasingly acknowledged that the construction and infrastructure industry has significant potential to benefit society more broadly - arguably more so than any other sector. The construction industry has the framework to act as an enabler for inclusive growth, with the skills, networks and employment and training opportunities required.

In particular, the size and scale of the schemes the higher education sector undertakes are ideal to help retrain, reskill and get the long-term unemployed back into work. In order to maximise these opportunities, our experience is that we must work as early as possible with universities to understand their objectives and to assist in the development of a pool of labour which will strengthen the local community.

Case study: Evolving Balfour Beatty's approach

Balfour Beatty is committed to delivering the maximum, meaningful community benefit from the outset of each project. We are continuously looking for new ways to meet the expectations of our clients and at the same time leave a lasting positive impact in the communities in which we operate. This means that we develop our design and construction plans to create community benefit, optimising the construction solution to improve the biodiversity of the local area and developing bespoke Involved plans that are tailored to the needs of each community and project.

As the first business in the world to have our whole Group independently assessed against the ISO20400 standard we are also always looking for ways to continuously improve the sustainability of our supply chain partners.

As part of this continual evolution we are looking at how to integrate community benefit considerations into our procurement process using e-procurement tool Bravo, which allows us to evaluate the contribution our suppliers can make as part of our selection criteria and to pull their commitments through to performance manage them once in contract. We firmly believe that to maximise community benefit it must be thoroughly measured and all measured in the same way, to the same criteria.

This is particularly important given that much of our work is delivered by our supply chain partners. We therefore need to be able to select suppliers who can deliver the best outcomes, both so we can help our clients deliver their own commitments, and so we can ensure that our work is benefitting society more broadly.

⁹ Involved is Balfour Beatty's community investment programme

¹⁰ <https://dwp.bravosolution.co.uk/web/login.shtml>

Conclusion

Balfour Beatty believes that Scotland's universities have the potential to build on the excellence they already do in delivering community benefit, to really turbo-boost their efforts, if they take a more strategic approach and work with the right partners. Balfour Beatty is perfectly placed to help our partners in achieving these goals.

Taking this more strategic approach offers the best chance of universities maximising the social impact they deliver, securing social, economic and environmental benefits while building stronger, more resilient communities.



Case study: St Andrews Gatty Marine Research Building

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About Balfour Beatty

Balfour Beatty is a leading international transportation and social infrastructure group. With 28,000 employees, we provide innovative and efficient infrastructure that underpins our daily lives, supports communities and enables economic growth. We finance, develop, build and maintain complex infrastructure such as transportation, power and utility systems, social and commercial buildings.

Our main geographies are the UK & Ireland, US and Far East. Over the last 100 years we have created iconic buildings and infrastructure all over the world including the London Olympics' Aquatic Centre, Hong Kong's first Zero Carbon building, the National Museum of the Marine Corps in the US and the Channel Tunnel Rail Link.

Balfour Beatty has been operating in Scotland for over a century. Today, the company employs 2,000 people across Scotland and works with a supply chain that includes a substantial proportion of local businesses.

Significant projects in the Company's current portfolio include The Gatty Marine building for the University of St Andrews, Forth Valley College's Falkirk Campus, University of Strathclyde's Learning and Teaching Hub, Edinburgh Futures Institute, The Darwin Biology Building and the Institute for Regeneration and Repair projects for the University of Edinburgh, Glasgow Queen Street Station Redevelopment for Network Rail and A9 Dualling Luncarty to Pass of Burnham for Transport Scotland. The company's construction business recently completed Perth Futures Trust Phase 1, Dundee Train Station Redevelopment and the Prince & Princess Wales Hospice and Radisson Red Hotel, both located in Glasgow.

Balfour Beatty is developing a leading position in the higher education market, delivering a broad portfolio of infrastructure projects. These include student accommodation, academic facilities, arenas and other campus projects. Working with various universities, local communities and local supply chains, Balfour Beatty delivers high quality, sustainable facilities that enhance the student experience, while maximising added community benefit on our clients' behalf.





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