



Unlocking Community Benefits

A Scottish Perspective

February 2018

Local Government

Balfour Beatty

Introduction

The ground-breaking Procurement Reform Act (Scotland) 2014 has changed the commissioning landscape. By requiring all new contracts over £4 million to deliver community benefits, it marked a shift in attitudes towards how we assess value in the delivery of public construction and infrastructure contracts. It has brought together the twin concepts of sustainable procurement and community benefits in one, shared approach. Furthermore it has empowered those procuring and delivering public projects to look beyond the immediate end product to also consider innovative ways of delivering wider, positive benefits for people and local communities as a way of getting the best possible value from the public money being spent. For the construction industry, it also means a welcome move away from contracts awarded only on the basis of the lowest price towards those which offer the best long-term outcomes for Scotland’s communities and the environment.

A robust community benefits strategy can include a range of outcomes, from leaving a skills legacy by employing locally and creating sustainable apprenticeships in the area around the scheme, to boosting local small, medium and micro businesses by ensuring they form a core part of the supply chain and that a high proportion of the project spend goes to local suppliers.

Balfour Beatty believes that while the Act was visionary and has undoubtedly delivered significant benefits, there is scope for commissioners and contractors to work together to go further. This short paper forming part of a series, considers ways to maximise the social value being delivered through the public projects being commissioned by local authorities.

Key points

1. Social value should be designed by commissioners in collaboration with contractors from the outset, to deliver the best possible outcomes.
2. The social value element of individual schemes should be plugged into a wider strategy for social change in order to multiply the benefits that can be achieved by delivering social benefit on individual schemes.
3. Contracting authorities could consider increasing the weighting they give social value to ensure that those bidding for contracts give social value serious consideration when putting tenders together.
4. Clear metrics should be established by contracting authorities to determine whether success has been achieved.
5. Responsible contractors should be considering social value as a key element of the scheme rather than as an afterthought.
6. Contractors should also be assessing schemes where the social value element has delivered tangible benefits, collecting data, sharing best practice internally and setting themselves targets for continuous improvement.



Contracting authorities

Working in partnership with the Scottish Prison Service

Balfour Beatty is committed to delivering on its principle of added social value. We work closely with clients and partners to deliver real, tangible social value to the communities in which we operate. We believe that reducing reoffending is a positive way of making a real difference. Scottish Government figures show that reoffending costs the economy £3 billion a year, on top of the social impact it can have. Offering inmates and ex-offenders opportunities to develop skills and secure employment can break the cycle of reoffending and mitigate much of this damage, as well as saving local communities almost £60,000 a year per individual¹.

A key focus for us is therefore our close working with the Scottish Prison Service, which has seen us develop a number of programmes to deliver practical support to inmates and ex-offenders in Glasgow, Perth, Dundee, Stirling, Falkirk and Dumfries. This has involved:

- the delivery of a number of employability and educational outreach projects in partnership with teams from Perth and Castle Huntly Prisons, including participating in the first ever careers day to be held at Perth Prison;
- designing and delivering a bespoke work experience programme for an ex offender from Perth Prison in 2017 which resulted in full time permanent employment;
- supporting the team at Dumfries Prison to engage inmates in woodwork projects;
- arranging regular work experience at the Hidden Garden Trust for an inmate from HMP Glasgow.

Balfour Beatty will continue its successful programme of work in this area. Moving forward, we will be working with Polmont Young Offenders institute and Stirling Women's Prison to provide opportunities such as sponsorship of inmates and development opportunities for prison staff, as part of the Forth Valley College community benefits programme of activities.

All social value is not equal. Those measures which are implemented to meet the basic need to have regard to community benefit requirements will inevitably have less impact than strategies which are designed by commissioners in collaboration with contractors from the outset, to deliver the best possible outcomes.

In Balfour Beatty's experience, to make sure the social value delivered matches the needs of the local community, commissioners must begin with a clear vision of what 'good' will look like, taking a bold, long term approach. Outlining clear social value priorities, ensuring that they are embedded at the scheme's concept and design phase and including all those involved in delivering the scheme in the process of designing the strategy, is a key way of maximising its potential. Clear metrics are also needed to determine whether success has been achieved.

Maximising community benefits can also be achieved by looking beyond the Procurement Reform Act, which requires councils only to consider social value in commissioning, stating:

"...a contracting authority must consider whether to impose community benefit requirements as part of the contract delivery before carrying out the procurement."²

Plugging individual schemes into a wider strategy for social change for example, can multiply the benefits that can be achieved by delivering social benefit on individual schemes. Contracting authorities could also consider increasing the weighting they give social value to ensure that those bidding for contracts have to give social value serious consideration when putting tenders together.

¹ The Social Value Portal

² <http://www.legislation.gov.uk/asp/2014/12/notes/division/3/3/2>

Contractors

Involved (Balfour Beatty's community investment programme in the UK) was established in 2015 and focuses on three key areas where we can add value to our customers and local communities:

- local employment and skills
- community engagement through charitable fundraising, volunteering and mentoring
- supporting local businesses.

Wherever Balfour Beatty operates it seeks to integrate within the neighbourhood, supporting the local community, its businesses and its workforce. *Involved* gives Balfour Beatty the opportunity to work within a framework whereby the results of its interventions are captured and the benefit to society shared with its customers and other interested parties.

As well as helping us to give something back to the communities we operate in, *Involved* offers our people opportunities to learn and develop. Our activities support community organisations in delivering social benefits and are typically focussed on helping the most disadvantaged young people in society with particular focuses on employment and employability, as well as health, sport and wellbeing.

For responsible contractors, social value must not be an afterthought. It should be seen as an opportunity to invest in and enhance local communities, spreading the benefits of the scheme as widely as possible. Innovative ideas to deliver real social benefit should therefore be at the heart of efforts to win public contracts. Developing these ideas requires contractors to listen to and understand the communities involved and their priorities, and to respond to them.

Contractors should also be assessing schemes where the social value element has delivered tangible benefits, collecting data, sharing best practice internally and setting themselves targets for continuous improvement to ensure they are providing the best possible service to local communities.

Of course, not all of the social value-adding commitments need be innovative. Some, such as paying suppliers on time, supporting young people into sustainable employment and 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.

Supporting Charity and Third Sector Organisations

Balfour Beatty is committed to working with charity and third sector organisations, to support and enhance their impact in our communities by sponsorship and in-kind benefits of our knowledge and expertise.

Our support of the charity, the Engineering Development Trust (EDT), the UK's largest provider of STEM educational activities for schools demonstrates this commitment. The EDT are aligned to the Scottish Government's STEM Strategy to improve levels of STEM skills and knowledge and to encourage the uptake of more specialist STEM skills required to gain employment in the growing STEM sectors of the economy, through further study and training³.

We recognise the vital nature of this work to our industry and have provided almost £50,000 of sponsorship to the EDT in 2017 and 2018, coupled with the provision of volunteers from across our business units, to mentor young people from all walks of life and encourage an uptake of STEM careers.

Locally in Scotland, Balfour Beatty has made a £30,000 commitment to the EDT to deliver a range of Industrial Cadet accredited STEM themed S4 School projects which will deliver up to 40 Industrial Cadets at Silver Level.

³ <http://www.gov.scot/Publications/2016/11/4147>

Conclusion

Balfour Beatty believes that social value will rightly become an increasing priority for the local communities we operate in. To ensure that contracting authorities maximise their purchasing power, reap the benefit of the money being spent on public schemes and ensure that the ripple effect is radiates as far as possible, all of those involved must play their part. For contracting authorities, this means setting ambitious targets and a clear vision as early as possible, and being inclusive from the concept and design phase onwards, while contractors must take social value seriously, bringing their best ideas to the table. This offers the best chance of securing social, economic and environmental benefits while building stronger, more resilient communities.

Balfour Beatty are members of The 5% Club, an employer-led organisation set up four years ago by our Chief Executive Leo Quinn. The 5% Club aims to tackle the dual issue of skills shortages and youth unemployment. Our over 250 members include FTSE-listed firms and SMEs from across the UK – all aspiring to meet a 5% figure of apprentices, graduate recruits and sponsored students within their workforce. Our goal is to unlock the full potential in the next generation and give the nation the increased skills base to compete globally for decades to come.

About Balfour Beatty

The UK's largest construction contractor, Balfour Beatty has a strong and well-established record of successful delivery in Scotland and an informed view of Scottish construction and infrastructure.

Headquartered in North Lanarkshire, Balfour Beatty delivers a locally-focused service across Scotland, with the support of Balfour Beatty's national network of expertise, resources and financial strength.

Balfour Beatty is a significant employer in Scotland supporting the Scottish Government to create momentum behind the recruitment of apprentices and graduates into the workforce. Wherever we operate we aim to be integrated within the neighbourhood, supporting the local community, local businesses and local workforce. We use locally sourced materials wherever possible, and invest in future talent through apprenticeship schemes and work placement opportunities to leave a positive legacy alongside the schemes we deliver.





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