



Introduction

1. ECA Members are increasingly encountering contracts which as well as meeting the main remit of the contract, require that they provide additional 'social value'. The following Guide aims to give ECA Members a better idea of what is meant by social value, the potential implications for winning and performing work, and measures they can take to maximise and demonstrate their ability to deliver socially valuable outcomes.

What is meant by 'social value' – and why is it growing in importance?

2. Social value is a relatively new area and therefore understanding of what exactly it means and what constitutes good practice in the field is evolving at a rapid rate.
3. Social value is sometimes used interchangeably with another term, 'corporate social responsibility' (CSR), although the former is increasingly replacing the latter as the preferred term among both clients and contractors. According to the Social Value Portal:

'Social Value' refers to wider financial and non-financial impacts of programmes, organisations and interventions, including the wellbeing of individuals and communities, social capital and the environment.

'From a business perspective it may be summarised as the net social and environmental benefits (and value) generated by an organisation to society through its corporate and community activities reported either as financial or non-financial (or both) performance.'

4. The following list gives some examples of activities often associated with the concept of social value.

Social value examples:

- Recruiting and training apprentices or graduates
- Providing training, work experience and job opportunities to local people, the long-term unemployed and/or 'NEETs' (i.e., young people not in employment, education and training)
- Offering targeted opportunities to disadvantaged and/or under-represented groups (e.g., women, individuals from a BAME (black, Asian or minority ethnic) background, former armed services personnel and/or ex-offenders)
- Assisting existing employees to undergo further training or education
- Sponsoring a local sports team
- Charitable giving or fund-raising events
- Allowing staff time off to maintain or improve community spaces
- Using methods or materials which reduce negative impacts on the environment
- Registering with the Considerate Constructors Scheme

- Becoming a Living Wage Employer.

5. The increased profile of social value is in part a response to growing societal concerns about commercial organisations focussing on minimizing costs and maximising profits with little or no consideration of the wider society and environment. These concerns have become even more salient as the willingness and/or ability of Government and the wider public sector to provide public services have diminished and reliance on outsourcing to the private sector has grown.

Which clients are interested in social value?

Public-sector (and similar) clients

6. Perhaps unsurprisingly, quite a lot of the current interest in social value is concentrated in public sector and related organisations, including central and local government, housing associations, public infrastructure projects and regulated utilities. A short description of relevant planning and public procurement legislation is included in the Appendix at the end of this Guide. The scale and relative attractiveness of work in the public and regulated sectors mean that many ECA Members are likely to encounter social value requirements and have an interest in demonstrating their ability to deliver socially valuable outcomes.
7. Given the diverse range of activities capable of falling under the broad banner of social value, specific requirements can vary noticeably from one public sector client to another. Local authorities, for example, tend to prioritise initiatives that will have a direct, and preferably immediate, impact on local communities, such as employment of local people and training, work experience and job opportunities for disadvantaged or under-represented groups, the long-term unemployed and/or 'NEETs'. Some contracts may include social value requirements in a related area – for example, a school's contract may include an expectation that contractors will contribute a play area for local children.

Greater Manchester Combined Authority

The Social Value Procurement Policy for GMCA [here](#) sets out the Authority's objectives. These include to:

- 'promote employment and economic sustainability – tackle unemployment and facilitate the development of skills'; and
- 'raise the living standards of local residents – working towards living wage, maximise employee access to entitlements such as childcare and encourage suppliers to source labour from within Greater Manchester'.

The Policy document then goes on to give several examples of how suppliers can go about meeting the Authority's objectives, (pages 3-7) including:

- a) Create a target number of jobs in the local economy
- b) Support the local economy by spending a target percentage of total expenditure in the local supply chain
- c) Reduce average sickness absence by a target percentage through an improved health, wellbeing and support package for staff

Wales

The Welsh Government has established a Code of Practice entitled 'Ethical employment in supply chains' which can be downloaded [here](#) and which covers :

- Modern Slavery and respect for human rights
- Anti-blacklisting
- False self-employment, unfair use of umbrella schemes and zero-hours contracts
- Paying the 'real' Living Wage.

The Welsh Government requires all suppliers to sign up and comply with the Code of Practice and encourages other organisations in Wales to adopt it.

Private-sector clients

8. Whilst some private sector clients remain narrowly focussed on price to the exclusion of much else, this is not true of others. In the latter instance, some private sector clients might adopt quite a similar approach to the public sector, whilst others will tend to favour a narrower range of quantifiable benefits which can be readily used for positive publicity.

Great Portland Estates

GPE requires its suppliers to subscribe to a Code of Conduct here

[\[https://www.gpe.co.uk/media/2211/supplier_code_of_conduct_august_2016.pdf\]](https://www.gpe.co.uk/media/2211/supplier_code_of_conduct_august_2016.pdf), key elements of which include:

- Health and safety standards, including adequate occupational health provision
- Encouraging apprenticeships
- Encouraging payment of the London Living Wage
- Respect for trade union rights
- Community and schools engagement

Main contractors

9. Nowadays, nearly every large main contractor in the UK publicises its 'responsible' or 'sustainable' procurement policies and includes elements of these in its supply chain selection criteria. Whilst arguably these new measures only partially off-set the continuing effects of price-based subcontracting, late payment and other unsustainable commercial practices, they do represent at least some level of response by main contractors to client demand (as above) and broader, societal expectations of responsible corporate behaviour.

Common Assessment Standard

Build UK and CECA published a Common Assessment Standard [\[https://builduk.org/wp-content/uploads/2019/04/Common-Assessment-Standard-Question-Set.pdf\]](https://builduk.org/wp-content/uploads/2019/04/Common-Assessment-Standard-Question-Set.pdf) in April 2019.

ECA was closely involved in developing this Standard, which aims to simplify main contractor pre-qualification requirements. CAS questions relevant to social value include:

- Is the organisation a sheltered workshop, social enterprise or social business?
- What percentage of workers are disabled or disadvantaged

- Does your organisation operate appropriate arrangements to ensure that equality and diversity is embedded in your organisation?
- Do you have a corporate social responsibility policy?
- Do you have an anti-slavery and human trafficking statement?
- Do you ensure that your supply chain is aware of, and abides by, Modern Slavery legislation?
- Do you manage the prevention of workplace bullying?

Considerate Constructors Scheme

The Considerate Constructors Scheme (CCS) [<https://www.ccscheme.org.uk/>] was set up in 1997 to improve the image of the industry.

CCS has a Code of Conduct under which those registered with the Scheme are committed to:

- Respect the community (e.g. minimising impact of deliveries to site on the local community, informing, respecting and showing courtesy to those affected by the work etc)
- Protect the environment (e.g. seeking sustainable solutions and minimising waste, minimising impact of vibration and air, light and noise pollution, etc.)
- Secure everyone's safety (minimising security risks to the local community, embedding attitudes and behaviours that enhance safety performance)
- Value the workforce (e.g. providing and maintaining high standards of welfare, providing a workplace where everyone is respected, treated fairly, encouraged and supported)

CCS monitors registered parties to ensure that the above commitments are met, and also encourages the general public to comment on the sites and actions of those registered with the Scheme.

What about employment/industrial relations?

10. Whilst contractual requirements around jobs, training and human rights are becoming ever more commonplace, the question of employment standards – beyond rock-bottom minima such as anti-slavery – remains more contentious.
11. Before the 1980s it was not unusual for clients, especially in the public sector, to impose requirements on suppliers to recognise trade unions and/or operate unionised labour-only arrangements. Legislation in that decade rendered arrangements of this sort unlawful, however, and this remains the case today.
12. On major infrastructure projects like Heathrow T5, the Olympic Park and Crossrail, clients have tended to continue to promote positive relationships with trade unions, PAYE direct employment and alignment with national working rule agreement (NWRA) benchmark terms and conditions, such as those set out in the JIB. Recent relaxations to EU and UK public procurement law are now encouraging more clients, especially local councils, to sign up to the 'real' Living Wage and/or to Construction Charters drawn up by Unite the Union, committing the council to apply good practice employment standards on directly procured construction work. More recently, the Construction Leadership Council – as a direct consequence of lobbying by ECA, Unite the Union and the JIB – has called for greater public and private-sector client support for direct employment.

Bristol City Construction Charter

In 2018, Bristol City Council became one of (so far) more than 50 local authorities to have signed a Construction Charter with Unite the Union. Like most of the others, the Bristol Charter

[\[https://democracy.bristol.gov.uk/documents/b10222/Construction%20Charter%20-%20Signed%20Copy%2003rd-Jul-2018%2016.00%20Cabinet.pdf?T=9\]](https://democracy.bristol.gov.uk/documents/b10222/Construction%20Charter%20-%20Signed%20Copy%2003rd-Jul-2018%2016.00%20Cabinet.pdf?T=9) commits the Council to ensure that its construction contractors and supply chains comply with (among other things):

- Direct employment (including a ban on use of payroll companies)
- Health, safety and welfare standards
- Positive engagement with trade unions
- CSCS/ ECS cards
- National Working Rule Agreement terms and conditions
- Fair recruitment.

Construction Leadership Council

Following oral and written submissions from ECA, Unite the Union and the JIB, the CLC Skills Workstream incorporated the following into its Future Skills Report

[\[http://www.constructionleadershipcouncil.co.uk/wp-content/uploads/2019/06/CLC-Skills-Workstream-Future-Skills-Report-June-2019-A4-Print-Version.pdf\]](http://www.constructionleadershipcouncil.co.uk/wp-content/uploads/2019/06/CLC-Skills-Workstream-Future-Skills-Report-June-2019-A4-Print-Version.pdf), published in June 2019:

- A call for “clients to agree a code of employment to level the playing field, where those who contribute to a project are directly employed, thereby ensuring that it is in the employer’s best interest to train their staff and benefit from their improved productivity”
- A proposal to measure the percentage of direct employment per contract
- A proposal to measure the percentage of contracts let which contain scoring criteria to incentivise direct employment at head contract and throughout the supply chain.

Is social value relevant only to larger ECA Members?

13. A 2018 [ECA survey](#) confirmed a strong positive correlation between the profile given to social value and CSR related considerations and the size of the business. The larger the business, the greater the likelihood of it facing questions about its approach to social value, and the more likely that it was asking its own supply chain about their policies and activities in the field.
14. Just over half the survey’s respondents expected CSR to be more important to their business in the next 5 to 10 years. This, together with other responses, seems to confirm that whilst current knowledge and understanding remain patchy, an ability to deliver socially valuable outcomes (and to demonstrate such delivery) is likely to become increasingly important for building services engineering businesses of all sizes when bidding for work in future.

Other benefits of a commitment to social value

15. Apart from winning work, a commitment to social value can bring a wider range of benefits to firms of all sizes. These can include:
- a) Return on investment from new, more environmentally efficient processes and technologies
 - b) Apprentices carrying out skilled work at a lower cost than fully qualified employees¹
 - c) Easier access to potential new employees via links with local colleges and schools
 - d) An enhanced employer brand, improving attractiveness to potential employees and increasing the commitment and retention of existing employees
 - e) A positive public profile for the firm.

“Real” Living Wage

The “Real” Living Wage (RLW) [<https://www.livingwage.org.uk/what-real-living-wage>] is independently calculated, based on what someone with a home and a family needs to get by. As such it is different from – and considerably higher than – the National Living Wage (NLW), set by the UK Government. The RLW and NLW rates can be found [here](#).

The RLW is promoted by the Living Wage Foundation [<https://www.livingwage.org.uk/>], a campaigning charity. According to the Foundation’s research, employers have reported various benefits from voluntarily adopting the RLW as a minimum rate of pay. These include:

- Improved reputation for the business (86% of respondents)
- Increased employee motivation and retention (75%)
- Enhanced differentiation from competitors (64%)
- Better employment relations (58%).

How effectively are social value requirements implemented in practice?

16. Among some clients, not least in the public sector, there is sometimes a tendency to ‘let, then forget’: local authorities’ monitoring of Section 106 planning obligations remains patchy in many parts of the country, for example. By contrast, other clients, such as Crossrail, have instituted intrusive reporting and performance measurement regimes, leaving few hiding places for the uncommitted. Overall, as social value requirements become more embedded, and clients and main contractors grow more experienced, the most likely trend is for scrutiny and accountability to increase.

Guidance: what steps can ECA Members take now?

¹ Recently confirmed in the Electrotechnical Skills Partnership (TESP), *Labour Market Intelligence Research* report – available for download from: <https://www.the-esp.org.uk/wp-content/uploads/2019/04/TESP-LMI-Report-2019.pdf>.

17. A good starting point for any ECA Member might be to examine current activities that may fall into the category of social value. Examples may include:

- Employing and training apprentices
- Offering payroll-giving, to encourage employees to donate to charities (www.payrollgiving.co.uk)
- Supporting employees to undertake training or education outside work (e.g., loan for the course fees, time off to study and take exams)
- Supporting charities, either directly or indirectly (e.g., sponsoring and allowing time off for employees involved in fundraising etc)
- Improving the profile of the sector within the local community – e.g., going into local schools to talk about the company's work; providing work experience for local school children or long-term unemployed
- Being a member of the JIB (at no extra charge for ECA Members), and applying the JIB agreement (www.jib.org.uk)

18. Researching the social value criteria which a particular client organisation applies can also provide ideas about how a firm's practices might be adjusted or improved. Relevant information in this case will likely include:

- a) The social value objectives of the client
- b) The outcomes they are seeking
- c) Examples (if any) of social value initiatives by previous suppliers
- d) The methods the client will use to measure social value

19. Sometimes, it might be possible to engage with commissioners in advance in order to influence what these criteria might be before they are finalised. Engagement with potential clients at an early stage gives an ECA Member company greater opportunity to ensure that any social value specifications are within the company's existing or proposed social value agenda and that they are deliverable. Many councils, for example, require training and employment of local residents. However, they may not have taken into account the length of time required to complete an electrotechnical apprenticeship and as contractors move from project to project and one geographical area to another, there can be an issue with people being recruited and partially trained for each contract without any sustained improvement in employment in each geographical area. Once the problems with this are explained and understood, the client will hopefully consider amending its requirements accordingly.

20. Businesses can also access free online resources to educate themselves on social value and start to draw up establish relevant policies and processes. The Supply Chain Sustainability School offers a wide range of useful information (see further below). In addition, Social Value UK has produced a detailed guide on 'Social Return on Investment' (SROI) to help organisations quantify including how to calculate the monetary value for each £1 that the proposal may cost. The SROI guide can be downloaded [here](#). There are a number of other online resources and hubs for social value. In addition to details about their social value objectives on the website of large organisations there are many websites that provide access to wider resources and training. [Social value UK](#) has general information and online training and is a good starting point for those wishing to find out about what is social value. The [social value portal](#); [Government information and resources on the social value act](#) all focus on the impact and application of the Social Value Act 2012.

Supply Chain Sustainability School

Funded by several **main contractors and clients**, the School

<https://www.supplychainschool.co.uk/uk/default-home-main.aspx> provides supply chain

firms with **free practical support** in the form of **CPD accredited** e-learning modules and training workshops, tailored self-assessments and actions plans, benchmarking tools, networking opportunities and access to thousands of online resources. These materials cover the full range of sustainability issues, including social, environmental and economic.

21. Getting involved in one or more of the following organisations could assist your firm achieve its social value objectives, as well as boosting its credibility in the eyes of clients, employees, potential employees and the wider community.

- **Electrical Industries Charity** [<https://www.electricalcharity.org/>]. The leading charity for the electrical industries, offering a range of financial and other support services to industry employees and their families. The EIC welcomes individual and corporate donations, sponsorship and participation in fundraising events.
- **JTL** [<https://www.jtltraining.com/apprenticeships/apprenticeship-courses/traineeships/>]. The largest apprenticeship training provider in the electrical contracting sector, and a not-for-profit charity. As well as apprenticeships, JTL encourages employers to support traineeships (work experience placements), including for under-represented and/or disadvantaged communities.
- **Considerate Constructors Scheme** [<https://www.ccscheme.org.uk/company-registration/about-company-registration/>]. As well as participating on individual CCS-registered projects (above), firms can choose to join CCS directly. As well as the reputational benefits that this can bring, registered businesses have access to CCS advice and guidance on improving their performance and a chance to compete in high-profile National Company and Supplier Awards. Details of ECA Member discount for CCS registration are on [the partner discounts page on the members section of the ECA website](#).
- **Women into Construction** [<https://www.women-into-construction.org/>]. This is an independent not-for-profit organisation that promotes gender equality in construction. It provides support to women wishing to work in the construction industry and to contractors interested in offering work placement and/or apprenticeship and job opportunities to women. Women into Construction also supplies consultancy services, such as unconscious bias training.
- **New Futures Network** [<https://offenderemployment.campaign.gov.uk/>]. This is a specialist organisation within HM Prison Service that brokers partnerships between prisons and employers. Options for participating firms include employing serving prisoners, release on temporary licence (ROTL), and employing ex-offenders after release from prison.
- **Careers and Enterprise Company** [<https://www.careersandenterprise.co.uk/>]. The CEC connects schools and colleges with employers and careers programme providers and supports them to work together to provide young people with effective and high-quality encounters with the world of work. Participating businesses can offer young people encounters with the world of work, such as mentoring or work experience; encourage their staff to volunteer for local outreach activities or work encounters; take their school engagement programmes into more schools and colleges; and/or [volunteer as an individual](#) Enterprise Adviser, and work with a local school or college to help develop their careers plan.
- **Living Wage Foundation** [<https://www.livingwage.org.uk/>]. Firms which want to demonstrate publicly their commitment to pay the Real Living Wage, and potentially take advantage of the benefits this can bring (see above), can become

an accredited Living Wage Employer, audited and certified by the Living Wage Foundation. As well as direct employees, the obligation to pay the Real Living Wage extends to contract staff (e.g., self-employed, agency, security, cleaning and catering personnel) working for the company for at least two hours per week, for eight or more consecutive weeks.

22. Developing a formal CSR policy can help consolidate and systematize the organization's approach to social value. It will also demonstrate commitment to staff and external stakeholders, as well as fulfilling client and main contractor pre-qualification requirements (see Common Assessment Standard, above). ECA has prepared a sample company CSR policy available [here](#) with an editable version available [here](#).
23. Once there is a good tale to tell on social value, entering awards can provide both reputational benefits for the organisation and recognition for employees who have been especially involved. As well as national awards organised by Considerate Constructors and the like, supply chain competitions are becoming increasingly common, organised by large clients and main contractors.

ECA support for Members

24. ECA has long sought to support members in areas such as environmental sustainability and health and safety. Increasingly this support is now extending to encompass the social aspects of sustainability, reflecting the expanding scope of CSR and higher profile of social value, in particular.
25. ECA's work in all these areas is coordinated by a CSR Steering Group, made up of member firm representatives. Other member forums whose work overlaps with social value include the Skills and Labour Relations Committees. If you are interested in learning more about the activities of the Steering Group and/or these Committees, please contact Paul Reeve [paul.reeve@eca.co.uk] for CSR or Andrew Eldred [andrew.eldred@eca.co.uk] for Skills and Labour Relations.
26. ECA has also prepared a number of guidance documents for members on CSR and related topics. Apart from the CSR policy document already referred to, these include [guidance on equality, sustainability policy template, modern slavery policy template] and can be accessed on the members' area of the ECA website [\[here\]](#).

Appendix: summary of relevant public procurement & planning legislation

EU Directives

EU procurement legislation sets minimum harmonised rules for tenders whose monetary value exceeds a certain amount and which are presumed to be of cross-border interest.

The effects of recent EU procurement Directives have included:

- Enabling public authorities to promote socially responsible public procurement via new rules aimed at promoting social inclusion
- Allowing social aspects to be taken into account in certain circumstances in addition to environmental aspects which have previously been allowed
- Allowing contracting authorities to require evidence of social/environmental characteristics from contractors
- Allowing full life-cycle costing to be taken into account when awarding contracts to encourage greater social value which may save money over the long term despite appearing more costly on initial examination
- Encouraging contracting authorities to break up work into smaller contracts to facilitate SMEs participation in public sector work.

Domestic legislation

Section 106 of the Town and Country Planning Act 1990 empowers local councils to attach conditions to a planning permission which are then set out in a legally binding agreement between the council and the developer. Increasingly, these conditions will include obligations to provide a minimum number of jobs, apprenticeships and other training opportunities for local people. Typically, a developer will then pass these obligations down to its construction supply chain. As an alternative, the developer may be asked to make a financial contribution back to the council.

Changes in recent years to UK procurement legislation, implementing EU Directives (above), mean that local authorities and other public sector organisations now have greater scope than before to incorporate social clauses of various kinds into contracts. In England and for activities in Wales by English based organisations, the key pieces of legislation in this area are the Public Services (Social Value) Act 2012 and the Public Contracts Regulations 2015. In practice, therefore, public sector clients in England can now impose a wide variety of social clauses when procuring works and services directly. This new freedom helps to explain the increasing profile of social value within public sector contracts, exemplified by local jobs and training requirements, outreach initiatives to benefit the disadvantaged and Construction Charters, among other things.



ECA, Rotherwick House, 3 Thomas More Street, St. Katharine's & Wapping, London E1W 1YZ
Tel: 020 7313 4800 Email: info@eca.co.uk www.eca.co.uk