

# Realising Social Value within the Design and Delivery of Highway England Infrastructure Projects

Final Report



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## Executive Summary

This report presents the outcome of a study undertaken to open up the debate around social value (SV) and what it means for the Highways England (HE) and its supply chain (SC) companies with regard to scheme design and delivery of the strategic road network (SRN). The report did not evaluate current performance, but recommends the actions needed to deliver SV requirements on schemes via a structured framework.

### Background to the Study

Recent legislation, Public Services (Social Value) Act of 2012 require public organisations to consider how their operations and services contribute to improving the quality of life of people and the environment around their businesses. The Act states that: “*All public bodies in England and Wales are required to consider how the services they commission and procure might improve the economic, social and environmental well-being of the area*” (Social Value Act, 2012). This makes it compulsory for all public organisations to consider and deliver social value (SV) in carrying out its operations. The importance of commitment to SV delivery cannot be over emphasised as it has the potential to improve the reputation of the organisation, make the organisation more competitive, gain the trust of the stakeholders in the community and help in the delivery of better customer satisfaction among others. There are also consequences of not delivering SV, these include; antagonism from the local community leading to disputes and scheme delays and even non-commencement of a scheme when the business case lacks consideration for SV among others.

The Highways England has been value led for many years and already engage road users in performance feedback. The Public Services (Social Value) Act 2012 moves this beyond immediate customers/road users and requires a wider approach to value delivery. However, how social value is embedded throughout Highways England and its supply chain companies, and how the delivery is evidenced is not yet known. In view of this, Highways England commissioned Nottingham Trent University to undertake a research project to sample the current understanding and practice of SV within the Highways England and its supply chain(SC) companies and to finally develop a framework that identifies and deliver the elements of SV on its schemes. The result of the investigation is presented in the relevant parts of the research reports.

### The Research Report

The research project gathered current knowledge and understanding surrounding the identification and delivery of social value (SV) and also sampled the current practice of SV within the Highways England and throughout its supply chain companies. The research project finally developed a framework that allows for evidencing of social value within the design and delivery of infrastructure schemes known as [Social Value Evidencing Toolkit \(SVET\)](#). General recommendations and areas for further research are also provided in the report. The report is presented in five key parts:

1. Literature review
2. Social value practice within the context of HE & its SC- empirical results
3. Framework for evidencing SV- *Social Value Evidencing Toolkit (SVET)*
4. Recommendations section
5. A3 knowledge transfer pack of the study

[Literature review \(Click to access section\)](#)

The literature review section collects the current knowledge and understanding surrounding the identification and delivery of social value. The report explores the concept of “community”

and “customer” in the context of HE operations and categorises the communities on HE road network into communities of road users and neighbouring/wider communities. The review found that current activities on social value are increasing in various sectors such as healthcare, social housing, local authority projects, and infrastructure schemes including HE and some of its supply chain companies. The review establishes that lean thinking supports delivery of SV objectives through its core principles that encourage engagement and collaboration, improve transparency and continuous improvement. This includes the use of lean tools and techniques such as the 5 Whys to carry out root cause analysis to solve problems in the SV delivery process. The review shows that the collaborative planning approach could be used in engaging with the local community in the SV delivery. Although, SV is a legal requirement, the review concludes that SV has the potential to support Highways England and its supply chain companies to improve the local economy, social wellbeing of the local community and to sustain the physical environment in which they operate. This study recommends that the use of the term “customers” by the HE should include all those affected by the scheme, which include the neighbouring communities and physical environment. This view is also supported in lean production. This would clearly support the HE’s ambition to deliver high impact social value to the communities it serves.

[Current Social Value Practice Empirical Report: \*\(click on title to access full section report\)\*](#)

This section of the report details empirical findings on SV practice sampled within HE and its supply chain companies. The empirical result is based on twenty indepth semi-structured interviews and observations with Highways England and its supply chain companies. The respondents include social value managers, community liaison manager, Corporate Social Responsibility (CSR) managers, local community rep., project managers, HE staff, social value managers. The empirical study sample the current understanding and practice of SV and identified how SV is embedded within the HE and across its supply chain companies. The specific social value delivered across HE schemes was identified and the current approaches used in measuring SV were explored. The study also identified the current benefits and challenges to SV practice on HE schemes. The study found that the current understanding of the respondents on SV as evidenced from their definitions of SV aligns with the meaning of SV provided in the Social Value Act of 2012. The study confirms that SV focuses on improving the quality of life of the people in the community, the local economy and the environment where the organisation carries out its construction activities. The research reveals the various approaches used to embed SV within HE and its supply chain companies. These approaches include: developing the policy and strategy documents, use of appraisal summary tables on schemes, regular survey, supply chain assessment, training and engagement for the supply chains, inclusion of social value in the contract among others. The study further identifies the current approaches used in measuring social value. These include: Local Multiplier 3, employment statistics and community engagement, use of social value and sustainability portals, and surveys among others. The study found that the Local Multiplier 3 (LM3) was the most used approach in measuring SV among the supply chain interviewed. However, in terms of level of SV practice among the SC, it is still patchy and there is no standardised approach to SV delivery. To overcome the current patchy practice, this study developed a framework known as the [Social Value Evidencing Toolkit](#) (SVET) to enable HE and its SC to deliver SV requirements.

Evidence from the study shows that social value delivery benefits the client, the supply chain companies, the local communities, and the scheme among others. However, in addition to these benefits, there are barriers to SV delivery. These include inadequate evaluation and monitoring, not measuring the knock on effect of SV delivered, too much expectation by the local community, non allocation of money for SV in the contract by clients, and absence of personnel to manage and measure SV among others. The study recommends that the project team should engage with the local community situated around the scheme at the earliest possible time to identify and prioritise the SV that meet their local needs. The bottom up approach should be used in the engagement process. Also, the HE and its supply chain

companies should recognise the local community and the physical environment around their scheme as customers. Social value practice should also be included in the contract with the supply chain companies. The study further recommends that clients should make monetary provision for social value delivery in the contract to support the SC in delivering SV more effectively. The study finally recommends that the [SVET](#) developed in this study should be used by the HE and its SC to deliver the SV requirements.

[Social Value Evidencing Toolkit & Guidance note: \*\(Click on title to access section\)\*](#)

Social Value Evidencing Toolkit (SVET) is a structured framework developed to support the Highways England and its supply chains to deliver social value within the design and delivery of its infrastructure schemes. SVET was developed based on empirical evidence gleaned from the Highways England infrastructure schemes on SV practices and from a review of literature on social value. The SVET was evaluated qualitatively by construction professionals. The result indicates that the SVET has the potential to support the HE and its supply chain companies in evidencing SV. The study recommends that future research should pilot the SVET developed in this study on live schemes. The study further recommends that the SVET should be further developed into a web-based tool with a link to a database for the supply chain companies, which may be used in capturing and evidencing SV.

[Key recommendations \*\(clicks to access the full recommendations section\)\*](#)

Based on the findings of the research project the following recommendations are made thus:

- The SVET developed in this study should be made available to HE supply chain (SC)
- The SVET should be used by HE SC to identify and deliver the requirements of the SV Act on HE schemes.
- The study further recommends that the SVET should be further developed into a web-based tool with a link to a database for the supply chain companies, which may be used in capturing and evidencing SV.
- The checklist for evidencing SV in procurement should be used in assessing the supply chain companies
- Bottom up approach should be used in engaging with the local community so as to create high impact social value
- Schemes should identify and prioritise social value to be impacted based on the local needs
- In the future, the SVET should be used to evaluate the performance of HE supply chain in their delivery of the requirements of the SV Act.
- Future research should pilot the SVET on live schemes.

[A3 Knowledge Transfer Pack \*\(Click to access poster\)\*](#)

This is a one page poster that summarises the research project.

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## Lists of Abbreviations

CCS	Considerate Constructors Scheme
CSR	Corporate Social Responsibility
DfT	Department for Transport
HA	Highways Agency
HE	Highways England
LM3	Local Multiplier 3
NEET	Not in education, employment or training
NGO	Non-Governmental Organisation
SEUK	Social Enterprise UK
SME	Small and medium enterprises
SRN	Strategic Road Network
SROI	Social return on investment
SV	Social value
SVET	Social Value Evidencing Toolkit
SC	Supply chain
TFG	Trading for Good
UK	United Kingdom
VCSE	Voluntary community and social enterprise



## **Glossary of Terms**

**Communities of road users/customers:** Refers to those who use the SRN road directly for various reasons. These include the occasional users and daily users.

**Corporate Social Responsibility:** It is an organisation's commitment to contribute to economic development while improving the quality of life of their workforce and their families as well as the community and the society at large

**Neighbouring/wider communities:** Refers to organisations/ environment/ animals, places, or people that may or may not necessarily use the SRN, but could be affected directly or indirectly by the operation of the network.

**Shared value:** It is a practice that enhances the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates.

**Social enterprise:** Refers to an organisation that focuses on delivering social value using business approach.

**Social Value Act 2012:** It is a Public Service Act (social value) that requires public authorities to have regard for economic, social and environmental well-being in connection with public service contracts and for connected purposes.

**Social value:** It is a broader non-financial impact of programmes or projects on the wellbeing of individuals, communities, social capital and the environment. It is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits to society and the economy, whilst minimising damage to the environment.

**Triple bottom line:** It refers to the consideration for the social, environmental and financial impact of a business.

**Social capital:** Is the links with shared norms, values and understandings that assist individuals or group of people in a society to work together

## 1.0 Background to the Study

Recent legislation, Public Services (Social Value) Act of 2012 require public organisations to consider how their operations and services contribute to improving the quality of life of people and the environment around their businesses. The Act states that : “*All public bodies in England and Wales are required to consider how the services they commission and procure might improve the economic, social and environmental well-being of the area*” (Social Value Act, 2012). This makes it compulsory for all public organisations to consider and deliver social value (SV) in carrying out its operations. The importance of commitment to SV delivery cannot be over emphasised as it has the potential to improve the reputation of the organisation, make the organisation more competitive, gain the trust of the stakeholders in the community and help in the delivery of better customer satisfaction among others. There are also consequences of not delivering SV, these include; antagonism from the local community leading to disputes and scheme delays and even non-commencement of a scheme when the business case lacks consideration for SV among others.

The Highways England has been value led for many years and already engage road users in performance feedback. The Public Services (Social Value) Act 2012 moves this beyond immediate customers/road users and requires a wider approach to value delivery. However, how social value is embedded throughout Highways England and its supply chain companies, and how the delivery is evidenced is not yet known. In view of this, Highways England commissioned Nottingham Trent University to undertake a research project to sample the current understanding and practice of SV within the Highways England and its supply chain(SC) companies and to finally develop a framework that identifies and deliver the elements of SV on its schemes.

### 1.1 Research Aim and Objectives

The overall aim of this is to open up the debate around social value and what it means for the HE and its supply chain. In doing so, a range of activities and outputs were identified as forming the framework of social value associated with scheme design, construction and management of the strategic road network (SRN) that can then be used to guide future actions.

### 1.2 Research project deliverables and how they were achieved

The Table 1.1 shows the research deliverables and how they were achieved.

**Table 1.1: Achievement of Research Deliverables**

	<b>Deliverables</b>	<b>How it was achieved</b>
1	Current knowledge surrounding the identification and delivery of social value and what it means for highways England and its supply chain companies	Intensive literature review (see section 2 of the report)
2	Codified analysis of feedback from the data collection activity (current social value practice)	Interviews and site visits (see empirical result of SV practice in HE and its SC in section 3)
3	Development and evaluation of a framework of evidencing social value and recommendations for further development into an appropriate working system	Development of <i>Social Value Evidencing Toolkits(SVET)</i> based on findings from interviews and literature review( see SVET report)
4	Final research project report and recommendations	See final research report and recommendations
5	A3 knowledge transfer pack	See A3 summary of work report

The findings are presented in four sections and one appendix.

### 1.3 Research Methodology

Extensive literature review, search and semi-structured interview, and scheme site visits with observation was used to obtain the secondary and primary data for the study. Semi-structured interview was conducted with research participants drawn from within the Highways England, its supply chain companies and representative from the local communities where Highways England schemes are located. The schemes examined include some new build and maintenance schemes. The respondents were purposefully selected to ensure all the targeted respondents participated in the study as required. The research participants occupied various positions such as community liaison manager, corporate social responsibility (CSR) manager, social value manager, project manager, procurement manager, and community representatives among others. The findings from the interviews are described in the relevant sections of the reports.

## SECTION 2: LITERATURE AND DOCUMENTARY REVIEW REPORT

This literature and documentary review report examines the current discussion around social value and its implications for Highways England's Strategic Road Network (SRN) operations. The aim of the review is to gather the current knowledge and understanding surrounding the identification and delivery of social value (SV). And to also support this research project that aims to open up the debate around social value, what it means for Highways England and its supply chains, and to finally develop an approach for evidencing the delivery of social value. In view of this, the review examines the current understanding of social value from exant literature and the Public services (Social Value Acts) 2012 lens. The report explores how social value is evidenced and measured. It further examines social value activities within Highways England (HE) and its supply chains reported in literature.

### 2.0 Reviews of Current Knowledge Surrounding Social Value

#### 2.1 What is Social Value?

There is a lack of absoluteness in the definition of "social value". According to Choi *et al*, (2014) social value is complex to define due to its intricate and subjective nature. The Sustainable Procurement Task Force defines social value as

*"a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits to society and the economy, whilst minimising damage to the environment" (HMRC, 2010, p.2).*

The above definition suggests that social value entails detailed consideration for both monetary gain from services rendered and the impact of such services or product on the wider community including the physical environment as shown in Figure 2.1



**Figure 2.1: Social value word cloud**

According to Hunter, (2014) social value is what an organisation delivers in return to the community from the execution of its business, this involves the examination of the impact of such operations, whether it has improved or worsened the life of the people in the community. The above two definitions of social value tend to show that it focuses is on understanding the impact of business operations on the wider stakeholders in a community. Also, the Social Value Acts of 2012 (also known as the Public Service Act) defines:

Social value as “the additional benefit to the community from a commissioning/procurement process over and above the direct purchasing of goods, services and outcomes” (Social Value Act, 2012, .p.2).

While this definition reflects the likely additional benefits coming to the community from the business operations, the supposed benefits are not clearly identified. This could be due to the subjective nature of social value. Choi *et al*, (2014) asserted that social value is very elusive compared to the economic value as there is a lack of objective approaches to measure its outcomes. Burke and King, (2015) observed that subjectivity in social outcome could limit objective measurement in social value, as situations and events are likely to change in the process. Therefore, there should be no prescriptive approach to defining the supposed additional benefits mentioned in the definition of social value above. This should be defined locally depending the nature of the stakeholders in the community, context and situations should define the additional benefits expected from the process. This view is also echoed by the Social Value Act.

There are other positions on the meaning of social value which make it difficult to define. The Social Enterprise UK defines social value “as a way of thinking about how scarce resources are allocated and used” (Social Enterprise UK, 2012). They further explained this by stating that “If £1 is spent on the delivery of services, can that same £1 be used to also produce a wider benefit to the community?” As shown in Figure 2.2 community here could mean the individual stakeholders living in the community and the physical environment where the business operation occurs



*Figure 2.2: Social value principle*  
Source: Lane and Basal, (n.d)

What Figure 2.2 means is, if a £ is spent for example on a construction scheme, the money should also improve the quality of life of the people and the environment where the scheme is executed through the provision local employment and service opportunities. This implies the social value consideration is not limited to the individual stakeholders in the community alone; it also includes environmental considerations. The consideration of the individual stakeholders in the community and physical environment was clearly captured in the definition of social value provided by the Sustainable Procurement Task Force (HRMC, 2010)

### Key point

In the context of this study, social value would be explored based on the definition provided by the Sustainable Procurement Task Force. This implies that the study would explore social value in Highways England schemes with due consideration to the individual stakeholders in the community (communities of road users and neighbouring communities). From the above definition, the overarching goal of social value is now evident. Social value emphasises the need to critically consider and create positive influence on given stakeholders in the community and on the physical environment. It connotes a shift from the traditional goal of getting the lowest cost or price to the goal of delivering satisfactory service/product to both the individual in the community and the physical environment in the community.

## 2.2 Social Value Delivery

### 2.2.1 Local Community Tailored Initiatives

The action here focuses on improving the social well-being of the individuals living in the community by engaging them in various activities. These community tailored social value creation actions should include (Choi *et al*, 2014; Croydon Council, 2013; Loosemore and Phua, 2011):

- Creating skill and training opportunities such as apprenticeship and on the job training
- Creating opportunity for long-term unemployed or those Not in Education, Employment or Training (NEET)
- Offering placements to school children and young adult
- Providing career advice and information to young people
- Carrying out community consultation to ensure the scheme meets the local needs.
- Making facilities such as school libraries, leisure facilities available to targeted groups( e.g disable,elderly etc)
- Healthcare initiatives for the community
- Creating of communal spaces, places, and access roads in the community.

While this list is inexhaustible, it indicates areas organisations could consider in contributing and improving the social wellbeing of the stakeholders in the communities of their operation.

The importance of committing to those tailored social action initiatives cannot be overemphasised. For example, case studies have shown that providing training opportunities has led to gainful employments of young people and those NEET, thus contributing to the overall economy (Alen and Alen, 2015; Croydon Council,2013). For example, Carillion Plc in its Trading for Good (TFG) report reveals that it has provided 250 work training opportunities

for young people and trained 74 apprentices with majority of them now in full time employment (Carillion TFG report, 2014).

This would be of interest to HE and a motivation to the other HE supply chain since Carillion is one of the HE supplier companies. Also, it is possible some of these social value demonstrated and now reported could have occurred on some of the HE schemes. In another case study reported in “Inspiring and creating Social Value in Croydon Council” 8 long-term unemployed people that received intensive training provided by the contractor secured a full time job in a construction supply chain. (Croydon Council, 2013).

All these show that the creation of social value could also lead to the generation of economic value, since the full time employment secured would certainly contribute to the economy. However, in doing this, it should be tailored towards the specific community stakeholders’ needs, because social needs could vary from one community to another. The HE could evidence this from across its supply chain’s operation through regular assessment and monitoring to understand the level of their commitment to its schemes. This would also have impact the local economy.

### 2.2.2 Local Economy Tailored Initiatives

The contribution of businesses to the local economy, including the construction sector is among the goal of the various legislations and regulations discussed in the previous section with regard to delivering value. The need for businesses to contribute to the local economy was clearly stated in the Social Value Act that came into force in 2013.

Social Enterprise UK (SEUK) in explaining the Act, observed that if £1 is spent in the delivery of service or product, that £1 should also contribute to the local economy of that community (Social Enterprise UK, 2012). In practice it entails encouraging the use of local content in the procurement of materials, labour and services. The Liverpool Social Value Charter identified six areas an organisation could focus on so as to contribute to the local economy from social value perspectives (Liverpool Social Value Charter, 2015). These areas are:

- Training and creation of job for the locals
- Sustainable approach in the delivery of services
- Ethical approach in procurement
- Consideration of employee and supply chain welfare
- Direct investment in the community
- Use of local and local contents in procurement.

Among other things, in practice, it entails organisations engaging local suppliers, local labour, and using locally produced materials in the scheme execution process. This implies that the money spent by the organisation in this respect will have a direct benefit to the local economy. This will undoubtedly contribute to circular economy. Circular economy goes beyond waste prevention and minimisation; it also includes social innovation through engagement with the value chains (Ellen MacArthur Foundation, 2013). Delivering a scheme with social value consideration implies that the scheme would certainly deliver better value to the community (SEUK, 2012).

Furthermore, in contributing to the local economy, it is important that companies consider the welfare of their employees and the supply chains. Employees could be seen as internal stakeholders and the supply chain as external stakeholders. Choi *et al* (2014) categorised the specific action required in a company to support social value into internal and external in the social value matrix.

For instance, internal employees could be trained in specific skills to become more productive in performing their roles, which would benefit the local economy while training SME companies by the main contractors would make them more efficient in the delivery of their services. Carillion Plc has demonstrated commitment to this by training its SMEs supply

chains on sustainability and understanding their CSR through the Supply Chain Sustainability School (Carillion TFG report, 2015). Through this, the SME companies would understand the impact of their operation based on the triple bottom line approach. Choi *et al*, 2014; Croydon Council, 2013) also identified other similar social value practice that would contribute to the local economy. These include:

- Creating supply chain opportunities for SME's and social enterprise
- Improving market diversity
- Sourcing of labour locally and local production
- Use of local suppliers
- Improving working conditions for employees
- Observation of labour right and equality
- Encouraging engagement with employees
- Healthcare initiative for employees
- Consideration of circular economy/product life cycle in the delivery of product
- Solving social problem while also gaining profits

It is worth noting that contributing to the local economy would also improve the well-being of the stakeholders living in the society. However, in committing to the above mentioned practices, it should not be viewed as a mere compliance or tick box exercise; rather, it should be integrated into the organisation's business strategy and process delivery model (Loosemore and Pua, 2011). In contributing to the local economy, the environment should not be comprised.

### **2.2.3 Environmentally Tailored Initiatives**

The need to contribute positively and sustain the environment is increasing every day. The recently concluded United Nation Conference on Climatic Change held in France in December 2015 is one among many calls to protect the environment. However, construction industry activities have been identified to impact the environment negatively (Green Building, 1999). For instance, 50% of natural resources are consumed in the construction of buildings (Green Building, 1999). To contribute and maintain the social well-being of the stakeholders in the community, organisations should carefully consider how their operations could impact on the existing natural environment. In doing this, actions should be tailored toward practices such as:

- Increase local biodiversity with planting of trees and wildlife areas
- A definite plan in place to minimise the amount of energy and water used on projects
- A definite plan in place to minimise the amount of physical waste produced
- Use of recycled and environmentally friendly raw materials
- Emission and water pollution reduction
- Reduce noise pollution.

There is a strong relationship between caring for the environment, and the health and well-being of the stakeholders in the community. A case study conducted by SITA UK reveals that the implementation of social value by caring for the environment improved the health and mental wellbeing of the stakeholders living in the community (Georgeson, 2012).

### **2.2.4 Social Value in Procurement**

Section 1.5.5 of this report has outlined the various legislations and regulations, both from the EU and the UK on the need to commit to social value in the procurement process. According to Cook *et al* (2014) the concept of social value was in place before the Social Value Act of 2013, although the Act further strengthened the practice especially in the public sector. The Social Value Act is tailored towards the public sector, but recent findings indicate that the private sector is also actively engaged in delivering social value, especially when working for public clients (SEUK, 2014). This shows that both the EU and UK legislations and regulations require demonstration of some level of commitment to social value in delivering projects or businesses. The implication of this for organisations is that they could

structure their contract and add clauses to enable them deliver social value to communities by basing it on the above legislations (Cook *et al* 2014).

The importance of incorporating social value in the procurement process cannot be overemphasised. This is because the procurement process drives how the project is delivered. Various case studies have been published that demonstrate how social value can be included in the procurement process, the majority is from the public sector. This could be due to the requirement in the public sector by the recent Social Value Act. One such case study is presented in section 2.7 for better understanding. While this case study focuses on the public sector and on a building project, some of the principles could be adopted in other sectors such as the highways.

This is because the focus of social value is not just on the structural fabrics but on the process, people, materials, and community. Additionally, the operations of the HE and its supply chains have some linkages with the local authorities. For instance, some of the SRN have linkage with local authority roads as seen later in this report.

### 2.2.5 Learning from Case a Study

The section below describes the application and inclusion of social value in the procurement process.

**Raploch URC's Case Study: Social Value in Procurement (Croydon Council, 2013, p.52)**

#### **Background**

Raploch is one of the most deprived places in the Forth Valley. Industrial decline saw the unemployment rocket to 75%. Raploch Urban Regeneration Company was set up in 2004 to lead the town's regeneration. Because of the dearth of employment opportunities, Raploch URC recognised that the town's physical regeneration was inseparable from the need to create local employment and skills opportunities. It therefore pioneered the use of social value clauses to ensure that any contractor or developer would provide a set number of training and employment opportunities over the life of the project. Raploch URC commissioned the R3 consortium to build 900 homes in the area over a ten year period at the same time as delivering a range of social benefits.

#### **How social value was secured in the tender process**

Raploch URC ensured that social benefits were woven throughout the tender process. Before its incorporation in 2005, Raploch URC did not have a legal identity separate from its partner bodies. The procurement was therefore undertaken on Raploch URC's behalf by Stirling Council, one of its partners, and social benefits were procured under its powers. These powers included a power to promote or improve the well-being of its area and persons within the area.

#### **Tender documentation**

The tender documentation continued to emphasise the importance of social value and a briefing meeting was held with contractors on the importance of social value and to clarify areas of doubt. The prequalification questions included a question about bidders' experiences of delivering social value, including experience of:

- Supporting economic development
- Community consultation/capacity building
- Training and employment opportunities
- Partnership work with local people and other appropriate local agencies

#### **Evaluation criteria**

The criteria were clearly specified and included in the tender documentation. The social value scores were weighted as 10% of the overall scores. In view of its priority, the highest



weighting was allocated to the training and recruitment elements. Contract clauses were drawn up using the Method Statement.

### **What social value was delivered?**

Through the procurement process, the successful developer, R3 (a Cruden Homes/George Wimpey consortium) signed-up to:

- 225 Training and Employment new entrant places over the 10-year programme;
- Support and mentoring for small businesses;
- Ring-fencing £2 million for suitable sub-contracting works
- Support and mentoring for social enterprises – £900K ring-fenced to take forward projects

The above case study shows that procuring for social value can be achieved when organisations firmly embed social benefit requirements into every stage of the procurement process. Halton Borough Council identifies seven procurement principles that could be adopted in order to support the achievement of social value (Halton Borough Council, n.d). These include:

- Supporting the local economy, including SME's and the voluntary community and social enterprise (VCSE) sector
- Delivering to the local community level wherever appropriate, including the local supply chain
- Including measurable voluntary clauses in contracts to demonstrate both social value and value for money
- Supporting the business and voluntary community and social enterprise (VCSE) sectors through transparent and proportionate procurement processes and contracts
- Ensuring robust contract management is in place to monitor and measure social value outcomes in partnership with providers and suppliers
- Paying suppliers promptly through the Council's Early Payment Scheme

Again, the above principles suggest that it is not sufficient to only include the criteria for the social value in the contract or procurement process, effort must also be made to ensure they are measured during the project execution.

#### **Key point**

The case study shows that procuring for social value can be achieved when organisations firmly embed social benefit requirements into every stage of the procurement process.

### **2.2.6 Measuring Social Value**

Social value needs to be measured, in order to evidence and has been measured in various sectors (Choi *et al*, 2014). Mulgan, (2010) observed that aspects of social value measured include value created by NGO, social enterprises, social ventures and social programmes. However, there is an absence of a single and a standard approach to measure social value (Tomlins, 2015; Choi *et al*, 2014, Mulgan, 2010). This could be due to the subjective nature of value, thus no single measurement tool could be generalised (Choi *et al*, 2014).

The recent review of the Social Value Act also reveals that the approach for measuring social value is not being fully developed and there is a call for an industry standard (Maldonado, 2015). This suggests that organisations are devising approaches to measure their social impact on the local community (Wood and Leighton, 2010). This could be due to the changing nature of social value over time, people, places, and situations (Choi *et al.*, 2014). The literature identifies the following approaches used in measuring social value (Alen and Alen, 2015; Choi *et al.*, 2014; Scott, 2012):

- Storyboards
- Social return on investment (SROI)
- Impact mapping
- Cost benefit analysis
- Triple bottom line
- Foundation investment bubble chart

The SROI seems to be the most popular among the measurement tools (Alen and Alen, 2015). It is based on the widely accepted 7 social accounting principles (Estes, 1976) which are;

- Involve the stakeholders
- Understand what changes to be made
- Value things that matter
- Only include what is material
- Do not over-claim
- Be transparent
- Verify the result.

### 2.2.7 Approaches Used Capturing Social Value

Considering the importance of measuring social value, various organisations are coming up with methodologies that can be used. For instance, PW has developed social impact measurement (SIM) (PWC, 2011). Another measurement tool is the Local Multiplier 3 online known as LM3 online. “LM3 (the Local Multiplier 3) is a methodology that can be used by companies, government, or community organisations to measure how their spending generates local economic impact” (Impact measurement, 2016).

It is worth noting that some HE supply chain companies are currently using the LM3 to access the impact of their activities in the local economy. Furthermore, the Considerate Constructors Scheme (CCS) in the UK has developed “Building Social Value” through the partnership between top construction companies and clients (CCS, 2016). The aim of the approach is to support companies to achieve the following objectives:

- Deliver a consistent approach for assessment
- Strengthen competitive advantage in tendering for public and private contracts
- Support the planning process
- Enhance Corporate Social Responsibility (CSR) programmes

All this initiative developed to measure the impacts of the construction industry’s operations on the environment, economy and the community indicate that the industry is becoming more aware of its actions. For instance, some construction companies argued that their commitment to delivering social value is not a function of the Act, but rather a desire to contribute and improve the life of the people in their community of operation (Halton, n.d).

### 2.2.8 Importance of Measuring Social Impact.

A recent study highlights the importance of measuring social value (Alen and Alen, 2015) and these include:

- It is difficult to understand the social value generated from the process if it is not measured.
- Proper measurement enables the organisation to know who is benefiting from the process and at what rate. This supports the equal focus on the key elements of social value.
- It supports strategic planning and prioritisation of aspects that need more support.
- It enables organisations to build and improve the internal capacity required in delivering the project
- Such evidence could be used to attract funding from the European Entrepreneurs Fund and Programme for Employment and Social Innovation for qualifying organisations (Brussels, 2014).

Furthermore, measuring the impact of company operations on the local economy, environment, and the community enables the company to strategically position itself and perform better. All of these have implication for the HE and its supply chains.

### 2.3 Community in Context HE and Lean Thinking in SV Delivery

This section re-examine the concept of “communities” and “customers” in the context of the HE operations and the delivery social value delivery from lean project production perspective.

#### 2.3.1 Community and Customer in the Context of Highways England

A review of HE publications shows that the term “community” is less used; rather “communities” is the most used term. The term “wider communities” or neighbouring communities are also used. This implies there are different communities. The term “communities” or “wider communities” as used describes the settlement of people/places or things located adjacent or near the SRN including places the SRN serves (HE, 2014; HE, 2015). These include people living adjacent the network, local communities/settlements, plants, trees, animals, physical environment among others (HE, 2014; HE, 2015). They can be called “neighbouring communities”.

The term “road users” and “customers” are used to describe those that directly use the SRN. A recent report states that: “Four million customers use the network every day” (HE, 2015, P.12). This shows that “road users” or “customers” are those that use the network directly for various purposes. For instance, the HE conducts the National Road Users’ Satisfaction Survey (NRUSS) to understand customers/road users’ satisfaction and expectations of the SRN (NRUSS, 2016). The road users include lorry drivers, taxi drivers, emergency services, and motorcyclists among others. They can be called “communities of road user”. In delivering social value, the importance of identifying these communities cannot be overemphasised. Cho *et al.*, (2013) observed that to create social value of high impact, it is crucial to identify and consider all the elements that make up a community.

#### 2.3.2 Categorisation of Communities on the Strategic Road Network

Broadly, the HE SRN communities could be categorised into two:

- Communities of road users
- Neighbouring communities

##### 2.3.2.1 Community of Road Users

The community of road users are those who use the road directly for various reasons. These include the occasional users and daily users, which may be;

- Commuters,
- Drivers of trucks and lorries for companies,
- Commercial public transport drivers,
- Emergency services
- Leisure and tours
- Pedestrians,
- Motorcyclists among others

### 2.3.2.2 Neighbouring Community

The neighbouring community are those who may or may not necessarily use the SRN but are affected directly or indirectly by the operation of the network. They include;

- Local communities and settlement,
- People living in the community( young, old, vulnerable, disable etc)
- Land and property,
- Farms,
- Trees,
- Air quality
- Recreation centres,
- Rivers and streams,
- Vegetation (special plant species),
- Animals (domestic and wild)
- Local and national economy
- Local and national health

The importance of identifying the communities that HE operations affect cannot be overemphasised. In practice, it would guide the HE in developing and implementing social value strategies that would these communities. This entails the use of various practical approaches to deliver social value to the community. It is worth noting that the identified communities are interrelated, thus the need to recognise the interrelationships is essential for creating social value.

### 2.4 Community as Customer from Lean Project Production Perspectives

The term “customers” is used to describe those who use the SRN directly (communities of road users) (NRUSS, 2016; HE, 2015). Although the HE also engages with the neighbouring/wider communities where they operate (HE, 2014); these communities are often not called customers. This study suggests that the HE should view both the communities of road users and the neighbouring communities as “customers” from a lean project production perspective. As this would support HE’s ambition, to deliver high impact social value to its communities.

In lean production, the goal is to create value for the customer from the customer’s perspective. In this approach, “the customer” is not just a cash paying person alone, rather, all those that are involved in the transaction or production process (Ward and McElwee, 2007). These include the communities of road users and the neighbouring communities where HE carries out its works. This means the term “communities” could also mean “customers” Practically, it requires having conversations and consideration for each customer in the production process. The conversations and considerations should include elements such as people, plants and animals, settlements, and local economies among others. This places onus on the HE to consider its “communities” as “customers’ in the delivery of its services.

It could be argued that creating value from the customer perspective as advocated in lean production aligns with some principles in the Social Value Act. For instance, the Social Value Act reveals that necessary consultation should be carried out in the process of creating value (Social Value Act, 2012). This implies the HE could consult with its community (customer) in the design and delivery of its operations so as to create high impact social value. Womack and Jones, (1996) pointed out that in delivering products and services based on lean principles, identification of value from the customer perspective should be among the core principles to be observed. The lean production approaches for delivering value identified in Womack and Jones, (1996) include:

- Identify customers and specify value

- Identify and map the value stream
- Create flow by eliminating waste
- Respond to customer pull
- Pursue perfection

From the lean principles above, to identify customers in the context of HE could mean to identify the elements that make up the communities with a view of specifying value from their perspective. Various lean tools and techniques could also be used to realised social value delivery on HE schemes. Some of these lean tools and techniques include.

- Collaborative planning (this approach could be used in engaging with the local community to identify the SV to be impacted)
- 5Why analysis (could be used to analyse what works and what did not work in term of SV delivery on a scheme, and this support learning)
- Process and value stream mapping( this approach could also be used to identify prioritise the SV that is high importance to the local community and eliminate wastful processes.

Delivering value from lean project production perspective supports waste reduction, improve transparency and collaboration. Additionally, responding to customer pull as advocated in lean project production means the customer/communities receive what they require at the right time, in the right quality and quantity, thus creating high impact social value from its operations. The application of lean principle of “pursue perfection” in the way HE delivers social value from its operations means there are opportunities for continuous improvements through learning from current practice. All of these demonstrate the role of lean thinking in creating social value. It is also interesting to note that the HE has developed lean support strategy which would also contribute to its social value delivery ambitions (Highways England, 2016c).

## 2.5 Highways England and its Supply Chains Social Value Activities

To identify the current activities of the HE and its supply chains in relation to social value, various documents such as company reports, operational business plans, and publications on the website were reviewed. This section presents, a summary of some of the activities identified based on this documentary review.

### 2.5.1 Highways England Activities in relation to Social Value

A review of various documents available online reveals that the HE as a Government company is committed to social value in its operations with the local communities and also with its supply chains. The review observed that the HE carries out consultation with the local community before commencement of its operations (HA, 2014). Specifically, this was demonstrated on A14 Cambridge to Huntingdon improvement, although this complies with Section 48 of the Planning Act of 2008 it also demonstrates HE commitment to incorporating the feedback from the consultation process so to improve the social wellbeing of the local community in the construction process. Also, environmental impact assessments were conducted to ensure the scheme did not affect the environment adversely. A review of the HE strategic business plan 2015- 2020 also reveals its level of commitment to delivering social value in terms of contributing to the local economy, the local community, and the environment. A statement from the document states that:

*“Highways England will be a very different business from the organisation it will succeed.....We will mobilise our own people, our contractors and our designers to deliver a huge programme of investment that will make a real difference to businesses, communities and individuals across the country” .....(Highways England, 2014, p.3).*

The above statement shows the HE's determination to bring improvement to the local community and the economy through its operation. Figure 2.3 shows the focus of the strategic plan and reveals that meeting the customer's need and building stronger relationship with the customer across the community seems to be a major priority. Customer on the HE SRN refers to those that use the SRN directly and those HE and its supply chain operations directly or indirectly influences. This implies that the HE would be committed to delivering social value of its operation since its goal is to engage with customers and communities where its business operates.

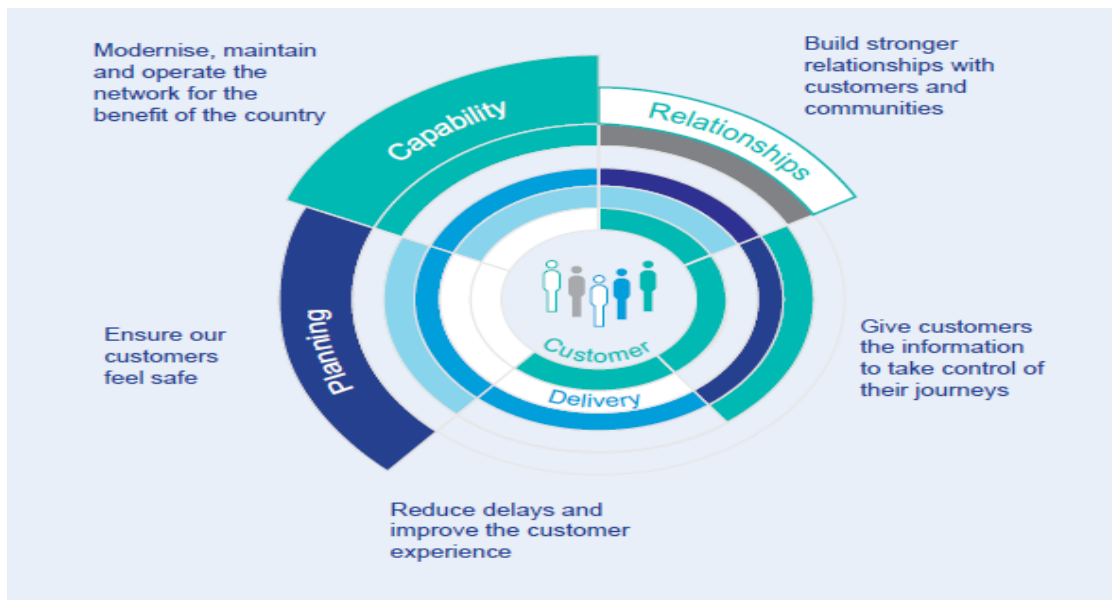


Figure 2.3: HE Value proposition for customers

**Source:** Highways England, (2014)

The strategic plan is followed with a delivery plan with clear, specific and measurable targets in this regard (Highways England, 2015). The HE delivery plan 2015-2020 clearly indicates the specific targets of the company, that demonstrates its commitment to social value. Some of these targets are presented below:

- Supporting economic growth
- Improved environment
- Collaborative relationship(customers and communities)
- People and company

To achieve this, specific actions have been put in place such as customers panel to ensure customers and stakeholders' needs are met, while still supporting capacity development (trainings) for employees and supply chains. Also, programmes to improve the environment are in place. These include: reduction of noise level, the production of biodiversity action plan, investing £300m on environmental enhancement in the areas of carbon emission, water and flooding, landscaping, cultural heritage and the publication of an environmental strategy plan in June, 2016. These activities demonstrate HE's strategy towards social value.

### 2.5.2 Review of Public Sector Equality Duty 2016-2020 Report

A review of the HE's Public Sector Equality Duty Objectives annual report reveals the organisation's previous commitment to social value (SV) tenets and its future ambitions to deliver more SV from its operations. HE demonstrates its commitment to the delivery of SV through this overarching statement:

*“Highways England will embed the principles of equality, diversity and inclusion into all areas of our business, driving real change in how we work with customers & communities, our supplier chain and our employees” (Highways England, 2016b, p.1).*

The above statement shows the organisation’s commitment in engaging with its communities and customers, its supply chains and internal workers in the execution of its operation. Choi *et al*, (2014) in their Social Value Matrix identified four cardinal points in the matrix. These are: the community, the company (internal workers & supply chains), the individual and the earth. This shows that the above statement by the HE mirrors this SV. In addition to this, the HE has created key departments to support the ambition to satisfy its customers, supply chains and employees have been created as follows (Highways England, 2016b):

- Customer and Communities- managed by Melanie Clarke
- Supply Chain- managed by David Poole
- Employment- managed by San Johal.

Also, specific objectives with timelines were identified for each department. For instance, the identified objectives for the Customer and Communities department between 2016 and 2020 (Highways England, 2016b) include:

- Putting the people at the heart of scheme delivery
- Identifying the need of the customer and communities in service delivery
- Consultation with customers and neighbouring communities
- Lasting to commitment to customer and community needs
- Work with communities and customers to measure impacts of operation
- Customer and communities consideration in the development of new products
- Development of mutual and collaborative relationships with local authorities
- Development of supply chain and internal employee capability.

These objectives build on previous activity. For example, the HE delivered an awareness event on one of its schemes (Castle Street scheme in Hull). This brought people together from the local community, such as disabilities designers, consultants, project managers, Hull Country Council’s Accessibility Manager and HE in-house equality personnel (Highways England, 2016b). All this was done at the beginning of the scheme to ensure the social needs of the community were incorporated in the scheme development. This demonstrates the delivery SV rather than CSR where the management decides what they feel the community needs with little or no form of consultation. The HE has developed an approach to support its supply chains in delivering SV. This includes provision of training for the supply chains and recognition awards for supply chain companies that demonstrate their commitment to these objectives.

### **2.5.3 Highways England Supply Chain Activities in relation to Social Value**

There are evidences from documents published online including information on the company’s websites indicates some HE supply chains demonstrate commitment to social value. Some of the supply chain companies have subscribed to the social value platforms identified in section 2.9. These platforms include:

- The Local Multiplier (LM3)
- Building Social Value developed by “Considerate Constructors Scheme”

However, only few supply chain companies’ activity report in relation to SV were accessed online. Again, this shows the need conduct empirical investigation to identify HE supply chain practice of SV. It is not clear from the review if the SV activities reported are in relation to infrastructure schemes as these companies have different business groups.

## **2.6 Conclusions on Literature and Documentary Review**

The aim of this literature and documentary review is to present the current knowledge surrounding the concept of social value generally and specifically for the operation of the

Highways England Strategic Road Network. It presents the current activities of the HE and its supply chains with regard to social value (SV). Evidence from literature reveals that the activities on social value are increasing in various sectors such as healthcare, social housing, local authority projects, and infrastructure schemes among others. The review shows that SV has the potential to support Highways England and its supply chain companies to improve the local economy, social wellbeing of the local community and in sustaining the physical environment where they operate.

The study found that measurement and evidencing of social value were considered important in the literature. As it allows organisations not to only identify their commitments to SV but also the influence of their activities on the local communities, local and national economy and the social well-being of the communities in which they operate or serve. The review established that there are various approaches currently used in measuring SV which both public and private have subscribed to. However, the current measurement is fragmented and there is no single standard approach for measuring SV. Measuring and monitoring social value is considered to be the highest challenge in social value studies and a call for industry standard is now made.

The study examined the use of the terms “communities” and “customers” in the context of HE’s SRN and categorised these communities into “communities of road users” and “neighbouring communities”. The review shows that currently, communities of road users are frequently referred to as customers on the SRN. However, this study suggests the use of the term “customers” should extend to include the neighbouring communities from lean project production perspective as it supports the HE’s ambition to deliver high impact social value to the communities it serves. The study established that lean thinking supports delivery of SV objectives through its core principles that encourage engagement and collaboration, improve transparency and continuous improvement.

In terms of current HE activities with regard to social value, the document review identified HE’s SV delivery strategies. These documents include HE strategic plans, public sector equality duty objective annual progress report, and HE business delivery plan among others. The review shows that the HE encourages its supply chain companies through the provision of trainings and awards on SV and sustainability practice. However, only few HE supply chains companies’ SV activities were accessed online.

### **SECTION 3. EMPIRICAL RESULTS ON SOCIAL VALUE PRACTICE**

This section of the report details empirical findings on SV practice within HE and its supply chain companies. To achieve the aim of the study, semi-structured interview was conducted with research participants drawn from within the Highways England, Highways England supply chain companies and representative from the local communities where Highways England schemes are located. The sections of the schemes examined include new build and maintenance schemes. The respondents were purposively sampled to ensure all the targeted respondents participated in the study as required. The research participants occupied various positions such as community liaison manager, CSR manager, social value manager, project manager, procurement manager, and community representatives among other as presented in Table 3. 1.

Table 3.1 reveals that the professionals interviewed have valuable experience in the construction industry. It also shows that the HE members of staff interviewed have been on their role for a reasonable period of time and the local community representatives have a long time knowledge of the community. This implies they are well equipped to provide reliable information on social value practice within HE and across HE schemes. Both face to



face and online platforms were used in conducting the interviews, and a total of twenty in depth interviews was conducted. The interview session with each research participant took an average of one hour and was recorded and transcribed. The results of the interviews are presented and discussed in the next section.

*Table 3.1: Background information of Respondents interviewed*

S/ NO	Respondents Code	Organisation	Current Position	Years' of experience in the industry/lived in the locality
1	MC01	Main contractor	Corporate responsibility manager	08
2	MC02	Main contractor	Social Value manager	30
3	MC03	Main contractor	Head of sustainability	06
4	MC04	Main contractor	Community Liaison Manager	02
5	MCO5	Main contractor	Lean manager	07
6	MCO6	Main contractor	Project Skill and community engagement manager	22
7	MC07	Main contractor	CSR manager	10
8	MC08	Main contractor	Community liaison manager	20
9	MC09	Main contractor	Community liaison officer	10
10	MC10	Main contractor	Public liaison manager	10
11	MC11	Main contractor	Project skill coordinator	2
12	MC12	Main contractor	Environmental advisor	10
13	CL01	Client	Equality Manager	05
14	CL02	Client	Project Evaluation manager	08
15	CL03	Client	Procurement Manager	09
16	LC01	Local community	Community representative	8
17	LC02	Local community	Local resident	5
18	LC03	Local community	Group representative	25
19	LC03	Local community	Community rep.	20
20	Sub01	Subcontractor	Health& Safety manager	04

### 3.0 Results and Discussion

This section presents the empirical results on the current understanding and practice of social value (SV) in Highways England and across its supply chain companies.

#### 3.1 Current understanding of Social Value in the Highways Sector

In order to identify the current understanding of SV practice within Highways England (HE) and across its supply chain (SC) companies, a semi-structured interview session was held by the respondents. Two major themes on the current understanding on SV emerged from the analysis of the interview transcripts as shown in Figure 3.1. These themes are discussed in the next section.

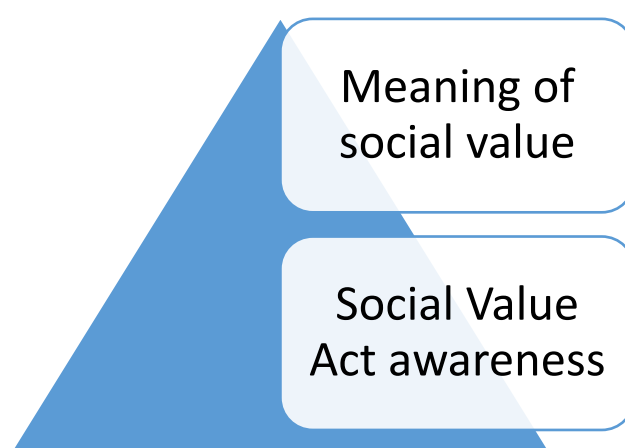


Figure 3.1: Major themes on current understanding of Social Value

##### 3.1.1 Current Meaning Ascribed to Social Value in the Highways Sector

The study reveals the various meanings and explanations on “Social Value “given by the respondents. Table 3.2 presents the emerging meaning and explanation on SV given by some of the respondents.

Table 3.2: Current Meaning Ascribed to Social Value by the Respondents

Respondent code and Position	Current understanding & meaning of Social Value provided	Nature of Respondents’ organisation
MC01, CSR Manager	“Our target on any project we work on is to deliver to meet national needs, we work to ensure we leave a truly lasting legacy for the community such as providing skills, employment and community schemes, use and spend on local suppliers”	<b>Main contractor</b>
CL01, Equality Manager	“As a client, we have a broad policy and strategy to improve equality and diversity in our work. Our strategy covers engagement with community, consideration for the environment, and the inclusion of social	<b>Client</b>

	<i>consideration in procurement with our supply chains”</i>	
<b>SC01, Health and Safety Manager</b>	<i>“Social value provides opportunity for young people in the community to learn and it provides a skill and a future for them”</i>	<b>Subcontractor (Tier 2)</b>
<b>MC02, Social Value Manager</b>	<i>“Social value is where we are saving the community money from the delivery of the product; it focuses on what to be done that would directly improve the life of the people in the community. The outcome relates to social, economic and the environment. It provides benefits such as more people at work and the leverage up there”</i>	<b>Main contractor</b>
<b>LC02, Local Resident</b>	<i>“It is the way the organisations operating in our locality impact our community positively by improving the quality of life of the people in our community”</i>	<b>Local community</b>

Table 3.2 reveals that the respondents’ offer different meaning and explanation of social value. However, it is clear from the various explanations provided that SV focuses on improving the quality of life of the people in the community and the environment where the organisation carries out its construction activities. Some of the explanations and meanings of SV offered by the respondents also align with the definition of SV provided in the Social Value Act 2012. The Act defines Social Value as *“the additional benefit to the community from a commissioning/procurement process over and above the direct purchasing of goods, services and outcomes” (Social Value Act, 2012, p.2)*. Specifically, the explanation provided by **MC02, Social Value Manager** aligns closely with the definition of SV provided in the Act.

### 3.1.2 Current Awareness on the Social Value Act

Figure 3.2 presents the current level of awareness of the Social Value (Public Service) Act that came into law in the UK in 2013. The figure shows that the majority of the respondents interviewed (70%) claimed to be aware of the Social Value Act while 30% claimed not to be aware. A recent review of the Act also found that there is growing awareness of it among public bodies; however, its incorporation into procurement process is still low (Young, 2015). Those that claimed to be unaware of the SV Act argued that the top management who have the knowledge and know the implication of the Act did not disclose this to them when they were engaged to perform SV related roles on the scheme.

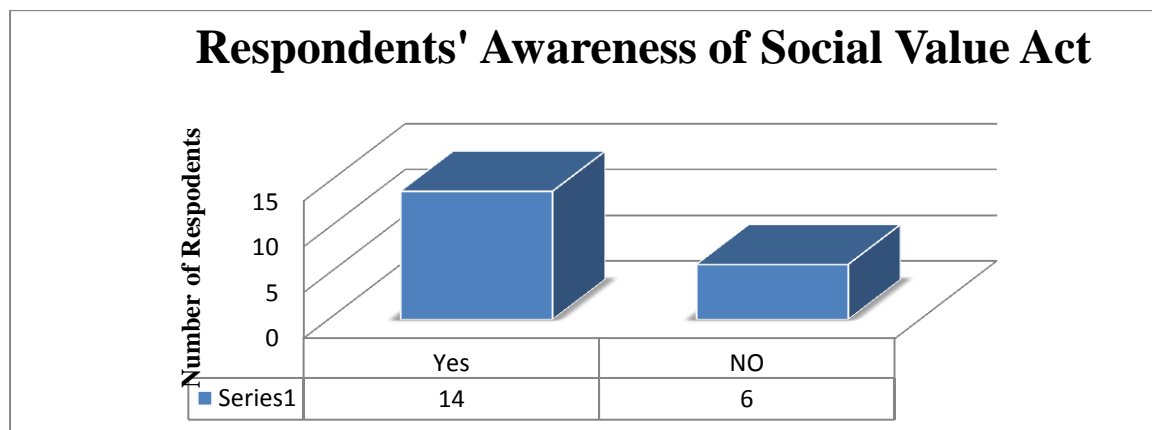


Figure 3.2: Level of awareness of Social Value Act

One of the respondents stated that: “The people that win work and senior management are aware of the Act, but when they employ people they would not explain why they ask the people to do what they do” (MC06, Project Skill Manager).

## 3.2 Social Value Embedment in the HE and in its Supply Chain

The study investigated how SV is embedded within the HE and across its supply chain companies. The study found that the HE and its supply chain companies have some specific approaches in place to support social value delivery in their organisations as described in the next section.

### 3.2.1 How Social Value is Embedded in Highways England

The study found seven approaches that demonstrate how the HE embeds and supports the delivery of SV on its schemes. This is presented in Figure 3.3

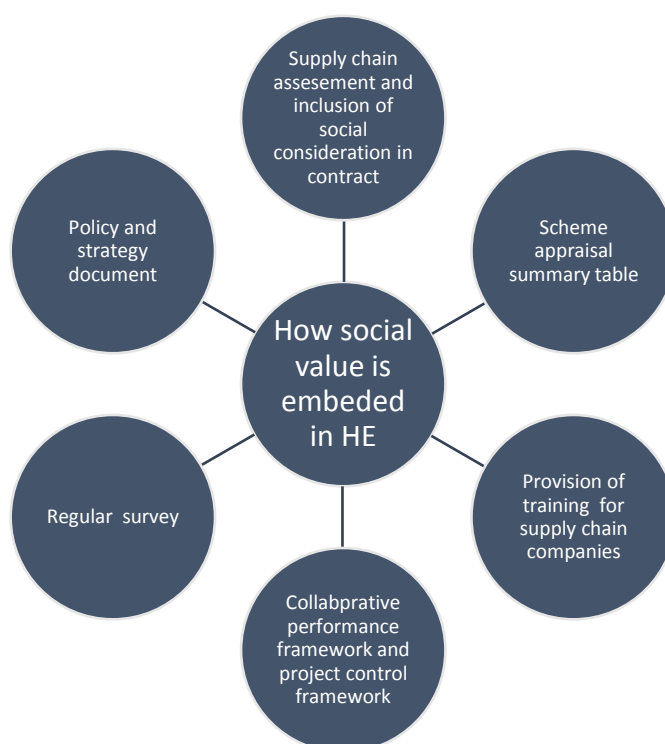


Figure 3.3: How social value is embedded in Highways England

### 3.2.2 Policy and Strategy Documents

The study reveals that the HE has various strategies and policy documents that support SV delivery on its schemes between now and 2020. An example of such policy and strategy documents are the Public Sector Equality Duty Objectives, equality screening, collaborative delivery framework and the project control framework. These documents stipulate how schemes should engage with its host communities and the supply chain companies in a collaborative manner so as to deliver SV to the local communities. The study found that the Project Control Framework (PCF) document stipulates what to be done, how it should be done and when it should be done on the scheme. For instance, it specifies when the local community should be consulted on the scheme. It also measures what has been done on the scheme. The equality impact screening is used to check that the SV to be created is equally distributed across the different stakeholders/groups that make up the community.

To achieve this, on each scheme, an equality and diversity advocate is appointed to map out the community appropriately.

### 3.2.3 Appraisal Summary Table

The study found that the “Appraisal Summary Table” (AST) is used by the HE to incorporate SV practice on its schemes. The AST analyses and identifies the impact of schemes in terms of social, economic, environmental and public accountability. This is usually done before the commencement of each scheme and forms part of the business case for schemes. One of the interviewees stated that:

*“For each scheme, we have an appraisal process which is usually presented in an appraisal table. We ensure the impact of each activity on the scheme is analysed carefully and this is usually presented in the summary appraisal table. The impacts, such as making the journey faster for people and business, safety impact, environmental impact, noise impact, building a by-pass road for community, physical fitness for people to cycle more and walk to improve health are considered”* [CL02, Project Evaluation Manager].

This implies that the AST has the potential to guide and keep the team on the scheme focused on the specific activities that need to be done to improve the quality of life of the local community and the physical environment where they operate. However, in identifying the activities to be impacted, it is essential the local community are duly involved in the identification process. The danger, of not involving them in the process is that the SV delivered may not have an impact on the community which could lead to disruption of work by the stakeholders in the community.

### 3.2.4 Regular Survey

The interview analysis reveals that the HE has strategies that enable it to obtain information on SV delivered through various survey approaches. These survey approaches include:

- Customer survey
- Community survey
- Customer panel survey
- Resident survey

The essence of these surveys is to enable the HE to obtain information and to communicate with the local community adequately on SV impacted or that would be impacted. Thus, the survey occurs during and at the end of each scheme.

### 3.2.5 Supply Chain Assessments and Inclusion of Social Consideration in Contract

The study found the HE carries out an assessment of its supply chain companies on social value consideration as an element in their selection criteria. One of the respondents argued that *“in selecting the supply chain companies, the need for social consideration is also included and examined in the contract with the suppliers”* [CL01, Equality Manager]. This means SV consideration is included in HE’s contract with its supply chain companies. For instance, the Equality Manager stated that: *“We look at social value and inclusion in our procurement processes”*.

Another approach used in assessing the supply chain companies is the equality framework. This is used to benchmark what the supply chain companies do while the collaborative performance delivery framework is used to assess how the supply chains are collaborating with each other. The inclusion of the SV in the contract with the supply chain companies shows HE’s commitment to the delivery of SV on its schemes, however, some of the supply chain companies argued that:

*“It is not sufficient for the HE as a client to just include the SV consideration in the contract for its supply chain companies alone, it should also make an effort to include a specific amount money for it in the bill of quantity for its supply chain companies”*  
**[MC04, Community Liaison Manger].**

Again, this shows that not all the supply chain companies have the capacity to create social value in the local community where they operate without support from the client. It could be argued that the lack of full commitment of some HE supply chain companies to social value could be due to the lack of provision for it in the contract sum.

### 3.3 How Social Value is Currently embedded in HE supply chain companies

The study shows that there are various strategies within the supply chain companies that demonstrate how social value is embedded as shown in Figure 3.4.



*Figure 3.4: How social value is currently embedded in HE supply chain companies*

#### 3.3.1 Commitment to Company Social Consideration Ethos and Strategy

The study found that most of the supply chain (SC) companies that participated in the research claim to have strategies within their organisation to support in delivering social value across their business. For example, one of the respondents stated that:

*“Our social value practice is the same across our projects, we encourage our supply chains to deliver social value such as providing skills, local employment, skill creation and spending on local suppliers in the communities where we operate”*  
**[MC01, CSR Manager]**

This implies that the SC companies’ commitment to social value delivery is not only on HE England scheme alone as some of the companies claim it is their company culture.

### 3.3.2 Main Contractors' Company Policy on CSR and Sustainability

The study found that most of the supply companies interviewed have CSR and sustainability department, which support their social value delivery objectives. However, some of the respondents assert that social value is not the same as CSR and sustainability. One of the respondents stated that:

*We do have a strategy in place for sustainability since 2010, however 18 months ago, we developed a blue print for social value which is known as INVOLVE. The strategy focuses on how to develop a healthy community and on how to engage with the local stakeholders in the community to understand our project [MC03, Sustainability Manager]*

This shows that social value is understood to be different from CSR and sustainability by the supply chain companies. This finding aligns with the assertion of Leighton *et al.* (2010); that SV is beyond CSR and Shared Values. However, their presence within the organisation support the development of SV practice in the organisation.

### 3.3.3 Main Contractors' Training Support for its Supply Chains Companies

The study found that HE supply chain companies, mostly main contractors (tier 1) offer various training opportunities on SV to their supply chains. The name used for the training varies from one organisation to another. These names include; supply chain school, supply chain academy, and social value and sustainability academy among others. The study reveals that the essence of the training school is to promote SV practice among the SC companies. Some of the respondents stated that:

*"We have a supply chain school where we have trainings and workshop. Currently we will be having supply chain school on the 29<sup>th</sup> of June and another on the 27<sup>th</sup> of July 2016 in Birmingham. We are educating our supply chains on how to deliver social value" [MC02, Social Value Manager].*

One of the tier one contractors further explained that the Supply Chain Academy in their organisation focuses on supporting the SMEs' and the content of the training is usually designed to suit the need of the SMEs' that are to be trained. These shows the main contractors now understand the importance of delivering social value since they are also making the effort to pass the knowledge down the chain. The study reveals that the main contractors include SV consideration in the contract with their subcontractors and the supply chains and also assessed them based on the social considerations.

## 3.4 Social Value Delivered/Impacted across Highways England Project Chains

Respondents were asked to identify the SV delivered or impacted on HE schemes. The social value delivered/impacted are categorised into 4 as presented in Figure 3. 5. They include: (1) The local community (2) The local economy (3). The supply chain (4) The environment. The study found that various activities were undertaken by the main contractors (tier 1) and tier 2 contractors to improve the quality of life of the local community, the supply chain companies, local economy and the environment where they operate. It is worth mentioning that tier 2 contractors, though very few, were also committed to SV delivery. As one interviewee puts it:

*"Our company has trained 10 apprentices on the level 1 course from the local community. The apprentice at the end of their training were engaged by our client, in this case the main contractor (tier 1) because we are tier 2 contractors" [SC01, Subcontractor tier 2].*

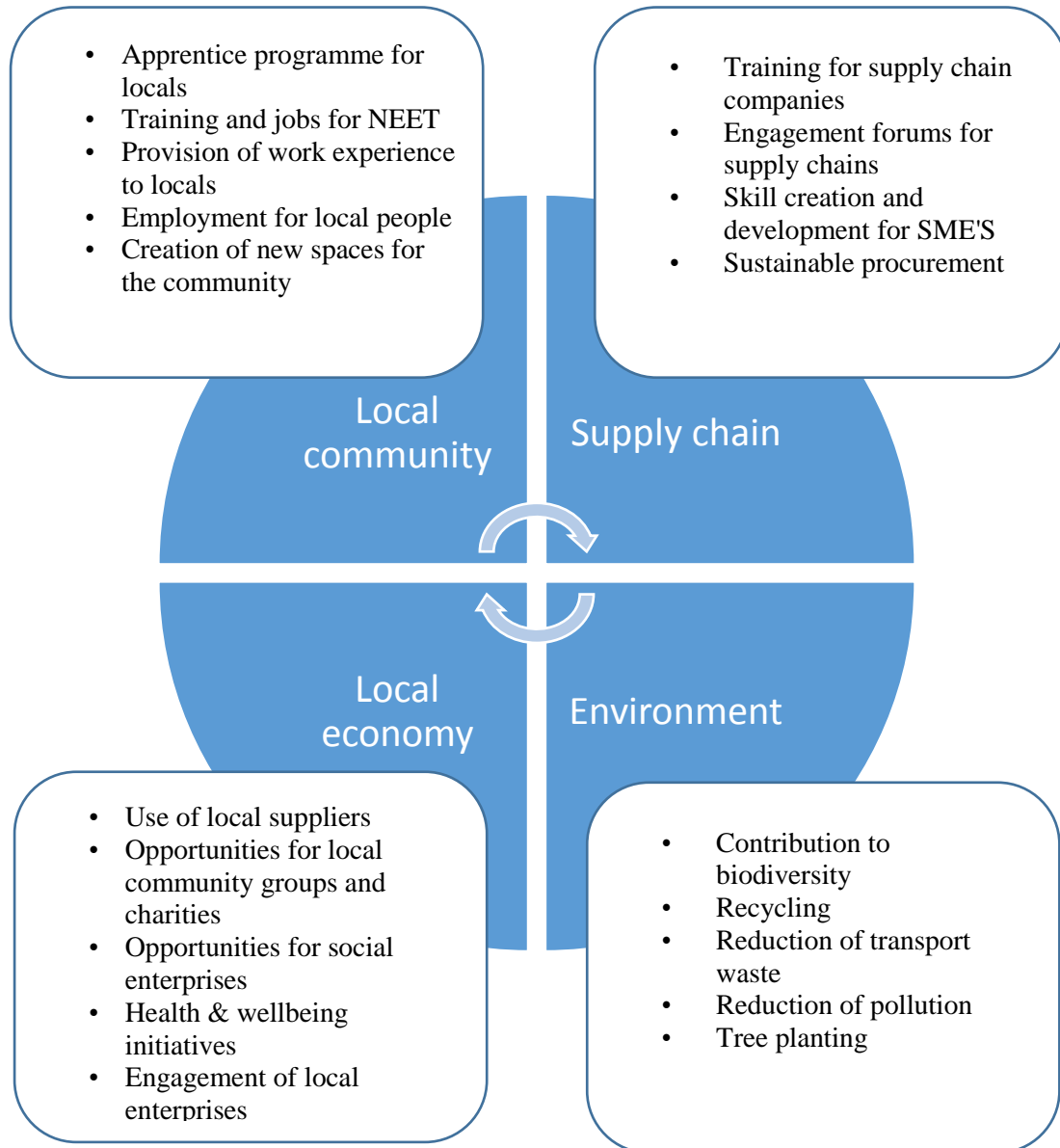


Figure 3. 5: A matrix of Social Value delivered/impacted across Highways England Schemes

Again, this shows that not only the tier one contractors are committed to the SV delivery of SV on HE schemes. All the informants reported the SV delivered/impacted, but it varies from one scheme to another. This is so, since the SV to be delivered/impact could differ from community to another and also from one region to another. For instance, some of interviewees argued that since every scheme is different, it is important to identify the social value issues around the scheme and develop approaches to address them. To illustrate this, one participant commented:

*“We are doing a project in South of England, what we are doing in terms of social value would be different from another of our project in West of England. It is much tailored towards the project”* [MC10, Community Liaison Manager]

This suggests that every scheme should examine and identify the SV that would be of high benefit to the local community and impact it appropriately. Furthermore, Figure 5 shows that there is a relationship between the four quadrants in term of the SV delivered. For instance,



the study found that when the local community quadrant is impacted as a result of creating job opportunities for NEET, it is also contributing indirectly to the local economy.

### 3.5 Current Approaches used in Measuring Social Value

Figure 3.6 shows the current approaches used in measuring SV that emerged from the analysis of the interviews. The study reveals that all the tier one contractors interviewed claimed to use the LM3 to measure SV delivered by their supply chains and subcontractors. One of the interviewees, a main contractor reported that:

*“There are many measures used to identify our social impact, one of these is the Local Multiplier (LM3). It is able to measure the amount of money spent in the local radius set. Also, the knock on effect of those spending is also measured. For instance, for every £1 spent £2.5 of local value was created for the community as a consequence. We use this on all our major projects” [MC01, CSR Manager].*

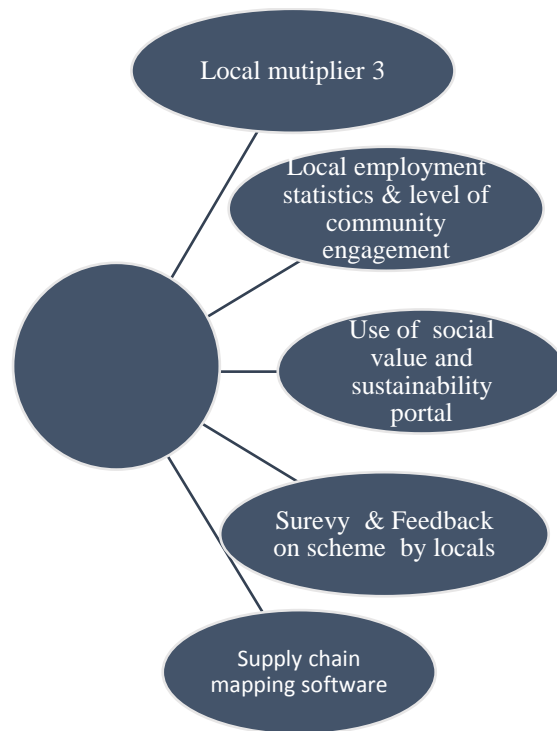


Figure 3.6: Current approach used in Measuring Social Value on Infrastructure Schemes

This shows that the Local Multiplier three commonly known as LM3 was the most used approach in measuring SV among the supply chain interviewed. This could be due to its ability to evidence social, economic and environmental impact created by the supply chain and subcontractors.

### 3.6 Benefits of Delivering Social Value Observed on Highways England Projects

The study reveals various benefits emanating from delivering social value on HE schemes. Some of these identified benefits are presented in Figure 3. 7. Figure 3. 7 reveals that the social value benefits observed on HE schemes are not one sided, but rather widespread. The figure shows that social value delivery benefits the client, the supply chain companies, the local communities, and the scheme, among others. This implies that both client and supply chain companies should willingly commit to its delivery since it supports the achievement of scheme objectives and goals.

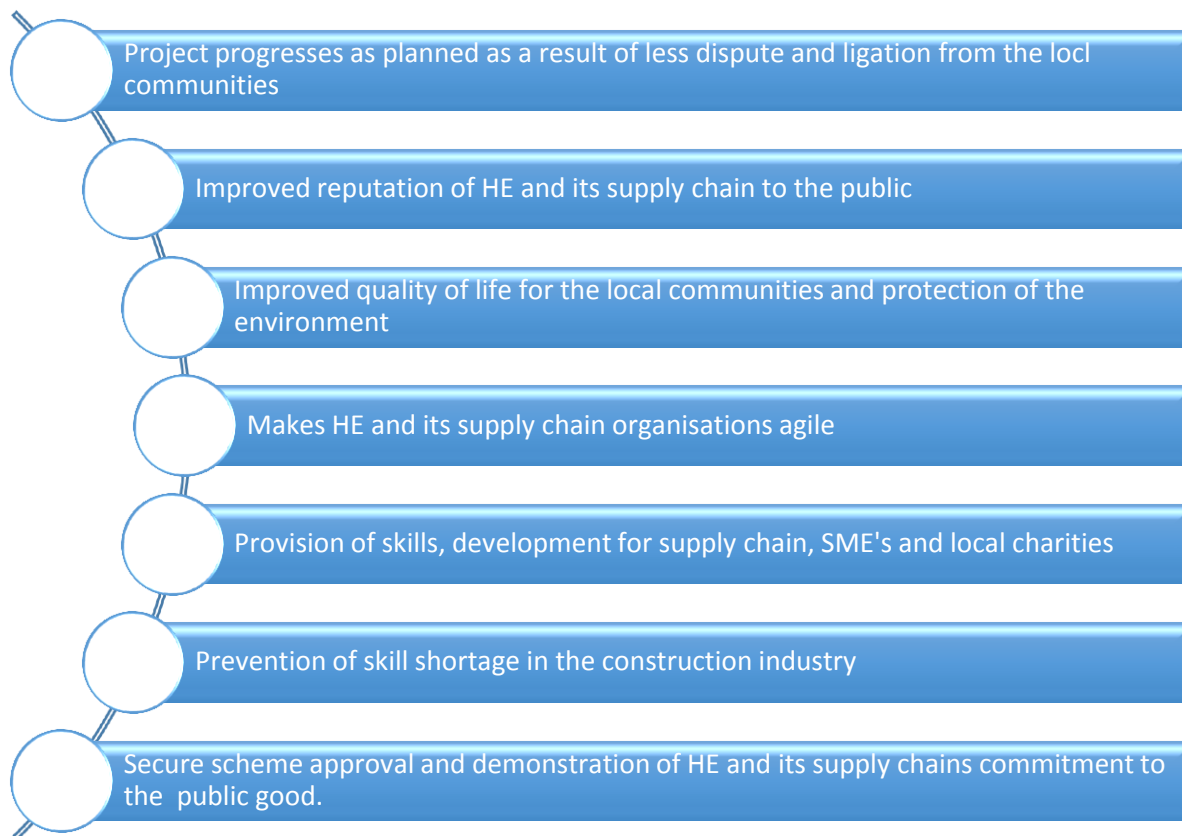


Figure 3.7: Benefits from social value delivery observed in HE projects

One of the interviewees identified a business benefit from the delivery of SV on a scheme by saying:

*“There are loads of benefits from the supply chain, from the community and from investment perspectives. For instance, there was a pavilion that was in a bad state that cannot be used, we remodeled it and turned it into project site office and at the end of the project it was given to the community” [CSR, Manager]*

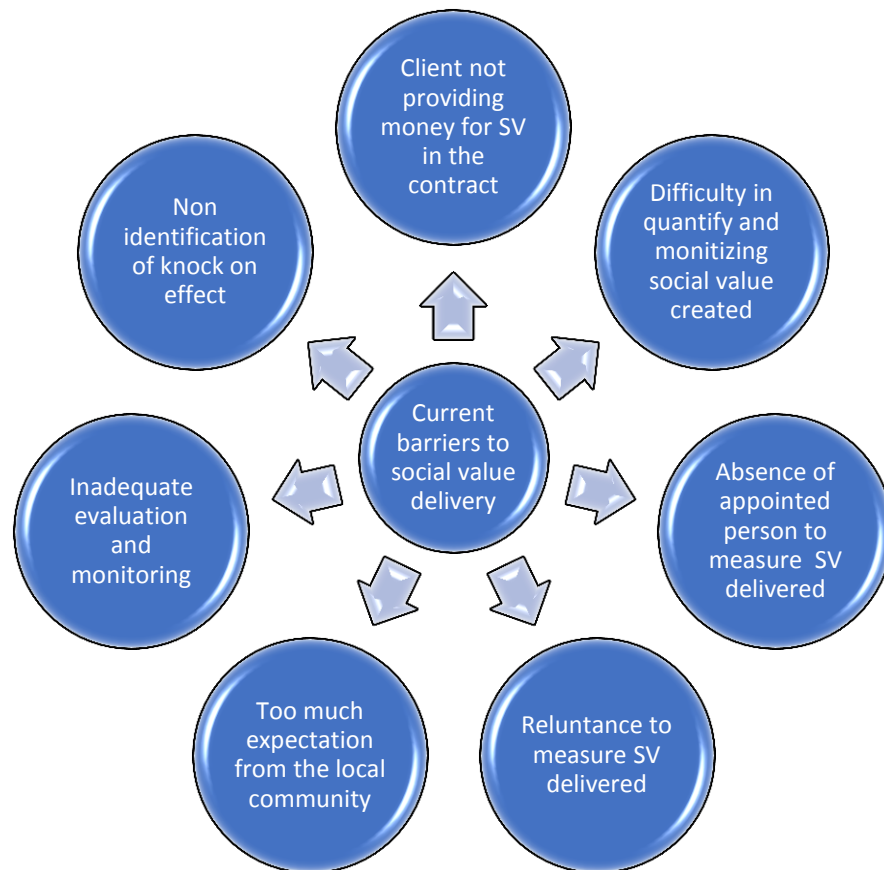
Again, this shows there is shared and business benefits of delivering SV.

### 3.7 Current Barriers to Social Value Delivery

Figure 3.8 reveals the current barriers to SV delivery observed on HE schemes. The research participants indicated that though they record the SV delivered, they tend not to measure the knock on effect of the SV delivered. For example, one of the interviewees stated that:

*“We measure social value delivered on the project, but we do not identify the knock on effect of the SV realised. For example, the knock on effect of the number of local employment created still remains a struggle and such information is very useful for local authority” [Social Value manager]*

While it is important to record the SV delivered, it should not stop at this point. The knock on effects such as the impact it creates on the health and well being of the people living in the local community should be identified and recorded. Also, if a scheme has provided training for apprenticeship the contribution of such opportunities to the local economy should be further evaluated



*Figure 3.8: Barriers to Social Value delivery on infrastructure projects*

Some of the interviewees also observed that the client not allocating money in the contract for SV delivery and over expectation from the local community is part of the challenge to SV delivery.

### **3.8 Conclusions on Empirical Results on Social Value Practice**

This research project was undertaken to sample the current understanding and practice of SV within the Highways England (HE) and its supply chain(SC) companies and to finally develop a framework that identifies and deliver the requirements of the SV Act on HE schemes. The study found that the current understanding of the respondents on SV as evidenced from the respondents' definitions of SV aligns with the meaning of SV provided in the Social Value Act of 2012, and about 70% of the respondents claim to be aware of the Act. The study shows that SV focuses on improving the quality of life of the people in the community, the local economy and the environment where the organisation carries out its construction activities.

The study reveals the various approaches used to embed SV within HE and its supply chain companies. These approaches include: developing policy and strategy documents, use of appraisal summary tables on schemes, regular survey, supply chain assessment, training and engagement for the supply chains, inclusion of social value in the contract among others. The investigation found that the prior existence of CSR and sustainability policy in the supply chain companies supports the development SV practice in the organisation. This could be due to the fact that the social value concept is an emerging concept, especially in the built environment sector. However, SV is different from sustainability and CSR.

The study identifies the current approaches used in measuring social value. These include Local Multiplier 3, employment statistics and community engagement, use of social value and sustainability portals, and surveys among others. The study found that the Local Multiplier 3 (LM3) was the most used approach in measuring SV among the supply chain interviewed. The study establishes that the social value delivered across HE schemes revolve around four major components. These components include: the local community, the local economy, the supply chain companies and the environment. The specific component impact varies from one scheme to another. This is so, since SV delivered could differ from community to another and also from one region to another. However, in terms of level SV practice among the SC, it is still patchy and there is no standardised approach to SV delivery. To overcome the current patchy practice, this study developed a structured framework known as the [Social Value Evidencing Toolkit](#) (SVET) to enable HE and its SC to deliver SV requirements.

Evidence from the study shows that social value delivery benefits the client, the supply chain companies, the local communities, and the scheme, among others. This implies that both client and supply chain companies should willingly commit to its delivery since it supports the achievement of scheme objectives and goals. The study further found that commitment to social value delivery potentially reduces skill shortage and gap within the UK construction industry. However, in addition to these benefits, there are also barriers to SV delivery. These include: inadequate evaluation and monitoring, not measuring knock effect of SV delivered, too much expectation from the local community, non allocation of money for SV in the contract by the client, absence of personnel to measure SV among others. The study found that some supply chain companies are of the view that the inability of the client to make monetary provision for the SV in the contract is limiting the amount of the SV that can be delivered on a scheme.

## 5.0 General Recommendations of the Study

Based on the findings from the literature review, the underlying empirical research finding and the [Social Value Evidencing Toolkit](#) developed and evaluated, the following recommendations are made:

- The SVET developed in this study should be made available to HE supply chain (SC)
- The SVET should be used by HE supply chain to identify and deliver the requirements of the SV Act on HE schemes.
- In the future, the SVET should be used to evaluate the performance of HE supply chain in delivering the requirements of the Act.
- HE should include SV practice in the contract clauses or as a KPI with its supply chain companies
- HE should consult with its customers in the design and delivery of its schemes so as to create high impact social value
- The existing lean support strategy developed by the HE contributes to SV delivery and it should be sustained.
- The local community should be engaged at the earliest possible stage to have their input in the value proposition stage of schemes.
- Bottom up approach should be used in engaging with the local community so as to create high impact social value
- Schemes should identify and prioritise social value to be impacted based on the local needs
- The HE and its supply chain companies should conceptualise or view the local community and the physical environment where they operate as customers
- Consultation with local communities should continue throughout the scheme life cycle
- HE should provide training opportunities for tier one contractors while tier one contractors should provide training for tiers 2 and 3 suppliers

- Awareness of the need for social value delivery should be extended to supply chain down the line including aggregate suppliers
- HE and tier one contractors should be proactive in monitoring and evaluating the SV promised are delivered as promised
- Clients should make monetary provision for social value delivery in the contract
- Organisations should appoint SV manager to support SV delivery
- The SVET should be used with the guidance note, for better understanding of the process
- The checklist for evidencing SV in procurement should be used in assessing the supply chain companies.
- HE and its supply chain companies should liaise with the local authority and understand the interface between the SRN and the local authority road network

## 5.1 Recommendation for further Research

- The study further recommends that the SVET should be further developed into a web-based tool with a link to a database for the supply chain companies, which may be used in capturing and evidencing SV.
- Future studies should pilot the use of SVET to selected schemes to gauge usefulness or effectiveness
- Future studies should evaluate the performance of the SC in delivering the Act requirements using the criteria in the SVET.
- Since this study is limited mainly to tier 1 contractors, a study to understand how best to support the tier 2 and 3 contractors to deliver social value should be conducted since they perform most of the work.

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