



SOUTH RIBBLE BOROUGH COUNCIL

Community SocialValue Strategy

SocialProfit Calculator



The aim is to connect people and communities to a network of multi-use green spaces and local facilities.

EXECUTIVE SUMMARY

2019

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EXECUTIVE SUMMARY

INTRODUCTION

The aim of the Community Social Value Strategy is to understand the social, economic and environmental impact of the Leyland Health Campus and Green Links project. The strategy outlines how Social Value will be maximised through both the construction and post-construction phases of the project to ensure that local residents, communities and businesses benefit from the outcomes that are delivered.

There has been a tendency in the built environment for Social Value to focus on the construction phase of a project as this is a key point where jobs and skills opportunities are created, money is spent locally and can be dovetailed with a programme of community engagement. While this is extremely important in creating opportunities for local residents, communities and businesses in client areas, community Social Value looks beyond the construction phase and to how Social Value can be embedded throughout the RIBA Stages 1-7 to ensure that community Social Value is sustainable and meets the need of local areas.

AT THE FEASIBILITY/
BUSINESS CASE STAGE WE
HAVE ESTIMATED THAT
THE TOTAL IMPACT OF THE
PROJECT IS LIKELY TO BE
IN THE REGION OF £107M
OVER THE NEXT FIVE YEARS,
GENERATING A RETURN
ON INVESTMENT RATIO OF
£4.46 FOR EVERY £1 SPENT.

IMPACT OF LEYLAND HEALTH CAMPUS AND GREEN LINKS

Duration	Construction	Post Construction	Total CSV	Asset Value
5 Year Impact	£25m	£82m	£107m	£8m
25 Year Impact	£25m	£158m	£183m	£27m

Table 1

Table 1 indicates the total Community Social Value Impact of the Leyland Health Campus and Green Links project to be in the region of £107m over the next 5 years and £18m over the next 25 years. This shows significant Value for Money and Added Value is created at both the construction phase where some of the immediate effects happen and continued post construction as South Ribble Residents benefit from the project.

The methodology used to calculate the value comes from:

- HM Treasury Cost Benefit Analysis (CBA)
- Cabinet Office Social Return on Investment (SROI)
- New Economics Foundation LM3 (Local Economic Multiplier at three rounds of spending)
- Office of National Statistics National Accounts for Gross Value Added (GVA) Uplift
- Operational Asset Value (Combined SROI and GVA modelling)

LINKS TO THE BUSINESS CASE

The Community Social Value Strategy sits alongside the feasibility study and business case for the development of the Leyland Health Campus and Green Links project. The strategy also incorporates guidance and support for the procurement process to create local jobs and skills opportunities, community engagement activities and economic uplift while reducing the impact on the environment. Using a local Managing Contractor and a local supply chain which includes SMEs, microbusinesses and a vibrant Voluntary, Community and Faith Sector (VCFS) is essential to creating opportunities and economic benefits across South Ribble Borough Council.

LONG-TERM SOCIAL, ECONOMIC AND ENVIRONMENTAL OUTCOMES

Understanding the expected outcomes that will be delivered through the Leyland Health Campus and Green Links Project is essential to ensure it is successful in delivering long-term change and impact on the communities and neighbourhoods of South Ribble Borough Council. The strategic outcomes and long-term benefits of project are focused on:

- Improving community safety and perception
- Increased satisfaction of residents and staff
- Improving community engagement and cohesions
- Encouraging healthy lifestyles and physical activities
- Reducing social isolation and improving wellbeing
- Creating opportunities for local people and businesses
- Supporting a thriving VCFS
- Connecting people to green space, outdoor and leisure facilities
- Improving environmental wellbeing

CREATING OPPORTUNITIES THROUGH PROCUREMENT

Understanding the local supply chain is fundamental to ensuring that local residents and business benefit from the opportunities that the Leyland Health Campus and Green Links project will create during construction. Local supply chains have the opportunity to employ local people, retaining spend in the South Ribble Borough Council economy and surrounding areas and thus creating economic uplift. As part of the development of the Community Social Value Strategy, a scoping exercise was carried out to understand the capacity of the local supply chain to deliver substantial parts of this project.

The scoping exercise has identified two managing contractors based in South Ribble Borough Council both of which are committed to delivering Social Value during the construction phase. These are: Eric Wright Construction and Conlon Construction.

There are also a number of SMEs and microbusinesses that can be engaged on the contract which will make up part of the total labour that will deliver the construction of the Leyland Health Campus and Green Links project. As part of the scoping exercise, we have been able to develop a number of Social Value Key Performance Indicators (KPIs) that will be used in the procurement and contract negotiation process to ensure that social, economic and environmental benefits are realised, and opportunities for local residents and communities are created. The targets include:

- **Creating jobs and skills**
- **Engaging a diverse and safe local supply chain**
- **Reducing the impact on the environment**
- **Health and wellbeing of the supply chain**

The Social Value targets are in line with government recommendations from the recent consultation regarding the Public Services (Social Value) Act 2012. A mandatory 10% weighting for the tender response towards Social Value means that the scoring criteria would be: quality 50%, cost 40% and Social Value 10%.

If South Ribble Borough Council want to increase the weighting then it is recommended that the weighting is taken from the cost which the criteria would then be – quality 50%, cost 30% and Social Value 20%. Offsetting the cost against Social Value is becoming the recommended practice within public sector contracts and it is also recommended as part of procuring Social Value for this project.



KEY RECOMMENDATIONS FROM THE COMMUNITY SOCIAL VALUE STRATEGY

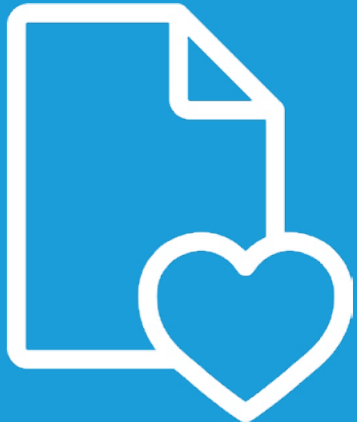
1. The Leyland Health Campus and Green Links project will have significant social, economic and environmental impact above and beyond the financial return and payback period.
2. These benefits will be realised at the construction phase and continue over the next 25 years as local residents use the new facilities.
3. Early engagement with the local supply chain is essential to maximise the economic uplift that the project can create. This could be done before the procurement of the managing contractor.
4. Embed the strategy in the procurement process to ensure that the Social Value KPIs are delivered.
5. Monitor and evaluate the long-term impact of the project in terms of improving residents' health and wellbeing using digital technology to understand the benefits experienced.





COMMUNITY SOCIAL VALUE STRATEGY

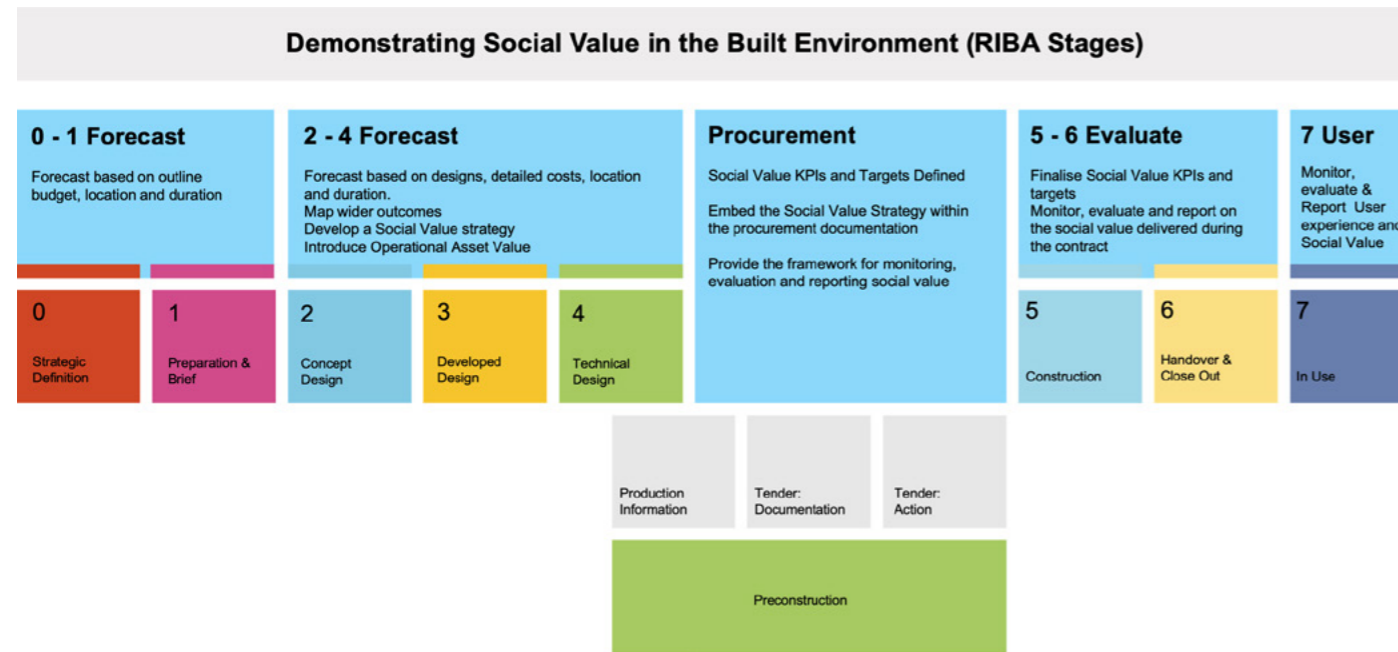
Social Value is underpinned by understanding your social, economic and environmental impact, including evidencing the value this creates for people, communities, businesses and economies. (Summary of the Social Value Act 2012).



INTRODUCTION TO SOCIAL VALUE

Social Value is underpinned by delivering social, economic and environmental impact, including evidencing the value it creates for people, communities, businesses and economies in the area where a project is delivered. Social Value is now embedded in the built environment at feasibility, planning, design, procurement, construction and user experience stages. New modelling around the RIBA stages enables Social Value to be forecasted and evaluated throughout a project lifecycle.

EMBEDDING SOCIAL VALUE IN SOUTH RIBBLE



THE PUBLIC SERVICES (SOCIAL VALUE) ACT

The Public Services (Social Value) Act was introduced by UK Government in 2012 but didn't gather momentum until 2013. The legislation requires public sector organisations to 'consider' how social, economic and environmental benefits can also be delivered from every public sector contract. Commissioners must understand how these benefits can be delivered before the procurement process begins. The Social Value Act as it is now known provides a framework for commissioners to achieve better 'value for money' and 'added value' both during and after the procurement process by engaging the local suppliers and communities which often leads to the delivery of better outcomes.

CABINET OFFICE CONSULTATION & SOCIAL VALUE EVALUATION PROCESSES

A recent consultation carried out by Cabinet Office regarding changes to the Social Value Act is aimed at supporting commissioners to embed Social Value in the procurement process. The consultation acknowledges the need for a structured policy framework including a policy evaluation framework to guide Social Value delivery from every contract. The policy framework outcomes are:

- Engaging a diverse local supply chain
- Creating jobs and skills
- Inclusion, mental health and wellbeing
- Reducing the impact on the environment
- Safe supply chains

While the framework is primarily aimed at government departments at this stage, it is expected to be rolled out at local level.

Included in the consultation is a proposed mandatory 10% tender weighting towards Social Value for every public sector contract. This would change the tender weighting structure to: quality 50%, cost 40% and Social Value 10%. It is likely that the 10% weighting will increase when it is embedded at a local level.



METHODOLOGY FOR MEASURING IMPACT AND CALCULATING SOCIAL VALUE

To forecast the social value during the construction phase, a number of analysis frameworks approved by the HM Treasury, Cabinet Office and Office for National Statistics have been used. They include:

- HM Treasury Cost Benefit Analysis (CBA)
- Cabinet Office Social Return on Investment (SROI)
- New Economics Foundation LM3 (Local Economic Multiplier at three rounds of spending)
- Office of National Statistics National Accounts for Gross Value Added (GVA) Uplift
- Operational Asset Value (Combined SROI and GVA modelling)

EVIDENCING IMPACT AND CALCULATING COMMUNITY SOCIAL VALUE

Social Profit Calculator was developed in response to the Social Value Act 2012 which has made it a legal requirement for Public Sector organisations to account for the social, economic and environmental impact and value during the planning, procurement, delivery and post-delivery of projects and services. Social Value is now a crucial factor in business and it's vital to ensure the legacy left by your business or project is positive.

Social Profit Calculator is used to accurately measure your social, economic & environmental value to demonstrate Value for Money, Added Value and the social and financial return on investment.

Social Profit Calculator has a database of over 6,000 outcomes, proxy values, and impact measures that are used to calculate Community Social Value. The data that supports the software comes from the HM Treasury Green Book, Unit Cost Database, the Global Value Exchange, and Office of National Statistics, which the software uses to carry out the calculations.

The software is accredited by Social Value UK and Social Value International.



LEYLAND HEALTH CAMPUS AND GREEN LINKS

Social Value is at the heart of the Leyland Health Campus and Green Links project and it is essential that it is embedded throughout the planning, delivery and post-delivery phases of the project. The development of a Community Social Value Strategy is key to the successful delivery of social, economic and environmental outcomes of the Leyland Health Campus and Green Links project.

The wider corporate objective of South Ribble Borough Council is to reduce health inequalities and improve the wellbeing of residents and communities. The new Leyland Health Campus and Green Links project is aimed at meeting this objective. The Leyland Health Campus and Green Links project will connect neighbourhoods across the district by creating Green Links so that sustainable travel options, walking and cycling opportunities, and enhanced play facilities are encouraged. The creation of Green Links across the district is at the forefront of the council's wellbeing agenda and will support all potential future improvements.

COMMUNITY SOCIAL VALUE STRATEGY FOR LEYLAND HEALTH CAMPUS AND GREEN LINKS

Community Social Value is a fundamental part of the development, construction and user experience of the Health Campus and Green Links project. Social Value Consultancy (the consultancy arm of Social Profit Calculator) has been commissioned to support South Ribble Borough Council to develop the Community Social Value Strategy. The strategy will sit alongside the business case and procurement strategy to ensure that successful social, economic and environmental outcomes are delivered to the people, communities and businesses across South Ribble Borough Council. The strategy will enable South Ribble Borough Council to understand the short, medium and long-term impacts of the Leyland Health Campus and Green Links project and the Community Social Value it creates.

DEMOGRAPHICS AND DEPRIVATION IN SOUTH RIBBLE COUNCIL

South Ribble Borough Council has a population of approximately 109,000 people and while it does not suffer from high levels of deprivation like the surrounding Local Authority areas, it does have pockets of deprivation. Lowerhouse and Golden Hill are two of the 27 wards in the district that fall within the 10% most deprived areas in England across all deprivation domains: income, employment, education, skills and training, health and disability, crime, living environment, and income deprivation affecting older people and children. Clayton-le-Woods North is also among the 10% most deprived areas in England with regard to employment.

Leyland Health Campus and Green Links project will have an opportunity to address the areas of deprivation in the South Ribble Borough Council districts, specifically in Lowerhouse and Golden Hill. Lowerhouse and Golden Hill are two wards that are within close proximity to Leyland St. Mary's ward which is where the project will be situated. Clayton-le-Woods North will also be targeted to address issues surrounding employment.

BACKGROUND LEYLAND HEALTH CAMPUS AND GREEN LINKS



KEY ISSUES AFFECTING SOUTH RIBBLE BOROUGH COUNCIL



DEPRIVATION IN SOUTH RIBBLE COUNCIL

HEALTH AND WELLBEING



In 2015, Public Health England reported in the South Ribble Borough Council Health Profile that the health and wellbeing of residents in the district are typically comparable to the England average, and frequently better. Seven Stars is the lowest ranked ward in South Ribble Borough Council with respect to income deprivation affecting older people (those aged 60 and above) and is scored higher than the average for all English wards. Seven Stars is also the weakest ward with respect to income deprivation affecting children (those aged 0 to 15) and is almost double the average for all English wards.

As Seven Stars ward is situated within close proximity to the Leyland Health Campus and Green Links project, the health and wellbeing of older people and children will be addressed.

CRIME AND COMMUNITY SAFETY



Crime statistics indicate that overall crime has decreased by 22% in South Ribble Borough Council which has a low crime rate in comparison to the rest of the Lancashire-14 area. Since early last year, the number of instances of anti-social behaviour has decreased in South Ribble Borough Council, although these numbers have started to slowly increase, typically in the summer months. There are no wards in South Ribble Borough Council fall into the bottom 10% across England. However, crime statistics for South Ribble Borough Council report higher levels of anti-social behaviour in the summer months which is likely to be caused by people's perception of crime. Youth engagement in the new facilities could potentially lead to a further fall in the numbers of anti-social behaviour and crimes reported in the borough.

EMPLOYMENT



South Ribble Borough Council has a strong reputation for its overall high employment rate. In the years 2009-2016, South Ribble Borough Council employment rates increased substantially by 13.7%. Eric Wright Construction, Rowland Homes and Conlon Construction are the biggest employers in South Ribble Borough Council residents. The number residents that are dependent on welfare benefits is low in comparison to the national average. However, by choosing a main contractor from the local area, there is potential to further reduce unemployment by creating new jobs and opportunities.



SOUTH RIBBLE BOROUGH COUNCIL CORPORATE PLAN 2019-2020

Improving wellbeing is the key driver behind the Health Campus and Green Links Project. The aim is to connect people and communities to a network of multi-use green spaces and local facilities. The aim of the Health Campus and Green Links Project is embedded in the South Ribble Borough Council Corporate Plan 2019-20 (table 2).

Corporate Plan Outcomes 2019-2020	How this will be delivered through the Leyland Health Campus and Green Links
Excellence and Financial Sustainability Outcomes:	The Leyland Health and Green Links Campus will deliver financial self-sufficiency through attracting investment and commercial use of council-owned assets. This will improve the accessibility to these assets which will increase resident satisfaction.
Health and Wellbeing Outcomes:	South Ribble Borough Council residents will experience increased satisfaction with access to open spaces, sports and leisure facilities and community health services in the borough. This will help reduce health inequalities that exist in the borough and close the gap between the least and the most deprived areas. There will be an increase in the number of South Ribble Borough Council residents who engage in more than three hours of physical exercise per week, improving lifestyle choices and potentially life expectancy.
Place Outcomes:	The project will increase in the number of SMEs, microbusinesses and VCFS engaged in council contracts across the borough.
People Outcomes:	There will be more apprentices of all ages in the council and in the borough. Residents will have opportunities to increase their skills to meet the need of the evolving job market. There will also be a potential increase in the number of jobs available to South Ribble Borough Council residents.

Table 2: Delivering the Corporate Plan

VOLUNTARY COMMUNITY & FAITH SECTOR (VCFS) IN SOUTH RIBBLE BOROUGH COUNCIL

South Ribble Borough Council has a strong and supported Voluntary Community and Faith Sector across the Borough. The Health Campus and Green Links project will support the development of the local VCFS by creating a stronger infrastructure between organisations and the council and in doing so foster an inclusive volunteering, community and faith environment. The assets created by the Leyland Health Campus and Green Links project will be accessible to the VCFS and there is potential for them to deliver their services from the new facilities.

DELIVERING AGAINST THE CORPORATE PLAN



COMMUNITY SOCIAL VALUE



MAPPING COMMUNITY SOCIAL VALUE OUTCOMES

A workshop has taken place with the Design Team to map the outcomes that will be used to monitor, measure and report on Social Value to ensure the successful delivery of the project. The outcomes are embedded at each stage of the project lifecycle to forecast, monitor and evaluate the Social Value that the project creates.

Forecasting Social Value at the planning and procurement stage will enable Social Value to be embedded in the design and delivery of the construction phase. The Social Value forecast is also to be used as part of the procurement strategy to establish the contractor commitments that will be delivered as part of the contract.

LONG TERM IMPACTS OF LEYLAND HEALTH CAMPUS AND GREEN LINKS

From the initial workshop, Social Value outcomes were identified at both the construction and post-construction phases of the project (table 3). The post-construction phase will deliver the long-term benefits to residents and communities of what benefits the Leyland Health Campus and Green Links project intends to deliver.

Table 3: The wider Community Social Value Outcomes include:

Community Social Value Outcomes Post-Construction	
Social Outcomes	Health and Wellbeing Outcomes
<ul style="list-style-type: none"> • Improve residents' perception of the area • Create a sense of pride for local residents • Reduce fear of crime and anti-social behaviour • Support engagement with the community and capacity building for the VCFS • Improve community engagement and cohesion 	<ul style="list-style-type: none"> • Improved health, wellbeing and lifestyle choices through access to the health campus • Improve physical and mental wellbeing through environmental improvements • Improved outdoor and indoor leisure facilities
Economic	Environmental
<ul style="list-style-type: none"> • Creating job and skill opportunities for local residents • Create opportunities for small businesses and VCFS through access to a number of community assets. 	<ul style="list-style-type: none"> • Improved environmental wellbeing through access to green and blue infrastructure • Connecting people to parks and green spaces

The Community Social Value outcomes have been used to forecast the wider social impacts of the project post-completion which will be monitored to ensure that the people and communities of South Ribble Borough Council benefit from the Leyland Health Campus and Green Links (table 4).

FORECAST OF COMMUNITY SOCIAL VALUE

A forecast Social Return on Investment (SROI) indicates that £82m in Social Value will be created as part of the project over the next five years. Projected over the 25 year life of the building, the Social Value created is in the region of £158m

Outcomes	Year 5 Social Value	Year 10 Social Value	Year 25 Social Value
Community Cohesion	£6,832,290.14	£10,229,145.85	£13,175,089.09
Community Engagement	£5,831,343.93	£8,730,552.46	£11,244,908.25
Community Safety	£30,788,301.45	£46,095,528.66	£59,370,812.17
Community Wellbeing	£326,554.48	£488,909.78	£629,713.37
Environmental Wellbeing	£9,398,208.11	£14,070,778.53	£18,123,092.93
Health and Wellbeing	£28,751,463.27	£43,046,021.91	£55,443,062.61
Total Social Value	£81,928,161.38	£122,660,937.19	£157,986,678.41

Table 4: Forecast of the wider Community Social Value Outcomes

ANALYSIS OF THE WIDER COMMUNITY SOCIAL VALUE

The analysis is based on 10% of the South Ribble Borough Council population using the Leyland Health Campus and Green Links. Ongoing monitoring and evaluation is needed to understand the Community Social Value that will be created post-construction when the benefits are enjoyed by the end user.

SHORT TERM IMPACTS OF LEYLAND HEALTH CAMPUS AND GREEN LINKS DELIVERED THROUGH CONSTRUCTION

The Community Social Value outcomes that can be embedded in procurement and delivered during the construction phase include:

Outcomes that will be delivered during the Construction Phase	
Socio-Economic	Environmental Outcomes
<ul style="list-style-type: none"> • Creating sustainable employment opportunities for local residents • Increasing the skills of local residents through apprenticeships, work placements, qualifications etc. • Community engagement activities that benefit local residents such as corporate volunteering, pro bono work, community event • School engagement activities such as STEM subjects, curriculum talks, school assemblies. 	<ul style="list-style-type: none"> • Ethically sourced materials and supplies • Reduce construction waste to landfill through reuse and recycling • Minimising Carbon emissions • Reducing supply chain miles • Protection of the natural environment
	Economic Outcomes
	<ul style="list-style-type: none"> • Retaining as much project spend in South Ribble Borough Council as possible • Retaining project spend in South Ribble Borough Council through local supply chains: SMEs, microbusinesses and VCFS • Safeguarding existing jobs in the area • Creating economic uplift (GVA) in the region

Table 5: Construction Phase Outcomes

Reference Case: Glasgow City Council

In January 2018, Social Profit Calculator were commissioned by Glasgow City Council to carry out a similar piece of work as part of the Outline Business Case for £115m Integrated Public Realm and Infrastructure Project. The report looked at both the construction and post construction phases of the project to understand the social and economic impact of the investment in terms of creating jobs, economic productivity and commercial investment. The analysis showed that the project would create £360m of benefits over a 10 year period.



COSTS OF THE PROJECT

There are two options that are currently being considered in terms of the construction of the Leyland Health Campus and Green Links project. Option One is a reduced area which costs £23,794,559. Option Two is a more family-friendly alternative, estimated to cost £26,549,008 (table 6).

This is broken down as:

Option 1 – Reduced Areas (GIFA 5,150m2)	£
Construction budget costs for Main Leisure Centre at 2Q19 (including externals works and Shruggs Wood but excluding the Warren)	18,962,190
Allowance for building cost inflation of 5.76% to mid-point of Building Contract (2Q19 = 330, 4Q20 =349)	1,092,222
Allocation for Fees and F,F&E	3,740,148
Budget Total (Option One)	23,794,559

Option 2 – Extended Areas (Extra area of 678m2)	£
Construction budget costs for extended floor area of 678m2 only	2,095,281
Allowance for building cost inflation of 5.76% to mid-point of Building Contract (2Q19 = 330, 4Q20 =349)	120,688
Allocation for Fees and F,F&E	538,480
Budget Total (Option Two)	2,754,449

Table 6: Cost options of the project

During the construction phase, Social Value is created through employment, skills and added Social Value through the additional commitments made by the contractor during the procurement of the contract. Based on the current indicative Option One budget, it is estimated that there will be a total of 144 construction jobs created over 18 months during the delivery of this project.

Social Value	Spend in South Ribble Borough Council	Economic Impact	Social & Economic Impact
£5,808,497	20%	£7,395,716	£13,204,213
	35%	£10,766,881	£21,261,124
	40%	£14,791,432	£25,285,676

Table 7: Social Impact of the construction phase

It was initially estimated that £13m social and economic impact will be delivered during the construction phase of the project based on 20% spend retained in the South Ribble Borough Council economy. This would be made up of £6m delivered in Social Value and £7m in economic impact. This forecast was based on an unknown local supply chain in South Ribble Borough Council.

As part of the development of the Community Social Value Strategy, a scoping exercise was carried out to understand the availability and capacity of potential supplier in South Ribble Borough Council. The scoping exercise identified that there is a significant supply chain in South Ribble Borough Council which could see the spend retained in the local economy increase from 20% to 40% creating £25m benefit to South Ribble Borough Council in the construction phase alone (table 7.)

Economic impact is based on spend on local supply chains which is multiplied in the economy and GVA uplift created through direct, indirect and induced employment through those local supply chains.



OPERATIONAL ASSET VALUE

Year	SROI	GVA	Option 1 - Asset Value	Option 2 - Asset Value
Year 5	£1,928,582	£6,245,351	£8,173,933	£8,996,729
Year 10	£2,887,428	£11,503,769	£14,391,197	£15,839,830
Year 25	£3,718,993	£22,797,708	£26,516,701	£29,185,899

Table 8: Asset Value of the Leyland Health Campus and Green Links

An asset value calculation has been carried out of the Leyland Health Campus which is one of the assets that will be handed to the client. The asset value has been calculated using combination of SROI and GVA to understand the long-term social and economic impact of the facilities.

The operational asset value of the Leyland Health Campus is £8m over the next five years, £14m over the next ten years and £27m over the next 25 years. Pursuing Option Two will create an additional £2.5m social and economic impact over 25 years (table 8). This forecast aims to help the council set the benchmark of what can be achieved through the construction phase of the project which will be embedded in the planning and procurement process.

DELIVERING COMMUNITY SOCIAL VALUE THROUGH PROCUREMENT



SOUTH RIBBLE BOROUGH COUNCIL SUPPLY LOCAL CHAIN

A scoping exercise has been undertaken as part of the Community Social Value Strategy to understand the local supply chain across South Ribble Borough Council. Although we are still waiting for some of the information, a total of 26 suppliers have been identified in the South Ribble Borough Council boundary (see appendix 1). These local suppliers provide a comprehensive range of construction core services including:

- Structural works
- Plant and machinery
- Groundworks
- Internal or fit out works
- External works
- Environmental works

From the core services required to deliver this project, there are approximately 40 different services that can be delivered as work packages for the delivery of this project. Based on the current standing of information, the combined total number of employees registered across all local suppliers totals 789. We are currently in the process of identifying if the labour force employed here are in fact predominantly South Ribble Borough Council residents.



MANAGING CONTRACTORS IN SOUTH RIBBLE BOROUGH COUNCIL

There are two managing contractors that are based in South Ribble Borough Council: Eric Wright Construction Ltd and Conlon Construction Ltd.

Both managing contractors are on Regional Frameworks that operate in the North and North West and likely capable of delivering this project. As part of the Community Social Value Strategy we will scope out further details of their capabilities of delivering Social Value through the construction phase of the project. Work is currently underway to identify how many of the existing local supply chain labour force are residents of South Ribble Borough Council so that we can understand the economic impact that the construction phase can create in terms of spend and creating GVA uplift.

However, using a local contractor does not necessarily mean they will use local suppliers, therefore alternative options should be considered during the procurement process. It is worth bearing in mind at this stage that the Leyland health Campus and Green Links project will require a contractor who have experience of delivering this type of work as well as embedding Community Social Value in their approach. There will also be specialist fit out works such as the tiling for the pool, saunas and steam rooms, changing rooms etc. for which the Contractor will have their own suppliers for any specialist works as it is unlikely that a local supply chain will be able to deliver these work packages.



RECOMMENDATIONS FOR THE SUPPLY CHAIN:

- Increase the percentage of project spend retained in South Ribble Borough Council from 20% to 35-40% which will increase the economic impact significantly
- Recalculate the forecasted impact of the construction phase based on the new spend and total local labour force as the data
- Early engagement with Managing Contractors and the local supply chain would be recommended as a 'pre-meet the buyer event'

PROCUREMENT ROUTES AND CHALLENGES

There are currently two procurement routes that are being considered to ensure Social Value is delivered through the project - framework agreement or direct award to a single contractor.

The works value is over the Official Journal of the European Union (OJEU) threshold for procurement, so the choices are either using a pre-existing framework or undertaking a standalone OJEU procurement. Direct award is only available on pre-tendered OJEU compliant frameworks, as well as mini tendering on OJEU compliant frameworks, there are also single source OJEU compliant frameworks. A stand-alone OJEU procurement should be treated with caution as they are time consuming and resource heavy and there are no guarantees with an OJEU open procurement that a South Ribble Borough Council-based contractor or a contractor that embeds Community Social Value will be appointed.

Conlon Construction Ltd are on the North West Construction Hub Framework, but for the works value they are on Lot One only, which means they can only undertake works between £8m and £15m. At the next stage of the Community Social Value Strategy this will need clarifying as the construction values are higher than this. Eric Wright Construction Ltd are on the Lot Two framework (value between £15m to £35m). This framework only allows two-stage Design and Build tendering though, and would add significant programme time and cost to change route at this time as the project is currently on a single stage approach.

There are currently three framework agreements that are being considered as part of the procurement process. As part of the development of the Social Value strategy, an options appraisal was carried out of the framework providers in term of their capacity to embed Social Value through the procurement process: Of the local regional frameworks open to South Ribble Borough Council the following two frameworks have been identified as allowing single stage Design and Build:

PROCURE NORTH WEST - BUILD LOT THREE (£15 TO £25M LOT)

The contractors are:

- *BAM Construction*
- *Galliford Try Construction*
- *Interserve Construction*
- *Kier Construction*
- *Laing O'Rourke Construction*
- *Morgan Sindall*
- *Wates Construction*
- *Willmott Dixon Construction*

Procure North West do not have a Social Value policy. There is also little information available around their Social Value KPIs, therefore it would be a challenge for them to meet the requirements of this Community Social Value Strategy.

PAGABO, NATIONAL FRAMEWORK FOR MAJOR CONSTRUCTION WORKS - LOT TWO- AREA TWO (NORTH) (£15 TO £50M LOT)

The contractors are:

- *Galliford Try Construction*
- *Interserve Construction*
- *ISG PLC*
- *Laing O'Rourke Construction*
- *Morgan Sindall*
- *Sir Robert McAlpine*
- *Vinci Construction Ltd*

Pagabo have a Social Value Policy and a full suite of Social Value KPIs. They embed Social Value for every project by forecasting social impact for the client and setting the KPI targets through the procurement process, therefore could meet the requirements of the of South Ribble Borough Council project

The North West Construction Hub framework can only be used on two-stage Design and Build contracts which have a partnering element, so this would need to be considered as this framework would not be open to single-stage design and build contractors.

NORTH WEST CONSTRUCTION HUB (NWCH), LOT TWO (£15M TO £35M LOT)

The contractors are:

- *Balfour Beatty Construction Ltd*
- *Bouygues UK Ltd*
- *Bowmer and Kirkland Ltd*
- *Eric Wright Construction Ltd*
- *ISG Construction Ltd*
- *John Graham Construction Ltd*
- *Kier Construction Ltd*
- *Seddon Construction Ltd*
- *VINCI Construction UK Ltd*

NWCH do not have a Social Value policy or strategy. They have a current list of seven Social Value KPIs that they monitor which is currently being reviewed. Their current Social Value KPIs may not meet the requirements of South Ribble Borough Council Community Social Value Strategy.

DIRECT AWARD

Direct award could be made to a single contractor. If this is the preferred procurement route, then it would be practical to place specific Social Value targets for the contractor, including targeted employment, apprenticeships, and spend on local supply chains. However, this is something that could be done through the framework route.

Understanding what can be achieved with a managing contractor be engaged from outside South Ribble Borough Council is essential to choosing the right procurement route. Some of the national contractors who have been embedding Social Value delivery for some time do have a local supply chain in South Ribble Borough Council and surrounding areas. The top five contractors across the frameworks with a track record of delivering Social Value and engaging with local supply chains include:

- *ISG Construction Ltd*
- *VINCI Construction UK Ltd*
- *BAM Construction*
- *Galliford Try Construction*
- *Sir Robert McAlpine*

There is the option with most frameworks, in the mini tendering process, to identify specific project outcomes in this manner subject to agreement by the framework administrator to fully incorporate the Community Social Value outcomes. This could potentially allow the project to meet the full Community Social Value requirements, therefore the client would need to approve approaching the relevant frameworks to ascertain exactly what could be achieved with this mechanism on each of the above framework. This will retain the competitive market testing and direct competition that will give South Ribble Borough Council value for money and Community Social Value.



CONCLUSIONS AND RECOMMENDATIONS



CONCLUSION - MONITORING AND EVALUATION OF THE CONSTRUCTION PHASE

Once the managing contractor has been commissioned it will be essential to monitor the delivery of the contract to ensure that Social Value is being delivered to the people, communities, businesses and economies of South Ribble Borough Council and the surrounding areas. At the next stage of the strategy, a set of Social Value KPI output targets will be developed and embedded in the procurement documentation. It will be expected that the managing contractor will commit to delivering against these targets which will be weighted at 10% or over in the tender documentation.

FULL RECOMMENDATIONS

- Increase the target percentage of project spend to be retained in South Ribble Borough Council from 20% to 35-40% which will increase the economic impact significantly – this can be achieved using a local main contractor with a high percentage of local employees.
- Recalculate the forecasted impact of the construction phase based on the spend and total local labour force as the data as the project moves into detailed design and specification.
- Consider all the procurement options available while paying attention to ensure that there is an element of competition to deliver value for money and Community Social Value.
- Start the process of early engagement with the South Ribble Borough Council supply chain to ensure that the opportunities are accessible – something that is particularly important for local SMEs and new small contractors.
- Embed Community Social Value in the procurement process and tender documentation.
- Develop a monitoring framework for both the construction and post-construction phases to ensure Community Social Value is being delivered against the KPI established in the above.
- Develop a set of Social Value KPIs that can be used to score the managing contractor at tender stage and maintain the KPIs through the life of the project.
- Build the Social Value KPIs into the procurement contract for the managing contractor who will deliver the Leyland Health Campus and Green Links project.
- Continue to evaluate the whole supply chain in South Ribble Borough Council to understand if the majority of their employees live in South Ribble Borough Council.

APPENDIX 1 - SOUTH RIBBLE BOROUGH COUNCIL SUPPLY CHAIN SCOPING EXERCISE

Supplier Name	Staff No	Groundwork	Brickwork	Flooring	Joinery	Plastering	Roofing	Drainage	Refurbishment	Extensions	Reactive and Planned	Landscaping	Decoration and Tiling	Multi-Use General Area	Car Park Formation	Fencing	Demolition	Site Clearance and Remediation	Builders Work	Bulk Earthworks	Road Construction	Concrete Works	Piling and Underpinning	Retaining Wall Construction	Conversions	New Builds	Project Management	Repair and Listed Building	Workshop Design/Construction	Windows	Excavation	Brick Pointing	Conservatories	Rendering	Scaffolding	Walls Fences and Gates	Stone Work	Structural Work	Driveways	Renovations								
Austin Watson	15																																															
Eclipse	N/A																																															
QED	30																																															
Expert Plastering	1																																															
Berkeley	5																																															
Nelson	1																																															
Conlon	92																																															
PS Groundworks	N/A																																															
Eric Wright	642																																															
CNM	N/A																																															
Graham's	1																																															
JD Builders	N/A																																															
Future Construction	N/A																																															
Castle Construction	N/A																																															
Greenhalgh	2																																															
Your Style Joinery	N/A																																															
Mark Lawrenson	N/A																																															
ARB Solutions	N/A																																															
RDT	N/A																																															
NW D & B Services	N/A																																															
Technic BS	N/A																																															
Worthy R&B Services	N/A																																															

