



**Dated 15 March 2021**

## **Consultation response**

in relation to in relation to London Sustainable Development Commission -  
Social value in regeneration and placemaking consultation

Trowers & Hamblins LLP  
3 Bunhill Row  
London  
EC1Y 8YZ  
t +44 (0)20 7423 8000  
f +44 (0)20 7423 8001  
[www.trowers.com](http://www.trowers.com)

**trowers & hamblins**

## Introduction

London Sustainable Development Commission are looking at how social value can be delivered as part of London's regeneration and development.

To view the consultation document please [click here](#).

We are delighted to have responded to this consultation and our response can be seen below.

## Social value and strategic actions across London

This first set of questions look at social value in general, a vision for social value in London and ideas for strategic actions across London. They relate to pages 7-18 of the Consultation Document.

### 1 How do you define social value?

We see social value as a way of thinking and doing business in a way that seeks to understand the positive **impact** it has on the **individuals** and **communities**.

For social value to accrue, we think that individuals need to experience (positive) change in their lives.

It is the relative importance of the change experienced by the individual we are trying to capture (e.g. the primary benefit) when measuring social value. If we can understand the change that a social value outcome/input makes to an individual, then it helps frame social value strategies and outcomes and drives the agenda forward.

### 2 Why would it make sense for London to have its own approach to social value?

It would make a great deal of sense because of the unique elements identified in the consultation paper that, in turn, make London unique. Our own research paper titled [Positioning cities for inclusive growth](#) demonstrates that attitudes to personal prosperity differ depending on location, and therefore an approach that is not context specific could potentially be counter productive.

If social value is to be centered on the individual, then a place-based/London-centric approach will help inform and drive social value initiatives that will focus on the needs/wants of the individuals and communities that make-up our capital city.

Further, if London has its own measurement metrics, it will be able to capture the specific value it drives through its regeneration and place-making schemes. This is important, as the value created is likely to be subject to a premium, given the higher cost of living in the capital and a London-specific/London-weighted approach will enable LSDC to take charge of its own social value story and navigate the (often unhelpful but distracting) conversations around valuation of outcomes.

### 3 Why would it make sense for London to follow national approaches to social value?

If London adopts its own approach to social value, this does not preclude a London-centered approach that aligns with national approaches (rather than follows it/adopts it in its entirety). The Central Government's Social Value Model is a fairly vanilla/simple model in itself and it seems to us that the next stage of development in the social value space is for the different approaches to social value to align and become complementary.

4 To what extent do you agree with our vision for social value?

Strongly disagree / Disagree / Agree / **Strongly agree**

5 What would you add to this vision?

The vision for social value is fairly comprehensive and includes a number of the key stakeholders in the community. In addition to local authorities and housing associations, we would suggest that NHS Trusts and other place-based anchor institutions (schools, education providers; faith-based groups, charities etc.) are brought into the vision to add their unique angle to the social value vision.

We would also challenge LSDC as to what it wants to measure. We have suggested throughout our response that it is the achievement of **impact** that should be measured and the early adoption of an appropriate valuation approach (e.g. Wellbeing Valuation) can assist in the focus and drive of the entire agenda. A focus on primary benefit to an individual can open up the setting of social value outcomes (through co-design and the other means identified in the vision), it widens the discussion and vocabulary beyond "preventative spend"; "outputs", "savings to the exchequer" etc., and provides an element of creativity to the vision which allows for the personal and lived experiences of Londoners to be captured and addressed.

6 What is the most important part of the vision?

**Imagining the future:** by keeping an eye on the strategic objectives and goals of the vision, LSDC will provide a driving zeal to the delivery of social value across the capital. It will help draw communities together and collaborate to achieve even more impact and will be a focal hub for the articulation, definition, delivery and reporting of a consistent social value message.

A successful social value programme is one that does not stay still or "rests on its laurels", it keeps on driving change, delivering impact and providing aspirational goals. It changes with the needs of the communities, their outlooks and aspirations.

7 Is a pan-London framework for social value a good idea?

**Yes** / No / Don't know

8 Who would a pan-London framework help and how?

A pan-London framework for social value should act as a hub for all interested stakeholders in projects and programmes. A clearly stated vision can particularly help developers, contractors and other service providers operating within the Capital to cast their offerings in light of London-based requirements. Not only that, but more and more we are being asked to offer up social value offerings in line with client strategies, and by ensuring that there is a clear and comprehensive pre-stated and publicised pan-London strategy, LSDC will ensure that all supply-chains have plenty of time and scope to assist in its delivery.

A framework will clearly set out the required outcomes in a way that will allow supply-chain members to anticipate them and incorporate them into their mid to long-term business plans, align themselves with the outcomes and consider them well ahead of an individual

project opportunity. This will allow them to bid on the basis of providing innovation and investment into the social value outcomes.

The framework will also assist "clients" to frame their requirements in order to deliver significant social value outcomes via their project. It may also prompt them to act collaboratively with neighboring Boroughs/site owners in order to maximise the offers and outcomes. When considering client needs in terms of framework advice, we would note that client advisors (including legal advisors) should be recognised as users of the pan-London framework and we have found that clear, unambiguous advice on powers, vires, procurement and commercial arrangements has unlocked previously reticent clients and emboldened them to embrace the social value agenda to maximum effect.

A pan-London framework would also provide a focal point for citizen inclusion measures and outputs and can be used as a framework for engagement and consultation. Nevertheless, it needs to be used for more than simply consultation purposes, and it will be most impactful in the event that citizens can see a golden thread running through their involvement and consultation and real scoping and change outputs being implemented and reflected in the overall framework. As noted above – social value should not sit still and it is essential that the pan-London framework is seen as dynamic and process/outcome-driven – it should not be seen as static or "set in stone".

9 What should a pan-London framework for social value do?

A pan-London framework for social value should comprehensively define and articulate the social value strategy to be achieved across a defined period of time. This does not mean "reinventing the wheel" and noting our comments above, it can align with existing models and national priorities insofar as these are of benefit to Londoners and the ascertained need.

It should be aspirational.

It should be underpinned by a duty for all developers, local authorities, housing providers, anchor institutions etc to work independently and collaboratively to achieve the vision and strategy.

It should provide a standardised method of measurement and, perhaps, reporting metrics back into LSCD to feed back into practitioner networks/league table of performance. This reporting element may act as a spur to other stakeholders to "up their game" and work hard(er) to secure further social value outcomes.

10 What shouldn't a pan-London framework for social value do?

It should not treat social value as "additional" or something to be provided just because a developer is on site and seeking to make a profit from a project. Instead, any social value strategy should be costed and evaluated as a cost to the project and, ultimately, the client.

It should not incentivise a tick-box attitude to social value. The use of outputs or measurement techniques that focus on percentages/numbers rather than outcomes and impact miss the point as to what should be secured and therefore what should be measured.

It should not prescribe weightings for social value criteria in procurement terms or mandate a particular level of input/outcome through the procurement process. Central government has mandated a minimum of 10% social value criteria for all public contracts let by departments, unless pre-market engagement shows that such a level would prejudice competition. It seems to us that this mandatory approach forces social value on all clients/stakeholders: willing, reluctant or otherwise – this can be counter-productive in that such clients either simply give "lip-service" to the social value agenda, or ignore it in the delivery phase entirely. Instead, any pan-London framework needs to be introduced alongside a capability uplift programme that emphasises the benefit of securing social value and trains all relevant officers etc. on the use of the framework (at whatever level they need to be upskilled to: strategic, practical, basic etc)

11 How can the Mayor and GLA's role in convening be as useful as possible in delivering social value?

The Mayor and GLA have an essential role in convening a range of different events on a subject-driven or specialism-driven basis (e.g. design, regeneration, procurement, planning etc.):

- practitioners' networks,
- case study events,
- capability uplift sessions,
- know-how and feedback events.

All of these can bring the conversation to life, create networks and networking opportunities and ensure that social value is at the forefront of the conversation going forward/becomes part of the London landscape.

12 *What data, support and information on social value would you like from the GLA (that you can't get elsewhere)? - Not responding to this question*

13 What innovative approaches to social value would you like to share with us

[Positioning cities for inclusive growth](#) - In 2019 we launched a new initiative exploring cities and prosperity. This forms part of our longer-term exploration into how real estate can be the backbone of society. Over 18 months, we brought together leaders across communities and businesses to look at how we create the towns and cities of the future as well as examine real estate's role in providing the platform for society to thrive. The impact of Covid-19 bisects this exploration. The pandemic, which has accelerated conversations around social value and climate change, arguably makes the need to understand how the built environment can drive prosperity in cities and urban centres even more pressing.

[Highly Valued, Hard to Value: Towards an integrated measurement of real estate development](#) - Between 2016 and 2018 we partnered with Oxford Brookes University to explore how to measure a broader value of a place that incorporates other factors such as cultural, social, and environmental value. Our findings back then indicated that a broader definition of social value will lead to long-term financial success. Following this report we moved into the second phase of our research by convening a working group with leaders from the public and private sectors to explore the barriers and opportunities to changing and broadening existing methods of valuation. Following these discussions, we commissioned the consultancy RealWorth to develop the rationale and suggest practical ways to initiate change in the real estate sector. We produced a report ([Establishing the](#)

[real value in development](#)) that sets out a methodology for financial valuation of the societal impact of development and presents recommendations to enhance existing methods of valuation for both the public and private sectors.

[HACT / Trowers Social Value and Procurement – A toolkit for housing providers and contractors](#) - We have worked with the Housing Association's Charitable Trust (HACT – the ideas and innovation agency for the housing sector) for six years and are members of its current Social Value in Housing Taskforce. In 2016 we recognised the need for a consistent, OJEU-compliant approach for housing associations to include social value outcomes in their procurements. We did not want to stifle innovation or introduce a tick-box mentality, however, so we worked with HACT to produce a wide ranging guide to incorporating social value into procurement, along with a number of templates and tools that housing associations could adopt and adapt in order to ensure that their procurement documents complied with the requirements of all relevant public procurement legislation.

## Scoping

This page contains questions relate to the Scoping phase of a regeneration or development project and align with pages 19-21 of the Consultation Document.

The Consultation Document can be found at <https://www.london.gov.uk/about-us/organisations-we-work/london-sustainable-development-commission/our-current-work-and-priorities/social-value>.

- 14 Which of the ideas proposed in the Scoping section do you feel would have the biggest impact?

*This is an interesting question as each of the ideas is an important piece of the jigsaw to creating a true framework for social value. If, however, there was only room for one element then we believe **Guidance for local authorities and housing associations on how to embed social value in project briefs** is a key element. Through our own thought leadership and our experience of working with both local authorities and developers it is clear that there is a lack of experience and in some case of understanding of how to articulate the requirements for embedding social value into projects. The true elements of social value can often be lost for example in the wider requirements for a borough to achieve financial contributions which are key but do not necessarily achieve social value for that area or community.*

- 15 How would you get involved with developing these proposals further?

We are already engaged in a number of areas looking at how such guidance can be achieved. We are a member of the HACT and the UK Social Value in Housing Taskforce - launched in 2020 along with the Roadmap which aims to further improve and promote social value and its measurement within the housing sector. The roadmap builds on values from the Social Value Bank but also provides further resources and tools for housing associations to use to improve, demonstrate and maximise its social, economic and environmental outcomes.

We have also worked with the Care Leavers Covenant: drafting Procurement Guidance to include outcomes for care leavers via a "whole council approach" and including the Social Value Portal TOMS framework supported by the LGA.

We have also taken part in the working groups led by The Good Economy and Big Society capital to develop a common framework to enable investors to measure, manage and report on the impact of their equity-based investments in social and affordable housing (The Equity Impact Reporting Project) and to produce a sector standard approach to ESG reporting in the housing sector (the Sustainability Reporting Standard for Social Housing (SRS)). This involved a collaboration of 18 banks, investors, housing associations, service providers and impact investing organisations. The reporting standard was launched in November 2020 and aims to provide a transparent and consistent way for housing providers to report on their ESG performance.

We would be delighted to work with the GLA and Local Authorities to develop a tool kit as to how social value can be embedded into the procurement agenda. We have worked with HACT and CLC to do this before – both of which reflected bespoke approaches to incorporating existing measurement models and metrics.

16 How could training and support for communities be developed and delivered?

The danger with this is that a one size fits all approach is taken and the different nuances or drivers that each community or stakeholders have are not taken into account. In order for a community to feel empowered and to gain the skill sets required they need independent support and advice, see below.

This does however come with a cost which either needs to be provided in the form of a government grant or from the overarching regeneration i.e. it becomes a project cost. There is often confusion that by stating the Developer pays for this it somehow means it is not a cost to the Project but in reality it will be and that is the better way of looking at it. Depending upon the community involved there will be different challenges and skill sets required and it is about empowering the community to have a voice but to understand that they need to work in partnership with the Authority and the Developer.

It is also imperative to ensure that the Authority and Developer embed the community voice into their programme so that it isn't a meaningless engagement that lacks impact. The best outcomes will be achieved by an embedded resident engagement or community impact officer, properly empowered, paid and resourced.

17 How might the role of community organiser work? How could it have the greatest impact?

Our view is that the community organiser needs to be independent. There is a natural suspicion from communities where the organiser is directly related to one of the main players in the regeneration. It may be that the GLA has a central list of approved organisations who can provide this support but with flexibility to allow others to be appointed where there are specific reasons or requirements. For the community organiser to have the most impact they must be seen to be independent and understand the make up of that particular community. They also need to be aware of the parameters for the project and the key drivers so what is pushed for and developed are challenging but not so aspirational that they lose their power and deliverability.

## **Investment**

This section includes questions related to investment in regeneration and development schemes and refers to pages 22-24 of the Consultation Document.

The Consultation Document can be found at <https://www.london.gov.uk/about-us/organisations-we-work/london-sustainable-development-commission/our-current-work-and-priorities/social-value>.

18 Which of the ideas proposed in the Investment section do you think will have the biggest impact?

18.1 **Influence policy makers to allow social value to be used to discount public sector land value in “best consideration” sales.**

Government has committed to housing delivery targets of between 275k-300k homes per annum and has challenged the housing sector – private and public sector – to innovate and work harder to secure that delivery. Regeneration projects are key to that ambition.

If regeneration projects are to maximise social outcomes and impact, then partnerships involving local authorities will be required as participants seek to make better use of and/or maximise their resources to provide development capacity and fund social returns. Such partnerships will almost inevitably involve one or more parties contributing land to the development.

Whilst regulatory consents for housing association land disposals have been removed, local authorities remain subject to specific legislative constraints (of varying degrees of administrative/legal complexity and consistency) which date from the last century and which constrain their ability to deal flexibly or innovatively with their land and limit their power to achieve socially focused outcomes.

Whilst it is important to protect public assets and encourage responsible asset management by local authorities, in the current environment, some targeted relaxations of aspects of the consents regime would facilitate and accelerate the delivery of regeneration and the social impact it can secure.

Only Government can make the necessary changes to the relevant consents regime to deliver this step change.

18.2 **Explore different financial and grant funding models with developers to consider how longer term consideration of social and environmental outcomes affects the viability of their investments**

Some developers, like Argent, take a long term view of development returns. For the rest, the delivery of social impact and outcomes is contingent upon their being no material erosion of their return or their ability to deliver shareholder value. Since that commercial imperative is unlikely to disappear, the "cost" of delivering social or environmental outcomes (to the extent that it cannot be addressed in the financial model) has to be met by other means. Conventionally, developers have looked to the public sector to do this via grant funding or other forms of financial assistance.

Whilst still an option, the state of the public finances post Covid-19 means that the availability of "free money" in the shape of grant is likely to be more than usually constrained. This does not mean that public sector investment/support is now a "dead duck", but it does mean that greater imagination will be needed in the way it which it can be channeled. It also means that the public sector may need to require a return on the funds or assistance advanced – whether by virtue of the nature of its assistance (e.g. co-

investor) or in circumstances where the project outperforms against original viability and commercial projections.

### 18.3 **Recognise and support the role of grant making and funding institutions**

The nature, availability and rules surrounding public sector funding (whether in grant form or otherwise) are often not widely understood by participants in regeneration schemes. As a result, the opportunity to hardwire those funds into the project at the outset is frequently overlooked or is realised only after the project is some way down the line, making it harder to align the developer's funding "ask" with the rules relating to the available funding. Engaging with the public sector funding institution at the outset of a project would give the parties a better opportunity to "design" the manner in which public sector funding could be utilised – identifying what is required, identifying the funds or programmes available or whether more flexible innovation funding could be used and allowing the public sector to articulate the outcomes it needs to achieve in relation to the deployment of its funds. A dialogue of this nature would also allow consideration of a wider set of potential options – for example, the provision of infrastructure funding may not only accelerate delivery but place a developer in a position to deliver greater environmental benefits or community assets than the development would otherwise have been able to support.

19 How would you get involved with developing these proposals further?

19.1 We would work with other stakeholders to put together a "reasoned argument" to Government to support a relaxation of the regime together with specific proposals for the changes required. The paper would draw on thinking that we have already undertaken in this area and would identify immediate changes (not requiring legislative change – given the constraints on Parliamentary time) that could be made to bring forward the change as well as longer term changes, requiring legislative amendments, which could be made when Parliamentary time allows.

19.2 We would utilise our experience of working with public sector funders of development (such as the GLA) to collaborate with developers and public sector bodies, to formulate a range of potential models to support the "gap funding" necessary to secure the delivery of social and environmental outcomes that may not otherwise be delivered. These could include:

- Conventional grant funding models;
- The use of joint venture vehicles – across the public and private sectors – including green technology providers;
- The use of recoverable grant methodologies or public sector debt/equity arrangements;
- The use of social impact or community bonds or community purchase arrangements (as Camden's solar panel purchasing initiative);
- The use of public sector funds or land as seed capital – delivered in the expectation of a return;
- The use of public sector guarantees to hedge against project specific contingencies; and
- The continued use of PWLB funds, RTB receipts and commuted sums on a targeted basis.

- 19.3 We would utilise our experience of working with public sector funders of development (such as the GLA) to assist in the explanation surrounding public sector funding rules and to collaborate with developers and public sector bodies in those early stage discussions to allow the parties to design a targeted and range of public sector interventions which are bespoke to the development.
- 20 If you are a developer, would you be willing to share a viability assessment with us to help us discuss new approaches?
- Yes / Yes – in part of with certain conditions / No
- NOT APPLICABLE
- 21 If you are a local authority: how do you currently engage with developers around viability assessments? What skills or capacity would help your authority to engage further with developers on this?
- NOT APPLICABLE
- 22 If you are an investor or grant funding institution: how are you currently supporting inclusive social value regeneration and place making
- NOT APPLICABLE

## Planning

This section covers questions related to the planning process for regeneration and development schemes. It refers to pages 25-28 of the Consultation Document.

The Consultation Document can be found at <https://www.london.gov.uk/about-us/organisations-we-work/london-sustainable-development-commission/our-current-work-and-priorities/social-value>

- 23 Which of the ideas proposed in the Planning section do you think will have the biggest impact?

The proposal to influence the National Planning Policy Framework is an essential work stream that would if successful really drive social value as a standalone concept within the planning system. As the Consultation Document notes social value is not distinguished from the generic concept of sustainability, and as such it does not attract prominence within the planning system. As currently conceived, the NPPF could potentially support development that is sustainable even if social value makes up only a small component of the sustainability case. Influencing the content and direction of the NPPF so that it focusses directly on social value will ensure that the concept gains traction both in the plan making process, and also at the development management stage. This proposal will assist in delivering all of the other proposals. However, whilst success in the delivery of this proposal would have a significant impact, achieving that success will be hard won. As the Consultation Document observes, the proposals set out in the recent White Paper: Planning for the Future could make it more difficult to realise social value in the planning system, particularly since the proposals in the White Paper imply a move away from a policy based planning system towards a rules based zonal planning system, with reduced discretion when it comes to the detailed planning of schemes. As the LSDC seeks to influence the NPPF, at the same time it should lobby the Government to ensure that any

move towards a more rules based planning system does not make it more difficult to secure social value.

The proposal to build capacity within communities to enable active participation in the planning process is another important idea, and one that will ensure that the community is able to properly scrutinize the implementation of planning rules and policies, particularly those relating to social value. By upskilling communities, decision makers and developers alike can be held to account, and more importantly the views of the community will help shape and drive better outcomes in social value terms. The white paper heralds a new era of public participation in a more accessible planning system. However, the white paper proposals imply that public participation will occur at the plan making stage, and will largely cease to exist at the development management stage. It is vital that the community is upskilled to meet the challenges of engaging in the planning process at the plan making stage given its proposed heightened importance. This will require a pro-active approach that is alien to the largely reactive role that communities currently play in the planning system when making representations in relation to planning applications.

24 How would you get involved with developing these proposals further?

We are actively involved in thought leadership in new areas of planning law and policy. For example we held a series of interactive thought leadership workshops on the planning white paper to encourage participation in the consultation paper from a wide range of stakeholders. We would be very interested in assisting LSDC in working up representations on changes to the NPPF, and also on the future of the planning system.

25 What insights or evidence do you have around local people's / indigenous people's rights that would help us?

Too often the views of local people are afforded insufficient weight in the planning system. There is sometimes a perception that lip service is paid to the views of the community, which generates frustration and disenfranchisement on the part of local people. It is all too common for planning committee members to have to face the dilemma of listening to community views, versus going against officer advice on planning proposals and risking costly planning appeals. In order to drive social value, perhaps the views of the community need to be elevated in the hierarchy of material planning considerations, and changes to the NPPF and the introduction of a standalone concept of social value could help achieve that step change.

26 What examples do you have of how social value is being integrated into Supplementary Planning Documents and Local Plans?

Whilst we are unable to point to specific local plan policies or SPDs, we would observe that the planning system does strive to achieve social value, for example through S106 obligations that will provide community facilities, or training and employment opportunities. However, in our view social value is often not a stand alone concept within local plans or SPDs, and a move towards such approach could improve outcomes significantly.

## **Procurement**

This section contains questions related to the procurement phase of regeneration and development schemes. It refers to pages 32-35 of the Consultation Document.

The Consultation Document can be found at <https://www.london.gov.uk/about-us/organisations-we-work/london-sustainable-development-commission/our-current-work-and-priorities/social-value>.

27 Which of the ideas proposed in the Procurement section do you think will have the biggest impact?

We think that the following proposals will have the biggest impact:

**Creating a common language about social value in London including parameters for methodologies and measurement:** as noted in the consultation document, a common vocabulary and approach to articulating, defining and measuring social value on a pan-London basis will be invaluable to ensure all stakeholders are pulling the same direction to the same effect.

**Sharing knowledge amongst local authorities:** we would recommend that dialogue is expanded to include all anchor institutions across London so that a more collaborative approach is adopted to a London-wide solution and strategy. It is our experience that the number of models and approaches to social value has proliferated over the last year and a process of consolidation and alignment in this area will aid collaboration and, we suspect, increase the impact (and the efficacy of impact reporting) going forward.

We would like to emphasise the importance of each anchor institution using the pan-London social value strategy as the context within which to set its own community investment strategy. This is key to them understanding local need and the starting point for any social value intervention. This forensic approach to the setting of strategy and consideration of specific project-led outcomes provides a clear position from which the impact achieved by each required intervention can be monitored, measured and reported.

We would also like to emphasise the importance of pre-market engagement and the use of the flexibilities included in current (and we presume-future) procurement law around engaging with potential bidders and the wider market-place to: communicate social value requirements; receive feedback on them; and ascertain the proportionality of the potential social value outcomes for a particular project.

28 How would you get involved with developing these proposals further?

Procurement lawyers have an uneasy history with social value. Historically, the EU viewed social value as a "secondary criterion", used to secure national and policy-based priorities, the inclusion of such secondary criteria in procurements was contrary to the primary principle of EU procurement: to open up the common market and ensure that there were no barriers to non-national bidders.

Gradually, first in the 2004 Directive (2006 UK Regulations) and then the 2014 Directive (2015 UK Regulations) the EU's position has mellowed and been removed, allowing clients to include social value in their procurements, provided that such social value criteria were proportionate, non-discriminatory and related to the subject-matter of the contract.

Nevertheless, the ability to measure social value proposals on a like-for-like basis, the question over whether to ask bidders to price a social value proposal, how to apply the award criteria and how to construct the underpinning scoring rules, all throw up significant and detailed conversations on a procurement.

At Trowers & Hamblins, we have helped numerous contracting authorities and bidders navigate these issues and therefore we are perfectly placed to provide practical and commercial advice (developed "in the field" on a range of different projects and through our Thought Leadership pieces noted above) to the Mayor and GLA on how to incorporate the social value strategy into a procurement-compliant approach, what guidance, template or toolkits may prove useful to (1) clients and (2) bidders, as well as how any pan-London framework may be structured in accordance with our post-Brexit procurement law (mindful that we still need to comply with the provisions of the WTO GPA and the UK-EU Trade & Co-operation Agreement).

We would be delighted to be part of a group looking at this and bringing our legal knowledge to bear.

29 How could a London-wide procurement framework deliver social value objectives?

We query whether a London-wide procurement framework in addition to the GLA's LDP2 would be needed. Noting that potential for proliferation, a framework approach is the perfect median to deliver a pan-London social value strategy. This is because the overall strategy can be articulated at framework level, with individual Boroughs and clients using the call-off processes, mini-competitions etc at sub-framework level to then cast their specific (local or hyper-local) requirements (but always with one eye on the strategic/framework strategy) for the bidders to respond to.

The framework structure mirrors the delivery approach that a pan-London social value strategy is likely to have and so would be a good structure to adopt as the route to market/delivery vehicle.

30 How could social value best be integrated into existing procurement frameworks?

This is a difficult issue to navigate but one that we have experience in taking clients through.

Many procurement lawyers and professionals will be nervous about any such integration being seen as a "substantial amendment" to an existing procurement framework and therefore something that puts the entire framework/each call-off at risk of challenge.

That said, it is likely that an approach could be adopted which introduces (or enhances an existing) a social value element into the framework and/or mini-competition provisions. Whether this is possible will depend on the terms of the individual procurement framework, but it is likely that most existing procurement frameworks will already have a "hook" of social value included in its terms or original procurement that can be enhanced to bring it in to broad alignment with any new pan-London strategy.

31 What are the advantages and disadvantages of a London-wide procurement framework compared to local (and hyperlocal) procurement activities?

A London-wide procurement framework will ensure a consistent, non-fragmented approach to the overall social value strategy.

That is not to say that an overall framework could not incorporate local and hyperlocal procurement activities, but it could also provide a route to market where the size of the bidder may actually necessitate a more strategic solution that a framework can provide.

For example, for a number of procurements, it may be that the successful delivery of the desired social value outcomes militates against the use of hyper-local procurement solutions (eg delivery through SMEs/VCSEs OR on a single-project basis) but actually requires the involvement of a national/multi-national provider or a multi-authority collaborative approach. For example, if the social value outcome is to get individuals into a secure tenancy or move someone forward into a drug or alcohol-free life – these are ambitious, expensive and long-term outcomes, which may need larger organisations to support them. In such circumstances there is a level of agnosticism to the type of providers to be appointed or the need to restrict the procurement to a Borough-based solution. In such circumstances, a framework may well deliver up the most effective solution.

Clearly, the disadvantage of a solely pan-London procurement framework is that the framework operators may be restricted to a single Borough or "side" of London (or simply have a preference to work (eg) outside of central London etc), making deliverability of the social value offering across London practically more difficult. As noted above, however, that could be mitigated by dividing up a London-wide framework into lots, with some lots comprising "strategic suppliers" who can provide works, services and supplies across London and other lots comprising "local suppliers" who are appointed to provide works, services and supplies in certain areas. Both strategic and local suppliers would be knitted in to the overall strategy, so possess a common vocabulary and outlook, but their capacity to deliver would be defined differently.

32 How are London's local authorities and other public sector bodies valuing social outcomes in procurement (for example, what weightings are applied)?

At present we are seeing anything from 2 – 4% up to 30% in development and construction-related projects and frameworks procurement.

It seems to us that, client-side, local authorities are leaning towards the TOMS framework (as the recommended social value framework under the Local Government Association's National Procurement Strategy 2018) and housing associations tend to adopt HACT's Social Value Bank and Wellbeing Valuation approach. There are a number of other local authorities (eg LB of Croydon) that have developed a bespoke approach to including social value in their procurements.

30% weighting for social value proposals is by far the highest weighting we have seen thus far, and that was used by Manchester City Council (working with CLES) in a procurement in 2020/2021.

## **Construction**

We now move on to questions related to the Construction phase of regeneration and development schemes. These questions relate to pages 36-38 of the Consultation Document.

The Consultation Document can be found at <https://www.london.gov.uk/about-us/organisations-we-work/london-sustainable-development-commission/our-current-work-and-priorities/social-value>

33 Which of the ideas proposed in the Construction section do you think will have the biggest impact?

Expand the coverage of Social Value Action Plans to incorporate contractors and supply chain partners.

We recommend that these plans should be embodied in building and sub contract terms and conditions to create binding obligations to deliver social value through the course of a project or programme of works. We agree that this could be led by developers creating social value frameworks and making it a requirement of their contractors, for example Berkeley Homes.

We also suggest that this could be led by housing associations and local authorities incorporating their own social value targets in building contracts.

For example many housing associations already embed their social value objectives in their procurement briefs and include binding obligations in their building contracts with their selected contractors and measure performance against industry standard benchmarks set by toolkits such as the HACT (Housing Associations Charitable Trust) social value toolkit. This includes agreeing commitment to engage with the community, deliver apprentices, work experience placements as well as school and further education visits to encourage more entrants into the construction sector. Incentives and penalties can be linked to performance against these targets.

Whilst the commitments given by Tier 1 contractors are essential to delivering social value targets its is also important to ensure that Tier 2 and 3 contractors and manufacturers are engaged since they will often be the ultimate employers of apprentices and will deliver the community engagement on the ground through their relationships with the local community on site. The HACT toolkit also includes procurement and contractual tools to embed obligations in all levels of the supply chain contracts.

34 How would you get involved with developing these proposals further?

We would suggest working with GLA to develop building contract guidance on social value obligations and how these can be implemented and support with drafting industry acceptable contract clauses.

We would build on our experience of working with on the HACT toolkit.

35 What examples do you have for the reach of social value activities through the construction supply chain?

**Example 1-** SCMG- Hackney Homes and Homes for Haringey created a procurement group to deliver their capital housing refurbishment programme. Alongside their Tier 1 contractors they specifically targeted the development of opportunities for local Tier 2/3 subcontractors and suppliers, building up a pipeline of work for Tier 2/3 subcontractors and suppliers across 30 different disciplines.

In addition, Hackney Homes and Homes for Haringey supported establishment of the Building Lives Training Academy where apprentices who have got NVQ Level 1 are engaged by constructors/specialists according to demand of ongoing work so as to achieve NVQ Level 2 after 15/18 months.

The demonstration project case study can be accessed at

<https://constructingexcellence.org.uk/cabinet-office-trial-projects/>

**Example 2** Osco Homes is a modular housing manufacturer who partners with HM Hindley Prison to recruit prisoners who are trained to build the external walls, floor and ceiling cassettes of Osco's panellised units. All prisoners selected to work in the factory completed construction training in skills including plastering, joinery, kitchen bathroom fitting and if they complete the course they are they are guaranteed a sustainable job once they are released from prison.

Further information about Osco Homes can be accessed at

<https://www.oscohomes.com/>

36 What examples do you have of effective community engagement throughout a construction process?

We would refer to the example of Berkeley Homes and the Kidbrooke project included in the consultation paper.

37 What examples do you have of effective meanwhile use that has been co-designed with the community? What impact has this had on attitudes to subsequent development?

Westminster City Council engaged with the community on the Ebury estate to create 14 workspaces and retail units as temporary premises at Ebury Edge for use by the local community as construction commences on the regeneration of the Ebury Bridge estate.

Ebury Edge is a collection of temporary buildings which house affordable workspaces and a cafe, give the Estate a lively street presence, and shelter an open courtyard and community space at the rear.

38 What opportunities are there for a more strategic approach to meanwhile use?

Pre –market engagement as part of the procurement process for local authorities to select contractors should include consultation on the strategic approach to meanwhile use. Unless the procurement of contractors and suppliers is being structured around a dialogue process it is far more difficult to include innovative suggestions about meanwhile use for other bidders to submit proposals on and maintain a fair competitive process. Therefore local authorities need to engage with contractors and the community to bring forward proposals before procurements are commenced and include these requirements in their social value evaluation and contractual commitments.

## **In-Use**

The questions on this page relate to the In-Use phase of a regeneration scheme or development, that is, the period once construction is completed and the homes and buildings are now occupied and in use.

These questions refer to pages 39-41 of the Consultation Document.

The Consultation Document can be found at <https://www.london.gov.uk/about-us/organisations-we-work/london-sustainable-development-commission/our-current-work-and-priorities/social-value>.

39 Which of the ideas proposed in the In-use section do you think will have the biggest impact?

In terms of practical input then we believe a key idea that should be developed is **"Explore funding models which provide investment or income to enable local ownership and management"** but this will only be of use if it is coupled with **Develop guidance on post-occupancy surveys and ongoing monitoring**. The ongoing management of areas and communities is key to ensure that social value is genuinely achieved for the local communities.

This is however an area that time and time again fails: structures that are set up are not sustainable due to lack of funding or a requirement in terms of people-time and involvement that is too demanding. Local ownership and local management need to be supported by the right structures but also the right support and training and again, the funding needs to cover training for those involved.

However alongside this, guidance on how you continue to monitor and measure the success or otherwise of the impact on the lives of the community is crucial as otherwise any funding going in won't be able to measure its ROI and the community won't be able to show what has worked and what has failed.

40 How would you get involved with developing these proposals further?

We work with a lot of organisations in developing structures for the long term management of areas, estates etc. We also work with funding bodies such as the GLA in structuring grants or funding solutions in different scenarios. This coupled with our research in how to measure societal value allows us to have an insight into the issues around developing structures and funding solutions.

We would be delighted to be part of a group looking at this and bringing our legal knowledge to bear.

41 What examples can you give of different models for funding and enabling for community ownership and management of assets?

We are currently working on a Project which will have a CIC owning large amounts of open space and related amenities (sports pitches, playgrounds etc.) funded from service charge payments on the residents of the Estates (c.10,000 units). The CIC will be majority resident led when the development is completed. The CIC will also do some community development work using s106 funds. There are similar schemes we have worked on where the vehicle is a charity.

- There are also schemes where the assets have passed to the parish/town council which can raise Council Tax to contribute. These are in the early stages.
- Community Land Trusts – these are often Homes England/GLA capital grant funded to some extent alongside private loans supported by the rents or shared ownership payments of the residents.
- The London Citizens' CLT is a community benefit society owned by a membership made up of individuals living in London and other community stakeholders. The CLT's purpose is to buy or develop properties which are then sold to its members who meet various

eligibility requirements (e.g. have a current "housing need", are connected to and involved in their local community) by way of the grant of an "equity lease" with the price set by reference to average local earnings. The terms of the lease also require any future purchaser to be a member of the CLT and meet the relevant eligibility requirements. We acted for the GLA who committed funding (with the potential to agree additional funding) across three schemes in Tower Hamlets, Lambeth and Lewisham to help deliver 71 homes. On two of the schemes the funding was split between a revenue and capital element – with the revenue funding pre-development costs (e.g. planning application) and the capital grant funding the development / acquisition of the units.

## Looking to the future

Here we would welcome your thoughts in response to the discussion of innovation and future thinking as laid out on page 42 of the Consultation Document.

The Consultation Document can be found at <https://www.london.gov.uk/about-us/organisations-we-work/london-sustainable-development-commission/our-current-work-and-priorities/social-value>.

42 How can the GLA best deliver or support innovation in improving the social value of regeneration?

In our view one of the key ways the GLA could support innovation in this area is by creating and testing an outcomes-based approach to procurement and development.

Until there is an ability to test and understand the outcomes that a development embedding social value can achieve it will be hard to get the Industry to understand the actual benefits of this approach and not just to view it as a nice to have.

The GLA is uniquely placed to help develop this approach working with all stakeholders and understanding that a one size fits all approach is not always possible or indeed the most productive.

## Next steps

43 Would you like to be kept informed about the results of this consultation and the LSDC's work on social value?

Yes / No

**YES**

44 Would you like to be kept informed about the wider work of the LSDC

Yes / No

**NO**