

# Legacies and Social Value in Infrastructure Projects: A review of best practice methods



## Putting social benefit at the heart of infrastructure

Social benefit and legacies have become increasingly important in the development of infrastructure projects in the last ten years. A shift in thinking has changed the way the social benefits of a project are assessed and monitored, from its inception to completion and beyond.

There are divergent approaches to the measurement of social benefit and legacies but common themes and responsibilities have emerged for central, regional and local government.

Infrastructure projects can play a central role in tackling the combined social, economic and environmental challenges we face.

## About this briefing

In this briefing we look at what social value means in infrastructure, and because there is no single industry standard for measuring social value, we look to real world infrastructure projects to see what approaches they have been adopting. Those case studies are the London Olympics, Crossrail, HS2, Thames Tideway Tunnel, Portsmouth Water's Havant Thicket Reservoir, EDF's nuclear plant at Hinkley Point and the proposed nuclear power plant at Sizewell C.

**This briefing does not evaluate the social impact of those projects but presents the frameworks they adopted to approach the measurement of that social value.**

We have identified four key themes (pictured in fig.1), underpinning various frameworks and approaches: creating jobs and apprenticeships, building skills and promoting diversity; local investment and regeneration; community investment for resilience and social cohesion; protecting and decarbonising the environment.



Figure 1: Our framework for understanding social value in infrastructure

## What is social value?

Organisations who make a conscious effort to practice Social Value principles are maximising the economic, social and environmental effect of their work, adding social value to society. [Social Value UK](#) identify seven principles of Social Value including how we should understand, or measure, those changes. They are: *involving stakeholders, understanding what changes, valuing the things that matter, only including what is material, not over-claiming, being transparent and verifying the result.*

Social Value is generated at multiple points in the infrastructure lifecycle and may emerge years after the project is completed, which we refer to here as the legacies of the project. This long term thinking is crucial to social value, and relates to the increasing importance of [Environmental, Social and Governance \(ESG\)](#) criteria, which are the standards companies and investors should use to screen potential investments, and to the [Sustainable Development Goals \(SDGs\)](#) adopted by all UN member states in 2015.

From January 2021, social value should be explicitly evaluated in all central government procurement rather than just ‘considered,’ as the [2012 Social Value Act](#) stipulated. The [Procurement Policy Note \(PPN\)](#) from September 2020 issued by the Cabinet Office which announced this change lays out new themes and objectives for commercial teams to select from that are relevant and proportionate to their procurement. These policy outcomes include helping local communities to manage and recover from the impact of COVID-19, delivering environmental benefit by working towards net zero greenhouse gas emissions, reducing the disability employment gap, improving community integration and tackling workforce inequality. Furthermore, the Cabinet Office’s recent Green Paper: [Transforming Public Procurement](#) allows authorities to take a broad view of the ‘most advantageous tender,’ (MAT) rather than a narrower view of the ‘most economically advantageous tender’ (MEAT) as previously stipulated. This specifically enables local authorities to include social value as part of their quality assessment (see green paper paragraph 101, p.35).

## How is social value made central to infrastructure projects?

Multiple tools help incentivise social value in infrastructure, including:

1. Evaluation Criteria	Local authorities establish the scoring metrics for a project to help contractors tailor their bid and to signal to the market how the bid winner will be selected. By giving a notable percentage to social value, this indicates a firm commitment and expectation from the start of a project.
2. Contractual terms	KPIs in a contract can proactively encourage and mandate projects to prioritise social value.
3. Sanctions	Contracts also include penalties for non performance against those social value expectations.
4. Monitoring and evaluation	Monitoring and evaluation plans go beyond contractual obligations to create a culture of learning and improvement. Progress towards intended impact goals are tracked according to indicators of success. They encourage reflection and honest conversation about improving the impact of a project.
5. Cultural buy in	All of the above, however, require a the more intangible cultural buy in from all partners involved in a project, and at all levels of seniority, that social value is a priority.

## How do we measure Social Value?

### The National TOMs Framework: an effort to standardise Social Value

In 2017 [The Social Value Portal](#) established [The National TOMs Framework](#) (which stands for themes, outcomes and measures), which has been updated in 2020. 40 public and private sector organisations were involved in its development and it marks the start of establishing minimum social benefit standards. The Social Value Portal explains that *'it has been developed in direct response to one of the key challenges arising from Lord Young's 2015 review of the Social Value Act that specifically called for a measurement standard to support better and wider implementation of the Social Value Act'*.

The 5 Themes in the National TOMs Framework are:

- **Jobs - Promote Local Skills and Employment:** To promote growth and development opportunities for all within a community and ensure that they have access to opportunities to develop new skills and gain meaningful employment.
- **Growth - Supporting Growth of Responsible Regional Business:** To provide local businesses with the skills to compete and the opportunity to work as part of public sector and big business supply chains.
- **Social - Healthier, Safer and more Resilient Communities:** To build stronger and deeper relationships with the voluntary and social enterprise sectors whilst continuing to engage and empower citizens.
- **Environment - Decarbonising and Safeguarding our World:** To ensure the places where people live and work are cleaner and greener, to promote sustainable procurement and secure the long-term future of our planet.
- **Innovation - Promoting Social Innovation:** To promote new ideas and find innovative solutions to old problems.

### The Construction Innovation Hub

In July 2020, the Construction Innovation Hub released a [toolkit](#) that contains four modules: Value Definition, Delivery Model, Procuring for Value and Ongoing Measurement. The Value Profile is created by using the 5 Capitals Model and Value Categories:

- **Natural:** air quality, land quality, water quality, biodiversity
- **Social:** community – citizens, community enterprise, equality, sourcing
- **Human:** safety and security, employment, skills and training, mental and physical wellbeing
- **Manufactured:** carbon and GHG, resource use, production, productivity
- **Financial:** capital costs, operational cost, revenue, economic benefits

Despite these efforts, there is no single industry standard

Social Value is a broad, umbrella term, and as the [Institute of Economic Development](#) have [recently pointed out](#), *'there is not a common, comprehensive definition of what counts as social value.... This has given rise to significant disparities in what counts as social value activities, and no requirement to focus on improving the wellbeing of those who are most disadvantaged.'* They also recommend moving to an outcome-based system as opposed to focusing on outputs.

## CASE STUDIES: Given the wide range of available approaches to social benefit, what is happening on the ground?



### 1. Thames Tideway Tunnel

Key environmental and sustainability commitments feature at the very heart of the Thames Tideway Tunnel (TTT) project, including a cleaner river and a healthier environment; minimising the carbon footprint of the construction works where practical, such as using river transport for material disposal; and providing infrastructure that supports a more resilient biodiversity. Cleaning up the Thames is the core goal of TTT, but in doing so will maximise the opportunities to contribute to a broader legacy. The project will provide a number of wider community benefits including creating three acres of new foreshore public realm and enhancing the Thames Path for people to connect to the river in a way previously not possible.

The social benefit and legacy plan for TTT is based on ten objectives (underpinned by 54 commitments), which can be categorised in the following groups:

#### Environment

- Objective 1: Protect and enhance the environment

#### Health, Safety and Wellbeing

- Objective 2: Raise standards and performance in health, safety and wellbeing

#### Economy

- Objective 3: Improved competitiveness and vitality for London
- Objective 4: Contribute to the rejuvenation of London's river economy
- Objective 5: Improving the UK's exportable knowledge base; encourage innovation

#### People

- Objective 6: Increase prosperity, local employment and workforce diversity
- Objective 7: Inspire and upskill a new generation
- Objective 8: Greater wellbeing for all, improved health for river users
- Objective 9: Improved public realm
- Objective 10: More cohesive communities.

Tideway is regarded by industry as being particularly innovative in delivering social benefits and legacies. The Institute of Civil Engineers has noted:

*'Tideway commissioned an independent Social Return on Investment (SROI) assessment on its legacy programme and in 2018 the SROI forecast an anticipated £3.39 return for every pound spent on delivering the legacy programme.... Tideway has developed a Sustainable Financing Framework which links performance against the legacy commitments to the cost of financing, which now stands at £1.8 billion in sustainable financing for the project.*

*In addition, Tideway has mapped the Legacy commitments to targets within the UN Sustainable Development Goals. Tideway's legacy team embedded the Legacy commitments into the procurement process and contracts and established a reporting tool and associated*

*reporting process for contractors and Tideway to assess performance against commitments they are responsible for delivering. Performance against the legacy commitments is reviewed quarterly with Senior Executives and key stakeholders. Tideway's 2018/19 annual report indicates that 90% of live Legacy Commitments are on track to be achieved against a target of 75%.'*

Furthermore, RICS have reported that the project team developed a set of 'value streams' reflecting those values 'which the contracting entity regards as critical to the successful delivery of the project'. TTT applied these 'value streams throughout the project's development, financial close and most importantly beyond, to inform the TTT evaluation and award criteria and to inform requirements in the Infrastructure Provider and construction contractors.' The project team's rationale 'was that things that are important do not cease to be important at any stage, and post contract incentivisation will seek to benchmark performance around those values by the use of key performance indicators (KPIs).'

For more, see the [Thames Tideway Legacy Brochure](#).



## 2. Hinkley Point C

In their development of Hinkley Point C, EDF's social value focus was on delivering a net zero carbon future, local and national spending and job creation, with a focus on:

- **Delivering a Net Zero Carbon Future** – helping the world move away from oil and gas and creating greener jobs in the process
- **Protecting the environment** – including tree planting to increase biodiversity and sustainable construction
- **Job creation** – on track to create 25,000 jobs as well as apprentices trained
- **Local Employment** – with 40% from the local workforce
- **Local spending (regional economic development in the South West)** – with £1.5 billion spent with South West construction companies
- **UK spending** – with 64% of contracts going to UK based companies
- **Community Investment** - with a target of £130 million invested into local economic development, as well as additional funding for affordable homes
- **Investing in skills and training** through partnerships in local colleges and training providers
- **Developing our workforce** – with a focus on retraining and upskilling
- **Inspire Education Programme** – delivering activities and workshops in schools across the South West
- **Community support and charity fundraising**

For more, see [Hinkley Point C: Realising the Socio-Economic Benefits](#)



### 3. Sizewell C

Following in the footsteps of the Hinkley Point C project, EDF's nuclear plant proposed at Sizewell C is central to the UK's Net Zero Carbon Future.

- **Low carbon energy** – Sizewell C is predicted to provide low carbon energy amounting to 7% of the UK's energy when operational. Nuclear is one of the best proven technologies for low greenhouse gas emissions. The project will also be built with sustainability front of mind, minimising negative environmental impacts in line with the UN's SDGs and the UK government's legal commitment to net zero.
- **Biodiversity**: Sizewell C is expected to lead to a 19% uplift in biodiversity net gain and has been working with the local community to minimise the impact of construction on local habitats.
- **Employment and apprenticeships** – through construction and operation, thousands of jobs will be created in Suffolk. Sizewell C have made a commitment to a 40% female workforce and wider diversity and inclusion work.
- **Local economy** – the project will make an estimated lifetime contribution of £4 billion to the regional economy.
- **Support for Local Charities** – through the Sizewell C Neighbourhood Fund, £10,000 grants will be available to local charities.

For more, see [Sizewell C](#)



### 4. Havant Thicket

Portsmouth Water are developing the first new reservoir to be built in the South East since the 1970s.

- **Environment** – Developing a new reservoir will provide secure drinking water for years to come, reduce the amount of water taken from rare and sensitive chalk streams, the River Itchen and River Test, and will create a new wetland habitat for wildlife and birds. A capital grant scheme will be provided to help get local environmental projects off the ground. There will also be over 200ha of woodland enhancement and creation to support the local biodiversity.
- **Local Community** – A visitors' centre and picnic area and a 5km network of paths for walkers, cyclists and horse-riders located on site will provide leisure and educational opportunities for the local community. This aims to contribute to improved physical and mental health in the local community and will provide an opportunity for children and adults across the region to learn about the water cycle, climate change, environment, and wildlife.
- **Local economy** – A core objective of the project is to support the local economy by involving small and local businesses in the supply chain. The construction phase will create jobs in the local community, and once the reservoir is built there will be a small number of local jobs and sustainable tourism will support wider local businesses.

For more, see [Portsmouth Water](#)



## 5. HS2

HS2 has four main guiding principles relating to Legacies, building on the balanced scorecard approach adopted in earlier projects. The principles are that the project:

- Ensures value for money
- Respects the route-side communities
- Cares for and collaborates with colleagues; and
- Focuses on the legacy left behind.

The legacy and benefits policies for HS2 are numerous:

- **Levelling up the north of England:** HS2 connects eight out of ten of Britain's largest cities, allowing people to live and work where they want by making it easier to move between the North, Midlands and South of England.
- **Creating jobs and boosting the economy:** HS2 is expected to generate around £92 billion in benefits to the UK economy. Over 7,000 jobs are already supported by HS2. In peak construction this will rise to 30,000 jobs, 70% of these jobs are outside of London.
- **Local communities:** £45 million of funding is available for local communities along the Phase One and Phase 2a routes.
- **Protecting the environment:** More than seven million trees and shrubs are being planted along Phase One alone. A £7 million HS2 Woodland Fund has been created to support the restoration of existing ancient woodland sites and the creation of new woodlands. Emissions are minimised by designing and operating HS2 with low carbon materials and with a 50% emissions reduction target for stations and rail systems. HS2 also takes lorries off roads.

For more, see [Our Story and Key Facts](#)



## 6. Crossrail

Crossrail have organised their legacy plans into twelve discrete areas: project and programme management, procurement, authorisation and consents, land and property, health and safety, environment, engineering, operations, talent and resources, external affairs, innovation and information management and technology.

The [Crossrail Learning Legacy](#) is a website that hosts good practice and lessons learned for the infrastructure sector. It contains a 'bank' of papers and documents for other projects to use. In assessing their own legacy, they document the jobs and apprenticeships created, and the sustainability of the development, including:

- **Jobs:** The equivalent of 55,000 full time jobs and 1,000 apprenticeships created
- **Sustainability:** 84% of machinery used in the central section were fitted with pollutant reducing emission controls, and 98% of materials excavated from sites was beneficially reused
- **Local economy:** 96% of contracts awarded were to UK companies, with 62% of suppliers based outside London.



Crossrail was procured using best procurement practice employed on the London 2012 Olympic and Paralympic Games. This methodology was further developed at Crossrail into the 'six pillars model' and was adopted by Infrastructure UK (IUK) which is different to the six pillars for reporting set out in the Guidance section. The Learning Legacy website explains that a major structural change to the procurement function was implemented in late 2010 to deliver against this 'Six Pillars' model. Those elements being:

- Understand and Communicate the 'Requirements'
- Understanding and engaging the 'Markets'
- A 'Packaging' strategy (managing and optimising the interfaces)
- Develop a 'Contracting' strategy (risk allocation and transaction)
- 'Route' to Market
- Communicating the 'Benefits'

In particular, the second pillar ('Markets') included 'the triple bottom line sustainability model.' This 'Socio/Economic and Environmental model formed the foundation of the programme's sustainability strategy and served it well in guiding and directing a range of other policies, strategies and local initiatives.' Furthermore, emphasis was put on *communicating* the benefits in the sixth pillar.

For more, see [Crossrail Learning Legacy](#).



## 7. The London Olympics

There were 5 iterations of intended social benefit for the London Olympics published between 2007 and 2012. The following four benefits were prioritised:

- **Economic:** jobs and skills, trade, investment and tourism.
- **Sporting:** carrying on with elite success, development of more sports facilities and increasing participation in sports at schools and in the community.
- **Social and volunteering:** inspiring others to volunteer and encouraging social change.
- **Regeneration:** reuse of venues, new homes, improved transportation, in East London and at other sites across the UK.

The ODA developed a Balanced Scorecard which 'summarised the ODA's Procurement Policy into a single diagram. It expanded the evaluation criteria beyond the traditional themes of Cost, Time and Quality to include the progressive themes of Safe and Secure, Equality and Inclusion, and Environment and Legacy, which supported the ODA's priority themes. The balanced scorecard underpinned procurement, building the ODA's policy objectives into the tender process and subsequent contracts, which then enabled delivery in these policy areas.'

Guidance also explained that 'The Balanced Scorecard was also applied to the ODA's supply chain. The ODA's Tier One contracts with the main contractors included the requirement to apply the Balanced Scorecard to all Tier Two procurements, driving the ODA's policy objectives down the supply chain and to smaller firms who had not been directly exposed to client-led initiatives. In

addition, the weighting given to sustainable development in the Balanced Scorecard was 20 per cent, which is higher than in many contracts.’







According to the [2012 Legacy Plan](#), the impact of the Olympics included:

- **Sports and healthy living:** Increasing participation in sport and healthy living amongst athletes and the general public, with £1 billion invested over four years into youth and community sport
- **Regeneration of East London** through 11,000 homes and 10,000 jobs on the park
- **Jobs and economic growth:** 70,000 jobs in total were created for Londoners out of work and by 2020 the economic impact was estimated to be £28 billion to £41 billion in Gross Value Added (GVA)
- **Bringing communities together**, particularly through volunteering and around social views of disability through the Paralympics

For more, see [Inspired by 2012](#) and [Defra Guide: Olympics Legacy](#).

## Common themes across the six cases

There are divergent approaches to legacies and social benefit across the six cases. However, there are also consistent themes, with an emphasis on **job creation and training, investment in local economies, protecting and decarbonising the environment**, and an increasing focus on **supporting and giving back to the community** via the voluntary sector (recall our framework, figure 1, page 2). On the next page we summarise each case studies contribution to these four themes.

	 Tideway	 Hinkley Point C	 Sizewell C	 Havant Thicket	 HS2	 Crossrail	 London Olympics
<b>Creating Jobs and apprenticeships, building skills and promoting diversity</b>	Increase prosperity, local employment and workforce diversity. Inspire and upskill a new generation.	On track to create 25,000 jobs. Investing in skills and training. Inspire Education Programme.	900 high skilled jobs based in Suffolk once the plant is operational.	Jobs created in the construction and maintenance phase	At peak construction HS2 will create 30,000 jobs. £92bn in benefits to the economy.	The equivalent of 55,000 full time jobs and 1,000 apprenticeships.	70,000 jobs created for Londoners out of work.
<b>Local investment and regeneration</b>	Improved competitiveness and vitality for London. Contribute to the rejuvenation of London's river economy.	40 of jobs created are for the local workforce. Local spending (regional economic development in the South West.)	Estimated lifetime contribution of £4 billion to the regional economy.	Investment in local supply chains, supporting local businesses and providing jobs.	Levelling up the north of England by connecting 8 of 10 of Britain's largest cities. 70% of jobs are outside of London.	90% of contracts awarded were to UK companies. 62% of suppliers based outside London.	Regeneration of East London through 11,000 homes and 10,000 jobs on the Olympic site.
<b>Protecting and decarbonising the environment</b>	A cleaner river and healthier city. Minimising carbon footprint by using river transport.	Contributing to a move away from oil and gas. Tree planting to increase biodiversity.	Plans for a 10% net gain in biodiversity.	Providing secure drinking water will reduce the amount taken out of the River Itchen and Test, and will provide a new wetland habitat.	£7mill HS2 Woodland Fund to restore and create woodlands.	Machinery fitted with pollutant reducing emission controls. 98% of materials excavated were reused.	
<b>Community investment for resilience and social cohesion</b>	Greater wellbeing for all, improved health for river users. More cohesive communities.	£130mill of community investment. Community support and charity fundraising.	Support for local charities through the Neighbourhood Fund.	Visitors centre will provide an opportunity for education on the water cycle, climate change, and wildlife.	£45mill of local community funding.		Shifting social views of disability. £1 billion invested into youth and community sport.

## Conclusion: for social value to take centre stage we need standardisation of measures

This briefing has demonstrated divergent approaches to legacies and social benefit reflecting different corporate issues and regional factors. However, we can see some clear themes of consistency across multiple projects, with an emphasis on **job creation and training, investment in local economies** and an increasing focus on **giving back to the community** via the voluntary sector. All of these elements of Social Value will become increasingly important in light of the the impact of the coronavirus pandemic.

Social value objectives are set by Local Authorities according to their local need. This is important to ensuring social impact is nuanced and targeted to the needs of communities and local economies. But there are some common principles emerging, and Government could go further, not only suggesting principles for embedding social value but firmer model procurement documentation with more specific example clauses and performance frameworks that companies and the public sector can choose from as they see fit. This will help drive and incentivise a much needed focus on social benefit in the industry.

Since our work on Thames Tideway, we at Agilia have been promoting the golden threads between social value strategy and efficient delivery on the ground. There need not be a trade off between the two. Yet all too often, great ambitions are diluted by the distraction of the more immediate challenges all projects face. We know that having clear objectives for social impact, a clear plan for and creating the circumstances for a sustained commitment to realising those ambitions is critical.

## About Agilia

We are a specialist consultancy with extensive experience delivering major infrastructure projects. The Agilia team has been right at the heart of some of the most exciting and challenging projects in the UK and across the world.

Our mission to inspire sustainable improvement in the delivery of major infrastructure projects whilst developing the future leaders of our field. We've seen time and time again how values make a difference. We are committed to ours. They are woven into the tapestry of our work.

- We always aim to realise the potential of our team and partners
- We work collaboratively, so that team members can do their jobs in a supportive environment. Success is shared as a team and challenges are faced as a team
- We are deeply committed to achieving value for money – now and in the long term
- We understand our community responsibilities and are committed to realising the environmental and social benefits of projects
- We will from the inception of a project help create a “safety first” health, safety and well-being culture

Please do [get in touch](#) to discuss any aspect of our work.

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