



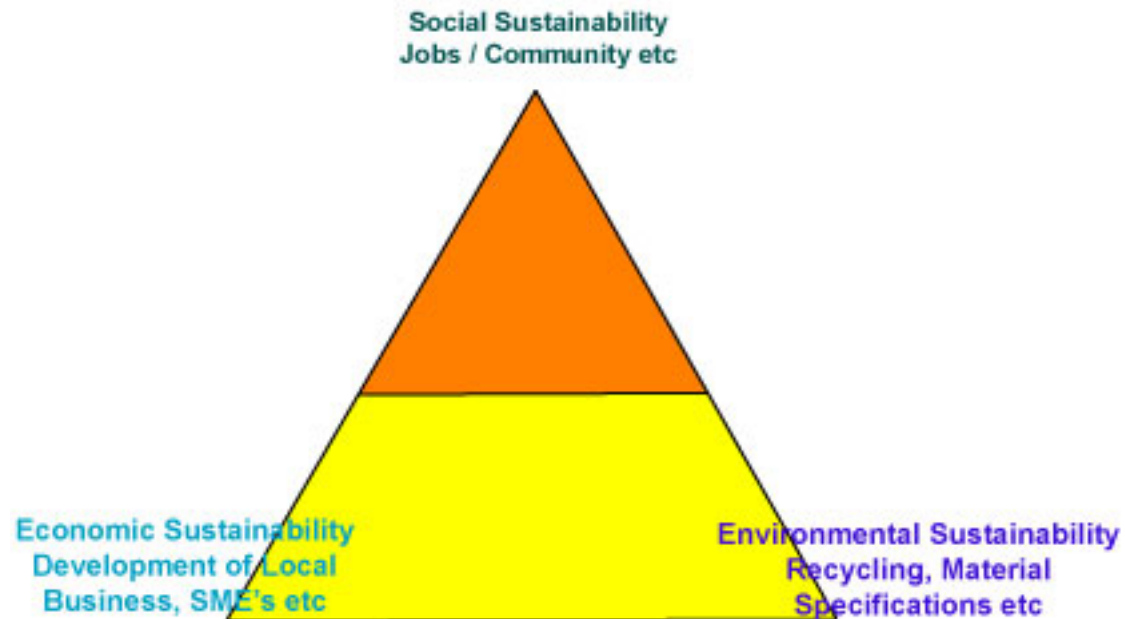
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**Building Social Sustainability into
Construction Design,
Procurement and Supply Chain
Management**

Director of Urban Vision



What is Sustainability?



What Do We Mean by Social Sustainability?

- Creating social cohesion by connecting a wide range of people with their environment, e.g. age groups, the less mobile, community groups etc.
- Attracting people and community groups by being a good place to be.
- Creating opportunities for employment.
- Minimising opportunities for crime and anti-social behaviour

The Impact of Construction

- Creating a thriving local construction industry can become a vital aspect of sustainable regeneration
- The construction industry employs c2.5m people in various roles
- Many people who start off in the trades progress into managerial and professional roles and some also establish their own small businesses.
- 245,000 workers required over the next 4 years
- Construction work is forecast to expand by 3% a year



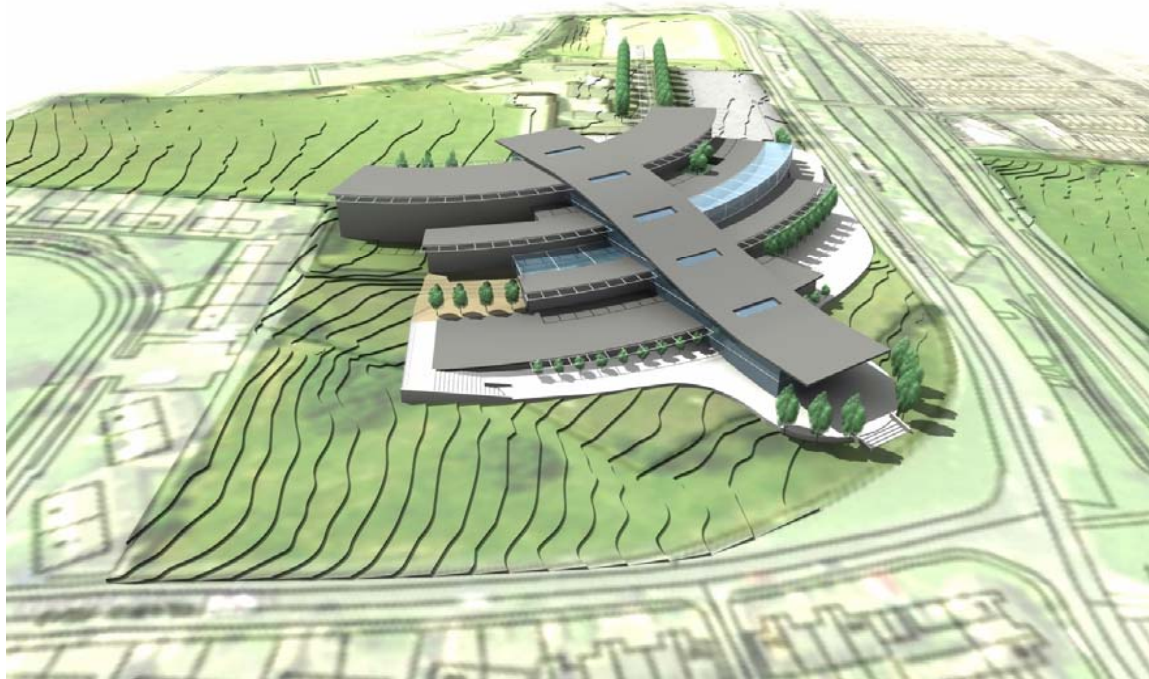
Regenerative Impact of £100m Local Authority Investment Per Year

- £7m profit/ohd recovery to main contractors/ developers
- £4m Profit/ohd recovery to sub contractors
- £3m profit/ohd recovery to suppliers
- £15m of labour employed by main contractors (c 600 people)
- £28m labour employed by sub contractors (c 1100 people)
- £43m of materials manufactured/delivered by suppliers

**Aim to keep as much as this as possible
within the local economy**



Pendle Vale College, Lancashire



Beneficiaries of the School

- In use
 - Over 5000 people per annum will benefit from the school
 - Students, teachers and support staff
 - Parents/guardians
 - Visitors
 - Maintenance staff
 - Community groups/ facilities users
 - Adult education/ re-skilling
 - Local businesses
- Construction
 - £6.2m of labour employed by main and sub contractors (c 250 people)
 - £6.3m of materials manufactured/delivered by suppliers

Achieving Social Sustainability (1)

- Planning
 - *Integration of environments*
 - *Spatial/ Location issues*
 - *Future community use*
- Design
 - *Design Guidance and learning/Feedback on completed projects*
 - *Secure by Design*

Achieving Social Sustainability (2)

- Construction
 - *Building social and economic sustainability practices into procurement*
 - *Commitment to training and recruiting local people*
 - *Commitment to using local supply chains*
- In use
 - *Introducing community facilities*
 - *Promoting community-managed businesses*



The Construction Industry



The Construction Industry



Why the Blinkers Must Come Off

- Lack of time, custom and practice and mindset have, in the past, created a series of weaknesses
 - *Often a lack of integrated team-working*
 - *Insufficient application of learning from previous projects*
 - *Timing and level of stakeholder involvement to influence good design*
 - *Concentration of effort on the building itself. How the building can become an effective community resource is often an afterthought*
 - *Little thought given to the importance of construction in creating local jobs and strong local companies.*

Established Procurement Custom and Practice

- Clients, procurers, designers, constructors and developers only interested in the construction element of the project (time, cost, quality)
- No thought given to where the expenditure is going
- Packaging to suit large national companies
- Tender documents mainly cover specification of materials, workmanship and quantities
- Selection of constructor based solely on price
- Constructors/ developers use their favoured companies as sub contractors and suppliers

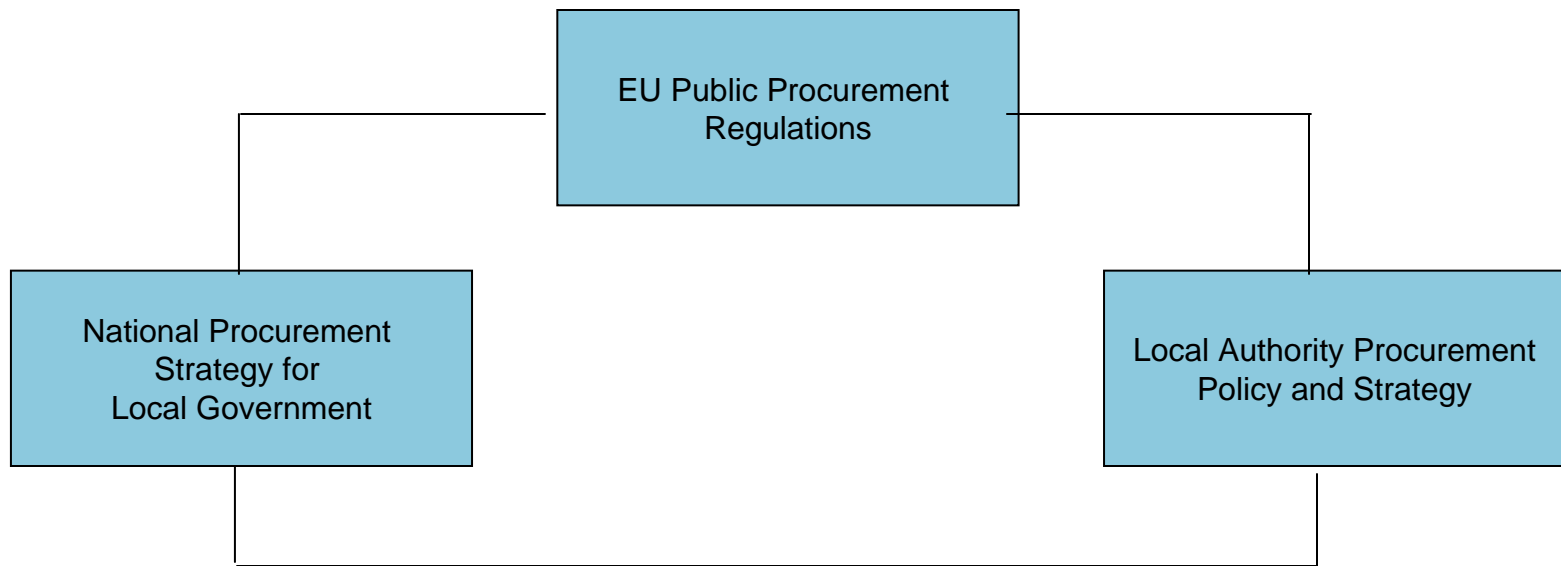
The National Drivers of Change

- Constructing the Team, Latham (1994)
- Rethinking Construction, Egan , ODPM,(1998)
- Modernising Construction, National Audit Office (2001)
- National Procurement Strategy for Local Government, ODPM(2003)
- Comprehensive Performance Assessment, Audit Commission (2004)
- Skills for Sustainable Communities, Egan/ODPM(2004)
- Sustainable Construction, Constructing Excellence, (2004)
- Improving Services through Better Procurement, National Audit Office (2005)
- UK Government Sustainable Procurement Action Plan (2007)

New Practices in Procurement

1. More long term partnerships requiring a robust selection process
2. More emphasis on quality not price with greater consideration of wider social and economic benefits
3. Increased use of open-book payment systems which permit greater client input into the supply chain selection and component pricing/sourcing
4. Greater use of standardised component design policies to achieve volume and supply benefits

Procurement Policy and Strategy



EU Procurement Legislation

EU Public Procurement Directive 2004/18/EC (effective from 31st January 2006)

“Contracting authorities may ask about subcontracting intentions without affecting the contractual relationship between the economic operator and its sub contractors”

“Contract performance conditions ...indicated in the contract notice or contract documents may favour on site vocational training, employment of people experiencing difficulty with integration, the fight against unemployment , recruitment of long term job seekers or training measures”.

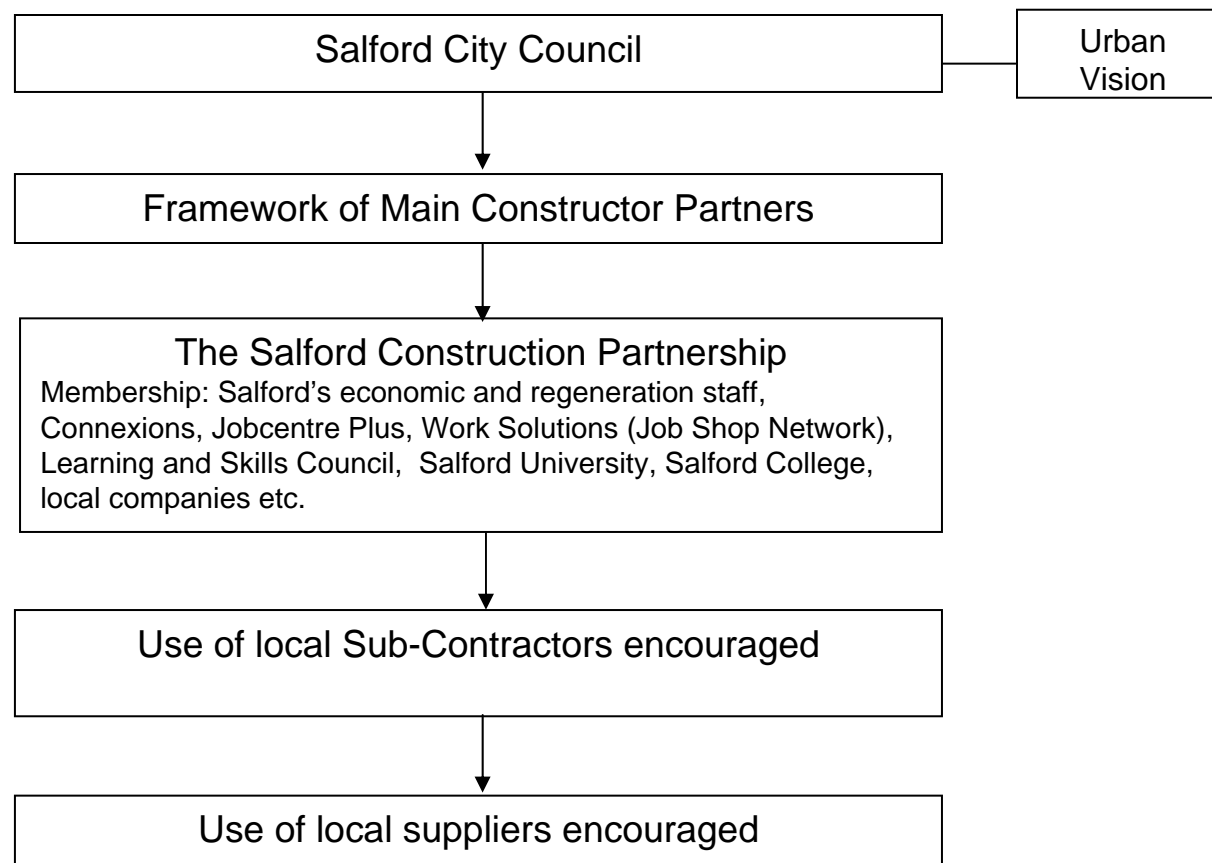
Source: Pass Guide to the EU Public Procurement Directive 2004/18/EC

Salford's Construction Framework

- Work categories (5+2 yrs or 4 year terms):
 - Major New Build and Refurbishments: £500k - £5m (2)
 - Other New Build and Refurbishments: £125k - £500k (2)
 - Landscape Work All values (2)
 - Highways Civil Engineering Up to £2m (3)
 - Highway Responsive/ routine maintenance All values (1)
 - Electrical All values (1)
 - Responsive and Routine Building Maintenance All values (2)
 - Major new build and refurbishments £5m-£30m (3)
 - Minor Building Works: £20k - £125k (3)
 - Mechanical All values (1)
 - Demolition All values (3)

Number of firms in the category in brackets

Salford's Supply Chain Strategy



Implementation of New Practices

- Industry open day
- Leadership launch event for key clients and design staff
- Establishing the required commitment to local employment and use of local supply chain through:
 - *OJEU notice*
 - *Pre qualification and shortlisting criteria*
 - *Pre tender workshop*
 - *Tender documents*
 - *Evaluation criteria*
 - *Selection and appointment methodology (assessment, site visits, interview, references)*
 - *Post award launch workshop*
 - *Post Project Reports to include an item on use of local labour and local firms involved*
 - *Collaborative working throughout the partnership*

Evaluating on Social/Economic Issues

- Commitment to local employment
- Commitment to using local supply chains
- Training and recruitment record and intentions
- Equality of employment record and intentions
- Working with community groups/events
- Recoding and analysing KPI's
- Commitment to participating in the Construction Partnership

How a Tender may be Assessed

– Salford’s Construction framework example:

- **Partnering Approach** 35%
- **Quality of Build** 35%
- **Social/Economic Regeneration** 10%
- **Price** 20%

Use of KPI's

- All projects have the same information recorded for discussion in a “Close Down meeting”
- Constructor reports showing:
 - *the number, names and post codes of local people (main and sub contractors) working on each project.*
 - *A listing of all subcontractors contacted and why local firms have not been used*
 - *Employment update reports*
 - *payment dates of subcontractor/supplier*
- A detailed analysis of local employment KPI results by the constructor

Project Data Examples

- Salford Sports Village
- 12 Salford residents employed on the site out of a total of 22 (54%)
- 11 local sub contractors were used (100%)
- 87% of the materials supplied came from local suppliers (47 out of 54 suppliers)
- 3 new employment opportunities were created for Salford residents.
- 3 Salford residents were school work experience placements

Impact:

- Reduced crime/anti social behaviour in the area
- Local people are managing the facility
- Community cohesion – use by local groups/ raised the areas profile



Salford Construction Partnership

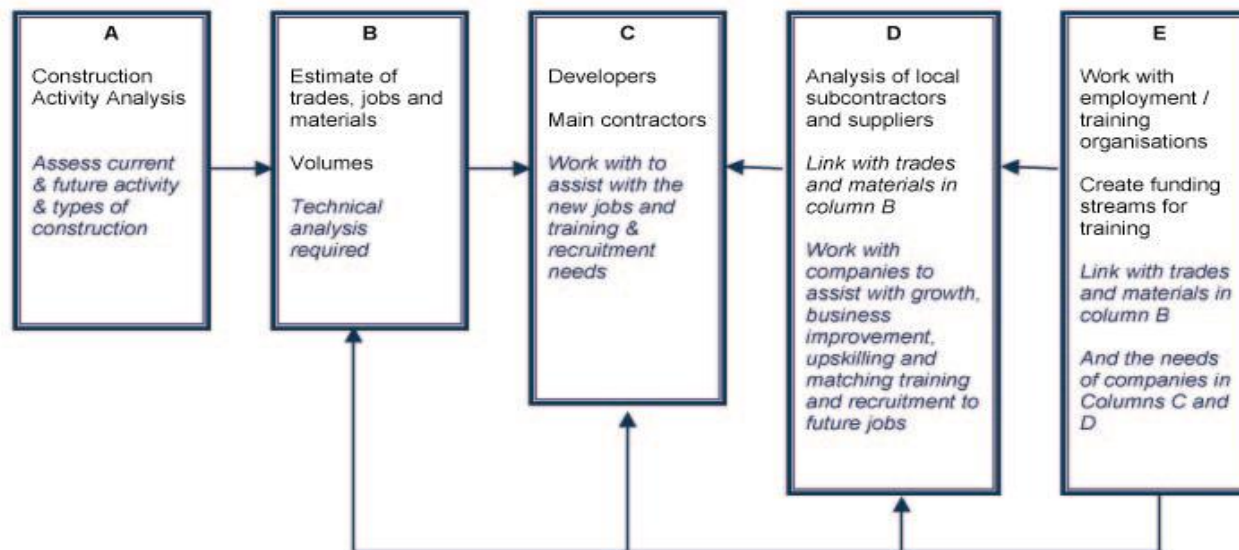


Salford Construction Partnership Achievements

- 487** Local unemployed residents supported into employment
- 295** Local unemployed residents into Construction related apprenticeships
- 51** Local unemployed residents supported into bespoke construction training
- 47** Major Primary Building Contractors signed up to the SCP Employment Protocol/Agreement
- 219** Local residents registered on SCP database/skills register

New Developments in Supply Chain Management

Achieving Social and Economic Sustainability Through Construction Supply Chain Management





Strategic Objectives of the Salford Construction Partnership

- To Provide a central “construction hub” for all construction training linking supply and demand for local labour
- To augment existing training provision by developing and managing construction training - leading to jobs linked to new capital investment projects in Salford.
- The long term goal is to create and sustain new jobs and training for over 950 young and adult unemployed

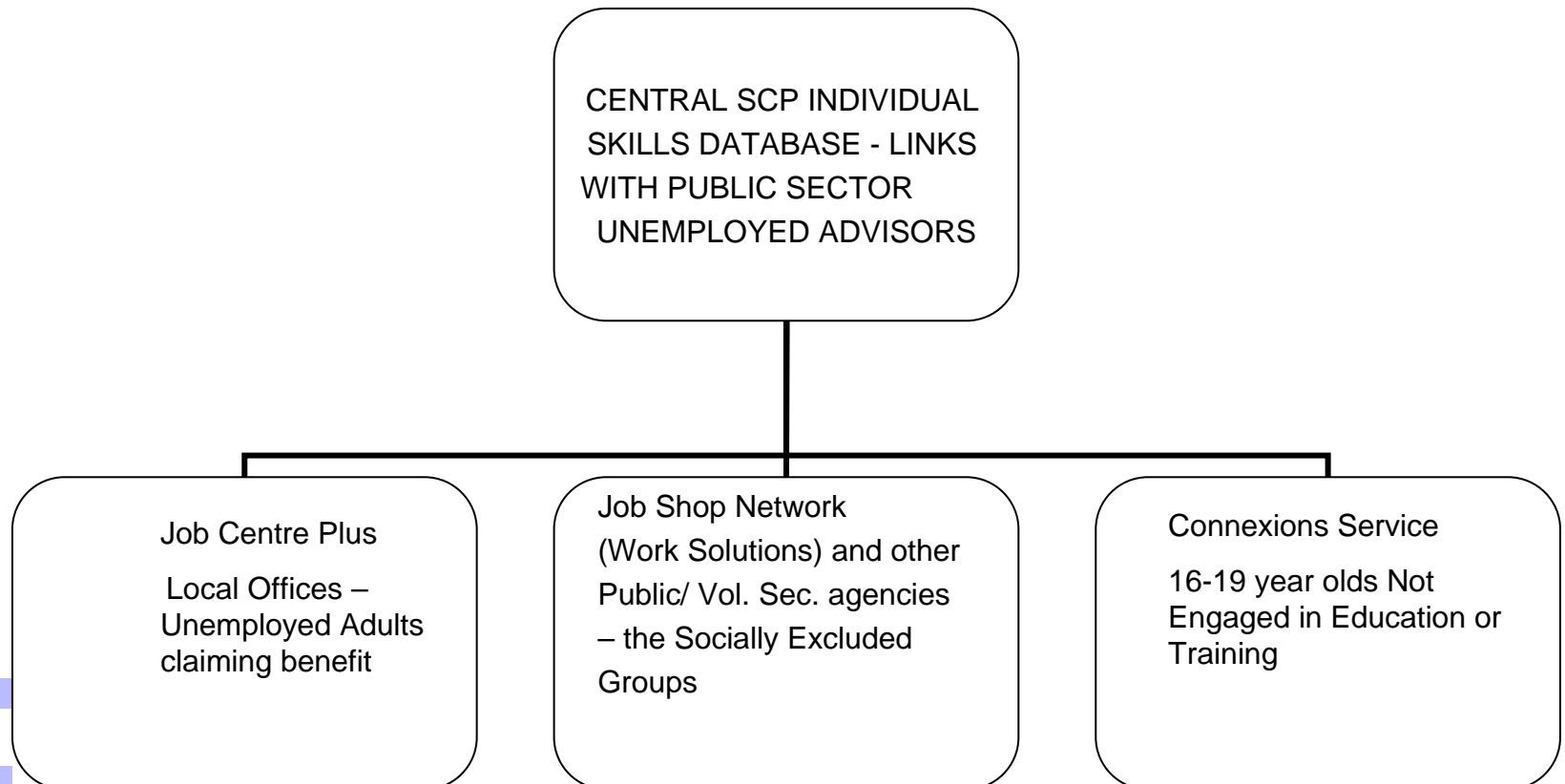
The Salford Construction Partnership Objectives and Delivery Structure

DEMAND FOR LABOUR BY EMPLOYERS	SCP PROJECT DELIVERY STRUCTURE	SUPPLY OF LABOUR: Skills for the Unemployed and Socially Excluded
<p>Arising from:</p> <p>CAPITAL INVESTMENT (£m's)</p> <p><u>PUBLIC SECTOR</u></p> <ul style="list-style-type: none"> • Housing • Civil Engineering • Health • Secondary and Higher Education • Leisure <p><u>PRIVATE SECTOR</u></p> <p>COMMERCIAL DEVELOPERS AND INWARD INVESTORS</p>	<p>“The Central Hub and Brokerage” – Key Functions</p> <ul style="list-style-type: none"> • Project Management, Co-ordination & Development • Employer Engagement through the Protocol • Business Support to Main Contractors and Suppliers • Augmenting Mainstream Skills Training 	<ul style="list-style-type: none"> • Designing new course provision leading to job entry • Delivering new basic level entry level training and workforce development with partners • Maintaining and Developing the SCP Skills Register

Estimates of Capital Investment for new Public/private Sector Contracts in Salford: 2006-2011

- (1) **HOUSING:**
MAIN PROGRAMME AND HMR CAPITAL SPEND: £280m
 - (2) **HOUSING:**
DECENT HOMES INITIATIVE £ 100m
 - (3) **CIVIL ENGINEERING:**
WORKS est. £150m.
 - (4) **SECONDARY EDUCATION:**
BUILDING SCHOOLS FOR THE FUTURE: est. £110m.
 - (5) **HIGHER EDUCATION:**
The UNIV OF SALFORD LAND & BUILDINGS est. £130m
 - (6) **HEALTH:**
 - (a) NHS PROGRAMME £210m
 - (7) **SELECTED COMMERCIAL DEVELOPMENTS**
 - BBC/ MEDIA CITY: est. £400m.
- . TOTAL ESTIMATED CAPITAL INVESTMENT £2,180m**

The Referral Process for Unemployed into Skills Training & Jobs



Benefits of the SCP

- Contractors
- A vehicle to recruit to new job opportunities arising from the contract award
- Cost savings on recruitment;
- A ready supply of SCP trained and recommended craft employees to deliver
- Developers
- Access to a dedicated team to provide social and economic outputs
- Salford City Council –
- A strategic partnership to provide business support to construction enterprise,
- Increase skills (as part of 2007 Leitch Report)
- Reduce worklessness

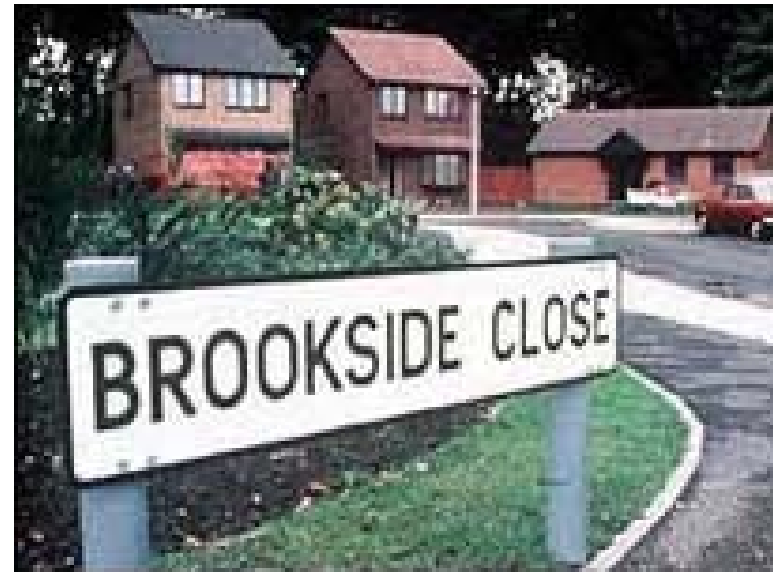
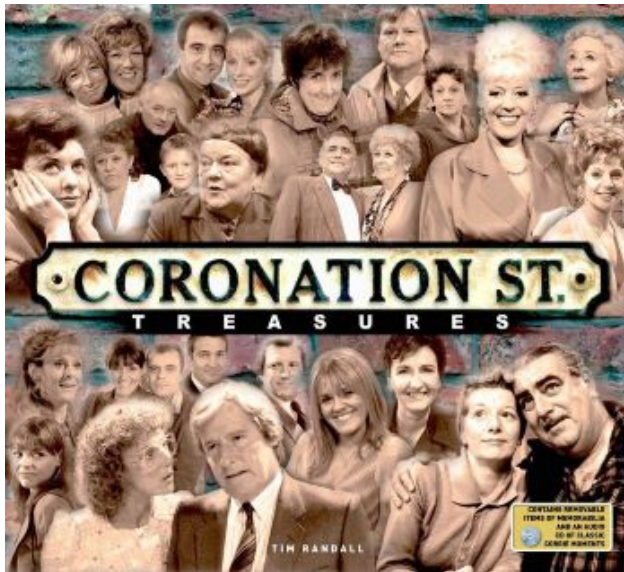
How IT Supports the Process

- Main drivers for IT:
 - Accessibility of information to a wide range of people
 - Effectiveness of communication
 - Effective forecasting and decision making
 - Minimal transaction time/costs
 - Effective Performance measurement and management
- Construction demand forecasting databases/models
- Local sub contractor/supplier database
- Centralised labour supply database
- Skill Profiling models
- Centre for Construction Innovation Performance indicator system



Creating a Sustainable Community

It's about people not buildings





Thank You

Questions and Discussion