



# The Social Impact of FM

RICS Strategic Facility Management  
Case Studies - Series 5

October 2017

Authored by:



In collaboration with



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# Report for Royal Institution of Chartered Surveyors

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# Foreword



Demonstrating the value of facility management continues to be at the heart of the debate within FM, but value comes in many forms.

Delivering value through a truly sustainable approach requires a clear understanding of all your stakeholders, aligned with a very disciplined strategy, which looks to balance the Economic, Environmental and Social aspects of all we do.

In this latest series of case studies we look to understand more fully the Social aspects of the facility management profession. We will delve deeper in to the wide-ranging influence and impact that the services we deliver within FM have on the communities and people with whom we work, employ and serve.

Facility management is ideally placed to drive significant social value; the variety of roles allied with the diversity of our people offer significant employment, training and community engagement opportunities that are unique to our sector.

The wide breadth of these case studies is testament to the significant impact we can have within FM and how by taking a strategic approach and aligning business imperatives with the requirements of key stakeholders we can create innovative, exceptional and life enhancing opportunities and improvements for all.

In terms of employment our case studies look at how, by improving skills we can increase access to job opportunities for young people at the beginning of their working lives through to how access to work has been enhanced for more mature employees with initiatives that integrate Armed forces leavers back into work.

Once in the workplace we explore how one business has promoted personal and professional development in terms of a future leader programme which looked to promote and develop from within, adding real value to not only the individuals involved but also the business as a whole.

Facility management has to harness the reality of a diverse workforce across all aspects of our customers, employees and communities and we look into how successfully engaging with an increasingly age diverse workforce can drive tangible benefit.

One of the huge opportunities for facility management in terms of delivering Social Value is the access to employment opportunities for lower skilled workers and in our case study dealing with the living wage we address some risks to employees that this presents and how this can be solved with a collaborative approach driven from the very top of an organisation.

Supporting the communities within which we operate as facility management professionals is a fundamental piece of any sustainable approach; two of our case studies focus on how we can support local SMEs as well as developing long lasting collaborations with local schools and colleges that offer employment and training.

Supporting employees, delivering excellence to our customers, and working with the communities within which we operate are all key to successful facility management. Harnessing the diversity of our workforce and the huge range of opportunities for people of all skills to access employment is FM's value add.

We must, however, continue to ensure that our workplaces our based on an ethos of fairness, inclusion and respect to give us the best opportunities to recruit, retain and develop the very best individuals to maximise the social value we can create as a sector.

## **Rory Murphy FRICS**

Commercial Director, VINCI Facilities, Board member of RICS Professional Group for FM & UK&I World regional board member

# 1.0 FM social impact: Integrating Armed Forces leavers back to work



## The issues

A 2014 report<sup>1</sup> by the Royal British Legion found that working age veterans in the UK are nearly twice as likely to be unemployed as their civilian contemporaries, despite an ever-growing marketplace of employment support and opportunities. An estimated 60,000 members of the ex-Service community also reported having to take a job for which they felt overqualified or underpaid.

Since 2010, the UK Armed Forces has released more personnel than it has recruited, and it is estimated that there are now between 900,000 and 1,110,000 working age veterans currently living in the UK. Following 2010's Strategic Defence and Security Review,<sup>2</sup> the UK's Armed Forces have undergone a strategic shift in manpower. With conflicts coming to an end and significant withdrawal of troops from overseas, there is a near-constant stream of personnel leaving the Regular Armed Forces; in 2013, 22,530 personnel left in total: 14,520 from the Army, 4,010 from the Royal Navy and 4,000 from the RAF. Veterans are entering a UK economy and job market that is still feeling the effects of the 2008 recession,

and uncertainty surrounding Brexit and the UK's place in the European Union.

The Ministry of Defence (MoD) and the Joint Services have recognised that successful transition from the Armed Forces to civilian life is crucial. Preparation for future employment is a central pillar of the transition process and the MoD provides support via the Career Transition Partnership (CTP),<sup>3</sup> whose support assists personnel leaving the Armed Forces to make a successful transition to civilian employment and achieve the wider vocational outcomes they seek. Provision of resettlement starts up to two years before an individual is due to leave the Armed Forces and continues for up to two years post-discharge. Despite this, statistics show that unemployment amongst ex-military personnel is higher than in the general population, with veterans:

- less likely to be in full-time work than the general population (57% vs 68%);
- less likely to be in part-time work (6% vs 9%); and
- nearly twice as likely to be unemployed (11% vs 6%).<sup>4</sup>

A career in the army is no longer for life, and many young people use it as a springboard to other aspirations, giving them a grounding in various different trades, and the ability to travel and see the world. Many simply find that life in the Military is just not for them. As a result, more and more Service personnel are leaving the Forces after fewer than four years' service, and it is these people who are finding it harder to transition into civilian life, and full-time employment.

1 [www.britishlegion.org.uk/media/2275/2014householdsurveyreport.pdf](http://www.britishlegion.org.uk/media/2275/2014householdsurveyreport.pdf)

2 [www.gov.uk/government/news/strategic-defence-and-security-review-published--2](http://www.gov.uk/government/news/strategic-defence-and-security-review-published--2)

3 [www.ctp.org.uk/](http://www.ctp.org.uk/)

4 <http://media.britishlegion.org.uk/Media/5035/deployment-to-employment.pdf>

Discrimination against Armed Forces veterans is also prevalent, with results from one poll suggesting only 1% of the military thought civilians understood life in the Armed Forces, and almost 60% saying they feared employers 'might not give us a chance'.

In support of its Armed Forces Transition Employment and Resettlement (AFTER) Programme,<sup>5</sup> Barclays ran a survey of veterans in the civilian workplace which found that a quarter (25%) of veterans felt that an interviewer had preconceptions about them because of their time in the Armed Forces. Even more worryingly, the survey further found that one in six (15%) veterans had been asked an inappropriate or invasive question when interviewing for a civilian job, one of the most common being whether they had killed anyone during combat.

Similarly, the 2015 Futures 4 Forces report<sup>6</sup> identified similar preconceptions in a series of qualitative interviews with employers. One respondent to the research was quoted as saying, "We need to keep our staff happy and the last thing they need is someone from outside who comes in and barks orders".

Despite work being done to reduce the real and perceived stigma of recruiting ex-Service personnel, it remains the case that employers are often reluctant to take on Service leavers due to perceived mental health risks, or associations with criminal activity. Service leavers do not wish to see themselves pigeonholed as victims deserving support, but rather talented members of the community, with a lot to give, which has only been increased by their experiences in the Armed Forces.

Indeed, research suggests that skills learnt in conflict translate well into the wider business community, with leadership skills chief amongst these.

A few of the qualities that veterans can bring to a business can be found in research from the US. As quoted by The Poppy Factory and the Centre for Mental Health's Employment in mind report,<sup>7</sup> employers cite the following benefits from employing veterans:

- Veterans have experience working in and leading teams.
- Veterans are flexible and able to work in a stressful, fast-paced, dynamic environment.
- Veterans are dependable, demonstrate a strong work ethic, and have the tenacity to consistently complete the work.
- Veterans display integrity and loyalty.
- Veterans are experienced with culturally diverse and global working environments.

As Business in the Community<sup>8</sup> points out, *"with over 200 trades in the Army alone, Armed Forces personnel receive advance training in a number of technical roles, including engineering, project management, communications, logistics and IT – all transferable to the civilian workplace."*

However, as most of these trades and skills are learnt on the job, rather than through tangible qualifications, often this valued experience is overlooked, as one Service leaver states:

*"There's certain things you don't have a qualification for. For instance, being in charge of between 200 and 600 people as an HR office manager. I don't have a qualification, so I'd go to a company and say, 'well I've just been in charge of 600 men, I've been in charge of pay documentation, passports, deployments, bombs, bullets, you name it'...It didn't mean a thing because I don't have qualifications."*<sup>9</sup>

Homelessness and criminal activity also play their part. A joint quantitative study carried out by the Ministry of Defence and the Ministry of Justice asserted in 2011 that approximately 2,820 prisoners, or some 3.5% of all those currently in custody in England and Wales, had served in the Forces. The study estimated that 77% of ex-Servicemen in prison served in the Army, 15% in the Royal Navy and 8% in the Royal Air Force.<sup>10</sup>

With an estimated 9,000 ex-Servicemen living rough in Britain today, it's clear there is a significant social issue. In the executive summary to the Report of the Inquiry into Former Armed Service Personnel in Prison,<sup>11</sup> the process of Service men and women leaving the army to go into civilian life is described thus:

*Leaving the Services is unlike simply changing jobs; it is a wholesale life change in which the Service leaver discards more than just employment. He also relinquishes his accommodation and the camaraderie of Services life. He undergoes a radical change in lifestyle. He enters civilian life having to discard the familiar trappings of the Services including the relationship between different ranks and the discipline of an organised and relatively institutionalised existence. The term used by the Services to describe this process is 'transition'.*

5 [www.home.barclays/AFTERprogramme.html](http://www.home.barclays/AFTERprogramme.html)

6 [www.fim-trust.org/wp-content/uploads/2015/08/20150731-F4F-Final.pdf](http://www.fim-trust.org/wp-content/uploads/2015/08/20150731-F4F-Final.pdf)

7 [www.fim-trust.org/wp-content/uploads/2016/04/Poppy-Factory-Employment-in-Mind.pdf](http://www.fim-trust.org/wp-content/uploads/2016/04/Poppy-Factory-Employment-in-Mind.pdf)

8 [www.bitc.org.uk/programmes/military-recruitment/business-case](http://www.bitc.org.uk/programmes/military-recruitment/business-case)

9 [www.fim-trust.org/wp-content/uploads/2016/04/Poppy-Factory-Employment-in-Mind.pdf](http://www.fim-trust.org/wp-content/uploads/2016/04/Poppy-Factory-Employment-in-Mind.pdf)

10 <http://howardleague.org/wp-content/uploads/2016/05/Military-inquiry-final-report.pdf>

11 <http://howardleague.org/wp-content/uploads/2016/05/Military-inquiry-final-report.pdf>

## Strategic approach

Recognising the need for change, and despite the seemingly damning statistics, it would not be an exaggeration to say that there has been a significant sea change in the way ex-Service men and women in the UK have re-entered wider society in the last five years.

Following major reviews of the way in which Service leavers have been able to transition into civilian life, the Government has committed significant investment into schemes to make this process smoother and of more value to all involved, recognising that not only does the country have a duty to those who have served in its defence, but that the people leaving have a lot to offer society.

The Armed Forces Covenant<sup>12</sup> was established in 2011 and enshrined in law by the Armed Forces Act 2011,<sup>13</sup> which states:

*In preparing an Armed Forces Covenant report the Secretary of State must have regard in particular to —*

- a) the unique obligations of, and sacrifices made by, the Armed Forces;**
- b) the principle that it is desirable to remove disadvantages arising for Service people from membership, or former membership, of the Armed Forces; and**
- c) the principle that special provision for Service people may be justified by the effects on such people of membership, or former membership, of the Armed Forces.**

The Armed Forces Covenant has a very simple purpose:

*To those who proudly protect our nation, who do so with honour, courage, and commitment, the Armed Forces Covenant is the nation's commitment to you. It is a pledge that together we acknowledge and understand that those who serve or who have served in the Armed Forces, and their families, should be treated with fairness and respect in the communities, economy and society they serve with their lives.*

This commitment extends to healthcare, education, housing and employment, and over the past few years over 1,300 businesses have signed up to the corporate covenant, a written and publicised voluntary pledge from businesses and charitable organisations who wish to demonstrate their concrete support for the Armed Forces community.

All corporate covenants include a core statement of commitment that those adopting the scheme sign up to. This covers the two key principles of the Armed Forces Covenant, which are:

- no member of the Armed Forces community should face disadvantage in the provision of public and commercial services compared to any other citizen; and
- in some circumstances special treatment may be appropriate, especially for the injured or bereaved.

The Government's Defence Employer Recognition Scheme<sup>14</sup> rewards employers for their varying levels of support for the Armed Forces in relation to the corporate covenant, with Bronze, Silver or Gold Awards.

The £10m annual Covenant fund is now fully operational, funding projects across the UK, which will provide vital support for the Armed Forces Community in the years to come. Businesses can sign up to the Covenant, to show their commitment to recruiting ex-Service leavers, in order to strengthen their organisations with the constant stream of talent that is entering the job market.

<sup>12</sup> [www.gov.uk/government/publications/2010-to-2015-government-policy-armed-forces-covenant/2010-to-2015-government-policy-armed-forces-covenant](http://www.gov.uk/government/publications/2010-to-2015-government-policy-armed-forces-covenant/2010-to-2015-government-policy-armed-forces-covenant)

<sup>13</sup> [www.legislation.gov.uk/ukpga/2011/18/contents](http://www.legislation.gov.uk/ukpga/2011/18/contents)

<sup>14</sup> [www.gov.uk/government/publications/defence-employer-recognition-scheme](http://www.gov.uk/government/publications/defence-employer-recognition-scheme)





## Case study

### ISS Facility Services

ISS was founded in Copenhagen in 1901 and has grown to become one of the world's leading facility services companies with revenues in 2015 amounting to DKK 79.5bn. With over 490,000 employees globally, in the UK it employs approximately 46,100 employees who are dedicated to delivering high quality support services across FM, security, cleaning, catering and support and technical services.

The company has strong ties to the military, providing catering and other services to many Armed Forces bases, employing around 1,000 ex-Service personnel. It recognises the skills that ex-Service personnel can bring, with 'employability' a key focus area within the business; straddling workplace and community and bringing real benefit to the business and the areas where it operates.

Being a people business, it recognises the importance of helping the people in its local communities to beat unemployment. As UK unemployment levels continue to rise and as one of the largest businesses in the UK, the company deems it essential to be a 'driving force',

by employing people from local communities, including those who need extra support. As a company that offers opportunities from entry level positions in a range of roles from catering to technical services, ISS can play a unique role in providing entry-level jobs that build into meaningful careers for young people and individuals from other disadvantaged groups.

According to Philip Leigh, ISS Chief Operating Officer for the Public Sector, and RICS Eminent Fellow, the firm *"takes great pride in empowering staff to make operational and strategic decisions... to successfully deliver business critical services"* – the very same skills that the Armed Forces train into their staff from day one.

*"To be the world's greatest service-based organisation we need to have the world's greatest staff and that is why we encourage the recruitment of Armed Forces veterans."*

*"Out of the 17,000 or so people who come out of the Services each year, a lot of those people are well-trained, they're well-educated, they've got fantastic qualifications, they're motivated, they're disciplined, they're used to leading in difficult situations. When it comes to the skills that we're looking for in our staff, we want all those skills. So there's a really good match in terms of the type of people that come out of the Services and the sort of people we want in our industry, and a real opportunity for us to pick up some skilled, highly qualified people that perhaps might otherwise have slipped through the net or never applied to join us."*

## ISS and the Armed Forces

On 12 September 2013, ISS signed the Armed Forces Corporate Covenant, becoming the first facility management company to do so.

Following this, it established close working relationships with the Recovery Career Services<sup>15</sup> and the Career Transition Partnership,<sup>16</sup> leading to the creation of the ISS Pathway Programme<sup>17</sup> in March 2015, which was designed to help Service leavers transition into the civilian workforce and to enable ISS to fully engage with the talent pool leaving the Armed Forces every year.

The aim of the programme is to create a clear pathway for those leaving the Armed Forces into a career in facility management. The programme consists of five stages:

- 1. Insight** – Through military talent days and informational days, we advise Armed Forces Service leavers about the types of careers available with us and in facility management generally. They are also offered a corporate mentor to help them make a successful transition.
- 2. Training** – After gaining an insight into the industry the Service leaver can use the first few months of their resettlement period to gain the qualifications they need in their future career, through the Career Transition Partnership.
- 3. Preparation** – This stage involves getting the Service leaver 'job ready'. We host a number of workshops on CV preparation and interview skills, with individual mentors to fine tune these core skills.
- 4. Job Ready** – The Service leaver is now job ready and is supported in applying for job opportunities. Their mentor helps them tailor their CV to each application, takes advantage of guaranteed interview offers as well as being an 'insider' to help provide guidance. We work in partnership with a number of other corporations that are keen to help the Armed Forces community; we will approach these partners if they have suitable job opportunities, as well as the conventional jobs boards.
- 5. In Employment** – Once the Service leaver has found work, we stay in touch periodically to see how they are adjusting to their new role. When they have settled in, we ask them to become a mentor in order to help future Service leavers make a successful transition into civilian employment.

## Veterans Employment Transition Support (VETS)

ISS is also a founding partner of the Veterans Employment Transition Support (VETS) programme, a multi-corporate led social enterprise that brings together charities, businesses and the MoD to improve employment outcomes for veterans, employers and the economy. Research commissioned by Barclays (one of the founding members of the scheme, along with Deloitte, Jaguar Land Rover and Laing O'Rourke) found that employers do not value military experience as highly as they should and are missing out on a constantly renewing talent pipeline. VETS addresses this issue and helps ex-Service personnel transition from military life into civilian employment in top-tier UK organisations.

As well as showcasing and promoting jobs, VETS matches veterans looking for work with mentors to help them get the necessary training and support to succeed after Military Service. VETS is also a five-stage programme starting with registration, through to finding employment and then informing them of the benefits of Reserve Service (see Figure 1).

Says Leigh:

*"We have about 20 mentors and they're people that range from board director down to operational staff, so in different skill sets, some will be HR people, some will be finance people, some will be operational people, some will be security people, and basically what this really does is allow them to pick up the phone to their mentor and then just ask for some advice, help and guidance. If you don't know where to turn, that can really be quite powerful in terms of somebody giving you a steer.*

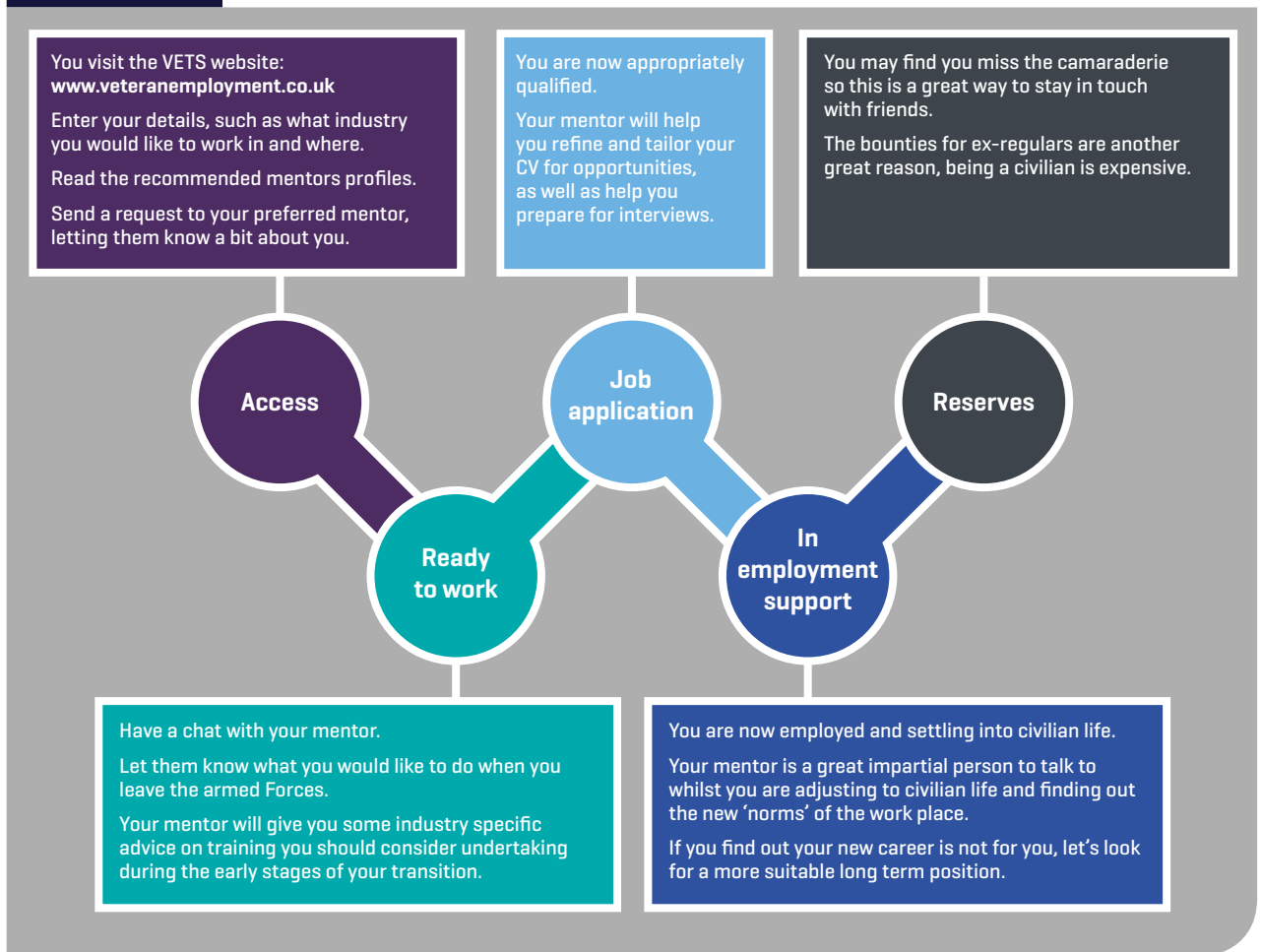
*"Last year we had three industry days where we had around 50 ex-Service personnel come into the office, spend the day with us, and we talked them through what life was like working in an organisation like ISS; what sort of opportunities there were for jobs and for careers, what sort of skills you'd need. We then talked about how we could help them in terms of CVs and all the really basic things around how to approach the job market. So it's an awareness day for them as to this is what life can be like in the civilian world. They've been very successful, and the feedback we've had from people has been, 'that's really helped me to say yes, I do want to do something like that, and I have a better understanding of what it is that private companies will look for when they're looking to employ people'."*

15 [www.recoverycareerservices.org.uk/](http://www.recoverycareerservices.org.uk/)

16 [www.ctp.org.uk/](http://www.ctp.org.uk/)

17 [www.uk.issworld.com/cr/Ourpeople/the-iss-pathway-programme](http://www.uk.issworld.com/cr/Ourpeople/the-iss-pathway-programme)

**Figure 1** The VETS five-stage employment programme



## Corporate responsibility (CR)

ISS' global vision is to be 'the world's greatest service organisation,' and it has launched the 'ISS Way'<sup>18</sup> to help achieve this goal.

Martin Wayman, Corporate Responsibility Manager at ISS, says:

*"ISS UK has a long-standing commitment to managing its environmental, social and ethical impacts through a range of CR initiatives. ISS' strategic direction pursues an integrated facility services strategy while continuously developing and maintaining single service excellence. This choice is driven by the market's demands, both present and emerging. The ISS Way strategy is focused on leveraging this unique platform through the alignment of the organisation's excellent global implementation service, based on international best practices and standard business processes. The ISS Way promotes a strong and uniform commercial culture and ensures we have market leading value propositions by customer segment."*

18 [www.issworld.com/about-iss/strategy](http://www.issworld.com/about-iss/strategy)

As one of the largest employers in the UK, the company understands that its CR objectives need to link to its commercial objectives, and so, as well as being good for its corporate responsibility programme, the company recognised the business benefits of the VETS scheme. Says Allan Vaughan, Executive Director, Defence, at ISS:

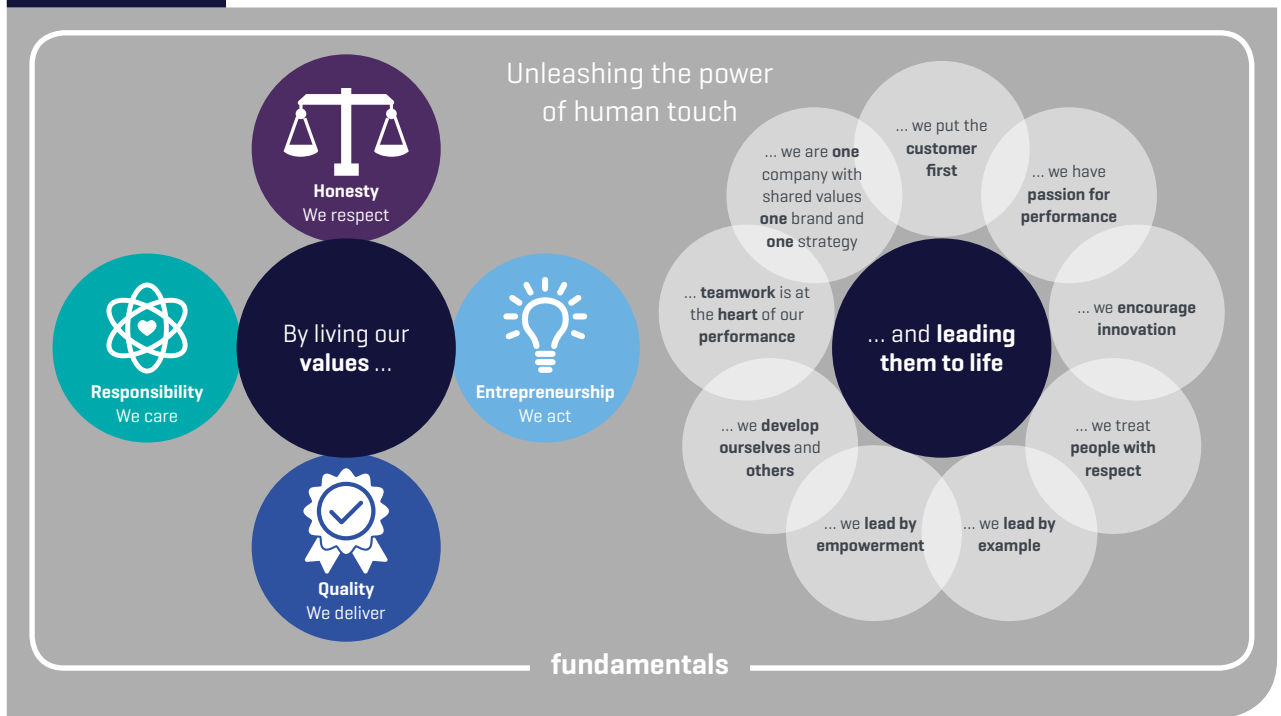
*"We recognised that we could actually save some money in our recruiting budgets by having a system where we helped people transit. So it's very much a corporate responsibility initiative, but with the potential to lower our recruiting costs because we estimate in ISS that it costs us £6,000 to recruit people. So last week we recruited two people through the scheme, which would have saved us £12,000 of our recruiting budget."*

Vaughan recognises the challenges of overcoming people's perceptions about the military:

*"A lot of the process is cultural change, of making sure that people understand the quality that they can get from military personnel, as they're so well trained."*

Figure 2

The ISS Way



*“Sometimes I feel we do exaggerate the ‘perfect military person’, but if you get the right level and the right skillsets, they can add significant contribution to the way your business is developed and run. Not only in the Defence sector ... particularly within ISS, I try and convince my colleagues that they shouldn’t shut out their mind to a military person if they apply for a job. If you were looking for somebody to manage a hospital for instance, you’re not necessarily going to think about a military guy managing it, but managing a hospital is actually no different than managing a garrison or an air base or a dockyard. Those guys have got all the skills for it.”*

Leigh adds:

*“One of the things that we found was that there was lots of independent research stating a lot of people are quite negative about taking on ex-Service personnel. One of the things that they found was that soldiers and Airforce men and the like, when they come out of the Service, they come out of a very regimented environment where everything is done for them. They have a very close network of people they work with in secure communities, and all their life revolves around being in the Services, so they don’t have a big network of people who are in other jobs who can help them. So those basic skills around finding jobs were missing.”*

Adam Milliken is a veteran and has first-hand experience of transitioning to civilian life, in doing so helping to set up the VETS scheme. In the forces for a decade, he transitioned in 2015, and was initially interested in going into HR.

Through the CTP programme he was introduced to Allan Vaughan, as an ex Air Commodore, who gave him some advice and told him about the VETS programme, which as the time was in its infancy. When Adam started at ISS he asked him to start to formalise the programme.

*“I was interested in going into HR, I was offered a position within the department. After a few months I was offered a job as a business analyst. It’s about understanding what you can do and what you can’t do. I was interested in HR, but I wouldn’t say it was my raison d’etre. Thankfully I had someone to give me a steer, because you’re guessing as to what you are going to do. It’s a different world. There are massively cascading skills from the Army to ISS, as it’s a wide ranging industry. It’s the attitude that comes from the Armed Forces – when you’re stuck in the middle of nowhere and you have a job to do, you find a way to do it, so it’s that problem solving attitude – I don’t know anybody who doesn’t want that in an employee.”*

The VETS scheme is a cross-partnership enterprise, and doesn’t seek to place people within one specific company. Stuart Gilmore, an ex-Service leaver, for example, came for an eight-day showcase with ISS and ended up securing a job at Carillion, thanks to the experience he gained on the placement, understanding that *“there were certain traits that I was identifying that resonated with those instilled in me throughout my military career; a sense of purpose enveloped with a smile and a genuine interest in delivering an excellent service.”*

## Lessons learnt

The VETS scheme is only in its second year, and initial investment costs have been high across all of the founding organisations. It now has plans to recruit over 1,000 people over the next 12 months, within ISS and its wider commercial partners.

Says Leigh:

*“People are much choosier now about where they work, and they want to work for organisations that are doing the right thing for the wider environment. So as far as we see it, it’s a key part of our attractiveness to employees. We’re a Gold Award holder for the Employment Recognition Scheme for the Armed Services. We were the first FM company to sign the Armed Forces Covenant, and this was another opportunity to provide support. Almost a spin-off of it was that it does make good commercial sense to get access to some great people without the cost of going through a recruitment stage.*”

*“We’re very much doing it in support of our work with the Armed Services and our corporate responsibility. The fact that it’s commercially advantageous is good as it will save us some money, but the flipside of that is we’re also investing money in our staff and our time to be part of the mentoring programme, and giving money towards setting up the IT system, so it’s not a short-term gain. Over a period of probably 24 months or so, I think it will more than pay us back what we’re investing in it.*”

*“I would say the primary focus is supporting our work with the Armed Forces, supporting our CR journey and the added benefit is that actually there is some commercial benefit for us doing it as well.”*



## 2.0 FM social impact: Promoting personal and professional development through a Future Leader programme



### The issues

Management skills amongst UK organisations are reportedly lacking, according to a 2015 report published in the *Economist* magazine, which argued that the standard of British management is 'significantly below' that of leading countries.<sup>1</sup>

At the end of 2016, the Institute of Leadership and Management (ILM)<sup>2</sup> published its Leadership Manifesto,<sup>3</sup> which identified a major leadership skills gap in organisations across the UK, revealing that 28% of employees feel they lack trustworthy or inspirational leaders, and just 31% of employers feeling confident in their current supply of leadership talent. Tackling the 'leadership lag', the ILM proposed five methods to support organisations in order to survive and thrive in times of change.

These are:

#### 1. Leadership for competitive advantage.

Many economic and organisational issues – around skills gaps, productivity problems and poor performance – can be transformed by quality leadership. Skilled leaders can give teams the vision, motivation and cultural environment in which to perform, driving organisational and national competitiveness.

#### 2. Look longer term at leadership.

Too many organisations take a quick fix approach to leadership development, throwing in remedial training during times of difficulty. The introduction of the Apprenticeship Levy offers organisations a route to proactively identify and develop future leaders, and equip them to deal with and capitalise on change.

#### 3. Adapt post-Brexit.

Whether in agreement with the outcome or not, the business environment faces significant uncertainty and change. And now more than ever, as the US presidential election results signal further change, organisations need to make sure they have embedded the resilience, innovation and motivation needed to tackle the risks and opportunities this presents.

1 [www.internationalworkplace.com/blog/management-skills-rarely-taken-seriously-in-uk-53390](http://www.internationalworkplace.com/blog/management-skills-rarely-taken-seriously-in-uk-53390)

2 [www.i-l-m.com/](http://www.i-l-m.com/)

3 [www.i-l-m.com/~media/ILM%20Website/Downloads/Research%20assets/ILM%20Leadership%20lag-%20ILM%20Manifesto\\_v8%20pdf.ashx](http://www.i-l-m.com/~media/ILM%20Website/Downloads/Research%20assets/ILM%20Leadership%20lag-%20ILM%20Manifesto_v8%20pdf.ashx)

#### 4. Develop from the bottom up.

A little training goes a long way. By having a clear focus on developing core leadership skills, such as communication and teamwork, a future-proofed business can be built – with a pipeline of skilled, empowered and loyal leaders. Focusing only on developing leaders at the top is a short-sighted strategy.

#### 5. Create flexible cultures.

Rigid structures, siloed working and overly complex hierarchies are deeply unpopular amongst today's workers. Employees say they want to work in more relaxed and flexible environments, yet many find themselves stuck in rigid and controlled workplaces. Flattening organisational structures and creating environments people really want to work in, is crucial to achieving engagement and improved productivity.

The research showed that many organisations do not realise the potential for next-generation apprenticeships to address this skills gap. The Apprenticeship Levy<sup>4</sup> is part of the government's plan to train three million new apprentices by 2020, and requires employers to invest in apprenticeships and training, but according to ILM,<sup>5</sup> many employers are unaware of the opportunity to train future leaders that the Levy presents, finding that a quarter of senior leaders (25%) would not value leadership and management apprenticeships.

Separate research released by City & Guilds<sup>6</sup> found that management positions are the hardest to fill, and that almost half (47%) of businesses will focus recruitment efforts to meet this demand. However, just a fifth (19%) of respondents were aware that managers, directors and senior official job roles could be occupied by apprentices.

## Strategic approach

It is important that facility management has a place at the heart of an organisation and is fully embedded and focused on delivering the mission and vision for that business; but one of the greatest challenges it faces is that of progressing the management aspect of an FM's role.

There are many routes available into FM; from soft services roles to chartered surveyor or engineering backgrounds. While this helps to produce a diverse and often multi-skilled discipline, it also presents a challenge (well documented in previous research such as RICS' Raising the bar: City Roundtables Phase II)<sup>7</sup> in developing

fully-rounded facility managers, who have been given the tools to think and act strategically.

One of the key findings of the 2016 Stoddart Review,<sup>8</sup> The Workplace Advantage (looking at business productivity), was the recommendation to appoint a Chief Workplace Officer (CWO) role that would be focused on managing the employee experience – which could feasibly hail from the FM discipline.<sup>9</sup>

There is obviously a gap in strategic and management knowledge within the FM sector which both the British Institute of Facility Management (BIFM) and the Royal Institution of Chartered Surveyors (RICS) are seeking to address. In 2017, the acting Chief Executive of the BIFM, Linda Hausmanis, called for organisations to do more to ensure young FMs get access to the training programmes they need to help create the future leaders of tomorrow,<sup>10</sup> whilst RICS' Leadership Development for Facilities Managers course<sup>11</sup> is specifically aimed at ambitious facility management professionals who are looking to progress up the management ladder.

However, there is not always the means for individuals to gain the learning and development needed.<sup>12</sup> This is because, although the facilities membership associations offer a number of ways for FMs to get the qualifications they need, this doesn't always guarantee that employers will be able to sponsor their staff with either the time or funding they might need to achieve their aims.

However, providing progressive learning and development opportunities is increasingly seen as part of the wider Corporate Social Responsibility agenda<sup>13</sup> of ethical employers, with the more far-sighted being encouraged to expand training opportunities for staff across their business, be that aimed at those working in low paid operational jobs or individuals who aim to take on a managerial role.

CSR activities can now include training and work experience programmes that give people who might not otherwise have had the opportunity for better job opportunities, while employers can also benefit from improving the skill sets of their workforce and enhancing engagement levels.

The following case study looks at an innovative leadership training programme devised by an FM services provider which has enshrined all the elements of social value into the process.

4 [www.gov.uk/government/publications/apprenticeship-levy-how-it-will-work/apprenticeship-levy-how-it-will-work](http://www.gov.uk/government/publications/apprenticeship-levy-how-it-will-work/apprenticeship-levy-how-it-will-work)

5 [www.i-f-m.com/news-and-events/Information-for-media/Press-releases/Next-generation-apprenticeships](http://www.i-f-m.com/news-and-events/Information-for-media/Press-releases/Next-generation-apprenticeships)

6 <http://www.cityandguilds.com/news/February-2017/Employers%20still%20in%20the%20dark%20about%20forthcoming%20apprenticeship%20changes#.WYNJ9-m1vIU>

7 [www.rics.org/uk/knowledge/research/research-reports/raising-the-bar-enhancing-the-strategic-role-of-facilities-management/](http://www.rics.org/uk/knowledge/research/research-reports/raising-the-bar-enhancing-the-strategic-role-of-facilities-management/)

8 <http://stoddartreview.com>

9 [www.fm-world.co.uk/features/feature-articles/hail-to-the-chief/](http://www.fm-world.co.uk/features/feature-articles/hail-to-the-chief/)

10 [www.fm-world.co.uk/news/hausmanis-calls-on-firms-to-help-young-fms-access-training/](http://www.fm-world.co.uk/news/hausmanis-calls-on-firms-to-help-young-fms-access-training/)

11 [www.rics.org/uk/training-events/executive-education/strategic-facilities-management-masterclass/](http://www.rics.org/uk/training-events/executive-education/strategic-facilities-management-masterclass/)

12 [www.almeda.co.uk/news/why-training-is-key-to-solving-the-skills-shortage-in-the-facilities-management-sector/](http://www.almeda.co.uk/news/why-training-is-key-to-solving-the-skills-shortage-in-the-facilities-management-sector/)

13 [www.personneltoday.com/hr/how-corporate-social-responsibility-switched-focus-towards-learning-development/](http://www.personneltoday.com/hr/how-corporate-social-responsibility-switched-focus-towards-learning-development/)



## Case study

### Servest Future Leaders

Facility management provider, Servest,<sup>14</sup> delivers a range of multi-service solutions throughout the UK and overseas, comprising building services, energy and compliance, catering, pest control, grounds maintenance, interior landscaping, cleaning, managed solutions, washroom services, security and waste management.

Servest's objective is to create a safe, diverse workforce, aligning with its clients' overall aims, reducing its environmental impact, bettering local communities and creating a foundation on which to build a more carbon neutral, efficient and sustainable business.

Over the past six years, Servest's turnover has increased from £30 to £500m through a mixture of acquisition and organic growth. Since the turn of the decade, employee numbers have also moved from 2,500 to 23,000. In order to successfully support growth of this magnitude, and effectively integrate the acquisitions, Learning and Development has had to be embedded at the heart of the Group's strategy.

In 2013, in line with an increase to 13,500 employees and two major acquisitions, the Group appointed its first Learning and Development Manager, triggering a dramatic change in Servest's approach, taking the organisation's ethos to the heart of L&D.

To help cope with the demands of finding and training people to be future managers within the firm, Servest Group looked to both invest in the skills of its dedicated workforce and bring on board potential high quality candidates. To meet this business demand, Servest secured a grant from the Department for Business, Innovation and Skills to introduce the Future Leaders Programme.

Explains C J Green, Group Chief People Officer for Servest UK:

*"The Future Leader Programme was born out of an idea that came from our Chief Executive, who was really keen on the idea that many corporate companies had graduate schemes that bring in fresh people who can contribute to the business."*

*"However, we also wanted to ensure that we'd not only be accessing talent the traditional way, but also talent from inside the organisation."*

According to Green, one of the biggest challenges for a large multiservice business is that managers tend to be very focused on their particular areas of responsibility, and don't have deep insights into what occurs in other functions of the business.

<sup>14</sup> [www.servest.co.uk/](http://www.servest.co.uk/)



With this in mind, a primary purpose of the programme was to give those who took part in it experience of as many areas of the business as possible. This meant that those who joined the Future Leaders programme would spend their first nine months in Servest's headquarters in Bury St Edmunds, working through key head office functions. Having had a taste of various areas of the business, such as HR, marketing and finance, they would then go on to spend time in each of the Group's main operational divisions. Budding business people would get hands-on experience in catering, security, building services and cleaning, among other departments, before taking up a permanent post. At the point at which they completed the two-year programme they could then focus on the areas where they felt they could most add value to the business.

In 2015, the Group's industry-recognised Future Leaders programme came into fruition. More than 160 applicants applied for the two-year programme with the recruitment process involving an initial application, a telephone interview and Belbin<sup>15</sup> profiling. Around 30 people were then invited to assessment centres to demonstrate that they possessed some or all of Servest's core values, which comprise passion, originality, integrity and (since people are at the heart of the business) a commitment to building and nurturing fruitful working relationships.

The future leaders who join the programme are divided equally between genders, and comprise a mixture of graduates and existing employees – a notion important to Servest, which describes these individuals as 'hidden talent', having perhaps not had the opportunity to join a management programme previously due to their education and background.

Recognising the success of the programme, the Institute of Leadership and Management granted Servest Group its prestigious 'Centre' status,<sup>16</sup> which means that the company can now deliver its staff the highest standards of learning and development.

Ross Houghton took part in the first Future Leaders Programme in 2015, joining straight from Sixth Form at age eighteen, after taking up a temporary post in the IT department at Servest which he intended as a stopgap before taking up a place to study international business law at Edinburgh University.

Instead, he was made aware of the Future Leaders programme by the IT Director, and after successfully going through the two-year process, was appointed Group CSR Manager for Servest.

He explains:

*"During the first nine months we were based in our Head Office in Bury St Edmunds, and while we were there we'd do two- or three-month rotations in central functions; marketing, HR, finance, procurement, learning and development.*

*"This gave us a broad knowledge of how the business runs as a whole and helped us make connections and network with the people there, so by the second year when we went into actual operations we had those contacts in place. This meant if you saw something that could be potentially run differently for example, then you knew who to contact."*

Alongside being out in the business, all of the Future Leaders undertake an Institute of Leadership and Management programme, so are gaining a qualification at the same time as earning £20k in the first year, and £22k in the second. Periodically they come together for some classroom learning, or a meeting, and they are also set a variety of projects, whether as individuals or in groups; most of which have a charitable or CSR aspect. For example, when exploring wellbeing, the Future Leaders focused on the fact that the link between stress and work can be heavily impacted by people's personal financial situations. With this in mind they made some links with Citizen Advice and local finance establishments who came into the office and held workshops, group talks and individual coaching sessions with staff around personal finance.

This innovative approach to people development has led to great competition to join the programme, and following accreditation by ILM the number of applicants dramatically soared to 200 for the March 2016 intake.

Opportunities for learning and development are not confined to the Future Leaders Programme, however as since 2014, the business has designed and implemented eight new development programmes enabling employees to earn industry-recognised qualifications from Level 3 up to Level 7 (or in Servest terminology, from Pioneer to Alchemist),<sup>17</sup> to help them develop and progress their careers.

<sup>15</sup> [www.belbin.com/about/belbin-team-roles/](http://www.belbin.com/about/belbin-team-roles/)

<sup>16</sup> [www.servest.co.uk/servest-group-achieves-ilm-centre-status/](http://www.servest.co.uk/servest-group-achieves-ilm-centre-status/)

<sup>17</sup> [www.servest.co.uk/careers/training-programme-overviews/](http://www.servest.co.uk/careers/training-programme-overviews/)

## CSR activities

Aside from their rotation work and operational visits, the Future Leaders were set the task of extending the group's charity work and be actively involved in any fundraising events.

Says Green:

*"We have an area of our business that sits within our marketing area, that has a charity arm to it, and which the Future Leaders get heavily involved in."*

For example, Servest has a strong relationship with East Anglia's Children's Hospices (EACH), which it has supported over the last ten years. The Future Leaders were involved in the EACH Colour Dash event<sup>18</sup> in September 2015, for which Servest was the main sponsor, contributing to the overall £30,000 raised for the charity.

Alongside this initiative, the Navigators group, which is designed to help Servest's senior managers build upon their leadership skills, ran a session focused on CSR and ways the Group could give back to the community. This resulted in the idea for a new CSR programme, establishing a charity called the Servest Youth Foundation, which would focus on helping disadvantaged youths and NEETs (not in education, employment or training) secure houses, jobs and qualifications, in order to better their prospects. Once this initiative is ready for implementation, the Future Leaders will work alongside the Navigators in order to help form the Foundation's support network.

The Future Leaders programme has been further developed by its own members. While based at Head Office on the Future Leaders programme, Ross Houghton came to the realisation that Servest did many different things that related to CSR, but *"there was no one centralised voice that oversaw them or came up with a strategy on how we could go forward, push initiatives and create more of an impact with what we do."*

After discussing his thoughts with management, and proposing the creation of a new centralised CSR role, Houghton was appointed CSR Manager upon completion of the programme. Since then he has focused on what CSR means to the company and determining the core principles.

*"These principles are what we are doing for our people, how we can reduce our impact on the environment, our investment in local communities, and lining up what we are doing with our CSR with clients and with our supply chain,"* he explains.

*"For example, an issue such as modern day slavery is a massive challenge that we helping to address by ensuring that steps are put in process to eradicate it from the whole supply chain."*

For that reason, Servest subscribes to the Ethical Trading Initiative<sup>19</sup> (ETI) and will only trade with companies that abide by its base code. These principles include providing the minimum wage, standing against forced and child labour, ensuring safe and hygienic working conditions and ensuring no discrimination, harsh or inhumane treatment of employees. Closer to home, operational staff such as those performing cleaning or catering duties, have been given specific training on how to recognise specific indicators of modern day slavery.

CSR activities also involve a range of community engagement and charitable work. Servest has been the main sponsor of the Ipswich Town football Academy Development Squad since 2012, and awards complimentary tickets to local schools for the senior team games as a link to the local community. They have also invited all of the Academy Sponsors to attend the games for meetings and networking opportunities.

Servest joined Bury St Edmunds Rugby Club as sponsors in 2014. As a senior sponsor, its investment in the Club has made a significant difference, enabling the club to realise one of its core aims; to offer outstanding quality coaching across the whole club, from minis through to senior level.

In terms of charitable work, another cause is the Stars of Suffolk; an annual awards evening dedicated to the people of Suffolk who have made a difference or who have battled through adversity. Servest sponsors the 'Young Person of the Year' award, which in 2016 went to seven-year-old Thomas Cotton, who underwent major brain surgery at a very young age.

Currently, Servest is undertaking a project with West Suffolk Hospital, by renovating and modernising the teenage room. The aim is to brighten up the area, giving teenagers their own space and updated facilities to improve and make their time spent in hospital more pleasant, allowing them to continue to recuperate in a comfortable and relaxing environment.

18 [www.eadt.co.uk/news/charity\\_runners\\_take\\_on\\_5km\\_challenge\\_in\\_a\\_riot\\_of\\_paint\\_1\\_4240996](http://www.eadt.co.uk/news/charity_runners_take_on_5km_challenge_in_a_riot_of_paint_1_4240996)

19 [www.ethicaltrade.org/](http://www.ethicaltrade.org/)

## South African link

Servest UK is now looking to link Future Leaders in with its South African business,<sup>20</sup> where the programme has also been launched. Towards the end of their two-year programme, the groups are going to ‘country-swap’, to give the UK participants some understanding of doing business in South Africa, and allow their South African colleagues to discover what it’s like to build rapport and influence in an entirely different country.

Explains Green:

*“Not only will we end up with future leaders who are well rounded, because they’ve been in every area of the business in one country, they will also have undertaken a role in a global setting.*

*“With the work that has been undertaken in South Africa post-apartheid, there is a continuing requirement for black leadership and black ownership, and for a heavy investment in training for a workplace that has not previously received the same level of education.*

*“Our challenge is in trying to redress that balance and make sure that we are upskilling a workforce in order to give them the sort of opportunities that historically they haven’t previously been given.”*

Despite the fact that around 95% of the local workforce is black, around 95% of senior management and management teams are comprised of white males, an anomaly that has prompted the SA Government to put in place robust targets for businesses to be able to put black people in those jobs where they have been historically under-represented.

Businesses in South Africa must adhere to ‘Black Empowerment Legislation’,<sup>21</sup> where organisations are awarded a certain amount of points dependent on the level of black ownership and the level of black senior managers.

Green explains:

*“Those Future Leaders going over there will experience a very different challenge in terms of workforce and how you communicate with people, and how you make sure they feel part of the Servest family.*

*“Ultimately though, the international programme is designed to help these cultures learn from each other and take the best that we can from both countries, which is why I’m so excited to be able to launch our next Future Leader Programme with a whole global element, because it just adds another dimension.”*

## Lessons learnt

Although the Future Leaders programme was launched to help identify potential managers, Servest is keen to point out that the whole process benefited from the organisation’s ethos to promote a collaborative and socially conscious working culture.

This means that throughout the organisation the intention is to develop employees at all skill levels; by moving away from an archaic to a progressive method of people development that facilitates the personal and professional growth of all of its 23,000 employees.

As part of this process, engagement levels are no longer measured by employee satisfaction surveys but by ongoing social interaction and by having continuous conversations with the individuals in question.

This collaborative approach, argues Green, has paid dividends as workers feel more confident in sharing ideas and there is a less of an ‘us and them’ attitude between junior and senior members of staff and a more purposeful atmosphere of making things better for everyone.

In addition, in a sector where it’s been predicted there might be a struggle to recruit and retain enough staff post-Brexit,<sup>22</sup> being able to offer potential recruits a real chance to progress is a massive advantage. To date, 16 Future Leaders have been recruited, in roles as diverse as Group CSR manager, Procurement analyst and Project support coordinator.

Says Green:

*“To try and get people to feel really excited about joining a facility management company can be a bit of a challenge, but what we have noticed over the last few years, since we have really focused on this stuff, is that we have people coming to us saying, ‘What do I have to do to get through the door at Servest? Because I know once I’m in there, there is a path for me.’ For me, that is one of the things that has brought enormous success for us as a group.”*

<sup>20</sup> [www.servest.co.za/](http://www.servest.co.za/)

<sup>21</sup> <http://www.economic.gov.za/about-us/programmes/economic-policy-development/b-bbee>

<sup>22</sup> [www.internationalworkplace.com/blog/brexit-democracy-at-work-53695](http://www.internationalworkplace.com/blog/brexit-democracy-at-work-53695)

## 3.0 FM social impact: Engaging an increasingly age-diverse workforce



### The issues

In 2014, the Department for Work and Pensions announced that, according to Office for National Statistics estimates, over the next ten years there would be 700,000 fewer 16-to-49-year-olds in the workplace, and 3.7 million more people aged between 50 and state pension age.<sup>1</sup> Despite this rising working age, approximately one million people aged over 50 have been made ‘involuntarily workless’<sup>2</sup> – pushed out of employment through a combination of redundancy, ill health and early retirement. The potential boost to UK GDP if older workers were able to stay in work is estimated to be £80bn

In addition, a rising life expectancy means one in five people in the world will be over 60 by 2050, compared to one in 12 in 1950. There are currently 7.5 million men and nine million women over the age of 55 in the UK – 26% and 29% of the total male and female population respectively.<sup>3</sup>

The demographic ‘dependency ratio’ (the ratio between those over and under working age to the working age population) will increase from 49% in 2005 to 66% in 2030, meaning more caring responsibilities for those in work.<sup>4</sup>

In future, it will not be uncommon for there to be four surviving generations of the same family, and indeed 24% of UK adults currently financially support one or more relatives to the tune of £13bn per annum.

This has many implications. Older people will be in work for longer, with greater caring responsibilities, coupled with an increasingly diverse mix of ages within the working population spectrum. Generation Y (those born between 1980 and 2000) will make up 50% of the workforce by 2020, and we will frequently see companies balancing the needs of four generations in the workplace.

1 [www.gov.uk/government/news/helping-business-to-wake-up-to-older-workers-untapped-potential](http://www.gov.uk/government/news/helping-business-to-wake-up-to-older-workers-untapped-potential)

2 [http://age.bitc.org.uk/system/files/research/missing\\_millions\\_exec.pdf](http://age.bitc.org.uk/system/files/research/missing_millions_exec.pdf)

3 [www.bitc.org.uk/issues/marketplace-sustainability/global-mega-trends/future-insights/population](http://www.bitc.org.uk/issues/marketplace-sustainability/global-mega-trends/future-insights/population)

4 <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/bulletins/nationalpopulationprojections/2015-10-29>

The business case for employing older workers is clear. Research has shown that workers over 50 are five times less likely to change jobs compared with workers aged 20-24<sup>5</sup>, so recruiting older employees can save on ongoing recruitment and training costs (with research finding that businesses spend an average of £5,433 on recruiting a new employee).<sup>6</sup>

In addition, older workers are half as likely to take a sick day compared to their younger colleagues. Only a quarter of over 50s took time off in 2014 due to ill health, compared to just under half of those aged 20-30 years old.<sup>7</sup>

Rather than favouring older workers over younger (with the potential for discrimination that could ensue), the logical answer seems to be to integrate the workforce more fully, so that a 20-year old Millennial can enter the workplace alongside a 65-year-old Baby Boomer, and be able to work effectively.

Intergenerational workplaces can benefit from a range of experiences, ideas and ways of thinking, and there are huge opportunities for businesses to harness the knowledge and creativity of multiple generations.

According to the CIPD,<sup>8</sup> the key benefits of age diverse teams, as seen by HR professionals, are:

- knowledge-sharing (55%);
- enhanced customer service (14%); and
- greater innovation (7%).

Employees also identified benefits of working with colleagues of different ages, including:

- having different perspectives (72%);
- knowledge-sharing (66%);
- new ideas (41%); and
- improved problem-solving (32%).

The CIPD further acknowledges that 'those working in customer-oriented organisations value the ability to match their customers to colleagues. Age is just one of the ways in which they can do this.'<sup>9</sup>

## Strategic approach

The Government's Business Champion for Older Workers, Business in the Community, is calling for one million more older people in work by 2022, attempting to increase the number of employees aged 50-69 by 12%. Achieving this target, it claims, will *'help address the widening skills gap in the UK workforce, tackle age bias in the workplace, and enable people to stay in work for longer.'*<sup>10</sup>

This ambitious, but 'necessary', target is a direct response to an ageing UK population, and 'relatively fewer' young people entering the workplace. The target intends to increase the currently nine million 50-69-year-olds in work (from a pool of 15 million) to ten million in the next five years.

In determining this target, BITC looked at the gaps between the employment rate of two older age groups, and the employment rate of the 45-49-year-old age group:

- People aged 45-49 have the highest employment rate of any age group – a peak rate of 84%.
- For people aged 50-64, the employment rate is 70%. The intention is to reduce the gap between this rate and the peak rate by a third – increasing the number of employed people in that age group by 545,859 people.
- For people aged 65-69, the employment rate is 21%. The intention is to reduce the gap between this rate and the peak rate by a quarter – increasing the number of employed people aged 65-69 by 560,997.
- Added together, 1,106,855 more 50-69-year-olds will be in work. Simplified to one million, this equates to a 12% increase in the number of employed people aged 50-69.

The campaign argues that if the employment rate of people aged 50-64 matched that of those aged 35-49, it would add more than 5% to UK GDP; more than £80bn.

Rachael Saunders, Age at Work Director at Business in the Community, says:

*"The UK simply cannot meet its growth and productivity objectives without adapting to retain, recruit and develop people aged over 50. We have an ageing society and it is essential that employers act now to ensure employees can stay in work for longer and to support career changes in later life."*

5 [www.mlc.com.au/personal/blog/2015/03/five\\_big\\_myths\\_ofma////results](http://www.mlc.com.au/personal/blog/2015/03/five_big_myths_ofma////results)

6 [www.hrreview.co.uk/hr-news/recruitment/it-costs-over-30k-to-replace-a-staff-member/50677](http://www.hrreview.co.uk/hr-news/recruitment/it-costs-over-30k-to-replace-a-staff-member/50677)

7 [www.rias.co.uk/about-us/news-and-press-releases/the-reliables-over-50s-workforce-saving-british-businesses-the-cost-of-lost-sick-days/](http://www.rias.co.uk/about-us/news-and-press-releases/the-reliables-over-50s-workforce-saving-british-businesses-the-cost-of-lost-sick-days/)

8 [www2.cipd.co.uk/hr-inform/comment-and-analysis/survey-reports/2014/managing-age-diversity/default.aspx](http://www2.cipd.co.uk/hr-inform/comment-and-analysis/survey-reports/2014/managing-age-diversity/default.aspx)

9 [www.cipd.co.uk/knowledge/fundamentals/relations/diversity/age-diversity-insights-report](http://www.cipd.co.uk/knowledge/fundamentals/relations/diversity/age-diversity-insights-report)

10 <http://age.bitc.org.uk/news-opinion/news/press-release-business-champion-older-workers-calls-million-more-older-people-work>

The BITC's campaign is by no means the only initiative being undertaken to address the issue. The Government's 'Fuller working lives' programme<sup>11</sup> was launched in February 2017, explaining how:

*'...as the population ages, employers need to draw on the skills and experience of older workers to avoid loss of labour... how working longer can improve the health and wellbeing of individuals and bring the benefits of a multi-generational workforce to businesses.'*

The resulting policy document sets out a number of recommendations from businesses to support older workers to remain in the workforce and to help employers retain, retrain and recruit older workers so they have fuller working lives.

Damian Hinds MP, The Minister of State for Employment, says in his introduction to the report:

*'Despite increased longevity, people today are actually leaving the labour market earlier than in 1950. As well as those having planned and set aside to retire early, there are a lot of people exiting the labour market before ideally they would choose. In many cases they may not have sufficient income for their future to sustain the lifestyle they would have envisaged. Many companies are reflecting on the challenges and opportunities an ageing workforce brings; some are exploring innovative changes to their businesses as a result. As the world becomes more digital, new possibilities open up.'*

One of the key issues the various different policies and campaigns aims to tackle is that of flexible working, to improve work-life balance, facilitate a staged retirement, and to allow those with caring responsibilities (both up and down the generational scale) to plan their working activities around their commitments to family.

As the Fuller Working Lives programme explains:

*'Employers have long made arrangements to enable parents to take care of a child. Now it is becoming more common to facilitate – short-term or for longer – older workers caring for their parents or partner. Of course, many older workers themselves play a crucial role in childcare, as grandparents, as well as other valuable work in the community and voluntary sector. We know that for many people, the possibility of flexible or part-time working, or being able to transition to a less demanding role, could tip the balance to them staying in employment longer.'*

Enabling older people who wish to stay in work for longer to extend their careers and defer retirement until necessary will have a number of net benefits, including keeping loyal employees in the workforce for longer, allowing the next generation(s) of workers to benefit from their expertise. This case study looks at an FM company that is seeing the merits of promoting an age-diverse workforce.



<sup>11</sup> [www.gov.uk/government/publications/fuller-working-lives-a-partnership-approach](http://www.gov.uk/government/publications/fuller-working-lives-a-partnership-approach)



## Case study

### Sodexo 'Generations'

Sodexo<sup>12</sup> develops, manages and delivers a diverse range of services, designed to improve the quality of life for its clients and customers. Its on-site services range from construction management, reception and food services through to asset maintenance, security and grounds maintenance for its clients in offices, schools, universities, prisons, hospitals, military bases, remote sites, sports and leisure and hospitality events.

Founded in 1966, Sodexo is one of the world's largest multinational corporations, with 420,000 employees representing 130 nationalities, present on 34,000 sites in 80 countries.

As a facility management company, Sodexo is all about customer service, and prides itself on understanding its clients' needs. The range of industries it works across means its customers range from children to the elderly, so being able to identify with the needs of its client base is a key asset, strengthened by its highly diverse workforce.

Megan Horsburgh, Head of Diversity and Inclusion for Sodexo's UK and Ireland region, is responsible for 'bringing to life' the company's global D&I goals to the 34,000 employees in the region. She and her team are fully aware that D&I stretches beyond 'traditional' barriers of sex and race, and acknowledges that tackling generational differences has been part of Sodexo's strategy for some time.

<sup>12</sup> <http://uk.sodexo.com/home.html>

She says:

*"In terms of our business case for focusing on generations, we know that people are living and working longer. That means that we have a bigger age range within employment and we need to think through how we are adapting to the needs of each generation and considering the impact parenting and caring responsibilities can have on our employees' quality of life. Research shows that ten years ago parents assumed their financial obligations to their children ended at 17, and now that is estimated as being 34."*

All of these changes are key issues for a company like Sodexo, spanning areas such as recruitment, career management, job flexibility and workforce diversity. As well as a desire to get their employees working better together, there is also an external dimension; if they can understand the different communities with whom they work more effectively, it enhances the company's offering to clients.

*"We recognise that diversity and inclusion isn't just something which Sodexo are looking at," says Horsburgh. "It's something that a number of organisations, many of whom we partner with, have a real focus on."*

She continues:

*"We absolutely know that our customers and our clients are from across the generations. I've heard it said that Sodexo aims to improve the quality of life that people have from cradle to grave, and that absolutely captures the breadth of the work that we do with our clients and our customers – we work in schools and universities, so we're very much part of the formative experiences that people have in that environment, through to some of the work we do with older people in communities."*

*“So there is a business imperative there in terms of understanding the different needs and preferences of those groups, not only within our own employee population – so that we can engage all of our employees – but also very much with the view of understanding our customers and what it is that they might be wanting from us as an organisation. With trends like the ageing population here in the UK, that will continue to be an important focus area for us as an organisation.”*

## Generations and GenMatch

To help understand the different needs of their employees (and by proxy, the needs of their customers), the company initiated a programme in which groups of employees from across the company, across a wide range of ages, were invited to focus groups, to discuss their preferred methods of working, and the approach they took to various aspects of life.

Having explored the demographics, the company broadly split employees into four groups – Traditionalists (1920-45), Baby Boomers (1946-64), Generation X (1965-1979) and Generation Y (1980-2000) (they have since modified the approach to include people born after the year 2000).

From this initial research they discovered that, not only were there huge disparities between the different generations in relation to their work, but that, critically, employees belonging to the ‘Gen Y’ group were the least engaged in their roles.

Says Horsburgh:

*“We identified some specific measures of success by exploring our demographics and also the engagement levels of the different age groups. Following that analysis we identified that our under 30s – who are, roughly speaking, Generation Y – were our least engaged group. This trend is not uncommon within organisations and we’ve heard of initiatives to specifically target that group such as mentoring schemes or ‘youth boards’.*

*“Our view, however, was that to really promote better intergenerational understanding and ultimately improve engagement we needed to include everyone – our managers need to know how to get the best from different generations, our HR colleagues need to think about the different ways different generations might like to be rewarded or recruited, and our colleagues need to know how they differ from other generations with whom they interact.”*

The decision was therefore made to launch a completely inclusive employee network, called ‘Generations’, which was open to all of the company’s employees, and would form one element of the workstream, whilst simultaneously looking to examine the reasons for Gen Y being less engaged, exploring opportunities to discuss this topic with clients facing similar demographic challenges and to build Sodexo’s brand as a thought leader on this topic.

The Network’s purpose is to:

*‘Raise awareness and educate our employees about generational differences and highlight the impact these can have in colleague, client and customer interactions as well as in our personal lives. The network will look to engage employees to understand and jointly find solutions to generation specific challenges.’*

The ‘vision’ for the Network is to:

*‘...build the Sodexo brand to be recognised as an employer of choice for all generations – where flexibility is embraced and those with parenting and caring responsibilities feel supported and are retained.’*

Having initially gauged employees’ attitudes towards different generations by means of focus groups, the company then rolled this exercise out across the company, by means of an interactive game that the employees played in teams, called GenMatch. Simple in concept, the game consists of a series of cards with statements about each of the four generations (relating to the way they like to work, how they view authority and rules, their approach to their wider lifestyle etc.) which must be matched to the different generations. The game’s intent was to stimulate discussion about the different demographical groups, clichés about stereotypes, and to challenge and engage with each other about perceived attitudes.

Flexibility, for example, was something that all of the generations told the company they wanted.

Horsburgh recalls:

*“They were wanting it for different reasons – but it was still something that was really important to them and something that they wanted their employer to support them with. For example, a Generation Y employee who DJ’d on a Thursday night wanted flexibility on a Friday morning because he would be up really late and so it made sense for him to come into work a bit later. Whereas a ‘traditionalist’ in the group was saying, ‘What I really want is some flexibility around the odd occasion where maybe my granddaughter has a school play or a sports day. It would really mean a lot for me to be able to be there and to share those experiences with her.’ So there was a consistent need but for different reasons.”*



## Impact

The impact of the workstream, the employee network and in particular the GenMatch game has been phenomenal – the launch messages reached over 40,000 Twitter accounts, hundreds of people have received developmental training through the network and 1,648 copies of the GenMatch game were distributed to over 200 sites. The Network has over 470 members, and the company has seen a 5% improvement in engagement in the 20-30yrs age group.

Feedback from the game has been overwhelmingly positive, with comments such as:

*“Having different age groups working together is good because the older ones can pass on their experience and the younger ones can help us understand technology.”*

*“I found the GenMatch game to be rather surprising ... It made me notice how we differ, also how many influences we all independently have... I highly recommend this game to other work groups to open opportunities in teamwork and understanding for cross generations.”*

*“The game highlighted what different generations have to offer each other. I pick up tips from the younger chefs in my team; you’re never too old to learn a better way of doing things.”*

## The importance of diversity

The Generations Network has evidently been successful in its aims to help improve engagement, and to promote a more inclusive and cooperative working environment within Sodexo, with the resultant (perhaps intangible) benefits passed on to its disparate and varied clients. As we have seen, the business benefits of a diverse workforce are clear, impacting both working practices and ultimately the bottom line.

Sean Haley, Chairman of Sodexo UK and Ireland, agrees, maintaining that one of the key reasons he was attracted to join Sodexo with his business (Sodexo acquired the asset management businesses of Atkins, the design, engineering and project management consultancy in 2011) was due to the company’s commitment to D&I, and its attitude to its people.

Says Haley:

*“Sodexo has a very clear set of values and ethics and behaviours around people and how to retain them and develop them through their careers. When I compared Sodexo to potential other acquirers of the business I felt that our people would be treated far better here and have better opportunities. That has been followed through on and I’ve seen the people that joined me progress and develop.”*

As a people business, employees are both the company’s largest asset and greatest expenditure, so it is important to enable them to work efficiently together. Haley describes how the intended outcome was for the company to better understand the needs of its workforce to allow them to be attractive and able to recruit and retain across all those generations. But it extended beyond cooperation, and they were also keen to establish how putting a diverse workforce together could produce a whole greater than the sum of its parts.

*“We wanted to understand how to share between the generations; what can the older generation teach the younger, and what can the younger teach the older? Because there clearly are things that both can learn. So it was trying to understand how they could interact to the betterment of them, to make their work life more interesting, whilst allowing us as a business to develop our workforce to be more efficient and work better with each other.”*

## Flexibility

The network has certainly brought about changes to the way Sodexo works, with flexible approaches towards leave and benefits being introduced as a direct result – across the workforce as a whole but particularly in relation to older workers. As Haley explains:

*“It comes down to being able to give them the flexibility to attract them to stay. So they can work more flexibly and they can work reduced hours; they get the opportunity to shape their terms and conditions and their remuneration package around holidays, etc. They can have a steady run in to a retirement rather than a hard stop.*

*“I think all of those are things that we’ve looked to do and have proved beneficial. A lot of this is on an individual-by-individual basis but we have a lot of people on our frontline who are doing physical activity and as people are getting a little older, some physical activity becomes more challenging. So we’re looking to see if we can be flexible around that. It’s a challenge when you’ve got services to deliver to a customer, but I think working with our managers to encourage them to be more confident around being flexible and realising that it’s important to do so helps.”*

## Understanding people

The D&I team at Sodexo clearly understands the benefits older workers can bring, and is oriented towards developing and retaining its best talent.

Haley comments:

*“It’s knowledge and experience to start with. Our biggest issue in the market at the moment is getting good people, no matter what part of the population you’re talking about. Unemployment is very low at the moment, and there may be recruitment challenges linked to Brexit, and so trying to get good, talented people is one of our biggest challenges, and being able to retain people, definitely the demographic we’re talking about, is very, very important to us.*”

*“With older workers, not only do you get good skilled people in your workforce, you also get knowledge and experience that can be passed on to the next generations. In a nutshell, you get the ability to attract and retain people, which is what we need, but also continued access to that knowledge and experience.*”

*“As a bonus, you increasingly get access to a flexible workforce. So there’s almost a win/win here in that we need more flexibility to meet our customer needs, and the ageing workforce does give you that – they want more flexibility themselves, so it helps.*”

*“If you look at the projections for the number of people in our workforce that will be over 50 in the coming 10-20 years, it’s huge and, of course, the spend of that population is massive. We as an organisation have got to make sure we reflect the communities that we serve. Part of the answer is business-driven and part of it is about making sure that we’re doing the right thing in the areas that we work.”*

## Lessons learnt

Sodexo was one of the original partners to the Government’s Fuller Working Lives programme, and contributed to the policy document that was published in February 2017. As a best-practice sharing initiative, it helped the company learn from others in the same space with similar issues, and shape its own policies in response.

Horsburgh comments that focusing on diversity and inclusion from a generations point of view has strengthened the company’s flexible benefits programme:

*“The whole concept of flexibility goes beyond flexible working. We’ve done some things around flexible benefits – like enabling employees to choose what benefits they want, so they have the opportunity to buy and sell holidays, to select what life insurance they might want and whether they want medical and dental cover. Those are all things that really help because, depending what point you’re at in your life, you’re able to determine which of those things is most important to you and select accordingly. That is something that we had really positive feedback on from people. I’m really proud that between 2012 and 2014, we saw a twelve point increase in employee engagement around diversity and inclusion, taking us to a market-leading 78 percentage in terms of that particular element of our engagement survey.”*

Moreover, and as a result of the initiatives it has worked on, the company has won an ENEI Intergenerational Working Award and was shortlisted for a BITC award, all of which have helped position itself as an inclusive and diverse employer.

Haley acknowledges the advantages of this:

*“If you see some of the recognition we’ve had in the market, people can perhaps be a little bit cynical about chasing that recognition. But actually we do it for brand positioning. We want people to associate Sodexo with a diverse and inclusive organisation that people are attracted to – whichever age they’re at. We’ve done a lot of work around that – through conferences, through awards, through our recruitment processes – to try and ensure that people associate that with Sodexo, which would make them more interested in coming to work for us.”*

## A staged approach to retirement



**Mike Dyer started his career with Sodexo over 20 years ago as Business Operations Director in Sodexo Healthcare. Since 2015 he has taken on a new role that has allowed him to reduce his hours to three days per week, providing him with an opportunity to pursue interests outside of work as he ultimately prepares for retirement.**

Dyer says:

*“I have had a very successful and rewarding career with Sodexo. When it came to looking at retirement, it raised a number of issues for me. I was used to managing large contracts within healthcare, which involved overseeing a range of services and lots of staff. The idea of not working was like jumping off a cliff – a complete fear of the unknown. I knew that going from full-time employment to not working at all was not right for me.*

*“Back in 2013, during the company appraisal process, I discussed the option of going part-time with my boss when I reached retirement age. I still wanted to make a valuable contribution but also wanted the opportunity to reduce my hours so that I could free up some time to investigate outside interests and spend some time with family.*

*“My manager was fully supportive and we discussed how my skills and passion for people could help me to continue to make a positive impact within the healthcare team. There was a need within the healthcare business for someone to oversee our Investors in People programme, employee engagement and apprenticeships, so a new role was created to oversee these three programmes.*

*“I’ve been working in this role for two years and the arrangement has worked brilliantly, not just for me but for Sodexo too. From my perspective, it has bought me time to ease down a bit whilst allowing me to look at outside opportunities. I now work one day per week for charity and I have time to spend with my new grandchild while still having financial security.*

*“For Sodexo, I’m pleased to say that five of our healthcare sites have been awarded gold by Investors in People, our employee engagement has seen a marked increase, and we now have a fully established apprenticeship programme which ensures young talent is being identified and nurtured.*

*“I am starting to consider full retirement as I feel ready for this next stage of my life, having achieved what I wanted to do in my professional career. Sodexo’s support and investment in enabling me to do so has been invaluable. Preparing for retirement may be just one reason people want to work flexibly; whatever your reasons, maybe start having the conversation and explore the opportunities rather than thinking it’s just not going to be an option.”*

## 4.0 FM social impact: Supporting small businesses by integrating FM services



### The issues

Each year, the UK Government spends around £45bn on goods and services supplied by non-public sector organisations.<sup>1</sup> Increasing the proportion of this spending that reaches small and medium-sized enterprises (SMEs) has been a key priority within the Government's procurement policy over the past five years as SMEs provide six out of ten private sector jobs in the UK economy and are most associated with growth and job creation. In 2010, the Government announced an aspiration for 25% of its procurement budget to go to SMEs by 2015.

However, the publication of a report<sup>2</sup> from the Public Administration Select Committee (PASC) in 2013 found that, in spite of steps to improve procurement methods, there was some way to go to improve the way goods and services were purchased.

According to the report, while the Government has initiated steps to improve the efficiency and effectiveness of procurement by improving its data, aggregating demand across departments, and renegotiating relationships with major suppliers:

*'The stream of procurement and contract management failures continues unabated. G4S and Serco contracts with the Ministry of Justice,<sup>3</sup> under which payments were made regardless of the service delivered, are just the most recent examples. There is clearly much more to be done.'*

It was claimed in the report that by improving procurement methods and systems, the Government had an opportunity to save money, drive economic growth and address specific issues, particularly relating to procurement with SMEs and sharing goods and services.

While it has been widely agreed that SMEs can offer a number of benefits to the public sector, compared with other providers, including more flexibility and innovative approaches, the challenge for smaller sized businesses – including those working within the built environment – has been that bidding for government business is complicated and expensive, discouraging many smaller operators from the start.

1 [www.nao.org.uk/](http://www.nao.org.uk/)

2 [www.publications.parliament.uk/pa/cm201314/cmselect/cmpublicadm/123/12302.htm](http://www.publications.parliament.uk/pa/cm201314/cmselect/cmpublicadm/123/12302.htm)

3 [www.gov.uk/government/news/review-of-government-g4s-and-serco-contracts](http://www.gov.uk/government/news/review-of-government-g4s-and-serco-contracts)

## Strategic approach

Responding to these issues, in early 2015 the Government set out to improve the way it buys goods and services to help more small businesses bid for public sector contracts, by:

- requiring the entire public sector supply chain to be paid within 30 days;
- abolishing pre-qualification questionnaires for low value public sector contracts, making it simpler and quicker to buy; and
- requiring the public sector to publish all contracts worth over £10,000 in one place on an online Contracts Finder database.<sup>4</sup>

Explaining the changes, Piers Linney, a member of the Government's SME panel, said:

*“We know government business has been incredibly complicated and costly to bid for in the past, and that was reflected in the tiny proportion of spend going to SMEs. This new legislation and the new site create a huge opportunity for SME businesses with reduced cash flow risk. They need to educate themselves on their rights under the new legislation and really get under the skin of Contracts Finder to make sure they can seize that opportunity.”*

In August 2015, the Government took the process a stage further and announced that it would extend its 25% target to 33% by 2020. The target covers both direct contracts with SMEs and spending that reaches SMEs indirectly (where the Government's contract is with a larger provider that sub-contracts SMEs as part of its supply chain).

The following case study describes how global technology, engineering, procurement and construction company KBR, is working with the Mayor's Office for Policing & Crime (MOPAC) / Metropolitan Police Service (MPS) to deliver facility management services, to ensure that SMEs have access to Government contract opportunities while being fully supported in the delivery of their services.

<sup>4</sup> [www.nao.org.uk/](http://www.nao.org.uk/)



## Case study

### KBR's services to the Mayor's Office for Policing and Crime and Metropolitan Police Service

The Mayor's Office for Policing and Crime (MOPAC)<sup>5</sup> is directly accountable for police performance in the UK's capital, setting out strategic direction and allocating resources across London in its Police and Crime Plan. It also has an important role to play across the criminal justice system.

The Metropolitan Police Service (MPS)<sup>6</sup> employs around 31,000 officers together with about 8,700 police staff and around 1,500 Police Community Support Officers. The MPS is also supported by more than 5,100 volunteer police officers in the Metropolitan Special Constabulary and its Employer Supported Policing programme.

The Metropolitan Police Service covers an area of 620 square miles and a population of 7.2 million. MOPAC's estate supports the operations of some 54,000 officers and staff within the MPS.

As at March 2013 (most recent figures)<sup>7</sup> the MPS operated from 955,948 square metres of space in a total of 671 properties, of which 400 properties have day-to-day operational activities, 97 properties are no longer required for operational use, and 174 properties are residential.

As explained by the Commissioner of the Metropolitan Police Service, Sir Bernard Hogan-Howe, it was decided to make substantial changes to the estate, with a promise to:

*"... deliver the biggest transformation of the Met's estate in our history. We will get rid of inefficient buildings that are no longer required and the money saved will allow us to invest in new, modern facilities fit for 21st Century policing."*

The principles behind this strategy were to create a smaller, more modern estate that is less costly to run but one that offers better conditions for the staff who work from it, and the public who need to visit it.

<sup>5</sup> [www.police.uk/metropolitan/pcc/#team](http://www.police.uk/metropolitan/pcc/#team)

<sup>6</sup> <http://content.met.police.uk/Site/About>

<sup>7</sup> [www.london.gov.uk/sites/default/files/gla\\_migrate\\_files\\_destination/MOPAC%20Estates%20Strategy.PDF](http://www.london.gov.uk/sites/default/files/gla_migrate_files_destination/MOPAC%20Estates%20Strategy.PDF)

As a result of this strategy, KBR was employed for a one-year mobilisation period, followed by a seven-year FM delivery phase, during which a total restructuring of the MPS Property Services Department facility management would be carried out, with the aim of saving £5m a year.

KBR, Inc.<sup>8</sup> is a global technology, engineering, procurement and construction company serving the hydrocarbons and government services industries. With operations in 40 countries, KBR has more than 25,800 people delivering services to customers in over 80 countries.

In what has been described as the most significant transformation of the MPS' Estate in the Force's history, it was decided that KBR would provide a fully integrated service of programme management for the contract.

## Integrator service delivery model

The Integrator service delivery model is a concept brought forward by the MPS that KBR has helped to realise. It can use different forms of FM service delivery, ranging from single services from a number of providers, bundled services offered by groups of suppliers, or Total Facility management (TFM), where the service delivery is outsourced under a single contract to a single provider.

Under the Integrator model, just one single outsourced organisation is responsible to the client for integrating process, technology, reporting and performance measurement and management across all its service providers. In practice, this means that the client organisation is not required to manage multiple contracts, as instead, one company is appointed to oversee and manage the performance of all the service providers.

As the FM Integrator for the streamlined delivery of FM services for the largest Force in the UK (approximately 40,000 staff), KBR provides procurement, contract management, supply chain management services and the establishment of an Intelligent Contact Centre. All of this is designed with a focus on using SME suppliers where appropriate.

Explains Colin Kenton, Managing Director, Facility management Services at KBR:

*"The Met wanted a fully integrated model to manage the estate, with the objectives being to bring in a higher level of resilience, responsiveness and flexibility within their supply chain. One of the objectives was to bring more SMEs into the direct supply chain, but it's difficult sometimes to do that if you've got a TFM model because the TFM contractor has their own supply chain in place."*

*"Working with the MPS, our solution was to split up the contracts into various lots, and as such we brought 40% more SMEs into the supply chain as direct contractors."*

*"With this approach, we didn't put any more burdens on the client because as the Integrator we take over the performance management aspects of the management of those contracts. This is why our model is very aligned to being able to bring SMEs into the supply chain."*

To encourage SMEs to apply for contracts, KBR prepares all the tender documents issued through the client's tendering system, providing evaluations and recommendations to the client for the PTQs (Pre Tender Questionnaire) as well as managing the Invitation to Tender.

Ultimately, however, the client contract is forged directly with the SME suppliers, so in the future, should the client move to a different operating model, unlike a TFM agreement, the contracts remain intact between them and their FM suppliers.

## Mobilising the contract

As part of the mobilisation for the new contract, a procurement programme was implemented to evaluate and mobilise a new supply chain within a short timescale. The main challenge here was to increase the percentage of SMEs, so to achieve this KBR and MPS set up a joint governance structure and various work streams to provide direction, promote open communication, team working and service delivery.

KBR/MPS managers also agreed a joint project charter setting out a shared vision, values and objectives.

A common problem with contract changes is that even if an SME is already delivering a high level of service to clients, because of the vagaries of the supply chain, those really good SMEs may not be a part of a new supply chain model.

Says Paul Neill, Operations Director at Sportsafe,<sup>9</sup> which maintains the sports and fitness equipment across the MPS and latterly the London Fire Services estate, under the FM Integrator model:

*"In various parts of the country sometimes people do have their preferred suppliers, and although we spend a lot of time on our own internal processes, so when we complete a tender it's of a high calibre, some SMEs struggle with that and lose out in the process."*

Losing expertise in terms of continuity of service was something that KBR was keen to avoid, which is why the organisation has helped ensure SMEs are given every assistance to compete for contracts.

<sup>8</sup> <https://kbruk.co.uk/about>

<sup>9</sup> <https://sportsafeuk.com/>

Explains Kenton:

*“Together we spent time identifying the potential SMEs and smaller suppliers who would be prepared first of all to tender, and then to work for a large client organisation directly. Because KBR is an Integrator, it is not in competition with the buyers that were bidding for the service, which allowed us to encourage suppliers to work within the new model.”*

Although the contract would go on to engage a wide range of suppliers, including four large TFM providers, the Integrator model gave them the flexibility to go out to smaller suppliers for certain specialisms.

For instance, Marshalls Laundry<sup>10</sup> worked as the laundry supplier subcontractors to the previous TFM incumbent and was keen to continue the relationship.

Says Peter Christodoulou, Operations Manager at Marshalls Laundry:

*“KBR helped us very much because we’re a small organisation, with around 20 employees at any one time, and obviously while we’re very good at what we do with the actual laundry hands-on side of it, in terms of the paperwork we were less confident. But KBR nursed us through all of that very, very well and helped us to become as accomplished with it as we are now.”*

KBR also appreciated, as research shows,<sup>11</sup> that small and mid-size companies have the ability to react quickly to changes, as there is no hierarchy in place that slows down the decision-making process. Employee job descriptions can be flexible as well, allowing employees to branch out beyond their duties and improve their worth to the business.

On 30 April 2013, the MPS contract went live with the new suppliers, successfully ensuring continuity of FM services to all MPS’ building users. KBR personnel co-located with the MPS FM team, where they continue to share knowledge, lessons learned and best practice through a central management information system.

The teams also operate a single risk analysis and mitigation register, which allocates jobs and risk management tasks to the appropriate service supplier, and is reviewed regularly by the joint governance bodies.

For the SMEs who had worked with the previous contractors the change was significant.

Explains Richard Burton of Burleys, which undertakes all of the exterior services in relation to grounds maintenance, winter gritting and car parks:

*“From an operational point of view the transition was absolutely fine. KBR has been very open in the process and been as helpful as possible. We have a very good partnership approach to the contract, both KBR, ourselves and other stakeholders involved in the process.”*

The model has been revolutionary for Premier Workplace Services, which has been involved since 2014 in the FM Integrator model used by the Metropolitan Police Service.

*“There is no chasing for purchase orders or overdue invoices, which has substantially improved cash flow, always an issue for small businesses,”* says Premier’s Sales Director, Dave Russinger. Even more importantly, the model has enabled Premier to further professionalise its own systems and processes through insight into SLAs, audits, security, health and safety and environmental procedures.

*“It’s also given us a sounding board for promoting new services that at tender stage were out of scope,”* he adds. At the same time, the Integrator takes on the more onerous task of providing, and analysing, data around the service delivery and estate performance to the client.

Greg Baxter, Managing Director at MAS, an SME involved in various activities including pest control, waste management and other specialist activities, has worked with the Metropolitan Police for more than 30 years, maintaining the fire ranges and providing pest control and other services. During this time he has seen a lot of changes in terms of larger suppliers to Government. He says:

*“As a small business we feel supported and enjoy the structure the Integrator model brings. When KBR came on board with the MPS they took time to listen to the smaller businesses with specialist and specific skill sets and who had a heritage with the Met to gain insight into the operational background to date. This formed part of their model for development and learning. The new faces and the new approach was definitely refreshing.”*

## Benefits of the contract

Three years on, the MPS is now seeing £8m a year in savings, service satisfaction has improved, and the number of SMEs working alongside the MPS has increased by 40%. Integrator payment arrangements are also typically made on a fee basis – the Met pays KBR a fixed fee. This means no fees are taken from the original contract agreement itself, so the SME is not disadvantaged in any way by the process. At the same time, any savings go directly to the Met Police rather than a gain share arrangement with the Integrator partner, so the taxpayer benefits fully from the savings achieved.

At a time when several high-profile public sector contracts have been terminated and brought back in-house, with poor supplier performance cited as a key reason, the Integrator model ensures that the supply chain is delivering the service to the client’s requirements and supports individual service partners to improve performance if problems do arise.

<sup>10</sup> [www.marshalllaundryservices.co.uk/home](http://www.marshalllaundryservices.co.uk/home)

<sup>11</sup> <http://yourbusiness.azcentral.com/advantages-smes-17194.html>





Working under this contract, all suppliers – no matter their size – are able to forge a direct relationship with their client with back-up support from the FM Integrator, including supply chain management, finance, commercial support and access to the Intelligent Contact Centre (helpdesk).

Because the MPS' services are made up of individual contracts, SME suppliers benefit both financially (with access to transition fees and set management fees) and in terms of their business continuity by being engaged on stable (often three years with the option to extend by another year) contracts.

As Kenton explains, winning the contract is just the beginning of the relationship as the ongoing demands of meeting Key Performance Indicators while maintaining the overall quality of their service can prove difficult for smaller suppliers, due to the huge workload that a public sector contract can generate. While it's great news that SMEs can compete more easily with larger firms to win major contracts with central Government departments, much still needs to be done to support them in a way that enables them to supply a consistent and effective service.

Being able to access KBR's information management system and processes thus enable the SMEs to manage their work efficiently; whether that is with work order instructions coming in electronically or simply being paid in a seamless and structured manner.

The support given to SMEs during mobilisation has continued into the contract's operational time, which also benefits MPS. For example, all services have a governance structure that includes monthly meetings to discuss all elements of their contract, including operations, invoicing, security, HSE, resources, and risk items.

Regular meetings are also held with the client leads, and there are additional director-level meetings. This allows issues to be raised and feedback to be given for the contract in a regular, structured and measured way.

Says Sportsafe's Neill:

*"Because this is a large contract, there's a lot going on, and the way the meetings are structured enables us to have regular contact to know what they're planning, to know what they're doing, and to know what's coming up. This enables us to plan for the future. If we didn't have the meetings I don't think we'd perform as well as we do."*

Because KBR works behind the scenes, taking on the burdens of the back-office, the programme has achieved a flexible solution delivering significant savings of £8m (20%) annually for MOPAC, MPS and taxpayers, as well as supporting the Government's wider aims of supporting SMEs.

The contract now handles:

- 31 hard and soft FM services;
- 98,000 help desks calls annually; and
- 72,000 / 45,000 reactive/ppm task orders.

In March 2017, the MPS put out further tenders for approximately £40m to £50m worth of annual expenditure across both soft and hard FM services. This primarily targeted SMEs who could benefit from an open and transparent relationship with the MPS and MOPAC, away from the traditional contractor and sub-contractor/client relationship.

Peter Barrett, Director of Real Estate for the Metropolitan Police Service, says:

*“This drive is an exciting opportunity for SMEs to support policing in one of the world’s most dynamic cities. The Integrator model allows us to work closely with the people who support our operational colleagues and hear directly from them about how together we can best support and improve the service for the MPS. Several small businesses already working with the Met have said that the learnings they have taken from the contract in terms of systems and processes have helped them professionalise and bid for further public sector work.*

*“It is a privilege to work with these companies and, along with the invaluable support of KBR, we have a strong desire to establish and build long-standing relationships with innovative partners to deliver high levels of service.”*

Sportsafe was already working with London Fire on its fitness equipment and now that it’s under the KBR umbrella, has experienced a seamless continuation of the contract.

Along with FM services – including the procurement, management and auditing of the facility management supply chain on behalf of the LFB – KBR also manages a shared MPS and LFB helpdesk centre, available 24/7, and a computer aided facility management (CAFM) system. This Intelligent Contact Centre with state-of-the-art voice and IT equipment takes full advantage of integration into a proven shared service with the MPS.

The big advantage for SMEs in particular is being able to access and use the sophisticated communication systems under the contract.

Says Kenton:

*“I think what the access to the helpdesk and CAFM system does for SMEs is give them additional information, when otherwise they wouldn’t necessarily have the big picture. This means they can look more strategically at their own internal resources, their own systems, their own processes, as well as their own service level arrangements. However, we still work closely with them to ensure they’re given every support.”*

The partnership between KBR and the Metropolitan Police has also been certified to the BS11000-1<sup>12</sup> Collaborative Business Relationships standard by Lloyd’s Register Quality Assurance (LRQA), a world-leading independent certification body. It was made in recognition of the way in which KBR and MPS project managers demonstrated commendable leadership, mutual trust and close collaboration to bring real benefits in cost savings, lessons learned and best practice.

## Lessons learnt

KBR took on the Integrator role to simplify the facility management service for MPS, and continues to work with existing small businesses that already had an ongoing relationship with MPS before the contract was mobilised.



<sup>12</sup> [www.bsigroup.com/en-GB/bs-11000-collaborative-business-relationships/](http://www.bsigroup.com/en-GB/bs-11000-collaborative-business-relationships/)

This means the arrangement has not been financially damaging for the small businesses and in fact, by working with KBR on this contract, some of the small business suppliers have found it has helped grow their business as it adds extra credibility, working with a large organisation.

Says Christodoulou of Marshalls:

*“The whole system has become a lot more efficient and organised and with everything much better documented and a much greater degree of control over things such as stock, times of delivery and the collections.*

*“The reporting culture is much better defined than it ever was before. We used to produce similar reports for the previous TFM, but we never got any feedback on those, whereas now we get feedback on a monthly basis.”*

The SMEs have also been able to take advantage of the collaboration and technology benefits mentioned earlier, such as structured meetings, ability for feedback across all parties and extra support as well as access to sophisticated IT helpdesk and CAFM systems.

There is also the opportunity to bid for more tenders via the framework.

Says Burton at Burley:

*“We can now bid much more freely on other contracts that KBR are working on because of the sort of framework that we’ve already put in place with them. This means we’re able to discuss other opportunities rather than going through a protracted process of being invited to tender.”*

Kenton concurs:

*“Because we have a high degree of impartiality and independence, I think we’re able to take a holistic view of those contracts, and really work with the suppliers collaboratively. The more success we are having, the more other clients are seeing the benefits of this new model. For example, the Department for Work and Pensions and Ministry of Justice are quite interested in the Integrator model.”*

The benefits for the Metropolitan Police Service and the people it serves have also been considerable, as by bringing more suppliers in through the first procurement exercise, the reduction of costs was over 20%; about £8m per annum.

Concludes Barrett, at the Metropolitan Police Service:

*“KBR and the MPS team have worked together and built a mutual trust through close collaboration on our FM Integrator project. Drawing on the combined skills of our teams, this has already brought real benefits in cost savings, service and in delivering innovation and best practice.*

*“Having worked with start-up businesses in the past, Colin (Kenton) has a real understanding of the many challenges faced by small and medium-sized businesses, especially when transacting with larger organisations. This knowledge and understanding has been instrumental in supporting and developing small businesses now excelling as part of the Met’s FM and property supply chain.”*



## 5.0 FM social impact: The living wage – making work pay



### The issues

The UK has one of the highest proportions of employees in low paid work from advanced economies.<sup>1</sup> According to the Resolution Foundation (which defines 'low pay' as hourly wages below two-thirds of gross median hourly pay (£11.56 in April 2013) for all employees, equivalent to £7.69 an hour),<sup>2</sup> one in five employees (22%, or just over five million individuals) in Britain earned less than the low pay threshold in 2013.

Extreme low pay (equivalent to one-half of gross median hourly pay – £5.77 an hour) affected 2% of employees – likely to be young people and apprentices, reflecting the fact that the threshold falls below the main adult NMW rate. Furthermore, one in five employees (20%, or around 4.9 million individuals) earned less than a living wage.

According to the OECD, the share of employees in the UK earning below the low pay threshold in the period 2010-12 was 21%, higher than most other European countries – including more than twice the rate in Italy (10%) and Switzerland (9%), and four times that in Belgium (5%). Furthermore, the proportion of workers in low pay in the UK, having risen from around 15% in 1975 to a peak of 23% in 1996, had not fallen at any significant rate to April 2013.

Low pay trends vary across different employee and job characteristic groups, with increasing numbers of younger workers, men, those employed in cleaning, security, catering, sales and customer services occupations and those working in hotels and restaurants and in retail, falling below the threshold in recent years.

The Resolution Foundation acknowledges that:

*'...stagnating and falling wages have meant that increasing numbers of workers have found it hard to get by on pay alone, as evidenced by the steady but gradual rise since the mid-1990s in the proportion of families in poverty in which at least one person is in work. Such trends have sparked a renewed interest in low pay thresholds linked to socially defined levels of subsistence or basic needs, as manifested in the calculation of minimum income standards and a revival of living wage campaigns whose aim has been to ensure that wages deliver a 'minimum acceptable quality of life' for their recipients.'*

1 [www.livingwage.org.uk/sites/default/files/BAR\\_LivingWageReport%20cropped%2021%2001.pdf](http://www.livingwage.org.uk/sites/default/files/BAR_LivingWageReport%20cropped%2021%2001.pdf)

2 [www.resolutionfoundation.org/app/uploads/2014/10/Low-Pay-Britain-20141.pdf](http://www.resolutionfoundation.org/app/uploads/2014/10/Low-Pay-Britain-20141.pdf)

## Overall

**0.5 million**  
[or 2%] are  
in **extreme  
low pay**

**4.9 million**  
[or 20%] **earn  
less than the  
prevailing living  
wage** in their area

**5.2 million**  
employees  
are **low paid**  
representing  
**22%** of all  
workers

Source: Resolution Foundation, 2014

## By employee profile

**3.2 million women [or 27%] are low paid**

**0.9 million** [or 81%] of those  
aged **16–20** are **low paid**  
as are **0.9 million** [or 40%]  
of **21–25 year olds**

**0.2 million** [or 21%] of workers  
aged **61–65** are **low paid**  
as are **0.1 million** [or 33%]  
of those aged **66 and above**

**London** is the only region  
in which **more workers earn  
below the living wage [17%]  
than are low paid [12%]**

**16–20 year olds**  
account for

**84%**

of the total number in  
**extreme low pay**

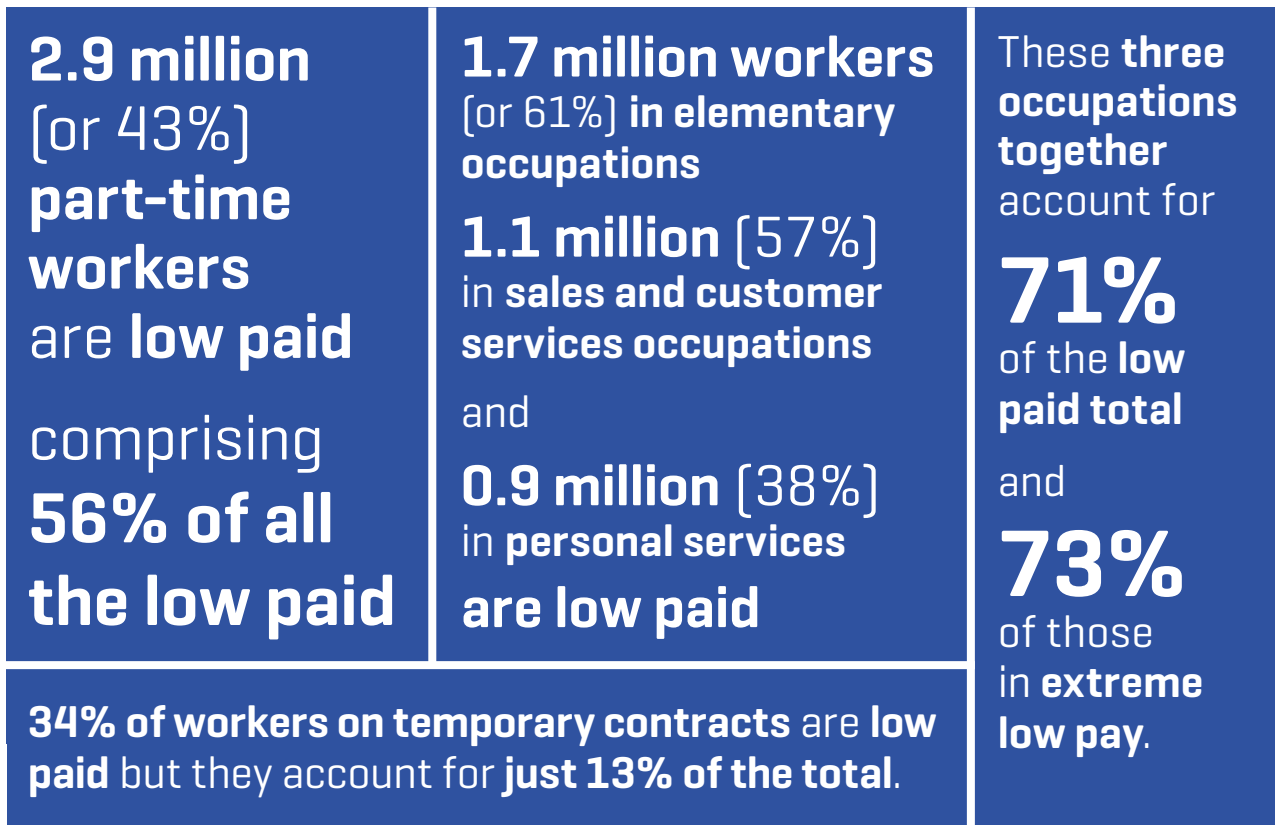
**One-in-four  
employees**

in the North East,  
Yorkshire and Humber,  
the East Midlands  
and Wales

are **low paid**

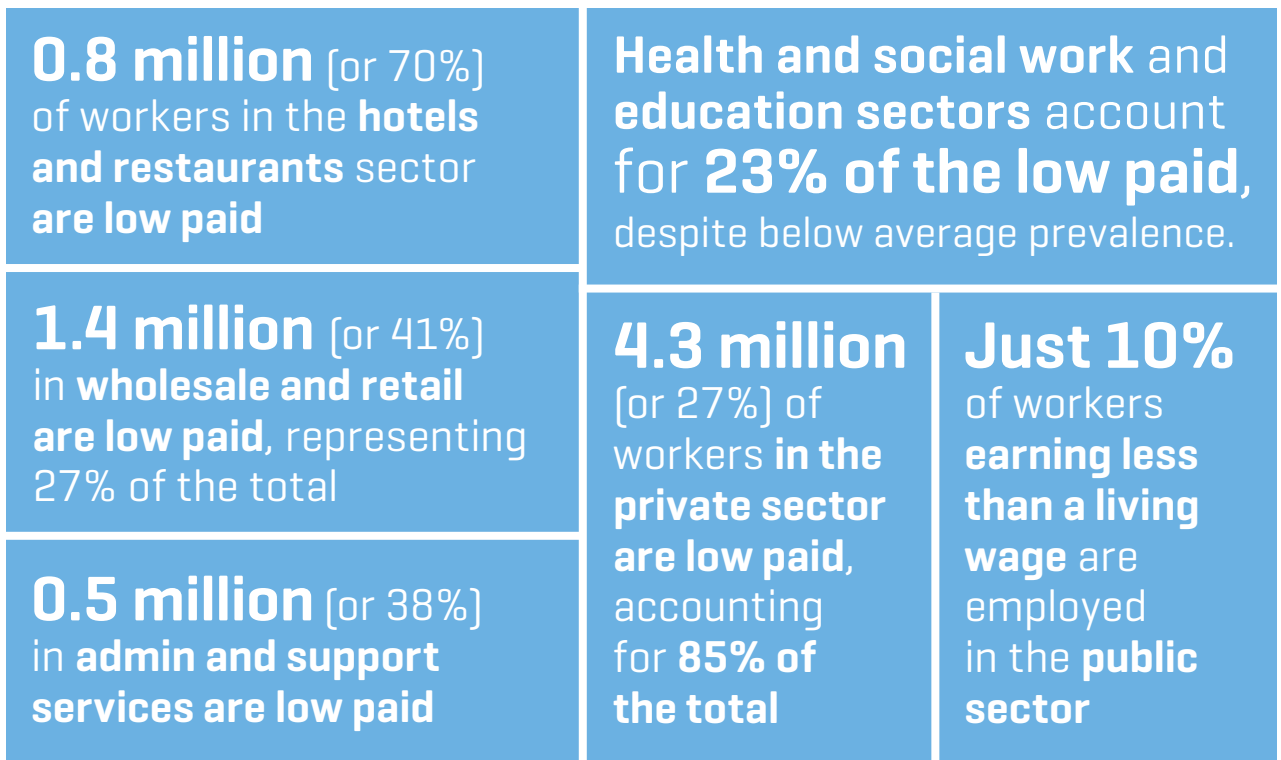
Source: Resolution Foundation, 2014

## By job profile



Source: Resolution Foundation, 2014

## By industrial sector



Source: Resolution Foundation, 2014

Figure 1

### The differences between the National Minimum Wage, National Living Wage and Real Living Wage

Explaining UK Wage Rates			
	<b>The minimum wage:</b> Government minimum for under 25s	<b>National Living Wage:</b> Government minimum for over 25s	<b>Real Living Wage:</b> The only wage rate based on what people need to live
	<b>£7.05</b>	<b>£7.50</b>	<b>£8.45</b> across the UK and <b>£9.75</b> in London
<b>Is it the Law?</b>	Statutory	Statutory	Voluntary
<b>What age group is covered?</b>	21 and older	25 and older	18 and older
<b>How is it set?</b>	Negotiated settlement based on recommendations from businesses and trade unions	A % of median earnings, currently at 55% it aims to reach 60% of median earnings by 2020	Calculation made according to the cost of living, based on a basket of household goods and services
<b>Is there a London Weighting?</b>	No London Weighting	No London Weighting	Yes – there is a separate higher rate for London

Source: Resolution Foundation, 2014

## Strategic approach

Low pay is not a new problem, but rather a changing one. A move towards an increasingly service-led industry, with new technology and changing consumption patterns, has meant increased demand for lower skilled roles, thus creating an economy in which significant proportions of the workforce are low paid.

In a bid to address the issue, the National Minimum Wage Act 1998<sup>3</sup> created a minimum wage across the United Kingdom, which as of April 2017 is £7.50 per hour for workers aged over 25, £7.05 per hour for workers aged 21 to 24 and £5.60 per hour for workers aged 18 to 20. It was a flagship policy of the Labour Party in the UK during its 1997 election campaign and is still pronounced today as an outstanding gain for 'at least 1.5 million people' – in fact, it raised the wages of around 1.2 million people by around 10%. The national minimum wage (NMW) took effect on 1 April 1999, and was set at £3.60 per hour for those aged 22 and over.

In tackling the low pay problem, the Resolution Foundation (Bain) review of the future of the NMW<sup>4</sup> argued that *'the government should make it an explicit long-term ambition of economic policy to reduce the incidence and persistence of low pay in the UK'*. More specifically, the review recommended that the Government should commit to reducing the share of employees who earn below two-thirds of the hourly median wage from 21% to 17% of employees.

On 1 April 2016, an amendment to the National Minimum Wage Act was made to raise the wage for workers aged over 25, in an attempt to form an obligatory 'National Living Wage'. This was implemented at a significantly higher minimum wage rate of £7.20 (as compared to £6.70 for workers under 25), and is expected to rise to at least £9 per hour by 2020 as part of the Government's commitment for Britain to become a 'Living Wage country' by 2025 at the latest, underpinned by a new national pay progression strategy and an expanded role for the Low Pay Commission.<sup>5</sup>

## A 'living' wage

During the same period, the process of adopting a voluntary 'living wage' grew traction, with over 1,000 employers having now signed up to the Living Wage Foundation initiative,<sup>6</sup> which has been in operation in the UK since 2001, having first been adopted in London and then extended beyond the capital throughout the country. London Citizens,<sup>7</sup> which formed the initial group campaigning for change, made the argument that low pay had costs for the whole community, impacting on health, educational achievement and parenting, family life and civility. Its ethos was that people should be able to earn a fair day's pay, no matter where, geographically, they live, in order to live rather than just exist.

3 [www.legislation.gov.uk/ukpga/1998/39/contents](http://www.legislation.gov.uk/ukpga/1998/39/contents)

4 [www.resolutionfoundation.org/publications/minimum-wage-final-report/](http://www.resolutionfoundation.org/publications/minimum-wage-final-report/)

5 [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/367461/State\\_of\\_the\\_Nation\\_-\\_summary\\_document.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/367461/State_of_the_Nation_-_summary_document.pdf)

6 [www.livingwage.org.uk/what-is-the-living-wage](http://www.livingwage.org.uk/what-is-the-living-wage)

7 [www.geog.qmul.ac.uk/livingwage/history/](http://www.geog.qmul.ac.uk/livingwage/history/)

It was reported that by December 2011 at least 10,000 workers in London had been moved out of poverty as a result of the Living Wage campaign, having redistributed almost £100m since 2001.

By October 2013, it was calculated that this had increased to a figure of over £182m, having been added to the wages of almost 19,000 workers in the capital in the period from 2005-13. By June 2014 the Living Wage Commission estimated that 45,568 employees had been brought up to the Living Wage by 712 accredited employers and that over £210m had been apportioned to low paid workers through the Living Wage campaign.<sup>8</sup>

The Living Wage is not the same as the Government's National Living Wage, despite their similar names, with the LWF's current rate for all employees aged 18 and over currently standing at £8.45, and £9.75 in London. Full-time employees earning the LWF Living Wage earn £45 a week more than those on the government minimum, and £95 a week in London.

The Foundation recognises:

*'Paying a wage that is enough to live on is good for business, good for the individual and good for society. Many employees report improved job satisfaction. An independent study found that 75% of employees reported increases in job quality as a result of receiving the Living Wage. 50% of employees felt that the Living Wage had made them more willing to implement changes in their working practices; enabled them to require fewer concessions to effect change; and made them more likely to adopt changes more quickly.'*<sup>9</sup>

## The business case for the living wage

Research conducted to identify the 'business benefits' of a living wage from the perspective of the employer have included evidence of reduced staff turnover, reduced absenteeism, reputational benefits, recruitment and retention of staff, worker morale, and productivity benefits.

Research conducted in 2012<sup>10</sup> found that the impact of organisations moving to the LLW resulted in a 25% reduction in staff turnover on average – while organisations also reported positive reputational impacts, aiding their ability to recruit staff and (in one response) helping to win business. Additionally, following the introduction of the LLW by their employers, over half of the workers surveyed (54%) felt more positive about their employment, 52% felt more loyal towards their employer, and 17% indicated that their work was more productive. 70% of employers felt that the Living Wage had increased consumer awareness of their organisation's commitment to be an ethical employer.

## The costs of implementing the living wage

Some of the identified costs and potential barriers to implementing a living wage include increased wage costs and expenditure, reduced profits/margins, impact on prices, issues around employee pay scales, decision-making about wages being transferred to other agencies, negative impact on the morale of those not receiving a pay rise, and issues around the re-negotiation of employee or contractor contracts. However, it is claimed that increased wage costs of moving to a living wage does not necessarily impact significantly on overall salary costs, and that some costs could be mitigated by efficiency savings, such as reviewing work practices. Furthermore, it has been argued that if costs were to be passed onto consumers these would be relatively low compared to the cost of the services.

It is clear that raising wages to meet that of Government or 'real' living wages has significant benefits to both employee and employer. But obviously the approach is not a simple one, particularly in certain industries that are driven by cost, and fiercely competitive. Cleaning is one such industry. In one recent Equality and Human Rights Commission study, cleaning firms expressed reticence about introducing higher rates of pay, stating contract value determines their pay rates, and they are constrained by what the client will pay.

*'Clients saw cleaning and facility management contracts as an easy way to find cost savings, but did not consider the impact on cleaning firms and workers when contract values reduced but they expected the same level of service'* says the Invisible Workforce report. *'Some cleaning firms believe that as cleaning is an intangible service, it is sometimes difficult for clients to establish the difference between lowest cost and value for money. A small number reported that clients incentivise their procurement departments with the savings they can achieve with contract values.'*<sup>11</sup>

However, research by the Equality and Human Rights Commission (in 2014) showed that cleaning firms that have undertaken the Living Wage in the UK have reported benefits of reduced absenteeism and staff turnover (some reporting staff turnover falling to less than 1%), as well as clients indicating improved service and higher productivity rates since moving to the Living Wage. It is logical that such benefits could also be felt in other elementary occupations, such as security services, catering and other typically 'low-skilled' roles.

This case study looks at one company that has engaged with its suppliers performing these so-called elementary roles, to roll out the Living Wage across its entire staff and contractor base.

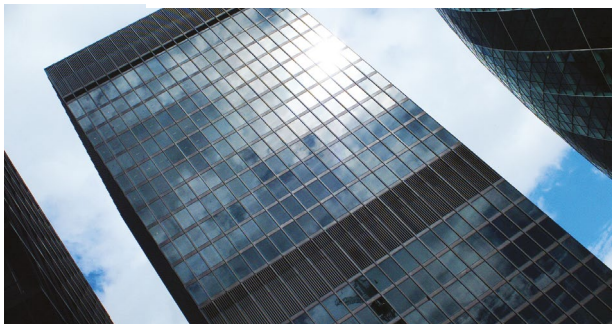
8 [www.livingwage.org.uk/sites/default/files/BAR\\_LivingWageReport%20cropped%2021%2001.pdf](http://www.livingwage.org.uk/sites/default/files/BAR_LivingWageReport%20cropped%2021%2001.pdf)

9 [www.livingwage.org.uk/what-is-the-living-wage](http://www.livingwage.org.uk/what-is-the-living-wage)

10 [www.geog.qmul.ac.uk/livingwage/](http://www.geog.qmul.ac.uk/livingwage/)

11 [www.equalityhumanrights.com/sites/default/files/the\\_invisible\\_workforce\\_full\\_report\\_08-08-14.pdf](http://www.equalityhumanrights.com/sites/default/files/the_invisible_workforce_full_report_08-08-14.pdf)





## Case study

### Aviva and partners

Aviva plc is a British multinational insurance company headquartered in London. It is the largest general insurer, and a leading life and pensions provider, in the UK and has a significant regional presence with c.17,000 employees in the UK and Ireland.

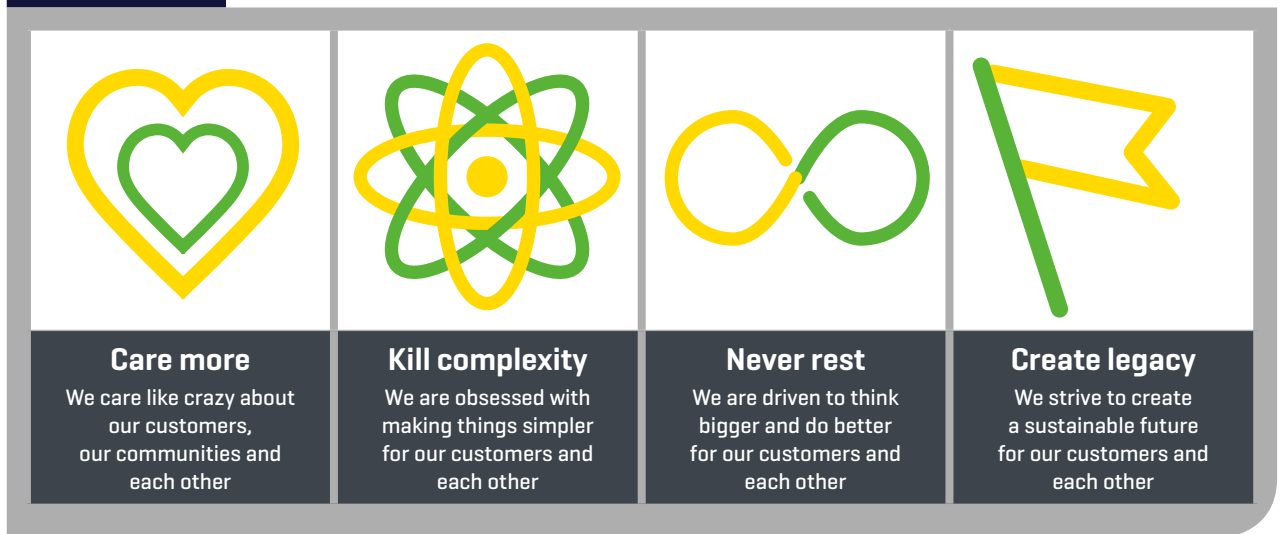
As a responsible business, a key priority was to ensure its business practices aligned with its business objectives. Hence, its decision in 2005 to adopt the London living wage, and to ensure its service partners adopted the same approach.

Of particular significance to Aviva, rolling out the Living Wage across the UK employee base in 2012 was recognition of its high number of staff and associated community involvement in Norwich and York, and the desire to expand its living wage commitment outside London. Both these cities initiated their own living wage campaigns, before the Living Wage Foundation joined up the whole of the UK into one combined force, and in 2014, the Living Wage was extended throughout the UK to include Aviva's subcontracted workforce, completing the fulfilment of its long-term commitment to improved remuneration.

In adopting the Living Wage outside London, Aviva was also responding to direct political pressure in the regions and therefore managing its political risk. Engagement around a living wage as a public policy issue has helped Aviva to develop its position, and contribute to public debate on the issue. Indeed, there have been comments in The House of Commons specifically referring to Aviva on the Living Wage. The investment arm of the company, Aviva Investors, now routinely raises the living wage in its meetings with companies in which it invests, and it forms part of its voting policy. In 2015 it discussed the living wage with a number of companies, including Unilever, Experian and BG Group, which have subsequently become UK-accredited living wage employers. It continues to engage with companies on this topic.

Says Zeldia Bentham, Group Head of Sustainability at Aviva plc:

*"There is a great deal of Board level interest in the issue of corporate responsibility, sustainability and personal development. More recently over the last few years, we have developed a new set of values – Care more, Kill complexity, Never rest and Create legacy.<sup>12</sup> Corporate responsibility (CR) aligns to the values of Care more and Create legacy; it's something that our CEO passionately believes in, that insurance is there for essential good. From a commercial point of view, we can't make money unless we provide great customer service and we can't provide great customer*

**Figure 2****Aviva's values.**

*service unless we are a responsible company, treat our employees well, treat our suppliers well and treat our shareholders well.”*

Aviva's CR objectives extend throughout the company's supply chain, from looking at things like the gender and ethnic make-up of the Board, and the boards of their suppliers, through to things like the Modern Slavery Act, and so on.

As the company outsources the vast majority of its FM roles, it is essential that the values of its contractors align with its own. Indeed, the company likes to think of all of its contractors as working underneath the Aviva banner. Simon Baldry, Head of Property Service Delivery, says:

*“We try to foster a one team philosophy; it doesn't matter whether people in our buildings work for Aviva or ISS, OCS or our other partners; they are all part of our team and we want to treat them fairly. Many of these people have worked in their industry for years but will have worked on the Aviva estate for longer than they will have worked for their direct employer. Like many corporates, we regularly tender contracts in the market. We may change the supplier that we use, but the staff still continue to work in our local offices, so they see themselves as Aviva and we look after them as Aviva.”*

Aviva's decision to adopt the living wage came about in response to a desire to live its corporate responsibility objectives.

Baldry explains:

*“Before adoption of the living wage, it could be too easy to go to market and pick low cost supply. What the living wage does is help us to balance what our employees, or our third party supplier employees, need to live on against the benefits that Aviva take from the contract*

*and the profits that our contractor will earn. By providing that clarity, we are able to live out Aviva's core values. It's clear in every contract that goes out of the door that we will demand 100% compliance of the living wage; we will ensure that we have the ability for open book audits so we can validate compliance with living wage. We see this as the minimum hurdle that a supplier must clear if they want to do business with Aviva.”*

Once Aviva got all its internal staff on to Living Wage contracts, they instilled this across their supply base within a very short timeframe.

Baldry continues:

*“Within three to six months of that decision being made we had moved all of our suppliers onto compliant contracts. It meant an absolute cost increase to Aviva because most of our supplier costs are labour rate driven; certainly in that first year Aviva picked up a significant proportion of the bill.”*

It was clear that the LW wouldn't just affect those people currently working underneath the rate, but that it would have an impact across many different roles. Indeed, the biggest issue Aviva faced after implementation was the impact on the relative pay scales up the organisation in its supply chain. Obviously there is a need to maintain difference between pay grades. Without a pay differential for supervisory roles, overall cleaning costs would have increased by 3.81% per annum. With the agreed increase reflecting the differentials in pay scale the actual overall increase was 4.42% per annum.

Says Baldry:

*“We didn't want to re-grade everyone to the same level and erode the benefits of supervisors and managers progressing in their organisation.*

*So we moved the whole of the salary scale up to maintain those managerial uplifts – the net effect was that most people’s pay increased, which resulted in very positive feedback from all staff.”*

In return, the company looked at ways in which cost efficiencies could be made, challenging suppliers to find more efficient ways of working (such as reducing costly night shifts) to try and recoup some of the expenditure. But there was no getting around the fact that it had a cost to the company.

Says Bentham:

*“We looked at the best way of accommodating our contract staff and making sure that we didn’t have a huge turnover and that people were happy to work for us and the quality of their work was maintained. Now when you have a huge turnover there’s additional costs of retraining all the time and recruiting and filling in and all of those kind of incidental costs that all add up. Whereas if you have a steady, happy workforce, that are being paid a decent amount of money for the work that they do, we found that the living wage was the best solution to benefit ourselves as well as to benefit those people that were working for us.*

*“That decision went up to Board level and was justified solely on the basis of it’s the right thing to do. It’s what a responsible company should do, and if Aviva wants to be known as a responsible company there is no alternative.”*

## Aviva’s suppliers

Aviva uses a range of FM suppliers across its operations, all of which were affected to a greater or lesser extent. ISS, which provides helpdesk services plus a range of engineering roles, was not greatly affected by the decision, partly because most of the roles it places within Aviva are skilled roles, and thus above the Living Wage threshold anyway, but also because it was a corporate objective for them too, and thus easy to align with. Says John Floyd, Key Account Director at ISS Technical Services:

*“Our relationship with Aviva goes back to 2008. Aviva contacted us to make sure we fell in line with the proposal, but we were doing it anyway – it was a joint thing. They challenged us to make sure.*

*“Our CEO, Richard Sykes, was championing it anyway so it fell together. Aviva is big on collaborative working across its supply chain, so it reached the same people at the same time.”*

Restaurant Associates provides over 130 employees to Aviva across its catering division, a partnership that began in 2010. Restaurant Associates became an Accredited Living Wage Service Provider in 2016.

Says Toby Hartley, Account Manager for Restaurants Associates:

*“As a partner of Aviva, and an accredited Living Wage Service Provider, we fully support the Living Wage. When Aviva became a Living Wage employer it was only natural for us to align both our businesses.*

*“Since introducing the Living Wage with Aviva we have seen an improvement in employee retention, customer engagement and satisfaction rates, all of which helps our business to grow. Our employees are key to the success of our business and we can only draw positive feedback from its implementation. Simply put, it’s great value to our business.”*

OCS provides cleaning, security and associated services for Aviva and employs nearly 500 people on its contract. It has been paying Aviva staff since January 2017. Says Gaynor Isaac, Account Director:

*“Aviva and OCS have shared values, and as such made a joint decision to pay the LW as part of the terms of the contract. The implementation was agreed as a business to ensure that OCS continue to be an ethical and responsible employer, to drive retention of valued employees, and increase employee satisfaction and engagement. The benefit to the employee and the associated benefits to the services that OCS deliver are extremely important to OCS and the company core values, and the initiative has resulted in a notable increase in morale and reduced attrition rates across all service levels.”*

## Lessons learnt

Implementing higher rates of pay across the board will always have a negative effect in terms of cost – but, it would seem, positive effects in terms of the benefits seen by both employees and the company’s customers. How to balance one against the other will always be a delicate issue, but in the modern climate of transparent and honest commercial practices, increasingly firms will be judged not just on how good a service or product they provide, but on how ethically they make that product or service.

In putting together its business case for implementing the living wage, Aviva has spoken to many of its employees and contractors on the ‘front line’, and created good PR collateral from their stories. As Bentham concludes:

*“There is one story<sup>13</sup> about a cleaner who works for us in Norwich and how the transition to the Living Wage has made a real difference to her life. She’s a grandmother and she looks after her granddaughter and it means that she can afford to get her a laptop so that she can do her school work and that kind of thing. They are really, really powerful stories that you look at that and you forget the cost because it’s completely irrelevant to the benefit it brings to the individual as well as to Aviva.”*

<sup>13</sup> [www.youtube.com/watch?v=j-f11bTbzA8](http://www.youtube.com/watch?v=j-f11bTbzA8)

## 6.0 FM social impact: Working with stakeholders to improve the learning and employment skills of young people in East London



### The issues

The Public Services (Social Value) Act came into force on 31 January 2013,<sup>1</sup> requiring those who commission public services to consider how they can also secure wider social, economic and environmental benefits from those services.

The aim of the legislation is to transform the way money is spent on local public services, so that before they start the procurement process, those commissioning the services think about whether the services they were going to buy, or the way they were going to buy them, could secure benefits for their area or stakeholders.

According to Chris White,<sup>2</sup> the MP who introduced the legislation:

*“To take one example – imagine a local health authority is seeking to engage new providers to take on some adult social care services. It could merely decide to*

*contract it out to the cheapest provider based on pure financial cost. With social value as part of the contract, it would also be asked to look at those providers who have a track record of improving the wellbeing of residents of the local area, whether that is through mentoring schemes, engaging local volunteers, sourcing food from environmentally sustainable local providers or providing training to young people.”*

A report<sup>3</sup> in 2015 into the impact of the Act carried out by Lord Young, the Prime Minister’s Adviser on Enterprise, examined how the Act had been performing in its first two years and revealed that despite a growing awareness of CSR amongst public bodies, the incorporation of social value in actual procurements appeared to be relatively low.

The review also revealed that understanding about how to apply the Act varied, and this had led to inconsistent practice, both in commissioning social value and bidding for social value contracts. Some key issues arose repeatedly during the review around how to define social value, and how and when to include it in the procurement process.

The third issue found by the review was the need for commissioners to be better able to measure and quantify the social outcomes they want to embed in a procurement process.

1 [www.gov.uk/government/publications/social-value-act-information-and-resources/social-value-act-information-and-resources](http://www.gov.uk/government/publications/social-value-act-information-and-resources/social-value-act-information-and-resources)

2 <https://blogs.ncvo.org.uk/2011/10/17/guest-post-from-chris-white-mp-why-my-social-value-bill-will-help-open-up-public-sector-contracts-for-charity-sector/>

3 [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/403748/Social\\_Value\\_Act\\_review\\_report\\_150212.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/403748/Social_Value_Act_review_report_150212.pdf)

## Strategic approach

Following the review, the Government introduced more guidance to the Social Value Act, along with an implementation and measurement project. This aimed to address the three key barriers Lord Young identified that must be overcome for the Social Value Act to be used to its full potential; awareness and take-up, practical understanding and measurement.

A Social Value Portal<sup>4</sup> was also launched, which aims to become 'the place' where Business comes to learn about social value; understand public sector targets; listen to communities; and meet third sector providers in order to promote better business and community wellbeing.

Alongside this, Social Value UK<sup>5</sup> was set up, a national network for anyone interested in social value and social impact. This works with members to increase the accounting, measuring and maximising of social value from the perspective of those affected by an organisation's activities.

As a better understanding of the Act has grown, it's become clear that social value is not just something business leaders can pay lip service to, or dedicate a few paragraphs towards within their annual report.

According to Josephine O'Connor, Business and Community Investment Manager at VINCI Facilities, for those organisations working within the public sector the Act has to be a central element of operational management and the behaviour of its people; preferably embedded in an organisation's culture and consequently written into KPIs.

She also believes that while the Social Value Act has been introduced for and embraced by so many in public sector, it's also been welcomed 'with open arms' in the private sector, as the following case study illustrates.

<sup>4</sup> <http://socialvalueportal.com/>

<sup>5</sup> [www.socialvalueuk.org/about-us](http://www.socialvalueuk.org/about-us)



## Case study

# VINCI Facilities and Barking and Dagenham College

VINCI Facilities,<sup>6</sup> which provides facility management and building maintenance to both public and private sector clients, was the first FM provider to join Social Value UK, with the aim of helping facilitate a robust and industry-leading approach to managing and improving the social value it creates for society, staff and customers.

The delivery of social value has been at the core of VINCI Facilities strategy for a number of years. Rory Murphy, Commercial Director at VINCI, explains that enhancing and supporting the communities within which it works is one of six key strategies that help support VINCI deliver on its primary business objectives.

*“Working with our customers to develop truly sustainable social value delivers multiple returns in terms of business benefit,” he says. “We work closely with our customers to collaboratively develop social value initiatives that align absolutely with their own mission and we are able to use either our experiences internally or draw upon our mature relationships with external organisations to implement and roll out projects that will offer a lasting legacy.*

*“The business benefits of better alignment with our customers are obvious, but the benefit that flows through our own teams and that of our suppliers to be involved in these schemes drives far better engagement and commitment to our business as a whole. The majority of our schemes sit at the very heart of the community and often both our customers and our workforce are drawn from that very same community and take great pride and satisfaction in engaging and supporting any initiative that enhances the community as a whole.”*

According to Murphy, the commercial imperative for social value is sound; the VINCI Facilities sustainable business model is founded on the assumption that if you support and develop your key stakeholders, namely your customers, team and community, and then deliver a safe and quality service then your business objectives will be achieved.

*“The ability to leave a lasting legacy with some of the interventions we undertake with our customers is then the absolute icing on the cake for me personally,” he continues.*

<sup>6</sup> [www.vincifacilities.com](http://www.vincifacilities.com)

*“Our work with Social Value UK has been invaluable in helping us understand how social value is measured and how we need to monitor and assess the outputs from our projects by being clear right from the start as to the impact we hope to achieve. The measurement and presentation of social value has to be both real and credible, which puts some very real pressure on the data that you need to collect to support your numbers. Employment undoubtedly remains the biggest single contributor to the delivery of social value, and Facility Management businesses are ideally placed to offer the range of employment opportunities and access to work for those difficult-to-reach individuals.*

*“As is demonstrated by the range of schemes we can deliver, the intervention into ultimate employability can start from pre-school right through to apprenticeships and complex back-to-work schemes, but the common theme flowing through all of these is to improve the life chances of those individuals within the communities within which we operate.”*

As part of its work, VINCI Facilities has been involved in a range of projects that are all targeted at delivering social value. One notable initiative, spearheaded by O’Connor, was ‘Reading from the start’,<sup>7</sup> a joint programme with Peabody Group<sup>8</sup> that helps deliver social value through tackling the issue of illiteracy and poor educational support in three London boroughs.

The partnership was a natural fit. Founded in 1862 by the banker and philanthropist George Peabody, the Peabody Group provides homes and services to more than 80,000 Londoners. The housing association and developer has a focus on regeneration and is a provider of an extensive range of community programmes.

Explains O’Connor:

*“My approach was to look at the principles of the Social Value Act and I had a prime opportunity to put it into practice as we were about to embark upon a ten-year contract with Peabody [to deliver its ‘Quality Homes’ programme across their estates] which gave us an opportunity to offer a lasting legacy, something we’d really, really been keen to do because previously everything had been on a smaller scale.”*

‘Reading from the Start’ aims to improve literacy skills, foster a love of reading and positively impact long-term educational outcomes in 500 children aged zero to five growing up in less affluent areas of London.

It was first rolled out in Hackney and Tower Hamlets, targeting children living in low income households, where there is no spare money for books, or in the case of low income working parents, not enough time or energy to spend sufficient time reading or playing with their children.

It also addresses the challenge that a high proportion of these children are from backgrounds with parents who do not speak English as a first language.

Every month over the course of three years each child receives a book, and the whole family receives support from trained volunteers and community workers.

Says O’Connor:

*“We’ve seen parents that don’t speak English as a first language actually learning alongside their children, which is now opening doors, as they’re speaking to neighbours.*

*“This is what the Social Value Act does; it gives you licence to open the door and say, actually let’s do some good, let’s go out there and make a difference. It also proved we were embracing this Act because up until then it wasn’t formally recognised or monitored so this project helped demonstrate how we put it into action.”*

This award-winning project<sup>9</sup> has also earned praise from Jonathan Sandall, Director of Fundraising at Peabody:

*“This is one of the most inspiring projects that I’ve ever been involved in. VINCI Facilities has enabled us to fast-track a programme that we’ve wanted to run for quite some time. Not only do they bring their commitment and enthusiasm to the project, but also a lot of resources as well.”*

The firm has also forged a formal long-term partnering arrangement with the Construction Youth Trust,<sup>10</sup> The Duke of Edinburgh’s Award<sup>11</sup> and The Prince’s Trust,<sup>12</sup> making it the first company to simultaneously partner with all three charities. This charity partnership provides invaluable opportunities to develop leadership and team working skills whilst contributing to the community, enabling it to:

- engage with local communities;
- create chances for young people to get into the industry; and
- provide employees with rewarding development opportunities.
- Create bespoke solutions that align with Customer needs.

VINCI also supports employees who wish to do volunteer work within the community or for charitable institutions. According to O’Connor, supporting volunteers by allowing them one full day off a year to pursue any charitable cause of their choosing, helps the company to build relationships with the local community and improve how it is perceived within it.

Employees who do volunteer work can use the skills that they have developed at work to help the community; learn new skills including, for example, leadership qualities; and improve their morale, physical health and work–life balance.

7 [www.peabody.org.uk/community-programmes/family-and-parenting/reading-from-the-start](http://www.peabody.org.uk/community-programmes/family-and-parenting/reading-from-the-start)

8 [www.peabody.org.uk](http://www.peabody.org.uk)

9 [www.fm-world.co.uk/news/fm-industry-news/bifm-awards-2016-societal-impact/](http://www.fm-world.co.uk/news/fm-industry-news/bifm-awards-2016-societal-impact/)

10 [www.constructionyouth.org.uk](http://www.constructionyouth.org.uk)

11 [www.dofe.org](http://www.dofe.org)

12 [www.princes-trust.org.uk](http://www.princes-trust.org.uk)

For example, when VINCI staff working at St Christopher's Hospice in South London discovered it needed a new bed which cost £10,500, they worked together to help raise the money for the hospice.

Says O'Connor:

*"Our people really are amazing, as they're always the first to put their hands in their pocket. But we can't leave the supply chain out, they're incredibly generous – which is how we came to launch 'Wide Horizons' with Barking and Dagenham College."*

## Barking and Dagenham College

VINCI has worked in the areas of Newham, Tower Hamlets, Barking and Rainham for many years and saw that school leavers joining the business did not have some of the business or trade skills required to cope with employment.

Over the years a relationship with Barking and Dagenham College<sup>13</sup> (BDC) had been forged to help provide a link for students to the world of work. The College has approximately 12,500 students of all ages, offering a range of technical and professional training aimed at getting them into university, straight into work, or to help take their career to the next level.

O'Connor – in conjunction with colleagues and supply chain members – got involved with delivering industry talks to students, focused on the expectations of the built environment regarding apprentices and the career pathways that exist within the sector.

When it became apparent that some of the students lacked the life skills to take what they'd learnt out of the classroom and into the world of work – for instance, how to write a CV, or how to produce a quote for a potential construction or plumbing job – O'Connor, her colleagues and supply chain began a programme of employability to help equip students for the 'real world'.

Explains O'Connor:

*"It's a four-lecture based programme that includes going through their CV, taking a business call on the telephone and interviewing techniques."*

As part of a social value project led by VINCI Facilities, the College was asked to submit students to a refurbishment project to help renovate the residential activity centre for charity Wide Horizon; essentially a make-over, being carried out over three days.

The project was residential, and required the students to stay at the centre in Kent and to work with various contractors from VINCI and its supply chain.

Initially BDC was asked to submit six students but when O'Connor and Dean Jones, the MD of local suppliers, Broadway Decorating, met with the 15 applicants they felt they all deserved a chance to be a part of the project. Students from Painting and Decorating, Electrical, Plumbing and Construction, Design and Management also attended, along with two students from Media who filmed the project.<sup>14</sup>

The Barking and Dagenham College construction students, who between them donated 300 hours of time to the project, exceeded expectations in terms of what they gained from it because they are gaining access to real employers. Following the projects, quite a few of them have been offered work through these programmes.

According to O'Connor, the main benefits to the students were having contractors on the project with a desire to support them. The contractors were happy to pass on their experiences whenever asked.

This kind of social impact is about more than just training. It's about practical, pragmatic social value in action and also planning for the future. It involves tapping into the talent pool, enhancing it, nurturing it for the future and employing those people too. It is about sustainable social value. The greatest social value VINCI Facilities can create for an individual is increasing their opportunity to be employed or enhancing the skills they have to progress their careers so hence the partnership with Dagenham has developed lasting value within the area.

The Wide Horizons project was followed up by another programme, delivered in Newham, London in March, where a VINCI Facilities-led collaboration provided College students with work experience and training whilst improving the facilities of an important hub in the local community ('Arc in the Park'), which was again filmed.<sup>15</sup>

One of the important facets of the arrangement, according to O'Connor, is in helping the supply chain to contribute in any way they can, as not everyone has a huge budget.

She explains:

*"I would say to our supply chain, 'I have a project of XYZ and I'm looking for contributors,' so they might lend me someone from the trade, or they might give me materials or stock items. It could be anything that they give relative to their business."*

*"It's like a jigsaw puzzle and we can only achieve the final picture if everybody puts a piece of the puzzle in."*

The students have learnt invaluable lessons, including what it is like in practice to work amongst other trades, and waiting for your turn to do your job.

<sup>13</sup> [www.barkingdagenhamcollege.ac.uk](http://www.barkingdagenhamcollege.ac.uk)

<sup>14</sup> [www.youtube.com/watch?v=Ejuld5lDjeM](https://www.youtube.com/watch?v=Ejuld5lDjeM)

<sup>15</sup> [www.youtube.com/watch?v=cEzPF-PAnA](https://www.youtube.com/watch?v=cEzPF-PAnA)



One student said:

*“I thought I was just going to come and paint but I’m the last one in the line, and if the others don’t do their job quickly I can’t do my job quickly, which could impact on the bottom line.”*

Bob Nosedo of Employment and Skills for Barking and Dagenham College reflects on the impact the programme has had on his students:

*“The confidence our students exude because of their attendance is astounding! BDC now has a pool of students so confident that they present live TV on YouTube each week. Their confidence is a direct result of the skills VINCI delivered; an added bonus outcome of this programme.”*

For the future, O’Connor is about to embark on the same kind of programme with Havering College, because she argues, it’s not enough to say ‘There’s your NVQ at the end of it’.

She’s also keen to extend this knowledge to school-age pupils and help inform them on the vast number of opportunities for work within facility management and the built environment. This includes a new programme called ‘It’s not all hard hats and hammers’.

## Measuring success

As Lord Young’s report suggests, measuring the success of the Social Value Act is more an art than a science, but according to O’Connor, an important element of the process is in measuring its impact from the start. She advises not to begin with a pilot without measuring it, as by looking at its impact from the beginning of an initiative will help inform the data and the best means of gauging whether improvements are being made.

She explains:

*“You can spend a pound and benefit 50 people or you can spend 50 pounds and benefit one person. The greater good is the 50.*

*“So don’t get hung up on metrics in that sense. But do get hung up on its social impact; get hung up on that.”*

For example, VINCI is just opening a new ‘Reading from the start’ in Chingford, and from the beginning of the project is surveying the impact by asking parents what they hope to get from the programme, and see if it delivers.

Meanwhile, nine of the students who attended the Wide Horizons project went on to obtain full-time employment in their chosen fields. Most say the project with VINCI gave them a real insight into life on site and allowed them to grow in confidence.

For those working on the Arc in the Park project, the practical experience of working on a live site with tradespeople who had years and years of experience was invaluable.

Student Jalal Tarakhall, who worked as site manager on the project said:

*“What you might learn in the classroom can seem totally different once you experience it physically on the site.”*

*“Working alongside qualified electricians has been a good experience,”* added Edward Girbaan, an electrical student. *“At college we do practical one day a week, but working in small areas. But here from the first day we totally rewired the place and it turned out we had to rip the ceiling and the walls off.”*

This case study illustrates how, done right, embedded as an intrinsic element of a service contract, social value can make a huge difference to local communities, regardless of whether it involves the refurbishment of a community centre, social housing, or an energy improvement initiative.

However, O’Connor feels strongly that social value should not be about simply meeting some procurement criteria in a tender. It is about making a sustainable difference to the communities affected by the facilities services provided.

She describes it as a moral duty of care – about how you interpret the legal obligation and how far you go.

Following these ideals, the principles of the Social Value Act have been embedded across VINCI’s work; engaging with the communities affected by its day-to-day services, positively impacting on the lives of young people, the disabled and disadvantaged, the wider community and its own people and supply chain at the same time.



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## Lessons learnt

In his review of the Act,<sup>16</sup> Lord Young stressed the importance of ensuring that the Act, applied well, is not bureaucratic and can help those who commission contracts secure real value for money. But he warns that improper application of the Act (for example, failing to engage with the local market before procurement starts) risks a return to the bureaucracy the Government has been attempting to eliminate from the procurement process.

This is something that O'Connor warns is still a common mistake. She advises those organisations uncertain as to what they should be doing to look at examples of good practice as a model that they can take within their business.

She adds:

*“We certainly feel that we’re on the money when it comes to social value because we started early with our research when the [Government] started to talk about the Act.”*

She also believes there is a wider discussion to be had regarding its social benefits to FM services providers, which should have, she maintains, objectives to target every contract, or every sector, to deliver a certain amount of social value.

In her capacity as Business and Community Investment Manager (a role created as a result of her expertise in this area) she works across the sectors in a guidance capacity.

This she believes is something that can be embedded within any FM business and shared internally throughout the organisation.

*“Social value really is part of our business and we’ve had bids come in where the score rating is higher for social value than it is for health and safety.”*

Finally, social value is a valuable way of recruiting and engaging staff. More people than ever want to work for a quality organisation which values its employees and works within the community.

As O'Connor concludes:

*“Who wants to work for an employer who doesn’t reward you for doing good?”*

<sup>16</sup> [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/403748/Social\\_Value\\_Act\\_review\\_report\\_150212.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/403748/Social_Value_Act_review_report_150212.pdf)





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