

# CAN REAL ESTATE DELIVER MORE (SOCIAL) VALUE FOR SOCIETY?

**VIBEKA MAIR** SENIOR REPORTER, RESPONSIBLE  
INVESTOR MAGAZINE/PROPERTY WEEK



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#NSVC20

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THE  
SOCIAL  
VALUE  
PORTAL

# How Can Real Estate Add More Social Value?

Anna McChesney-Gordon  
29th January 2019



**SOCIAL VALUE** UK  
Organisational Member

Crown  
Commercial  
Service  
*Supplier*



THE SOCIAL VALUE PORTAL  
Where Community Speaks and Business Listens

# Legislating for Social Value

Legislation requires all public sector organisations to consider social value as a part of the commissioning and procurement processes. This is transforming the relationship between business and the public sector

Social Value is defined as the **economic, social and environmental well-being** that is created by a business or through a contract it is required to deliver by the public sector



# Social Value IS Improving Performance

Local authorities are embedding social value into procurement because it improves supplier performance and helps the public pound go further.

Leading local authorities now have a stand alone weighting for social value within their tenders.

Businesses that do not have a comprehensive social value offer will win less work or less land.

Manchester City Council	20% weighting
Birmingham City Council	15% weighting
WMCA	15% weighting
Scape	10% weighting



Leading local authorities are now looking to embed social value into planning





# Investors are Driving Change

**BlackRock** About Us Newsroom Insights Investor Relations Responsibility Careers

Read Larry Fink's 2019 Letter to CEOs

LARRY FINK'S 2019 LETTER TO CEOS

## Purpose & Profit

PGGM

 **SUSTAINABLE DEVELOPMENT GOALS**

<b>1</b> NO POVERTY 	<b>2</b> ZERO HUNGER 	<b>3</b> GOOD HEALTH AND WELL-BEING 	<b>4</b> QUALITY EDUCATION 	<b>5</b> GENDER EQUALITY 	<b>6</b> CLEAN WATER AND SANITATION 	<b>7</b> AFFORDABLE AND CLEAN ENERGY 	<b>8</b> DECENT WORK AND ECONOMIC GROWTH 	<b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE 
<b>10</b> REDUCED INEQUALITIES 	<b>11</b> SUSTAINABLE CITIES AND COMMUNITIES 	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION 	<b>13</b> CLIMATE ACTION 	<b>14</b> LIFE BELOW WATER 	<b>15</b> LIFE ON LAND 	<b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS 	<b>17</b> PARTNERSHIPS FOR THE GOALS 	

# Lifetime Social Value

e.g. local labour, local spend, school visits, waste management

e.g. volunteering, community events, apprenticeships or work placements



Over 20 Years the total contribution to the community could be worth as much as **+300%** of the initial investment

supply chains, community engagement, environmental measures




2 + 20 Years Building Lifecycle


Potential Social Value contributions through a 20-year lifecycle of an office development



# Case Study – Legal & General Investment Management




[Perspectives](#) [Ideas and innovation](#) [Direct investment](#) [Pensions de-risking](#) [Financial resilience](#)



## Legal & General Investment Management's real estate arm plans social value score for investments

19 Feb 2018

LGIM Real Assets, the £24.9bn (€28bn) real estate and infrastructure arm of UK fund giant Legal & General Investment Management, has made a commitment that 20% of its commercial property holdings will have a "social value score" over the next four years.

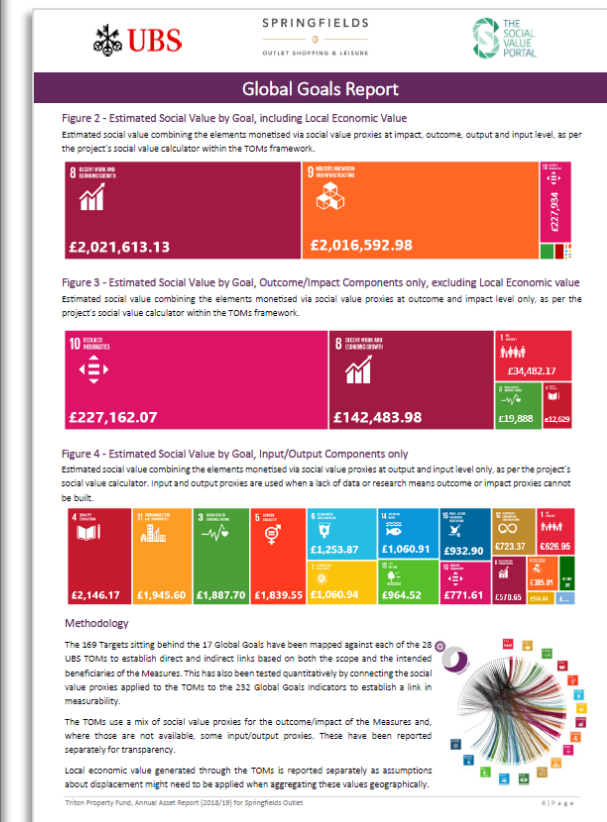
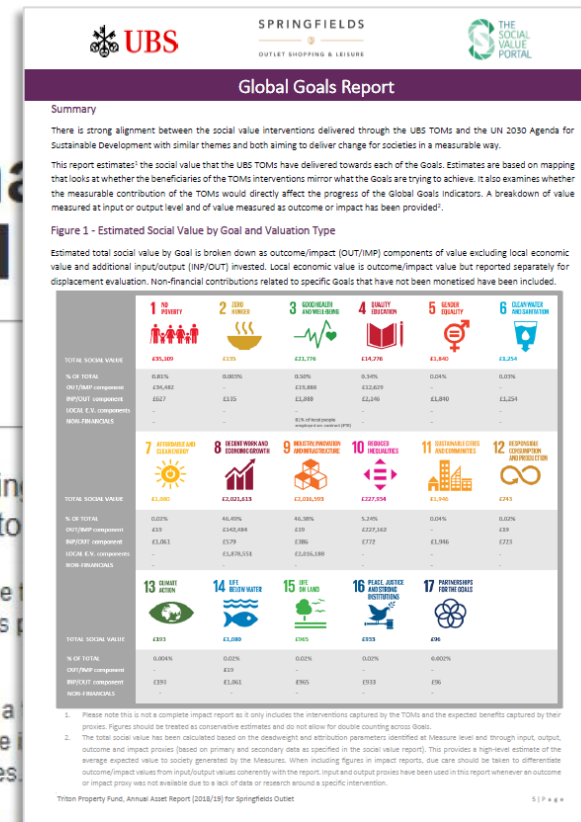
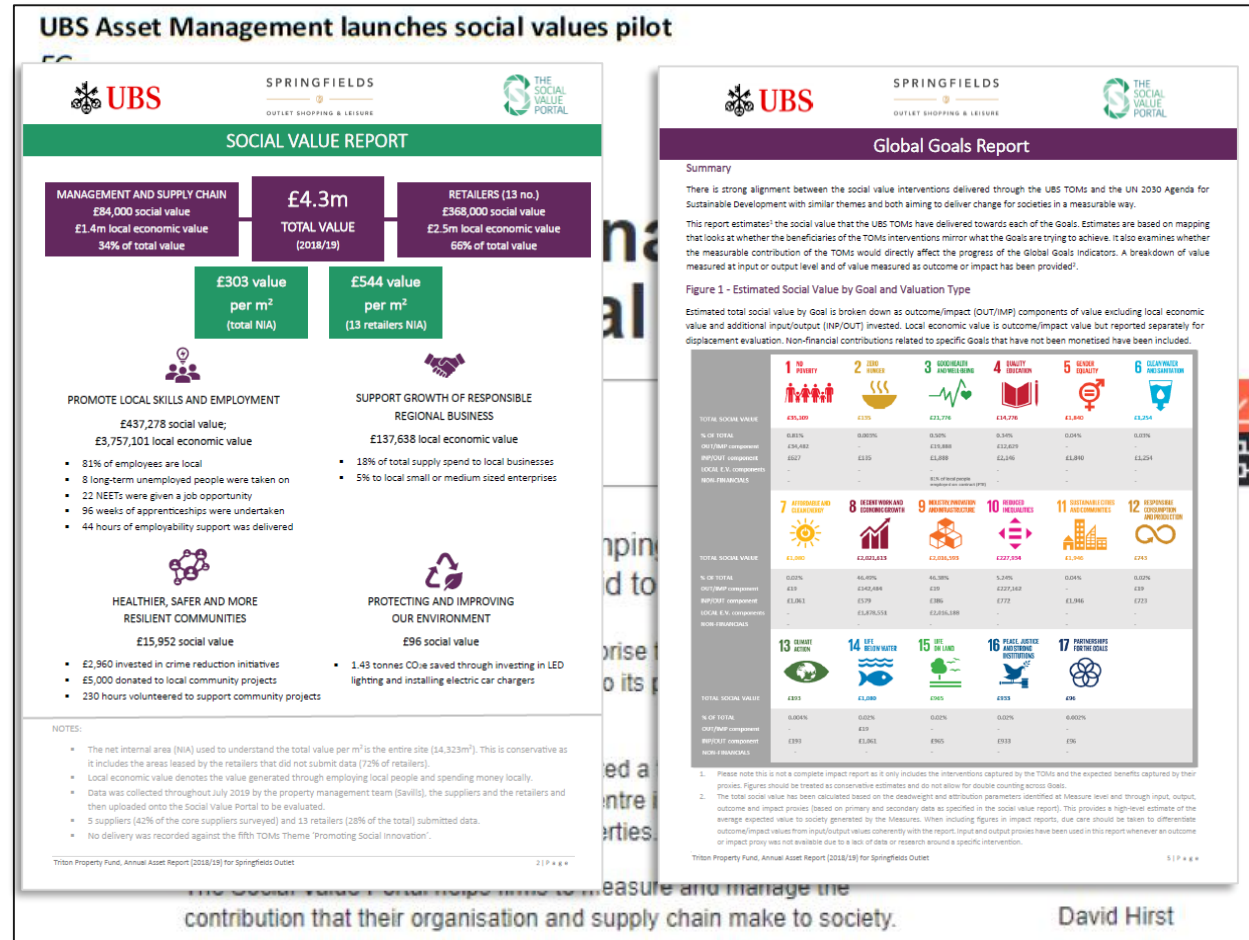
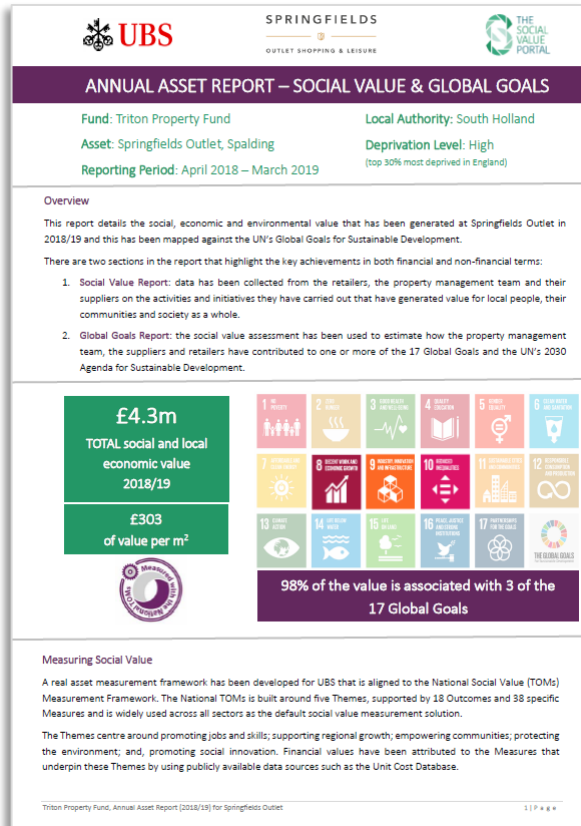


18  
FUNDS

53  
ASSETS

Office, Retail,  
Industrial,  
Residential,  
Leisure

# Case Study – UBS Asset Management



# Investments with a Purpose

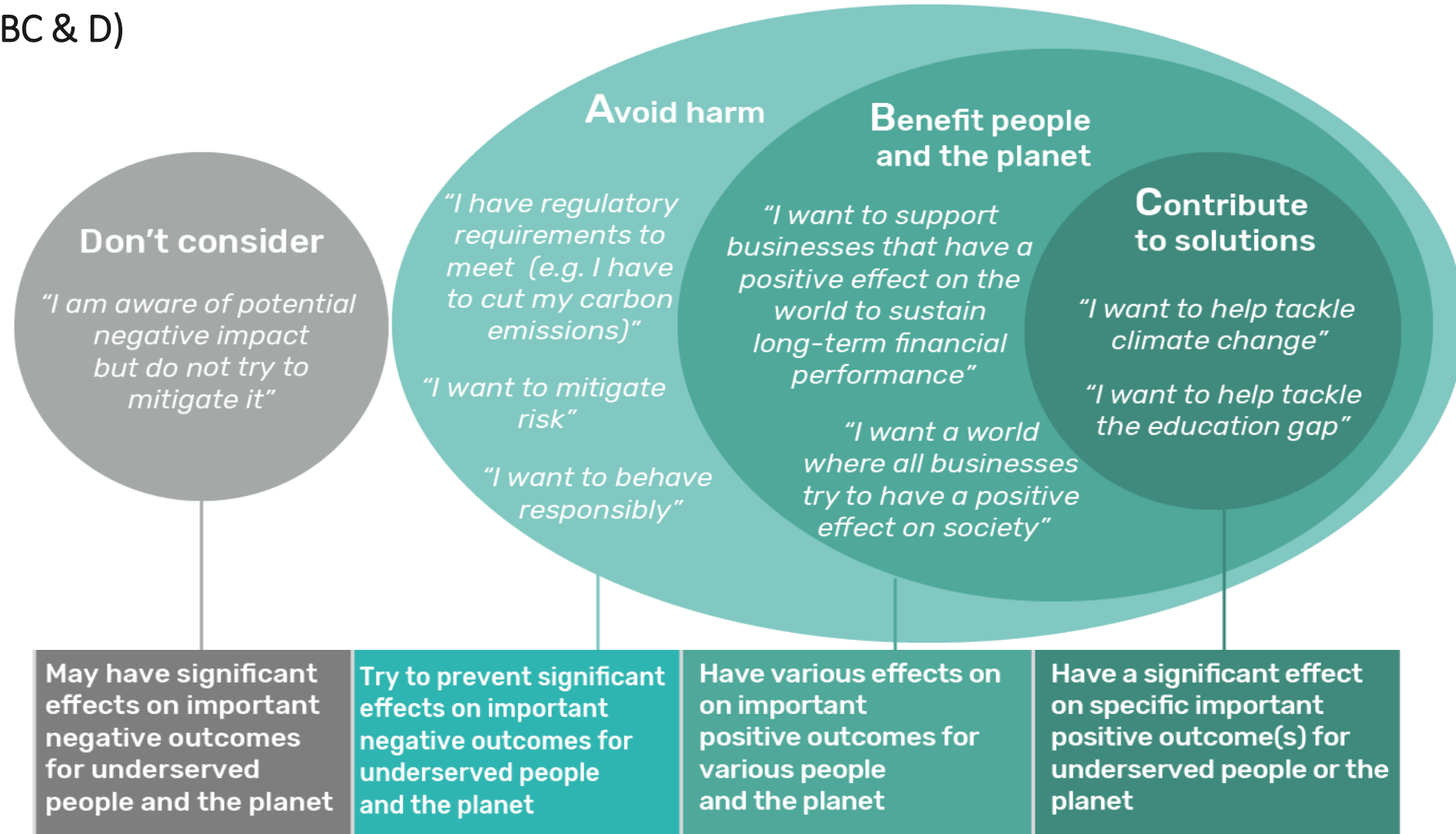
A journey towards impact (ABC & D)

Don't consider

Avoid harm

Benefit people and planet

Contribute to solutions



# Investing in Areas of Greatest Need

## Local Skills and Employment: Salford

NEETs (% of KS5 Leavers)



Long term claimants of Jobseeker's Allowance



## Healthier, Safer and More Resilient Communities: Salford

Rough Sleepers rate (per 1,000 Households)



Admission episodes for alcohol-specific conditions (Per 100,000)



% of school pupils with social, emotional and mental health needs

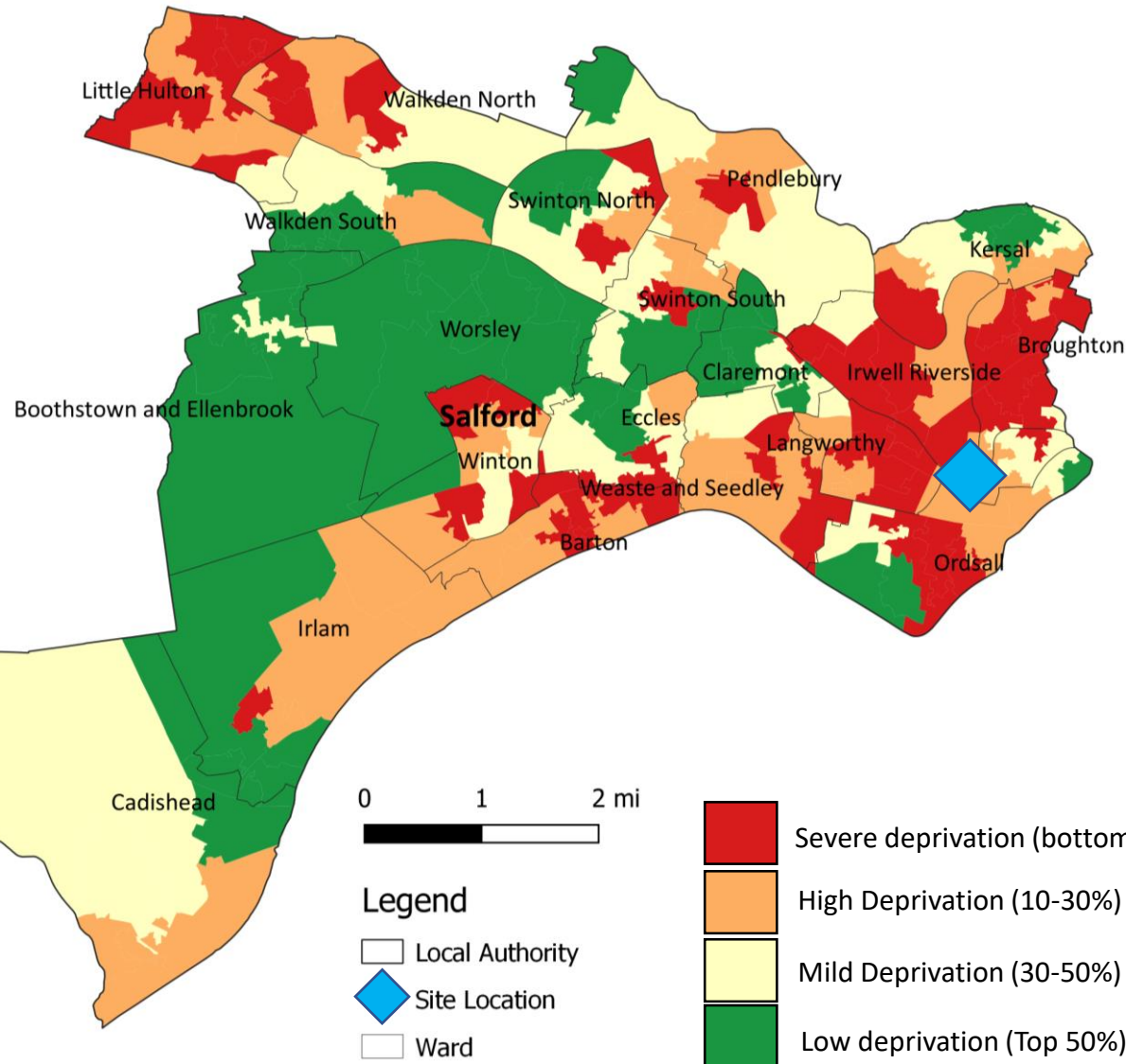


First Time Young Offenders



Better than the North West  
Average

Worse than the North West  
Average





1. We instinctively know that investing in areas that are run down is the right thing to do, but how do we articulate the business case?
2. Is there a way of ranking investments that reflect their impact as well as their financial return so that investors can choose what to do with their money in a better way?
3. How do we engage with property managers AND occupiers to help unlock value and how do we demonstrate that there is mutual benefit in doing this?



# PANEL DISCUSSION:

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