THE SOCIAL VALUE OF RETAIL

Senior industry and local authority figures recently came together for a roundtable event, hosted by *BE News* and sponsored by Workman, to discuss the importance of the 'S' in ESG

BE NEWS In association with workman

THE PANEL

Sophia Clarke, asset manager, M7 Real Estate

Michael Cullen, deputy chief executive, Stockport Council

Helena Davies, partner, head of retail sector, Brabners

Chris Fleetwood, head of global asset and development management, Redevco

Sam Fox, head of research and analytics, Ellandi

Cathy Reynolds, director of city regeneration and development, Belfast City Council

Paul Sargent, chief executive, Queensberry

Gareth Soar, head of retail and leisure, property management, Workman

Andrew Sparrow, director of Activate, Placemaking, Destination Marketing and Customer Experience Practitioners, Workman

Mark Tyson, head of asset services, real estate, LGIM

Chair: Liz Hamson, editor-in-chief, *BE News*

The retail landscape has been transformed beyond recognition over the past few years by factors including changing consumer behaviour, the rise of online retail and the rightsizing of physical retail on high streets up and down the country.

The retail locations that have shown greater resilience are those that have evolved into community-focused retail, leisure and service destinations to deliver true social impact.

At UKREiiF in Leeds last month, *BE News* hosted a roundtable discussion, sponsored by Workman, titled 'The social value of retail'. During this important debate, senior industry and local authority figures discussed how developers, investors and retailers are putting retail at the heart of vibrant, mixed-use communities, assessing the potential for collaboration with community organisations and looking at the retail destinations that have successfully integrated social responsibility into their operations to the benefit of their local communities.

Gareth Soar

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> *Gareth Soar*

QUESTION: Why is social value so important?

SOAR: Over the past few years, changing consumer behaviour, the pandemic and the rise of online retail have altered the landscape for developers, owners and managers of retail property across the UK.

It's now more important than ever for us all to be working towards the future, where the 'S' of ESG is at the heart of our thinking, and that we're genuinely tapping into the needs of our neighbourhoods, driving engagement and capturing the interests of local people. Often the successful reinvention of retail space lies in creating mixed-use ⊳

destinations that are tailored to meet specific community needs and aspirations.

By talking with and listening to local people, through close links with councils, business improvement districts, schools and social enterprises in the local area, we've seen a positive impact on the properties that we manage and how they can have a positive impact on their local communities.

QUESTION: Do you feel that you are preaching to the converted or is there still a lot of work to do in terms of persuading people the 'S' is as important as the 'E' and 'G'?

SPARROW: I think some people are perhaps less invested. They understand the concept of the 'S' of ESG, but it's often what definable difference can they make. I think the roadmap from doing nothing to what good looks like can be quite challenging for them.

I think where we've got very active onsite presence and where we can make critical interventions, the outcomes can be very measurable. But for others, it's the sort of early stage of understanding what social value is and why it should be important to them, and from an investment point of view, what tangible difference it can make in the long term.

FLEETWOOD: I think one of the interesting things when you talk about 'measurable' is: what is measurable? How do we measure?


Andrew Sparrow


Chris Fleetwood


Sam Fox

How do we compare one set of metrics with another? I've had many discussions with people about the right way to do this and it's really very difficult.

FOX: The difficulty is that it's been such a vague concept. People say 'we really need to consider the social value', right? But how is that actually done? The first thing is: what's the baseline position? Where are we at the moment, what can we actually add to the local community and then what can be layered on top of that? You have to look at what are the right things to introduce to help influence local outcomes.

QUESTION: What are the best metrics to use to measure social value, and if you're not able to actually produce the numbers for years – because it takes a long time for initiatives to have an impact – how do you get around that?

TYSON: We've been wrestling with this one for a few years. I think where we've come down on it is that it is about demonstrating impact and being intentional. I feel like sometimes when you've got a big investor base like we have that are really interested in being that long-term partner for real estate, you have to go past the metrics. And that's where I think it gets a little bit challenged in terms of translating everything into pounds.

We try to look at social value impact where we take our key themes as a business such as regeneration and our key workers' agenda, and they're really challenging our local funds and schemes to align with investors.

QUESTION: Are you prepared to take a hit on returns in exchange for some social impact?

TYSON: If I use our build-to-rent assets as an example, we had a load of empty retail ▷

spaces beneath these places and by using a bit more imagination, we've now got one scheme in Birmingham that has become like a restaurant quarter and we've got one in Wandsworth that has got loads of local old-fashioned businesses like apothecaries.

The fund changed its lens from how do they want to make money because they're not there to make money from the commercial units; they're there to create communities where people want to live.

QUESTION: Where do we think social value sits in terms of the political agenda? The government and local authorities want to revive their high streets and create vibrant mixed-use communities, but are they supporting it in the way that is needed?

CULLEN: I see an absolute political advocacy for it. We talk a lot about the 'Stockport pound'. So, from an organisational point of view and as a place, we want to leave every ounce of value within the borough and we want to really connect the social value to all of our communities.

We ran a 'town of culture' event with hundreds of different partner organisations, which culminated in a weekend event in Stockport, and footfall through our town centre on the Sunday was 50% more than it's ever been on a Sunday – that's a win-win for everybody.


Mark Tyson


Michael Cullen


Paul Sargent


Cathy Reynolds

I think social value is at the forefront of everything that local authorities are trying to achieve

Paul Sargent

SARGENT: We're heavily involved with local authorities and working with public sector partners and I think, actually, we've got an enormous amount to learn from the public sector and we have been learning on the hoof as we develop and work with our public sector partners. I think social value is at the forefront of everything that local authorities are trying to achieve.

QUESTION: We're in a very challenging market at the moment and I'm just wondering what the next 12 months will hold and whether there'll be more businesses that say 'we cannot afford to do this – we have to prioritise survival here'?

SOAR: Social value is the conduit for change. The big challenge we face is that we need to generate more footfall, dwell time and spend in these centres. We're working with Redevco at the moment at Templars Square in Cowley, Oxford, and there are a number of voids, but you have a great local, vibrant voluntary sector in and around the centre, many of whom have taken space in the scheme. So we've collaborated with them to reduce the number of voids and increase footfall within the scheme in a cheap and affordable way.

REYNOLDS: The problem sometimes is where the ownership lies because we as a council don't own a lot of city centre retail property and we have had a problem with absentee landlords. Increasingly over the past few years, we have been buying some city centre property, and a couple of properties that we've bought are for

Helena Davies

Sophia Clarke

community- and creative-type uses. At the moment, we're at the expression-of-interest stage for one of those properties and we're trying to balance the commercial return versus the wider social value return.

We've also got a project at the moment where we're trying to bring vacant units back into use. We're offering capital grants and we're giving wraparound support to SMEs, independents and community groups to bring these units back into use, and we're reporting it very bluntly and saying 'we're getting this amount of business rates, we're getting this amount of employment', but we're probably not quite articulating the wider benefits as well as we should.

SARGENT: If you go back hundreds of years, high streets were the place where the local community went to do whatever they needed to do, but we just think of high streets today as where people go shopping.

We have a strong belief that there's a new opportunity in terms of health, education and culture and that change of use on the high street. People talk about the importance of footfall drivers, but it's a footfall driver to bring people back to high streets to use those types of facilities.

FOX: We've got a health centre going into one of our centres, and we did some work looking at how many people would be using all of the different facilities that were going to relocate into the shopping centre, and it was a million people a year.

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>
> *Helena Davies*

QUESTION: What is the biggest challenge you think the sector faces in terms of delivering true social value through retail, and what do you believe is the biggest opportunity?

FLEETWOOD: The biggest opportunity is to actively listen to all of the stakeholders.

DAVIES: It's about putting the humans in the communities in the centre of real estate because a building is not just a building – it's for people to use. That brings with it a lot of risks, but it also brings loads of opportunities to make people's lives better.

CULLEN: Collaboration. If you don't do it you've failed, but if you do, it thrives.

CLARKE: I think the biggest challenge would be deciding what to do. And the biggest opportunity is the impact you can have on individual people. □

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