

REPORT TO: Cabinet

MEETING DATE: 8 March 2016

BY: Deputy Chief Executive (Partnerships and Community Services)

SUBJECT: Construction Sector Activity

1 PURPOSE

- 1.1 To advise Cabinet of focused activity being undertaken across Council services to ensure opportunities for the local labour market and Small and Medium Enterprises (SMEs) in the construction sector are maximised.

2 RECOMMENDATIONS

- 2.1 It is recommended that Cabinet notes the contents of this report, in particular, the following:
- the delivery of a Construction Academy in Musselburgh, opening in August 2016, offering 160 places in the school year 2016/17
 - a new Construction Framework for multi-trade work, below the Official Journal of the European Union (OJEU) threshold, will be in place in June 2016
 - officers are actively pursuing options to put in place a shared public/private delivery model for apprenticeships in construction
 - drop-in roadshow events will be held targeting local construction businesses in spring and autumn, offering a range of advice and information.

3 BACKGROUND

- 3.1 The number of East Lothian residents working in construction is higher than the Scottish and Great Britain average and the Council has identified 2016 as a year of focused activity to maintain and enhance this position, against the backdrop of a national skills shortage in the sector and the implementation of a national Skills Implementation Plan.

- 3.2 In the short to medium term, East Lothian and Edinburgh and the South East region will experience further significant growth in new housing along with investment in other major construction projects, including the new community hospital, providing opportunities for those already working in construction or those considering their options in terms of future career choice. There also exists a need to enhance more traditional building skills to maintain and preserve older buildings, particularly in conservation areas/town centres.
- 3.3 The Council, supported by the East Lothian Sustainable Economy Partnership, is developing and implementing a targeted programme of activities during 2016 to ensure opportunities for the local labour market and Small and Medium Enterprises (SMEs) in the construction sector are maximised. Key aspects of the programme are set out in the remainder of the report.

Construction Academy

- 3.4 Central to this activity is a partnership with Edinburgh College, which will deliver a Construction Academy in a redundant Council building in Mansfield Road, Musselburgh. Currently there is minimal delivery of construction qualifications within East Lothian. Opening in August this year, the facility will initially offer a range of courses in trades and civil engineering, as well as related work skills and will provide a valuable local resource for schools. One hundred and sixty vocational curriculum places will be available to East Lothian schools in 2016/17.

'Call to Action'

- 3.5 A breakfast event was hosted by the Sustainable Economy Partnership on 24 February 2016 at the Brunton Hall, Musselburgh, which brought together a range of organisations and businesses with interest in the construction sector. The aim of the event was to act as a 'call to action' to key organisations and businesses across the public and private sectors to consider how they can work together to ensure the labour/skills required to deliver future growth in construction is in place.

Procurement of Construction Framework for multi-trade work below OJEU

- 3.6 The current framework contract in place for multi-trade work below the OJEU threshold (£4.1m) is currently being refreshed and an invitation to tender was issued on 29 February 2016. The refresh of the Framework has acted as a catalyst to review the specification and consider whether it is fit for purpose within the context of ensuring maximum opportunity for local business within the process. Changes have been made, in particular to the number and value of lots within the framework which were tested at a Meet the Buyer event held on 10 February 2016. These changes were well received by those who attended, including many local SMEs and were considered positive in terms of the outcome sought. Several Council teams attended this event to offer assistance – Procurement, Projects, EL Works and Business Development. The

tender and tender evaluation exercise will be complete by the end of May and the new Framework will be in place in June 2016.

- 3.7 Although the Council cannot directly favour local contractors in its evaluation of tenders, the new Framework will require tenderers to demonstrate how they intend to contribute to the local economy and the wider supply chain. It is anticipated that this will bring some further local benefits, even when the winning contractor is not a local company.
- 3.8 As part of the tendering of the framework, active consideration has been given to how Community Benefits could provide a financial contribution to put towards an apprenticeship in construction.

Apprenticeships

- 3.9 The week 29 February – 4 March 2016 is National Apprenticeship week and to celebrate and mark the occasion, a gathering of all Council young apprentices, their line managers and the Council Management Team is taking place on 1 March. Opportunity will be taken to learn about how the Council's Modern Apprenticeship programme has been developed to date and to contribute and help shape plans for the future. It is also an opportunity for colleagues from different Council departments to meet, share experiences and hear updates from current modern apprentices and those who have since moved on to full time permanent positions. On 4 March, the Council's Property Maintenance service will advertise for 8 apprentices which will commence in July 2016.
- 3.10 Complementing the apprenticeship programme, a paid work experience programme for young people aged between 16 and 24 operates on a co-investment model across Infrastructure and EL Works. Since January this year, 13 young people have engaged in full-time 6-month work experience programmes across various business units. People receive dedicated mentoring support and guidance with all encouraged to attain their certificate of work readiness in their early stages. Some people already have the necessary qualifications to make applications for a trade apprenticeship and are benefitting from the high quality support to build their confidence.
- 3.11 Officers are currently giving active consideration as to how to boost the number of apprenticeships in construction in East Lothian. This is currently focused on how a shared public/private model may work and how this could potentially be facilitated through funding obtained through Community Benefits in Procurement. It is anticipated that any model developed may have the scope to facilitate apprenticeships in a wider range of sectors in due course and will build on and utilise the excellent track record and experience of the in-house trading activity in this regard. Indeed any future model could potentially assist property maintenance in future succession planning. Similar approaches currently exist elsewhere which officers are learning from and work is ongoing to evaluate how these approaches may be applied in an East Lothian context.

SME Roadshow

- 3.12 In spring and autumn, Council services and partners will hold drop-in events targeting local construction businesses with a range of advice and information available, particularly around funding available for training, upskilling and to create employment or work experience opportunities. Tranent Conservation Area Scheme (CARS), which will deliver £800,000 of investment will be promoted to local firms as an opportunity. It is anticipated that the following organisations will be present:

EL Works

Business Gateway

Tranent CARS

Skills Development Scotland

Department of Work and Pensions

Historic Environment Scotland

Edinburgh College

Mid and East Lothian Chamber of Commerce

Federation of Small Businesses

Construction Industry Training Board

Conclusion

- 3.13 A comprehensive programme of activity has already been put in place across Council services and the East Lothian Partnership to support this initiative and further activity will continue through this year. This is likely to focus on promoting construction as a career option. The programme is supported by a communications plan.

4 POLICY IMPLICATIONS

- 4.1 There are no immediate policy implications arising from this report.

5 EQUALITIES IMPACT ASSESSMENT

- 5.1 This report is not applicable to the well being of equalities groups and Equality Impact Assessment is not required.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – There are no financial implications arising from this report
- 6.2 Personnel - There are no personnel implications arising from this report
- 6.3 Other - None

7 BACKGROUND PAPERS

- 7.1 Cabinet Report 04, 8 September 2015, Update on Community Benefits in Procurement

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