

REPORT TO: Environment and Urban Renewal Policy and Performance Board

DATE: 24th November 2010

REPORTING OFFICER: Strategic Director, Environment & Economy

SUBJECT: Construction Halton

WARDS: Boroughwide

1.0 PURPOSE OF THE REPORT

- 1.1 To update members on the implementation of the Construction Employment Integrator model (now re-named Construction Halton).
- 1.2 To share with members, the action plan, that sets out the next phase of the project to March 2011.

2.0 RECOMMENDATIONS: That

- 1) the report is received;**
- 2) members comment on the progress to date;**
- 3) members comment on the action plan; and**
- 4) members consider the impact on the delivery of the project, when existing funding ceases at the end of March 2011**

3.0 BACKGROUND

- 3.1 The forecast scale of development and other construction related activity in the borough offers significant potential for moving people from benefits into work. The Mersey Gateway Project, Building Schools for the Future programme and 3MG highway infrastructure works have been identified as offering significant training, employment and supply chain opportunities.
- 3.2 Construction Halton is focused on facilitating a range of measures to deliver community benefits from construction related work, in the form of employment, apprenticeships, training and work experience opportunities.
- 3.3 The aims of Construction Halton are to provide a mechanism that will:-

- ensure people from disadvantaged groups and areas within Halton are able to access jobs and training opportunities arising in the construction industry; and
- promote the growth of local SMEs through supply chain linkages.

3.4 This will be achieved by:-

- using **procurement processes and planning** to effect change, embedding obligations into public sector contracts to ensure developers, and subsequently contractors address targeted employment and training issues;
- engaging with employers and contractors to ensure that **recruitment and training provision** is more relevant and demand-led – thereby providing the industry with a supply of suitably qualified labour;
- providing tailored **pre-recruitment support and routeways** that will enable local unemployed/workless people to access jobs within the industry – through greater integration and more flexible use of mainstream programmes and funding; and
- encouraging and **assisting Halton based SMEs** to access opportunities arising from the new planned development activity in the area.

Appendix I provides an overview of how the Construction Halton model will work.

4.0 PROGRESS TO DATE

4.1 In July 2009, the Adult Learning and Skills Development Division hosted a workshop at the Kingsway Learning Centre, run by Working Ventures UK. The aims of the workshop were to:-

- Raise awareness within the council of the mechanisms public authorities can use, through their planning and procurement policies and procedures, that can assist people from disadvantaged groups and areas compete for jobs and training opportunities arising in the construction industry and;
- Consider ways in which local suppliers can be assisted and supported to bid for contracts/tenders with the council

4.2 The workshop was attended by council officers representing Planning, Highways, Economic Regeneration, Property Services, Legal Services, Exchequer Services (Procurement), Children & Young People Directorate (BSF) and The Mersey Gateway.

- 4.3 Working Ventures UK funded a Halton Construction Employment Integrator Business Plan and risk assessment, which was published in January 2010.
- 4.4 Following the appointment of the Construction Halton project manager in June 2010, a review of progress was undertaken to gauge the extent to which the messages from the 2009 workshop were being adopted by the council, via its procurement and planning processes.
- 4.5 The review was also designed to assist in defining the next steps in the implementation of Construction Halton, as it was acknowledged in the Business Plan, that the component parts of the model are already in place in Halton and that what was needed was a process to pull them together into a cohesive programme.

5.0 INITIAL FINDINGS

5.1 The outcomes of the review suggest that progress has been made and is continuing to be made on a number of fronts:-

- Section 106 agreements to secure planning obligations from developers have been/are being used selectively by the council's Planning department
- A Section 106 Supplementary Planning Document (SPD) is planned, that will take into account the overall, cumulative impact of development in Halton and explain how this will be dealt with through the use of planning obligations
- Inclusion of clauses to secure commitments from suppliers to support targeted recruitment and training initiatives are being integrated, selectively, into contracts/tenders
- Implementation of the Due North procurement portal in the council, that will offer businesses the opportunity to receive automatic email alerts when council contracts are being let that match the goods/services they are able to provide

5.2 In addition, work is underway to:-

- Secure an employment forecasting tool that will provide estimates of the skills needed to deliver construction projects, to assist in the design of pre-employment training and recruitment programmes
- Improve the information already held on local construction companies, in order that buyers are better able to judge their suitability to meet contract/tender needs
- Strengthen the partnership with Riverside College and other local training providers, in respect of construction trades apprenticeships and training commissioned by developers/local businesses
- Assist the Mersey Gateway team in the integration of social and community benefits into the Mersey Gateway tendering process

- Assist the Building Schools for the Future team with the implementation of the key performance indicators related to apprenticeships/training opportunities etc
- Establish skills and training obligation clauses as part of the 3MG highways infrastructure contract
- Identify ways in which the environmental improvement works, being carried out by Halton Housing Trust over the next three years, delivers maximum jobs and training benefits for local people and aligns to the Construction Halton principles
- Review the council's client management and tracking systems, to ensure they are fit for purpose and are fully integrated with the Liverpool City Region partner systems
- Explore opportunities for joint working with the Halton Chamber of Commerce, Public Sector Procurement Facilitator
- Develop links and explore opportunities for joint working with Liverpool City Region partners
- Keep under review best practice and new developments in other areas of the UK
- Identify other public sector organisations policies/approaches to procuring goods and services locally

6.0 NEXT STEPS

- 6.1 A further workshop was held in September, 2010 to review progress and consider the next steps. Delegates were presented with a summary of the work programme to date, which included a progress report and discussion on the use of planning obligations by the council, recent developments in council procurement policy, legal issues related to procurement, plans for supply chain support commissioned with Halton Chamber of Commerce by the Halton Enterprise Board and an overview of skills forecasting tools, which enable accurate forecasts to be made of the labour and training requirements to undertake construction projects.
- 6.2 To illustrate how skills forecasts can be undertaken, one such tool, developed by one of the largest construction consultancies in the UK, will be demonstrated to members at the PPB meeting. This does not, however, infer or imply a recommendation for investing in this particular tool, as other options are still being considered.
- 6.3 The action plan (see appendix II) sets out the next steps for implementing the project and identifies the lead officers that have been tasked with taking the various actions forward. In summary, the plan focuses on:-
- establishing the infrastructure to deliver the project
 - securing a skills forecasting tool
 - establishing a Section 106 Protocol
 - developing and implementing a communication plan

- rolling out the Due North registration process to local businesses
- continued research into targeted recruitment and training best practice
- gaining exemption for local labour clauses in the 1988 Local Government Act
- assessing the impact of the Decentralisation and Localism Bill
- assessing the extent to which sustainability is embedded into the council's procurement processes and policies, in relation to the geographical location of the supply chain

7.0 FINANCE IMPLICATIONS

- 7.1 Construction Halton activities to date have been funded through Working Neighbourhoods Funding (WNF). As Members will be aware, there will be no WNF after March 2011. Work is underway to identify alternative funding to help coordinate Construction Halton after March 2011.
- 7.2 The West Northants Development Corporation (WNDC) is using revenue generated from Section 106 planning agreements to sustain their Construction Futures programme. Construction Futures was created in partnership with Northamptonshire Enterprise Ltd and WNDC. The project is 50% funded by Northamptonshire County Council, and 50% by Section 106 revenue.
- 7.3 The planned adoption of a Section 106 Supplementary Planning Document by Halton Borough Council presents an opportunity for securing a revenue stream to help sustain Construction Halton.

8.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

8.1 Children and Young People in Halton

Supports key objectives C and E.

Ensuring children and young people are offered the opportunity to explore training and qualifications in the construction industry will put them in good stead to apply for future jobs in the sector.

8.2 Employment, Learning and Skills in Halton

Supports key objectives B and C.

The scale of inactivity within areas of Halton, alongside significant construction activity and investment, reinforces the need to find more effective ways of 'matching' people currently excluded from the labour market to the jobs in the industry.

8.3 A Healthy Halton

Supports key objective C.

Construction Halton will assist placing hard to help groups currently disadvantaged in the labour market into employment and training opportunities

8.4 A Safer Halton

None applicable

8.5 Halton's Urban Renewal

Supports key objectives A and E.

The relatively high stock of small businesses in Halton suggests that the local industry could continue to grow and provide additional employment opportunities if they are in a position to compete effectively for public sector supply chain contracts

9.0 RISK ANALYSIS

9.1 See Appendix III.

10.0 EQUALITY AND DIVERSITY ISSUES

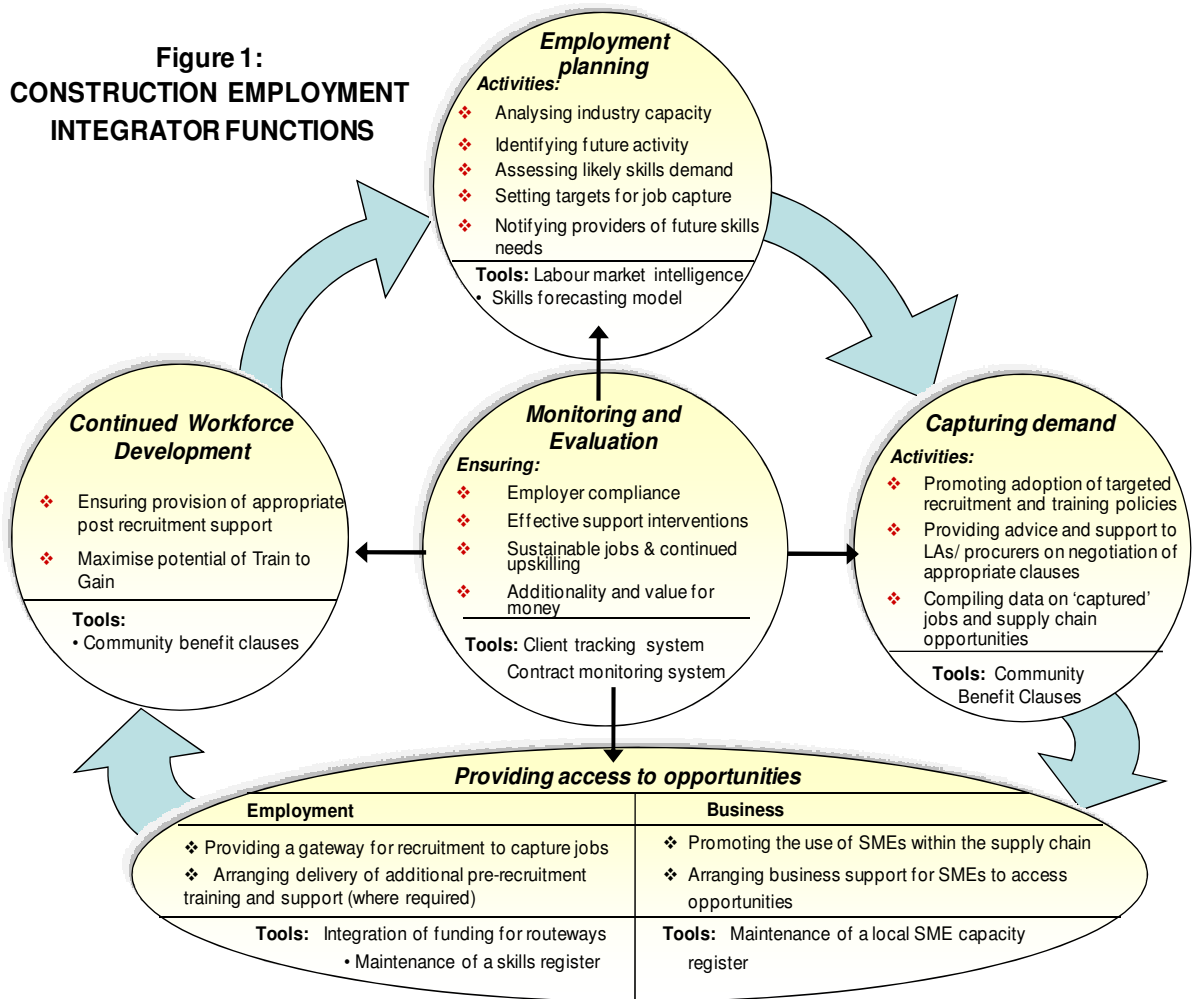
10.1 The Halton Employment Partnership operates within the LSP framework, which in turn operates under the Council's Equality and Diversity policy.

11.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

11.1 There are no background documents under the meaning of this Act.

APPENDIX I

**Figure 1:
CONSTRUCTION EMPLOYMENT
INTEGRATOR FUNCTIONS**



APPENDIX II

Construction Halton Action Plan

ACTION ITEMS	WHO	BY WHEN	COMMENTS
Identify a lead officer/team to co-ordinate the Construction Halton programme after March 2011	Wesley Rourke /Siobhan Saunders/Gerry Fitzpatrick/Gary Collins	March 2011	
Establish a central point (person or team) to manage and source placements (eg. HEP Team)	Wesley Rourke /Siobhan Saunders/Gerry Fitzpatrick/Gary Collins	January 2011	
Identify and secure a product/service to enable reliable and consistent skills forecasts to be undertaken for 'in scope' projects, comprising:- <ul style="list-style-type: none"> • construction work procured by the council (min value to be agreed) and • developments seeking planning approval, that are either in excess of 1,000m² or 10 residential units 	Dave Owen /Siobhan Saunders/Gerry Fitzpatrick/Andy Plant	November 2010	
Establish a Section 106 Protocol as an interim measure prior to adoption by the council of a Section 106 Single Programme Document (SPD)	Dave Owen/Andy Plant/ Alasdair Cross	March 2011	
All 'in scope' planning applications to be referred to central point for skills forecasting assessment and follow up negotiation with the Developer aimed at securing a training agreement	Dave Owen /Siobhan Saunders/Marie Hoyles/Gerry Fitzpatrick	Commence February 2011	Subject to availability of skills forecasting product/service
Assist Halton Chamber of Commerce and the	Dave Owen /Paula Cain/Matt Fearnhead	Commence November	Rolling programme

Procurement Centre of Excellence with the roll out of the 'Due North' Procurement Web Portal to local businesses		2010	
Develop and implement a Construction Halton Communications Plan	Dave Owen/HBC Corporate Communications Team/Natalie Crompton	Commence October 2010	Rolling programme
Continue to research targeted recruitment and training policies, arising from procurement and planning best practice in other LA's for consideration by the council	Dave Owen/Natalie Crompton/Rob Barnett/Lorraine Cox/Andy Plant	Ongoing	
Make representations to Government to gain an exemption for local labour clauses from s17 LGA 1988	Rob Barnett/Dave Owen	TBC	
Assess the impact of the Decentralisation and Localism Bill, which is expected to be presented to Parliament in the Autumn, in the context of the council's planning and procurement policies	Rob Barnett/Nick Mannion	December 2010	
Assess the extent to which sustainability is incorporated into the council's procurement process: particularly in relation to minimising the social and environmental impact of the supply chain	Lorraine Cox/Matt Fearnhead	TBC	

APPENDIX III

Risk Assessment

The potential risks involved in delivering Construction Halton are summarised in Table A below, together with an assessment of how these risks can be mitigated.

Table A: Risk management			
Risk	Probability High - 5 Low - 1	Impact High - 5 Low - 1	Risk /Risk management
Economic downturn	5	2	The state of the economy could have a significant impact on the delivery of outputs. Construction Halton will provide the infrastructure necessary to take advantage of the investment likely to occur when conditions become more favourable and also the mechanism needed to provide good quality trainees for companies in need of additional/new staff associated with normal turnover.
Lack of commitment to the project and proposed structure by one or more partners	3	5	Council members are keen to ensure that plans are in place to maximise potential opportunities that arise when the economic conditions are more favourable. Construction Halton will be developed in line with partners key priorities and targets and where possible add value to existing interventions and support already in place within the area.
Over-optimism about the potential opportunities available	3	4	Construction Halton will be developed gradually and build up capacity over time as it becomes more established.
Insufficient training provider capacity	2	4	The forecasting tool and effective planning in the first instance will ensure that there is sufficient time to put training provision in place within the area. There are already a number of training providers active in the area and if needed, additional training provision could be purchased from delivery agencies within the wider Merseyside area. The College, which used to be a centre of vocational excellence in Construction has a number of courses available which are delivered on a flexible basis.
Failure to recruit enough trainees	2	3	Halton People into Jobs is funded from the Working Neighbourhoods Fund (WNF) to proactively engage 'hard to help groups'.
Failure to sustain the project management function	3	5	The ending of WNF to support the project management function after March 2011 could seriously jeopardise the implementation of Construction Halton. Discussions are, however, underway to identify a lead officer/team to co-ordinate the project when WNF ends.
Reputation risk – failure of the venture	2	3	One of the key functions of Construction Halton will be the assessment/screening of individuals to ensure that they are ready to take up the training place/employment opportunity. For this to work effectively, the intermediary organisation will liaise closely with the employers in order to understand their requirements and the type of training that individuals need to have undertaken before they are referred on to specific opportunities. Provision of good quality candidates will be essential in developing the service and offering it to contractors. Individuals will therefore undergo a thorough assessment before placement and will be tracked post recruitment to ensure they continue to receive the support necessary.

