

REPORT TO: Employment Learning and Skills Policy and Performance Board

DATE: 9 March, 2009

REPORTING OFFICER: Strategic Director Environment

SUBJECT: Mersey Gateway Project - Employment Opportunities Update

WARDS: All Wards

1.0 PURPOSE OF THE REPORT

1.1 To report progress on establishing measures relating to employment, to ensure that local residents and businesses benefit from the Mersey Gateway (MG) and other capital projects.

2.0 RECOMMENDATION: That

(1) The Board comments on the Mersey Gateway procurement timetable

(2) The Board comments on the proposal to establish a council wide employment policy

3.0 BACKGROUND

3.1 On 11 September, 2008, the Executive Board accepted a series of recommendations arising from an Employment Learning and Skills (ELS) Scrutiny Panel Topic Group, that explored the role of the Council's procurement policy in developing local employment. The Executive Board's acceptance of the recommendations was subject to consideration of the budget implications as part of the 2009/10 budget setting process.

3.2 One of the recommendations was that progress on issues relating to employment in respect of the MG and other related capital projects be reported to the ELS Policy and Performance Board on a half yearly basis.

3.3 This report is the first half yearly report and provides a summary of the MG procurement timetable, details of the potential job opportunities during the construction phase and proposals to develop a council wide policy designed to encourage the use of local labour and businesses in council led construction projects.

4.0 MERSEY GATEWAY PROCUREMENT TIMETABLE

4.1 The MG procurement planning process is being managed by the Mersey Gateway Procurement Steering Group and facilitated by Halcrow Group Ltd. Halcrow specialises in the provision of planning, design and management services for infrastructure development worldwide. The Steering Group comprises members of the MG Project Team; financial advisers and legal representatives and through the Mersey Gateway Project Director they will report to the OFFICER Project Board and the Mersey Gateway Executive Board.

4.2 To reinforce the project team the MG Procurement Manager post was filled in February 2009. The appointee will be responsible for coordinating the procurement agenda in accordance with the agreed timetable.

4.3 The following timetable provides a summary of the key milestones leading up to the award of the contract to the successful MG Project bidder. It comprises 7 distinct stages.

4.4 Stage 1: Planning and Initial Preparation

- Develop Procurement Strategy – ongoing
- Appoint Procurement Manager – February 2009
- Start preparation of pre-qualification documentation (PQQ) – March 2009
- Start preparation of tender documents – May 2009
- Finalise Procurement Strategy – August 2009

4.5 Stage 2 : OJEU Contract Notice to Shortlist Bidders via PQQ

Contracts above a certain threshold must be advertised in the Official Journal of the European Communities (OJEU). The current European Union (EU) threshold (excluding VAT) for public works, as at 1 January 2008 is £3,497,313 (5,150,000 Euros). For Private Finance Initiative (PFI) projects, such as Mersey Gateway, the Council is required to obtain approval from HM Treasury to commence formal procurement process. Subject to obtaining this approval the following process is envisaged :-

- Issue contract notice and PQQ – early October 2009
- Candidates prepare PQQ responses – October to December 2009

4.6 Stage 3 : Selection of Bidders

- PQQ responses, evaluation and selection of bidders – December 2009 to February 2010

4.7 **Stage 4 : The Dialogue**

- Invitations to bidders to engage in discussions – March 2010
- Dialogue process and draft tender documents – April to July 2010
- Council approval of tender documents – mid to end September 2010

4.8 **Stage 5 : Post Dialogue**

- Invitation to submit tenders, bidders price tenders and bid evaluation – October 2010 – January 2011

4.9 **Stage 6 : Bid Clarification**

- Bid clarification, specification and fine tuning – November 2010 to April 2011

4.10 **Stage 7 : Award of Contract**

- Select and appoint preferred bidder (Concessionaire) - April 2011 to October 2011.

4.11 The Concessionaire will be responsible for the financing, design, construction and operation of the whole scheme. The concession is expected to run for a period of 30 years, during which time the Concessionaire will be responsible for the operation and maintenance of the entire infrastructure related to the scheme. The full scope of this infrastructure will be defined in the contract documents.

4.12 At the end of the period of the concession, the Concessionaire will be required to hand back the infrastructure to Halton Borough Council in a specified condition. That condition also will be specified in the hand back requirements in the contract documents.

5.0 JOB OPPORTUNITIES DURING THE CONSTRUCTION PHASE

5.1 A study of the wider economic impacts of the MG Project has been undertaken. The purpose of the study was to assess the effect of the project on:-

- The local and sub-regional economy
- Employment within specific Regeneration Areas
- Local regeneration – using the project as a catalyst for regeneration and to attract inward investment

5.2 The study indicates that the construction phase of the project will result in jobs being supported directly and indirectly in construction and other sectors. Information derived from the construction of the Dee Bridge was used to illustrate the type of construction jobs that will be

supported. The level of local employment was estimated using evidence from other major construction projects. Other sectors, such as accommodation providers, retailers and the leisure sector are also forecast to benefit from the influx of people into the borough during the construction phase.

- 5.3 Based on evidence from the Dee Bridge, it is estimated that the MG Project during the three to four year construction might generate the equivalent of 370 permanent full time jobs and that the peak workforce will be some 500 jobs.
- 5.4 Table A illustrated the types of construction employment that will arise from the MG Project, defined as ‘Specialist’ and ‘General’

TABLE A

Construction Employment - Specialist and General jobs	
Specialist	General
Management and site engineers	Administration staff
Quantity surveyors	General site operatives
Land surveyors	Catering and support staff
Piling engineers and operatives	Joiners
Cable stay and stressing engineers	Steel fixers
Cable stay and stressing operatives	Scaffolders
Construction foremen	Crane drivers
Steel erectors	Lorry drivers
Material testing technicians	Excavation plant drivers
Various specialist contractors (including safety fences, parapets, white lines, lighting, signs, blacktop, joints and sealing)	Concrete batching plant staff

- 5.5 The jobs are likely to be filled from local, regional, wider UK, or even the international labour market. In the context of the study, local is defined as Halton and regional as North West England.
- 5.6 It is anticipated that the specialist jobs will generally be imported by contractors and that the more general jobs will be recruited locally. Evidence from other major construction projects suggests that a third of the jobs will be drawn from the local area, a further third from the wider region and the remaining third from elsewhere, however, depending on the availability of people with the necessary skills locally, this could rise to half the construction jobs being recruited locally.
- 5.7 The study did not consider the numbers of jobs that would be required in each discipline and it is not, therefore, possible to be precise about employment opportunities in either the specialist or general categories of work.

6.0 PROPOSALS FOR A COUNCIL WIDE EMPLOYMENT POLICY

- 6.1 Arising out of the work undertaken by ELS Scrutiny Panel Procurement Topic Group, the ELS SSP has started to consider how the opportunities of procurement and planning agreements can be harnessed to provide training and employment opportunities. The Economic Regeneration Department and Corporate Procurement Team are now to look at this in more detail with particular reference to the Mersey Gateway. Initial scoping would suggest opportunities in apprenticeship/training placements and positions for the unemployed. Note – it is not legal under European law to specify that residents of a specific area must be recruited but it is legal to specify recruitment targets of the unemployed.

7.0 FINANCIAL IMPLICATIONS

- 7.1 There are no financial implications arising from this report.

8.0 POLICY IMPLICATIONS

- 8.1 The aims of Council's Procurement Strategy (2006-09) include a commitment to promote procurement practices and techniques that can contribute to the Council's priorities on equality, sustainability and regeneration. The Strategy also includes an objective to focus on the objectives that support the National Procurement Strategy for Local Government and the council's strategic priorities, to realise economic, social and environmental benefits for Halton.

9.0 OTHER IMPLICATIONS

- 9.1 There are no other implications arising from this report.

10.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

10.1 Children and Young People in Halton

There are no implications for Children and Young People in Halton arising from this report

10.2 Employment, Learning and Skills in Halton

A key objective of the employment, learning and skills agenda is to promote and increase the employability of local people and to remove any barriers to employment and get more people into work. The council's procurement policies provide an opportunity to contribute to this process.

10.3 A Healthy Halton

There are no implications for a Healthy Halton arising from this report.

10.4 A Safer Halton

There are no implications for a Safer Halton arising from this report.

10.5 Halton's Urban Renewal

A key element of the Urban Renewal Agenda is the attraction of new businesses to Halton. A key driver of this in the future could be the development of a council wide procurement initiative, which is seen as being welcoming and supportive to local businesses.

11.0 RISK ANALYSIS

11.1 Failing to capitalise on the employment opportunities for local people, that the Mersey Gateway and related capital projects will offer, will result in a missed opportunity to address a lack of work related skills and the resultant unemployment it causes for disadvantaged residents in the borough.

12.0 EQUALITY AND DIVERSITY ISSUES

12.1 There are no equality and diversity issues arising from this report.

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

13.1 None.