

Report of the Chief Officer Employment and Skills

Report to the Director of Children's Services

Date: 22 July 2015

Subject: Construction Skills Programme 2015-17



Are specific electoral Wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, name(s) of Ward(s):		
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:		
Appendix number:		

Summary of main issues

1. The city's economy is returning to high levels of growth, driven by large construction schemes underway or proposed that are worth nearly £6bn. The City's Housing Growth Programme will deliver 70,000 net new dwellings by 2028, further stimulating the construction industry and adding to the 180,000 new jobs set to be created across the UK through the construction industry by 2020.
2. The Construction Skills Programme aims to address construction skills gaps and shortages and ensure that local people are well positioned, through quality training and work experience in the sector, to take full advantage of emerging job opportunities. The programme supports the delivery of employment and skills obligations through the Council's procurement and planning processes providing local residents with access to jobs, apprenticeships and work experience and supports employer investment in workforce skills training through grant funding to support competitiveness and business growth.
3. The programme supports the Council's drive for a strong economy in a compassionate city and the achievement of the Best Council Plan objective to 'promote sustainable and inclusive economic growth by improving the economic wellbeing of local people and businesses' with a specific focus on helping people into jobs.

Recommendations

The Director of Children's Services is asked to authorise the procurement of a fixed price contract to a maximum potential value of £483,333 to deliver the Construction Skills Programme from December 2015 to March 2017, including an option to extend the contract for a further 2 periods of 12 months, subject to funds being available and satisfactory performance by the contractor.

1.0 Purpose of this report

- 1.1 To seek authority to procure a fixed price contract to a maximum potential total value of £483,333 to deliver the City Council's Construction Skills Programme, from 1 December 2015 to 31 March 2017, including an option for the City Council to extend the contract for a further 2 periods of 12 months, subject to funds being available and satisfactory performance by the contractor.

2 Background information

- 2.1 The Construction Industry Training Board has reported that the industry looks set to create 180,000 new jobs by 2020 with around 5,000 of those likely to be in Leeds. In Leeds, there are large construction schemes worth nearly £6bn underway or proposed and the City's Housing Growth target is to deliver 70,000 net new dwellings by 2028. This will be supported by an unprecedented investment of circa £80m for new council housing, increasing housing options and further stimulating the construction industry. The repair and maintenance side of the sector is also set to grow over the same period, creating job opportunities relating to the maintenance of existing, traditional and heritage buildings in the City.
- 2.2 However the on-going challenge for many employers in construction is the ability to fill emerging vacancies with appropriately experienced and skilled workers. The ageing workforce within the industry remains a significant contributory factor creating replacement demand. Forecast shows that more than 29,000 new construction workers will be required across the UK each year to 2018 (CITB, 2013).
- 2.3 The delivery of employment and skills obligations, through procurement and planning agreements, is helping local residents to access jobs in construction and with the end users of these developments; address workforce needs and support business growth. A report to the Council's Sustainable Economy and Culture Scrutiny Board in March 2015 stated that over 1,700 local residents have been supported into work through this approach over the last two years and in the 12 months to January 2015, 456 local people secured jobs (250 of which were on construction projects), 45 young people started new Apprenticeships. and 36 Social Impact Plans were agreed with employers to deliver further substantial employment and skills opportunities for local people.
- 2.4 The research programme of the More Jobs, Better Jobs partnership has identified employment and skills obligations included in contracts and planning agreements as a means to connect disadvantaged communities to training and jobs. The partnership, comprising Joseph Rowntree Foundation, Leeds City Region Enterprise Partnership and Leeds City Council, has endorsed this approach and the ongoing research work will suggest further scope for increasing the outputs generated through it.
- 2.5 Employer investment in training has reduced significantly in recent years and has been skewed to young entrants and or higher skilled workers. Investment is required by employers to raise the skill levels across the sector but in particular to assist those with low skills and low pay to progress, however, the onus to pay for training that falls outside the mainstream offer is largely placed on the individual and not the employer. To support employers to address their skills shortages, a Flexible Fund forms part of the programme, supporting eligible learners to acquire the skills needed by employers and, helping employers meets the costs of bespoke training not currently funded elsewhere.

Key Issues

- 3.1 The current programme delivered by Construction and Housing Yorkshire under a procurement waiver, will come to an end on 30 November 2015. This report seeks approval to tender for services to be delivered from 1 December 2015 up to 31 March 2017, with an option for the City Council to extend the contract for a further 2 periods of 12 months, subject to funds being available and, satisfactory performance by the Contractor.
- 3.2 The next phase of the programme will have three strands which the selected contractor will be responsible for delivering and monitoring:
- An **employment brokerage service** offered to construction employers who are providing employment opportunities for the benefits of Leeds citizens. The aim is to meet the recruitment needs of businesses in the City and, to work with employers to identify and address their workforce development needs.
 - To work with and support developers and contractors to realise their **employment and skills obligations** set through the City Council's procurement and planning functions. This includes supporting the City Council to maximise employability and skills opportunities through major development and infrastructure projects including the Leeds Housing Growth Programme.
 - To assist the City Council in the management of its **Flexible Fund** grant established to encourage investment in skills training provide a more tailored response to developer or contractor needs not funded through mainstream provision. This fund will continue to be matched by an equivalent amount of employer contributions.
- 3.3 A summary of the key outcomes and milestones proposed for December 2015 to March 2017 are set out below:
- Minimum of 178 people into jobs which are additional to the existing workforce (including a minimum of 67 new apprenticeship opportunities primarily targeted at young people < 25 years).
 - Minimum of 444 weeks of work experience opportunities secured targeted at young people 18-24 years.
 - Up to £25,000 per annum (£33,333 over the 16 months contract), private sector contribution secured including in-kind (will be matched pound for pound from the City Council's Flexible Fund).
- 3.4 The Council will review the need for provision and the contractor performance prior to the consideration of a contract extension period. Key outcomes and milestones to be achieved beyond March 2017 would be agreed in consultation with the contractor.
- 3.5 As the region's only specialist FE College in construction studies, Leeds College of Building, will continue to play a lead role in equipping young people in particular to acquire the skills needed by employers. The contractor will be expected to work closely with the College to ensure better alignment of this programme with College provision, helping to extend the reach of the City Council's investment.
- 3.6 Budget provision has been made for a Flexible Fund grant of up to £25,000 per annum to meet the costs of bespoke skills training not currently funded through mainstream provision and, wherever possible, linked to real job opportunities. Employers accessing this fund are required to identify match funding or an in-kind financial contribution at a 50% rate. The

Flexible Fund can be matched with grants available through the Construction Industry Training Board (CITB).

4. Corporate Considerations

4.1 Consultation and Engagement

4.1.1 To inform the specification of the proposed contract, the Council has consulted with Procurement, Legal and Financial Management services. Programme content has been informed by consultation with employers, learning providers and young people seeking work in the construction sector. The Executive Member for Employment, Enterprise and Opportunity has been consulted on the proposal to commission this programme.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 An EIA screening was completed on 16 July 2015 and will be reviewed annually. The screening highlighted the lack of equalities data across the industry but anecdotal information and programme participation data indicates that young people, women and people from Black, Asian and Ethnic Minority (BAME) groups remain underrepresented. In 2014/15, 25% of the programme beneficiaries supported by the Council through employment and skills obligations were under 25 years old, 7% were female and, 6% identified themselves BAME.

4.2.2 The programme will continue to promote the emerging training and job opportunities available to young people, BAME communities, women and people with disabilities and the contractor will be expected to contribute to events and programmes such as International Women's Month and Black History Month. The contractor will be expected work with employers to ensure the fair selection and recruitment of beneficiaries and, to increase the understanding of equality and access principles that apply in the workplace and beyond e.g. flexible working arrangements to assist work-life balance, for those with caring and childcare responsibilities and, where possible aids and adaptations will be encouraged among employers.

4.2.3 A Privacy Impact Assessment was completed on 6 July 2015 to inform the use of, and risk, to personal data and information. There are no individual privacy concerns as a result of this procurement. A further Privacy Impact Assessment with the selected provider will take place immediately after contract award.

4.3 Council Policies and Best Council Plan

4.3.1 The programme will contribute to the delivery of key objectives in the Best Council Plan 2015-20, specifically to 'promote sustainable and inclusive economic growth by improving the economic wellbeing of local people and businesses' with a focus on helping young people and other underrepresented groups into jobs.

4.4 Resources and value for money

4.4.1 The total programme costs can be met through the Employment and Skills approved budget allocation for construction skills and represents a reduction of over £150,000 per annum on the previous delivery models. The revised arrangement at a cost of £145k per annum is enabling a more efficient use of resources and is achieving an improved level of outputs. The Flexible Fund supports employers to invest in skills training for both new entrants and their existing workforce.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 As a result of changes in the EU regulations, this programme is no longer classed as Part B Services (vocational training) and will be subject to a full procurement under EU regulations.
- 4.5.2 This is a Key Decision. There is no access to information consideration at this stage and the proposals are subject to Call-In.

4.6 Risk Management

- 4.6.1 The Contractor will be required to submit an annual risk management plan and will be actively monitored quarterly.
- 4.6.2 The Construction Skills Programme will be contract managed through the Employment and Skills Service. Robust procedures are in place to monitor delivery of activities and expenditure in accordance with the Council's requirements. Any future extension of the contract beyond March 2017 will be subject to satisfactory performance by the Contractor and available funding.

5 Conclusions

- 5.1 The recovery from recession combined with the ageing workforce in the construction sector has led to a skills shortage. The industry has above average hard-to-fill vacancies and skill-shortage vacancies supporting the case for additional investment in skills training and employment brokerage to address the availability of adequately skilled labour.
- 5.2 The increasing number of infrastructure and major development schemes in the City along with planned housing growth presents an opportunity to recruit new entrants to the sector, improve the skills and competence of the existing workforce to increase productivity, reduce reliance on lower skilled or migrant workers and, support the uptake of new technologies and methods.
- 5.3 A new contract to an end date of 31 March 2017 is required for the Council to safeguard continuity of the Construction Skills Programme and, the on-going development of close working relationship with employers in the sector, encouraging and supporting higher levels of investment in skills training and the recruitment of new entrants to the sector.

6 Recommendations

- 6.1 The Director of Children's Services is asked to approve the procurement of a fixed price contract to a maximum value of £483,333 to deliver the City Council's Construction Skills Project from December 2015 to March 2017, including an option to extend the contract for a further two periods of 12 months, subject to funds being available and satisfactory performance by the Contractor.

7 Background documents¹

- 7.1 None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.