
**Economic & City Development Overview &
Scrutiny Committee**

28 January 2014

Report of the Assistant Director Governance & ICT

Construction Skills Scrutiny Review - Interim Report

Summary

1. This report presents the Economic & City Development Overview & Scrutiny Committee with an update on the work of the Construction Skills Scrutiny Review Task Group to date.

Background to the review

2. At a meeting of the Economic and City Development Overview and Scrutiny Committee in July 2013 the Committee considered a briefing paper on a proposed scrutiny review of constructions skills in York
- 3 The briefing paper provided information on the Construction Industry Training Board's (CITB) latest labour market forecast which predicted that the industry will show some signs of recovery from 2015/16 with increased demand for roles in wood trades, bricklaying, flooring and tiling, and plant operatives.
4. However, it confirmed that York and North Yorkshire has a large amount of SMEs (small and medium enterprises employing fewer than 250 workers), which obviously preclude mass recruitment drives. In York there are 611 construction related companies, 99.7% are SMEs, with 85% of these (521) employing under 10 people. In addition, the recruitment and selection of staff in the sector has to be flexible, able to expand and contract according to demand. Many companies took on external contractors - small businesses and self employed trades people to fulfil their requirements.
5. The Committee also received information on the significant number of York residents that would need pre-employment / pre-apprenticeship training in employability and functional skills linked to the construction

sector, before they would be able to benefit from more substantial training and work based learning opportunities.

6. Having recognised the national and, particularly, northern England shortage of skilled builders the Committee agreed that any review should focus on what the Council and its partners could do to address that skills gap and prepare for future growth.
7. The Chair suggested that the review should look at how City of York Council and its partners could work together to ensure that local York people were able to support the city's ambition for housing and construction growth that is predicted to require over 4,000 building jobs within the next two years.
8. The Committee decided to proceed with the review and appointed a Task Group comprising Cllrs Watts, D'Agorne and McIlveen to carry out the work on their behalf.
9. The Task Group held an initial meeting in August 2013 to discuss their ideas on what the review should cover, and in September 2013 they met again to consider:
 - A draft remit and timetable for their review - see Annex A.
 - Details on the existing training provision and funding landscape based on information from the Skills Funding Agency (SFA) – see Annex B.
10. As a result the Task Group agreed the following review aims and objectives:

Aim

To investigate ways of increasing the supply of local people with building and construction skills.

Objectives

- i. Identify what skills gaps and shortages there are in York and will be in the future, against planned development in the city over the next 5 years and beyond

- ii. Examine the opportunities for local people, including NEETs, 16-24 year olds and those looking to retrain, to enter the construction industry to enable the industry to take advantage of new and emerging projects
- iii. Identify what strategy and funding is in place by building companies and training organisations to develop a suitably qualified workforce to meet projected demands including retention and recruitment strategies, and identify best practice.

Information Gathered

13. Regional Initiatives

At a Skills Officer Meeting in November 2012 officers discussed the complexity of Section 106 agreements (made under Section 106 of the Town and Country Planning Act 1990 to enable development proposals to meet the needs of the community by securing contributions towards community infrastructure) and how the focus of a 106 agreement leans towards what employers can receive.

14. At the meeting Local Authority representatives agreed that Section 106 agreements were not the main avenue for promoting locally targeted Employment & Skills issues and that voluntary agreements achieved more. All provided information on the alternative methods they were putting in place to achieve this:

15. Wakefield: The LA felt the Section 106 process did not maximise opportunities and as a result a new strategy was put in place to encourage employment and skills linkages with all new actions taken through a procurement skills strategy. This new framework ensured everything procured by the LA was passed on via the planning team etc. A Job Centre Plus (JCP) secondee was working with Wakefield LA concentrating on working with planners, regeneration, other departments and the private city centre development team looking to join up economic development within LA departments.

16. Bradford: The authority was working closely with JCP to capture community benefits. Officers in planning and procurement were working to develop a framework (similar asks to 106) and were looking to develop a 'Bradford Offer' - a single gateway for developers and businesses via the Employment and Skills Partnership.

17. Barnsley: In regard to new developments, those bidding for building contracts have to include opportunities for local jobs and skills. Cabinet and colleges agreed to fund a Business Development Manager to work within the supply chain. In addition they look to increase competitive levels for supply chains by working with contractors to increase skills and staff training levels, including up to date certificates. They also provided information on how to apply for funding etc.
18. Kirklees: The LA was seeking to create a joined up offer for inward investment. All service delivery teams have to articulate how they will build employment and skills into their plan. They were also starting to look to voluntary agreements to simplify the offer to employers by bringing all different teams together. A property pilot (renovating empty properties) was also being developed.
19. Calderdale: All 106 funding goes into the regeneration budget and the Employment and Skills team look at how to use this, e.g. work experience grants, apprenticeship grants. A youth employment worker was being recruited to work with JCP to develop youth employment opportunities. Resources were in place to look to developing apprenticeship planning. Due to the internal restructuring all teams must now be focused and interconnected.
20. Selby: Funding via North Yorkshire. An amount of Homes and Communities Agency funding looked to develop an empty homes scheme. They were also developing working relationships with partners to smooth the way for large investments.
21. In York, protocols are in place via the YorCity Construction Skills Model between CYC – Skills and Planning Departments, Higher York¹, North Yorkshire Business and Education Partnership and JCP to secure locally targeted recruitment and training opportunities through developers and sub-contractors supporting major capital development sites across the city. Through the model the city is looking to develop a more joined up offer for inward investors and investigating how it can influence procurement to increase take-up of apprenticeships and other locally targeted recruitment and training opportunities.

¹ A partnership of Askham Bryant College, City of York Council, the University of York, York College and York St John University with one associate member – Craven College.

22. YorCity Construction

In 2001 a number of key York organisations came together to form Higher York. The partnership has since developed YorCity Construction, a targeted training and recruitment model to encourage broader local community engagement during the development stage of major sites in the city, with the aim of:

- Increasing choice and improving opportunities for people to access Higher Education and training
- Helping local businesses to develop their skill base through Higher Education and training; making links between employers, staff, students and graduates.
- Sharing best practice, resources, knowledge and expertise in order to maximise effectiveness and impact on skills for the local economy.

23. Higher York also helped develop a training and development facility at the University of York's Heslington East site for education, training and community engagement activity.

24. In 2010 the facility at Heslington East was awarded National Skills Academy status by the CITB-Construction Skills, and the Higher York Team started to seek ways to roll out the model across the city.

25. Under the model each site developer and main contractor is initially approached to discuss what kind of activities they would be prepared to be involved in. Activities can include:

- Working with local Job Centres and recruitment agencies to source local labour.
- Working with local providers on pre-employment training programmes to support and encourage local residents, in particular those who are unemployed, to access job opportunities.
- Taking on apprentices from local colleges and training providers.
- Offering internships or work placements to undergraduate or postgraduate students.

- Offering work experience to school and college students.
- Getting involved in employer events focused on school and college students.
- Providing support for professional development of teachers and tutors.
- Providing site visits for the local community, schools, universities, and colleges.
- Working with local colleges and universities to up-skill site staff or potential employees.
- Ensuring that local businesses are aware of the work packages available on site.
- Working with the supply chain to get them involved in the types of activities mentioned above.

26. This approach provides developers, contractors and suppliers with an opportunity to influence, contribute to and access recruitment and training of a future and current workforce, which in turn raises a positive profile for the developer not only with local residents but also with other businesses and stakeholders in the local area. In addition, the local community benefits from access to training and potentially jobs, as well as a better understanding of the development in its own right, and the benefits it can bring to their community and the city in the long term.

27. Since then North Yorkshire Business and Education Partnership (NYBEP) has been coordinating activities on behalf of the University with companies on the Heslington East site. The project is long term and has and will continue to involve a large number of companies. To date companies such as BAM, Shepherds, GMI, McAlpine and their supply chains have all been involved in the academy.

28. As the local planning authority and a procurer of services, City of York Council takes a lead in promoting the model through its processes and practices. An example of this would be working with housing services and housing associations to look at employment for ex-offenders.

29. All planning applications of above an agreed size/value are flagged as being potential projects within the model.

The 'client' (e.g. developer) is made aware of the model and those who can support. Examples of this include:

- The new City Council headquarters - Miller Construction (the main contractor) and S Harrison (the developer) were both committed from the outset to work with local schools, colleges and the local economy, and supported local businesses with opportunities to tender for work and individuals with employment.
- The Joseph Rowntree Trust eco-housing project in Derwenthorpe - David Wilson Homes has been involved in targeted training and recruitment activities including actively seeking local people to work on site. JRT had already put requirements on the developer to engage with local people and communities while David Wilson Homes had the support of CITB-Construction Skills. The City of York Council team responsible for developing the Community Stadium project also embraced the concept of the model.

30. In order to maintain its links with the construction industry, YorCity Construction held a free event in May 2013 to inform companies how they could get involved in working with schools, colleges, universities and community projects in and around York.

31. The agenda allowed for an overview of the YorCity Construction model including achievements, business benefits and case studies and there were round table discussions on the benefits and how the model can be improved. Feedback from employers included:

- Widespread acknowledgement of a joint apprentice scheme offered by YorHub. While the scheme was welcomed it was felt the 16-19 age range was a little restrictive considering 19+ young people tended to be more work ready and flexible. However, there was general agreement that the shared apprentice initiative was an excellent idea as it allowed apprentices to gain a wider learning experience across a broader spectrum of the sector and, secondly, a small business could struggle to take an apprentice on their own.
- Agreement by employers that City of York Council operated a balanced approach to tendering.
- A willingness to explore how more local contractors could win local contracts.

They agreed there was a need for increased stability of local contracts, rather than national contracts to make the taking on of apprentices more feasible for local employers.

- That recruiting apprentices at an early age often paid dividends in the future, but smaller employers (in the supply chain) often faced barriers as a result of larger employers not allowing under 18s to work on construction sites.

32. At their meeting in early November 2013 the Task Group learnt that a Steering Group was being established to support the next stage of development for the YorCity Construction model and examine how the model can be rolled out to benefit firms of every size. The Steering Group includes the Council's Director of City and Environmental Services, the Assistant Director Development Services, Planning & Regeneration and the Head of Economic Development, employers and training providers and will look at how they can better support the locally targeted training and recruitment needs of small to medium sized businesses, not just large developers

Analysis to Date

33. Having considered the information from the Skills Funding Agency (SFA) on the existing training provision and funding landscape (shown at Annex B), the Task Group recognised there is a skills gap in York which has yet to be clearly identified, and noted that work was ongoing through engagement at local level to identify that gap.
34. It appears the YorCity Construction targeted training and recruitment model has had some success in securing opportunities for young people still in education and some apprenticeship roles, as identified in paragraph 25. However what is not clear is how successful it has been in securing job opportunities for local residents, NEETs, the up to 24 year olds, those looking to retrain and the up-skilling of the existing workforce.
35. The feedback from employers attending the YorCity Construction event held in May 2013 suggests the need to examine what opportunities are available for the 19+ age group to enter the construction industry – see paragraph 31 above. However, members had previously been made aware that a significant number of potential construction industry recruits in York would need pre-employment / pre-apprenticeship training linked to the construction sector before they would be able to benefit from more

substantial training and work based learning opportunities.

36. At a meeting in early November 2013 Task Group members recognised that the YorCity Construction model was working very well with large construction companies on large development sites but acknowledged there was a need to engage with smaller firms to investigate what barriers, if any, there are to taking part in the scheme.
37. In noting that each major site developer and main contractor is approached to discuss which elements of the targeted training and recruitment model they would be prepared to be involved in, it would be helpful to understand how many do not take up the model and why. It is hoped this would be addressed at meetings with employer groups detailed below.
38. While the recruitment and training of staff is recognised as being a key issue in the Review, but there is a need to identify a strategy whereby companies that have a suitably qualified workforce can best retain their skilled employees.
39. At the November Task Group meeting Members welcomed the formation of the YorCity Construction Steering Group, recognising it will ensure a more cohesive approach for development of the model for medium and small firms. Members expressed an interest in attending the first Steering Group meeting on 8 January, 2014.

Further Information Gathered

40. In support of objective (i) of the review remit listed in paragraph 10, the Task Group agreed they would like to meet with Property Forum of York's Chamber of Commerce to investigate how local firms and organisations within the supply chain currently source new staff and apprentices.
41. As a result Members attended a meeting of the Property Forum on 10 December 2013. The Director of City and Environmental Services told the meeting the Council's aim was to create 22,000 homes over the next 15 years in addition to other major developments within the city, such as the former Terry's factory, the former British Sugar Factory and the former Nestle site. The challenge for construction industry employers was to meet recruitment needs over the next 10-15 years.

42. The Task Group Chair told the meeting there were great opportunities in York with a projected construction boom and it was important young people and local York residents were involved in this boom.
43. A Forum member told Task Group Members that there was a major skills gap in York and the UK generally and they were struggling to recruit staff. His company had recruited 25 people in York over the past six months but were still having to take on people from outside the area. The problem was that as the industry downsized the supply chain became inhibited.
44. Another Forum member told the meeting he had three sons and a career in construction was never mentioned at school. The industry was now coming out of the doldrums. For the past four or five years it had not been able to take on apprentices but now it is starting to recover and can start recruiting apprentices again.
45. As a result of the meeting with the Property Forum the Task Group Chair noted:
 - The perception that York's secondary schools have a low regard for the building and construction industry as a trades career path.
 - There is a long lead time for the procurement of basic materials – such as bricks – that could compromise efforts to expand the industry and its supporting training.
 - There may be difficulty getting the industry to adopt modern pre-build technologies – which could have knock-on effects to the training and planning processes for these technologies.
46. Another Task Group Member suggested schools could better market a career in construction, although it was accepted the reality over the past five or six years has been that the industry has shrunk to 25% of what it was in some areas which has meant a big drop in wages and poor job security. However, he considered now was a good time to start as the opportunities are sky high and this needs to be stressed to young men and women.

47. On 8 January 2014 the Task Group Chair attended the YorCity Construction Steering Group meeting along with representatives of construction firms, training providers, agencies, the Armed Forces and CYC officers.
48. The purpose of the YorCity Construction Steering Group is to:
 - Advise on how YorCity Construction can continue to develop a multi-agency, partnership approach in York to meet the skills and recruitment needs of the construction sector both now and for the future;
 - Advise on the skills needs of the sector;
 - Advise on how YorCity Construction can maximise targeted recruitment and training opportunities available to local residents through developers, contractors or supply chain businesses that are either based or operating in the city;
 - To oversee the implementation of the YorCity Construction initiative and to receive and comment on progress reports relating to YorCity Construction.
49. The meeting acknowledged that York is going through a significant period of change as it recovers from recession and there were massive opportunities for long-term gain with plans for 22,000 homes over 15 years and the creation of around 1,000 construction jobs a year.
50. Construction company representatives said their firms were recruiting but agreed the industry did not have the skills pool it required and there was a limited amount of trades people in the York area. They have vacancies that need to be filled immediately but there were not enough skilled employees such as bricklayers and joiners.
51. Construction companies were committed to apprenticeships but these take two to three years and would not be able to satisfy the immediate requirements.
52. The meeting agreed that many schools had misconceived ideas about the construction industry as a career and were largely unaware of the wide variety of jobs available, from trades people to professional, technical and commercial and sales positions.

One training provider did a presentation to a school and could see the shock when people realised the array of careers opportunities available in construction.

53. The Armed Forces representative said redundancies meant a large, motivated workforce was to be released into the labour market, each with a retraining package which could be used to learn a new trade.
54. The meeting acknowledged that construction was a transient market but as it was entering a period of growth it could now offer employment in the York area for the next five to 10 years during which time a locally based workforce could provide sustainability, which was not the case five years ago.

To Progress the review

55. To support objectives (ii) & (iii), the Task Group agreed to consult with current apprentices on their route into the industry and the barriers they faced and a meeting was arranged for 11 December at York College's Osbaldwick Training Centre. Representatives from training providers such as York College, CITB, and Job Centre Plus were also to be consulted during the day.
56. However, these meetings were cancelled at short notice as the college was notified that it was to have an Ofsted inspection that day. An alternative series of meetings is to be arranged.
57. Following this meeting, it is suggested that the Task Group hold a further interim meeting to discuss the review findings to date, agree what, if any, additional information is required to support the work on the review and to formulate recommendations to be presented to ECDOSC.

Council Plan

58. This review is linked to the 'create jobs and grow the economy' element of the Council Plan 2011-15.

Implications

59. There are no other known implications associated with this report. However, any implications which may become apparent as the review progresses and recommendations emerge will be addressed in the final draft report from the Task Group.

Risk Management

60. There are no known risks arising from the report. Again, any risks arising from the final review recommendations will be addressed once they become apparent.

Recommendations

61. Having considered the information contained within this report and its annexes, Members are asked to:

- Note and comment on the work on the review to date.

Reason: To progress this scrutiny review in line with scrutiny procedures and protocols.

Contact Details

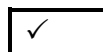
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**Report
Approved**



Date 06/1/2014

Wards Affected:

All

Annexes

Annex A – Timetable for review

Annex B – Training provision and funding landscape

Annex C - Abbreviations