

Resurgam Sector Hub Update 10/02/21

Construction & the Built Environment



Established in 2015, Building Plymouth is an award winning, Council led partnership with the local construction and built environment community, driving skills and employment, and acts as a united voice for the industry – **Working together on Resurgam**



State of Play



- The Construction sector is in a busy period and has established ways of continuing to work productively in the pandemic using the CLC's site operating procedures
- Local public sector spend including critical healthcare projects has helped the industry bounce back from the slowdown in productivity in Q2 2020
- **Industry is very busy** – mainly public sector – health, infrastructure, education
- Clients investing in **significant local building projects**
- A number of local authorities, including Plymouth, provided support through the PPN02 cabinet office guidance which provided cash flow support during the pandemic, this was greatly received by the supply chain
- **Local skills for most trades are at capacity**, amplified by the impact of COVID and self-isolation
- Growing skills gaps and skills shortage across trade and technical roles



Evidence of Impact



- A number of **price increases** have been seen in the construction industry as a result of Brexit, COVID and the market being busy – being evidenced across **material and labour supply**. This will need reflecting in project viability appraisals to ensure cost plans are current
- Under JCT contractual arrangements, the pandemic will have cost the construction industry supply chain with the base position of force majeure providing relief on time but not cost. Supply chain insolvency risk will need closely monitoring through 2021
- Clients advertise on portals/ contracts finder as part of fair competition – attracting greater interest from across the UK to the **detrimental effect of the local £ spend**, which has the most opportunity to protect our local construction employers (contractors, consultants and SMEs) to enable recovery and growth
- Construction offers the majority of Plymouth's apprenticeship vacancies – however we are struggling to recruit



Issues/ Barriers



- **Visibility of the local pipeline for 2021/22** is essential to build confidence, enable resource planning, training, upskilling of labour, and investment in new jobs
- Busy sector with a changing landscape, and budgets not fixed or consistently changed. Difficult to predict, plan for and resource especially in healthcare planning. Still uncertainty over Babcock's procurement strategy or timelines. **Risk the local supply chain may miss out on this huge investment**
- Growing concern over city construction procurement not having enough transparency or weight focused on local spend, ineffective processes and choices of routes to market (especially for consultants and SMEs), and poor Social Value assessment criteria **Spend4Plymouth vs Spend IN Plymouth**
- Local authority adoption of the Construction Playbook and how this will influence future procurement and scoring of tender opportunities – is any support required from the industry?
- Reverse charge VAT – anticipating a negative impact on short term cash-flow for businesses in the supply chain



Update on strategy for recovery/growth



- Our key priority - we need clients to get fully behind the ethos of Building Plymouth and Resurgam so that they **invest back into the city by awarding work to more local contractors and consultants including SMEs**
- Commitment from local contractors to ensure local supply chain procurement
- Need far greater current pipeline visibility and for clients to **get ahead on securing future funding for building the medium/ longer term pipeline**
- City's new online supplier directory is welcome – although this will need an underpinning **education and culture change programme** supporting the procurement leads of clients to ensure embedded
- **Increased focus on delivery of Social Value** - keen to support the development of an assessment criteria that not only measured what a company was intending to do to invest throughout a project (which should be audited), but also previous 18 months work that resulted in investment in the city
- Increasing local spend will enable local employers to invest in skills – recruit new entrants and up-skill the current workforce
- **Build back greener** - Local authority carbon reduction plan – will this be linked/ compliment other large public sector procurement?



Recent wins and opportunities ahead



- **Highest level of construction investment in Plymouth for over 25 years!**
= Derriford HIP2 spend + Babcock spend + UoP spend + PCC spend + Private sector spend. Accelerating any project will help with COVID recovery
- Meet the buyer events are good for visibility but now we need to identify clear routes to get onto the supply chain
- **An increased focus on Spend IN Plymouth = creating and protecting sustainable employment for local people and local businesses**
- **Further investment in Building Plymouth** to manage the risk of increasing skills gaps and skills shortages by maximising creation of local construction job and training opportunities for adults looking to re-train/ up-skill, and to create new entrant pathways for young people including our NEETs
- Secure skills funding and embed support through PCC Planning and Procurement, **set up a city wide Building Plymouth Skills Academy** – optimising city projects as onsite training hubs
- Full alignment with Skills4Plymouth and Skills Launchpad Plymouth
- Joining up the **construction skills agenda across the SW peninsula**

