

ITEM No ...12.....

REPORT TO: CITY DEVELOPMENT COMMITTEE – 11 MARCH 2019
REPORT ON: SECTOR DEVELOPMENT PLAN - CONSTRUCTION
REPORT BY: EXECUTIVE DIRECTOR OF CITY DEVELOPMENT
REPORT NO: 106-2019

1 PURPOSE OF REPORT

1.1 This report updates committee on the construction sector in Dundee and presents a Development Plan for supporting growth and development of this key economic sector

2 RECOMMENDATION

2.1 It is recommended that the Committee

- a approves the Development Plan for future development of the sector
- b notes that the target for housing completions each year is 480 homes across all tenures, of which an average of 200 per annum will be delivered through the Affordable Housing Supply Programme.
- c remits officers to establish an annual Construction Sector Industry Forum involving key stakeholders and industry representatives

3 FINANCIAL IMPLICATIONS

3.1 There are no financial implications for the Council in terms of this report.

4 BACKGROUND

4.1 Sector Action Plans

4.1.1 This is the first of a series of Sector Development Plans that will be brought before committee for approval. Sector Development Plans underpin work to grow the city's economy through a range of initiatives to grow key industries. Further plans will be brought forward to future committees in relation to Energy (Offshore Wind and Decommissioning), Life Sciences, Tourism, Creative Industries (including Digital) and Social Enterprise.

4.2 Dundee's Construction Sector

	Construction Sector Key Statistics			
	Total Enterprises		Total Employment	
	Dundee City	Scotland	Dundee City	Scotland
2010	365 (13.5%)	18,015 (12.5%)	4,500 (6%)	135,000 (5.5%)
2017/18	415 (12.9%)	20,205 (11.6%)	3,500 (4.6%)	140,000 (5.6%)
Change	+13.7%	+12.2%	-22.2%	+3.7%

Sources: UK Business Count; Business Register & Employment Survey

- 4.2.1 The construction sector includes those involved in a wide range of building and civil engineering projects, demolition contractors, as well as the full range of building trades. The sector is an important contributor to the economy accounting for 11.6% of enterprises in Scotland. In employment terms, it accounts for 5.6% of jobs in Scotland.
- 4.2.2 The construction sector is an important contributor to the Dundee economy supporting employment, enterprises and economic output. There were 415 construction sector enterprises in 2018, equating to 12.9% of all businesses in the city. Larger construction companies based, or with a presence, in the city include Robertson Construction, Balfour Beatty and George Martin Builders. Dundee Contract Services and Tayside Contracts are also significant construction sector employers. The vast majority, however, are Small to Medium Sized Enterprises (SMEs) with 87% falling into the micro enterprise (0-9 employee) category. Over the period 2010 to 2018 the number of enterprises increased from 365 to 415 but the share of total enterprises fell from 13.5% to 12.9%, a downward trend mirrored at Scottish level.
- 4.2.3 Construction sector employment in Dundee fell by 22.2% between 2010 and 2017 compared to growth of 3.7% at Scottish level. Construction employment as a percentage of total employment also fell from 6% to 4.6% in contrast to Scotland where it remained stable. Most recent figures indicated that there are 3,500 construction sector jobs in the city.
- 4.2.4 The employment challenge facing the sector in Dundee in recent years was visibly illustrated by the collapse of Muirfield Contracts in 2015 which resulted in 280 job losses. The only Scottish Top 500 Company with a construction division headquartered in Dundee was McGills which entered administration on 1 February 2019 with 374 immediate redundancies. Members will be aware that a preferred bidder for the business has now been identified by the Administrator.
- 4.2.5 PACE is the public sector's joined up response to supporting people who are facing or have been made redundant. In respect to the recent redundancies, Dundee City Council has worked extensively with partners to deliver practical advice and support to redundant workers. This included providing support at a PACE event at the Apex Hotel on 7th February where 13 support organisations and 30 local employers were present to support those affected.
- 4.2.6 More generally, Dundee City Council plays a pivotal role in PACE seeking to retain and redeploy skilled construction workers and apprentices by encouraging contractors and subcontractors to attend PACE Events and share vacancies. In relation to apprentices, the council Community Benefits Officer helps coordinate the partners response including helping identify young people, supporting them to update CVs quickly and arranging interview support as well as linking them with recruiting employers.
- 4.2.7 Despite the challenges. Tayside's Regional Skills Assessment 2018-28 identifies that region wide there are currently 16,200 jobs in the construction sector and predicts strong growth over the next decade requiring 1,400 additional jobs; equivalent to an annual average growth rate of 1.1 per cent per year. In terms of local skills requirements, recent CITB (Construction Industry Training Board) research has recognised skills gaps in management and supervision; labourers; office based support staff and particular shortages in painting & decorating, bricklaying, plumbing and HVAC (Heating, Ventilation and Air-Conditioning).
- 4.2.8 Construction Scotland is the leadership organisation for the construction industry in Scotland. In 2018 they launched the [Scottish Construction Industry Strategy 2019-2020](#). This sets out six strategic priorities and outcomes for the sector focusing on procurement, skills, quality and standards, planning and building regulations, growth opportunities and productivity & innovation. In January 2019, the Scottish Parliament's Economy, Energy and Fair Work Committee launched an inquiry to understand the characteristics and challenges

of Scotland's construction sector and to ensure the sector realises its full potential in contributing to a productive and inclusive Scottish economy.

4.3 Support for the Sector

4.3.1 The Council has a strong track record of supporting, and working with, the sector through a range of mechanisms.

4.3.2 **Capital Investment:** Expenditure by Dundee City Council provide significant contract and sub-contract opportunities. In December 2018, Dundee City Council approved a revised Capital Plan covering the period 2019-2024 which outlines £347 million of capital expenditure. Projects include construction of the hotel development at Dundee Waterfront Site 6, the development of Waterfront Place, the construction of the Regional Performance Centre for Sport, modernisation of the schools estate, infrastructure improvements at Camperdown Park, Coastal Protection Works, the upgrade of council offices, installation of low carbon travel hubs, housing stock maintenance and improvement, energy efficiency measures within social housing and construction of affordable housing. The signing of the £300 million Tay Cities Deal (with an additional £50million from Scottish Government) also offers the prospect of further capital investment in the region over the coming years which may benefit the local construction sector.

4.3.3 **Community Benefits Programme:** The Council's Community Benefits through procurement programme was refreshed in 2018. Whilst this focuses on all procurement activity, the largest projects are construction related. Dundee Waterfront, Schools and Housing projects have unlocked a range of benefits for the sector.

Community Benefit Programme Outputs (Feb 2014 – January 2019)	
Supplier Development	
Local Construction Spend (within 35 miles)	£72,165,329
Average Percentage of Spend which was local (within 35 miles)	51%
Average Local Labour (within 35 miles)	71%
Employment and Skills	
Employment Opportunities Created	211
New Start Employment Opportunities (previously unemployed, redundant, graduates or new entrants)	101
Project Initiated Modern Apprenticeships	81
Existing Modern Apprentices	260
Work Experience Opportunities	347
Awareness Raising Activity	
Awareness Raising Events and Activities Delivered	347
Individuals Supported through Awareness Raising	10,650
<i>The monitoring information provided dates from February 2014 (start of Waterfront 4) to end of January 2019. For Capital Construction projects activity is shown cumulatively and includes recent and current Waterfront, School, Housing and the Regional Performance Sports Centre.</i>	

4.3.4 **Supplier Development:** Activities include a range of measures which are designed to support Small to Medium Enterprises (SMEs), Social Enterprises, Supported Business and within legal limits, local business, to develop and grow their businesses and be in a position to compete for Council and other contracts. Specific measures to support suppliers include promoting the Quick Quote Function of Public Contract Scotland for lower value procurement activity under 50K, smaller contract lots and organising meet the buyer events.

On 27 February 2019, the annual Tayside Meet the Buyer Event took place at the Invercarse Hotel enabling 200 businesses to meet buying personnel from the 3 Local Authorities, NHS Tayside, Higher & Further Education Institutions and Tayside Contracts.

- 4.3.5 **Employability Initiatives:** Dundee City Council has worked closely with employers in the sector to create training and employment opportunities. These include the design and delivery of an Insulation Installer Programme in partnership with Hart Building, offering onsite training and work experience (in partnership with Jobcentre Plus); a pre-recruitment training programme with Robertson Construction and their sub-contractors; and support for a Regional Shared Apprentice Scheme that aims to support small and micro business to consider becoming involved in apprentice training.
- 4.3.6 **Dundee Contract Services:** Construction Services provide a comprehensive building construction and maintenance service on behalf of Dundee City Council. With a directly employed workforce of semi-skilled, skilled and apprentice trades persons (332) and professional/support staff (62), it is the largest direct employer of multi-trade construction disciplines within Tayside. Construction Services continues to provide strong support to construction industry training in Tayside and seeks to maintain a ratio of 10% of the trade workforce as apprentices. At present the department employs 31 apprentices, which establishes Construction Services as a significant direct employer of construction apprentices within the local economy
- 4.3.7 **Fair Work Charter – Construction:** Dundee City Council has joined forces with local trade unions to sign a 12-point charter committing them to fair work in the sector. The charter pledges to ensure that through the procurement and delivery of council-backed building projects there will be high standards of employment status, health and safety, training and nationally agreed terms and conditions.
- 4.3.8 **Planning:** The planning service is responsible for discharging the local authority's statutory duties in respect of the Planning (Scotland) Act and associated legislation. This involves planning the strategic growth of the city and determining planning applications. The service's role extends beyond these statutory duties. Of relevance to the construction sector is the planning and delivery of new homes to meet the strategic housing supply target set within the development plan. Members will be aware that Dundee City Council signed an agreement in 2018 with Homes for Scotland to work together to deliver new housing in Dundee. The service takes a proactive approach to this, working in partnership with Neighbourhood Services, property division, housing associations and private housebuilders to deliver new housing of various types and tenures in locations across the city. The delivery of new and extended commercial premises is also supported by the service through close working with the economic development and property teams. The service recognises the challenges faced by developers and takes a proactive approach to service delivery, working in partnership with developers and their agents.

Planning Service Key Performance Statistics		
	Dundee (17/18)	Scotland (17/18)
Annual Number of Planning Applications	499	N/A
Annual Number of Other Applications	180	N/A
Application Approval Rate	92.7%	93.7%
Decision Making Timescales		
Major Developments	19.8 weeks	33.6 weeks
Local Developments (non-householder)	8.9 weeks	10.9 weeks
Householder Developments	7.3 weeks	7.6 weeks
Established Housing Land Supply	5,236 units	N/A
5-year Effective Housing Land Supply	5.5 years	5 years (target)
Employment Land Supply (marketable)	127.43 has	
Source: Dundee City Council / DCC Planning Performance Framework 2017-18		

- 4.3.9 **House Building:** House building has the potential to make a significant contribution to the city in terms of the regeneration of local communities, the provision of modern energy efficient dwellings, the re-use of brownfield sites, and as a contributor to job creation and career opportunities for local citizens. Dundee City Council has projected an annual target of 480 housing completions per year from 2020 onwards. This includes a commitment to support the development of an average of 200 houses per annum through the Affordable Housing Supply Programme. Through the planning system the Council will ensure that sufficient land is available to enable the housebuilding sector to deliver new homes across all tenures. Appendix 1 illustrates the distribution of housing land across the city (as at December 2018), indicating those sites with planning applications under consideration; those where permission has been granted; and those where construction is underway. Whilst in recent years housebuilding targets have not been met, there are a substantial number of sites currently under construction including within Dundee Western Gateway, Derby Street and a range of smaller brownfield sites.
- 4.3.10 Realisation of the annual target depends on planning submissions coming forward and being approved. The Home Builder Federation has developed a calculator to assess the impact of house building and the table below sets out the benefits that would be realised if Dundee met its annual target of 480 builds per annum.

House Building Impact Calculator: Impact of Building 480 Homes	
Employment and Training	Support the employment of 1,488 people Provide 16 apprentices, graduates or trainees
Community Impact	Increase open space, community sport, leisure spending by £386,976 which could for example provide 21 5-aside football pitches
Housing	Create 110 affordable homes
Education	Generate £386,976 towards education spending which could provide up to 182 classroom spaces
Taxation	Generate £5,785,440 in tax revenue including £542,141 in council tax revenue
Source: Home Builder Federation	

- 4.3.11 **Building Standards:** The building standards service is responsible for discharging the local authority's statutory duties in respect of the Building Scotland Act and associated legislation and has vast experience in dealing with the interpretation and implementation of Building Regulations and associated matters. In discharging these duties, the Service aims to meet its statutory duties in a customer focussed manner that supports construction. This includes a comprehensive pre-warrant consultation service, regular meetings with designers and developers, provision of duty Building Standards Surveyors and promotion of the Scottish Type Approval Scheme, providing customers with a quick and easy route through the Building Warrant approval process.

Building Standards Key Performance Information 2017-2018		
	Dundee	Scotland
National Customer Satisfaction Survey 2008, overall satisfaction with the service received (out of 10)	7.7	7.0
% first reports (for building warrants and amendments) issued within 20 days	87%	82%
Average time taken to grant a Building Warrant (working days)	63 days	75 days
% of Building Warrants granted within 10 days of receipt of satisfactory information	86%	76%

- 4.3.12 **Asset Management:** Dundee City Council can support the construction sector through active asset management. Council property officers work with a range of stakeholders, to strategically market surplus land assets to support development across all tenures. Dundee City Council property services have in the region of £2.5million worth of land assets under offer to residential developers. The following table summarises the land Dundee City Council is actively working towards developing, thus supporting the demand for residential accommodation and the construction industry.

Active Development Land	
Council Land	Development Proposals
1.78ha (4.40 acres)	Surplus land for sale
4.78 ha (12.03 acres)	Under offer for the purpose of private residential development.
13.61 ha (33.6 acres)	To be developed for affordable housing, in partnership with housing associations.
Source: DCC City Development Department	

The next table summarises the sales, receipts and developments over the last 3.5 years, that have provided opportunities for construction in Dundee.

Development Site Sales July 2016 – January 2019		
Development Type	Area (Hectares)	Capital Receipt
Private Residential	8.2	£1,172,372
Affordable Housing	2.6	£601,921
Commercial	4.1	£1,570,000
Industrial	0.3	£95,000
Other	N/A.	£301,250
Total	15.2	£3,740, 543
Source: DCC City Development Department		

5 DEVELOPMENT PLAN

- 5.1 Dundee City Council is committed to supporting economic growth in the local economy and recognises the importance of the construction sector as a key provider of jobs in the city. More broadly, outputs from the sector help underpin the wider local economy and support regeneration of the city's infrastructure.
- 5.2 The Development Plan for supporting the construction sector over the next 5 years is set out in Appendix 2. Priorities include delivering capital investment, meeting house building targets, promoting land and property development, improving the efficiency of our statutory services, delivering skills provision and supporting supplier development.
- 5.3 Given the significant challenges that have faced the sector in recent years, in respect to job losses, the target for the Development Plan period will be to stabilise existing employment levels in the sector and provide a platform for future growth.
- 5.4 The major recommendation is to remit Officers to establish a construction industry forum. It is recommended that this should meet annually and engage stakeholders and industry representatives in dialogue to address barriers that impact on delivery of new housebuilding and other construction projects. It should also aim to consider and address the wider issues that affect the sustainability and development of the city's construction industry.

6 POLICY IMPLICATIONS

- 6.1 This Report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

7 CONSULTATIONS

- 7.1 All members of the Council Management Team have been consulted and are in agreement with the contents of this report.

8 BACKGROUND PAPERS

- 8.1 None.

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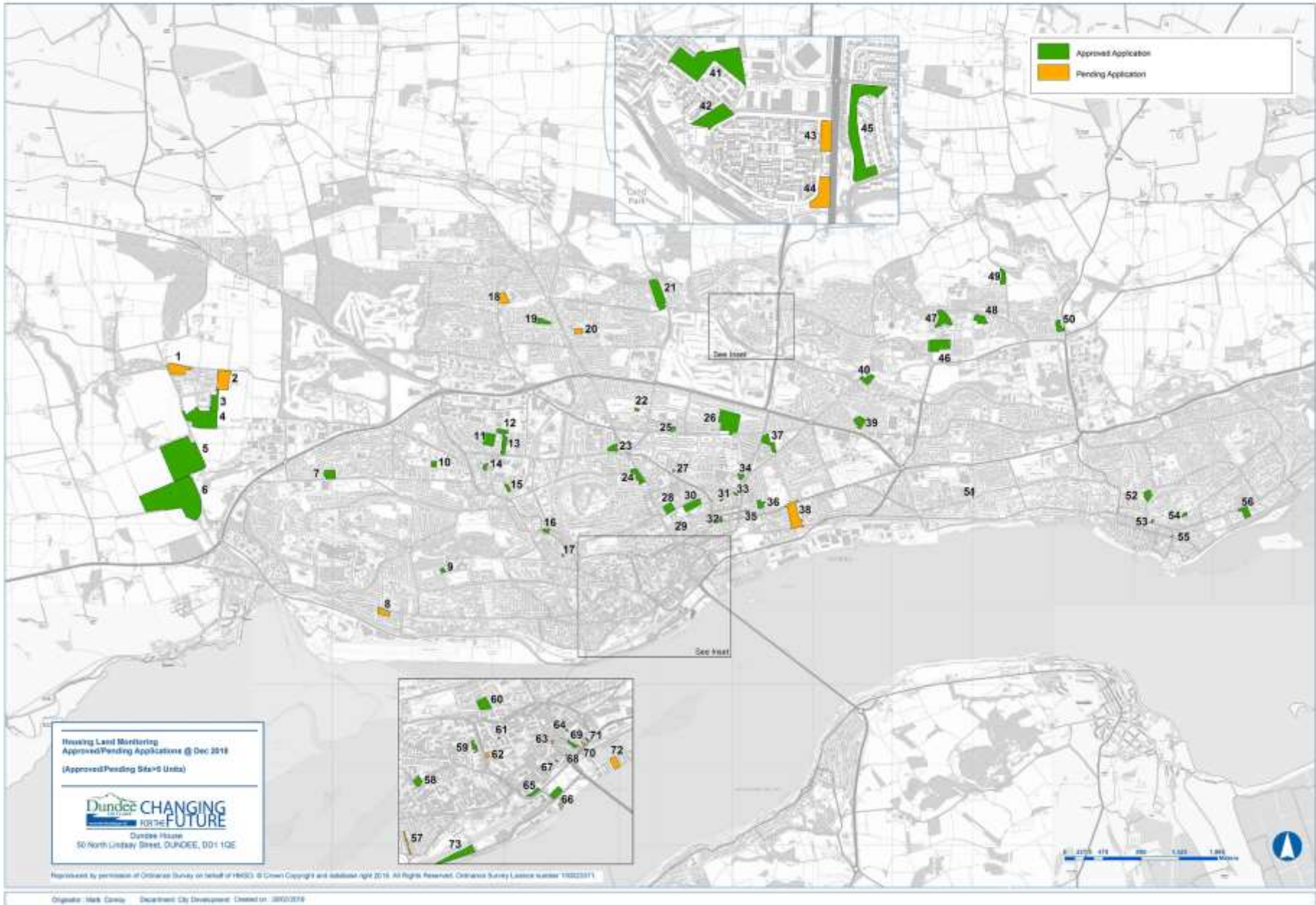
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4 March 2019

APPENDIX 1

Site No	Site Name	Category	No of Units
1	FORMER BENVIE HOUSE, LIFF	Pending	28
2	FORMER WHITELAW HOUSE	Pending	29
8	FORMER NURSERY, PERTH ROAD	Pending	10
18	FORMER MACALPINE PRIMARY SCHOOL SITE, ST LEONARD PLACE	Pending	29
20	FORMER ST COLUMBAS PS	Pending	21
38	SITE AT ELLENGOWAN DRIVE	Pending	130
43	LAND AT 1-3 HEBRIDES DRIVE (MOM-PH4)	Pending	20
44	LAND AT 5-10 HEBRIDES DRIVE(MOM-PH4)	Pending	25
55	383 BROOK STREET	Pending	10
57	MAGDALEN YARD ROAD, 51	Pending	7
62	WEST MARKETGAIT	Pending	43
63	MURRAYGATE	Pending	43
70	TRADES LANE	Pending	28
72	THORTER LOAN	Pending	119
		Total Pending	542
3	DUNDEE WESTERN LIFF PH1	Under Construction	18
5	WESTERN GATEWAY, SOUTH GRAY	Under Construction	371
6	WESTERN GATEWAY, SOUTH GRAY	Under Construction	230
10	GRAY STREET	Under Construction	14
11	CLEMENT PARK HOUSE	Under Construction	33
12	FOGGYLEY GARDENS	Under Construction	20
21	TROTTICK, LOWRISE	Under Construction	86
22	FAIRMUIR ROAD	Under Construction	8
24	DERBY STREET MULTIS	Under Construction	163
27	NORTH ISLA STREET	Under Construction	8
30	MAXWELLTOWN MULTIS	Under Construction	81
34	ELIZA STREET	Under Construction	40
39	FORMER MID CRAIGIE PRIMARY SCHOOL, PITAIRLIE ROAD	Under Construction	42
45	FINAVON STREET, LAND EAST OF	Under Construction	45
46	SUMMERFIELD AVENUE	Under Construction	80
48	ABERLADY CRESCENT	Under Construction	26
49	LAND NORTH OF OLD QUARRY ROAD	Under Construction	12
50	PITKERRO MILL	Under Construction	6
51	WINNOCKS, 1 GARDYNE ROAD	Under Construction	7
52	FORTHILL ROAD, 5 FORMER ANTON HOUSE	Under Construction	22
54	CAMPHILL ROAD	Under Construction	7
56	MONIFIETH ROAD, ARMITSTEAD	Under Construction	26
58	BELLFIELD STREET	Under Construction	45
61	WEST BELL STREET	Under Construction	9
64	SEAGATE/TRADES LANE	Under Construction	28
71	DOCK STREET	Under Construction	10
73	RIVERSIDE DRIVE	Under Construction	202
		Total Under Construction	1,639

Site No	Site Name	Category	No of Units
4	DUNDEE WESTERN LIFF PH2	Approved	100
7	DUNHOLM PLACE,	Approved	43
9	MAINS OF BALGAY, ELLIOT ROAD	Approved	5
13	FOGGYLEY GARDENS (SOUTH)	Approved	20
14	LOCHEE OLD CHURCH & HALL	Approved	16
15	BURNSIDE STREET	Approved	39
16	RANKINE STREET	Approved	10
17	BENVIE ROAD, GARDEN WORKS	Approved	12
19	LAUDERDALE AVENUE	Approved	27
23	COLDSIDE ROAD	Approved	30
25	CLEPINGTON ROAD	Approved	10
26	MAINS LOAN	Approved	131
28	MAXWELLTOWN WORKS	Approved	57
29	BONNYBANK ROAD	Approved	8
31	DURA STREET	Approved	8
32	EAGLE MILL, VICTORIA ROD	Approved	34
33	LANGLANDS STREET	Approved	16
35	RAGLAN STREET	Approved	12
36	MORGAN STREET	Approved	28
37	MARYFIELD DEPOT	Approved	20
40	PITKERRO ROAD	Approved	30
41	BARNS OF CLAVERHOUSE ROAD	Approved	40
42	HEBRIDES DRIVE, LAND NORTH OF	Approved	12
47	SITE 5, WHITFIELD	Approved	27
53	QUEENS STREET LIBRARY	Approved	5
59	GUTHRIE STREET, THE OLD MILL	Approved	17
60	CONSTITUTION ROAD	Approved	111
65	CENTRAL WATERFRONT - SITE 2	Approved	116
66	CENTRAL WATERFRONT - SITE 6	Approved	88
67	CASTLE STREET	Approved	8
68	COMMERCIAL STREET	Approved	8
69	CANDLE LANE	Approved	24
		Total Approved	1,112



Appendix 2 : Sector Development Plan 2019 – 2024

Theme	Activity	Timescale	Service Lead
Jobs	Support the growth of employment levels in sector through delivery of the sector development plan	Ongoing	City Development
Industry Engagement	Deliver annual Construction Sector Industry Forum that engages stakeholders and industry representatives in dialogue to address barriers that impact on delivery of new housebuilding and other construction projects	Ongoing	City Development
Capital Investment/ Supplier Development	Deliver supplier development support and prepare local construction companies to bid for contract opportunities deriving from Dundee City Capital Investment Plan 2019 – 2024 and Tay Cities Deal projects	Ongoing	Corporate Services
	Deliver annual Tayside Meet the Buyer Event to 200 enterprises (with major public sector procurers and main contractors) and deliver project specific Meet the Buyer Events	Annual/ Variable	Corporate Services / City Development
House Building	Support delivery of housing to meet strategic housing supply target (2016-2029) based on average of 480 units per annum, including 200 homes through the Affordable Housing Supply Programme.	Ongoing	City Development
	Address surface water drainage issues through development of joint developer guidance note with Scottish Water, regular SUDs meetings (between DCC, Scottish Water & developers) and ensure, where possible, in respect of land sales, all available information is shared regarding surface water drainage approach	2019	City Development
Process Efficiency	Continue to perform better than the Scottish average in relation to planning application decision timescales for all development categories	Annual	City Development
	Conduct further field trials of mobile solutions and ensure devices are fit for purpose	End 2019	City Development
	Enhance current customer engagement approaches to inform service delivery improvements	End 2019	City Development
Community Benefits/ Procurement	Align DCC community benefits approach to HUBCO and SCAPE Frameworks and work with Scotland Excel to ensure that Community Benefit requirements on Scotland Excel contracts are delivered locally	2019-2024	Corporate Services
	Support the Procurement Reform Act policy of seeking opportunities to lot contracts into smaller contracts where possible to encourage engagement with SMEs	2019-2024	Corporate Services
	Require main contractors to report on the percentage of spend which is allocated to local supplier and sub-contractors (within a 35 mile radius)	2019-2024	Corporate Services
Employability/Skills	Address construction sector skill needs through engagement with appropriate actions within Tay Cities Regional Investment Plan	2019	Tay Cities Skills Governance Group
	Support delivery of Shared Apprenticeship Ltd. in partnership with Angus Council, D&A College and the Construction Industry Training Board (CITB) to enable an increase in apprentice uptake by SMEs	2019-2024	Corporate Services
	Deliver a programme of pre-recruitment training and work placements working alongside employability partners and industry representatives to understand and address local skills requirements	2019-2024	City Development / Corporate Services
	Use Barrier Free Funding to support clients to access employment through funding of PPE and CSCS Cards	2019-2024	City Development
Business Support	Support the start-up and growth of construction sector SMEs through Council funded Business Gateway	2019-2024	City Development
Asset Management	Carry out a strategic review of land assets and ensure an effective pipeline of assets that are suitable for construction projects	2019-2024	City Development