



Belfast City Council

Report to:	Development Committee
Subject:	Opportunities for local construction companies
Date:	Tuesday 26 June 2012
Reporting Officer:	John McGrillen, Director of Development ext 3470
Contact Officer:	Shirley McCay, Head of Economic Initiatives ext 3463

1	Relevant Background Information
1.1	Members may be aware that the Construction Sales Growth programme commenced in September 2011. The programme aimed to help local construction-based companies to access opportunities within the supply chain of major contracts.
1.2	The development of the Council's investment programme – alongside the Northern Ireland Executive's Investment Strategy – sets out a clear blueprint for significant volumes of major public sector infrastructure investment in the coming years.
1.3	Given the scale of many of the contracts, local small businesses have been unable to access government contracts. They have also been inhibited by the regulatory and legal requirements of many of the contracts and are sometimes unclear about the tendering process and how it works.
1.4	The Construction Sales Growth programme has provided an opportunity to align a targeted support initiative for a sector that is currently under significant pressure with the commitments of the Investment Programme and wider regeneration schemes. A number of activities have already taken place in this regard and additional initiatives are planned in order to maximise the benefit for participating companies.

2	Key Issues
2.1	The Construction Sales Growth programme consists of a series of workshops on issues such as registering for tender information; writing tenders and joint bids; selling skills; project costing and new legislative requirements. These are supplemented by 1-2-1 mentoring support for local companies to help them address key challenges potentially impacting on their potential to win new business. Finally, some time is set aside to match participants with potential supply chain partners and create new business opportunities.

2.2	<p>One year into the programme, significant progress has been made with many of the participating businesses. At the present time, some of the outputs include:</p> <ul style="list-style-type: none"> – Three companies have become Invest NI client businesses. – Companies being “matched” are being helped to tender for over £15million worth of contracts (outcomes of tenders pending). – 6 companies have had visits to potential clients in Scotland and England and are following up on potential leads. – One company has won a contract for a new shopfitting job valued at £400,000.
2.3	<p>One of the main targets for the programme was that participating companies would win £1million of new business and the project managers are confident that this figure will be easily achieved in the course of the coming years. There is, naturally, some time lag between the tender submission and the contract award and therefore it is unlikely that the final figure will be available until at least next year.</p>
2.4	<p>Linking to the Council’s Investment Programme, meetings have been arranged with the contractors for the Woodvale and Dunville Park development schemes to promote companies on the programme and to encourage the main contractors to involve them in supply chain opportunities.</p>
2.5	<p>Members are reminded that EU procurement regulations preclude contracts from being awarded to local companies without entering into an open and competitive tendering procedure. Equally, it is not possible to stipulate that contractors must use local businesses. However it is possible to improve the capacity of local companies to tender for business opportunities and this is the focus of the work with the participants on the Construction Sales Growth programme.</p>
2.6	<p>In addition to the Dunville and Woodvale Park opportunities, there are a number of additional Council schemes which are likely to be tendered in the coming year or two. These include a number of pitches; the Waterfront Hall Extension; the Forthriver development; infrastructure works at North Foreshore and the development activities required as part of the broadband and wireless investment under the Urban Broadband Fund (UBF). Other opportunities for companies on the programme include the development of Casement, Windsor and Ravenhill stadia.</p>
2.7	<p>Taking account of the unprecedented opportunities for local companies at this time, Members are asked to consider providing additional mentoring and business matching support for companies participating on the Construction Sales Growth Programme, focusing on those businesses that show the greatest potential to benefit from the additional support. Other companies – not currently on the programme – may also be interested in availing of this support.</p>
2.8	<p>It may also be appropriate to consider investing in the development of a resource on consortium building and training local companies on this. This is an area that has emerged as being increasingly important – given the need for small companies to work together in order to win business. However there are significant legal implications for those companies seeking to enter into consortium agreements and they need to be aware of this before doing so. It will also be important to take account of potential consortium bids when developing and issuing Council tenders.</p>
2.9	<p>In order to complete this work, it is proposed that £35,000 is set aside from within existing Economic Development budgets to support this activity.</p>

3	Resource Implications
3.1	<p><u>Financial</u></p> <p>Members are asked to approve up to £35,000 towards business matching and mentoring support for construction companies, focusing on opportunities emerging from major public investment schemes as well as a resource on consortium-building that can be applied to Council and other public contracts.</p>

4	Equality and Good Relations Considerations
4.1	No specific equality and good relations implications.

5	Recommendations
5.1	<p>Members are requested to:</p> <ul style="list-style-type: none"> – Consider the proposal to provide additional mentoring and business matching support to companies taking part in the Construction Sales Growth programme – as well as any other potential construction businesses. – Consider the proposal to develop a consortium toolkit to help businesses interested in entering into a consortium, and to apply this model to Council contracts, ensuring that they can be accessed by small companies.

6	Documents Attached
None.	