



# Future Housing Event Engagement Workshop Outturn Report

Mareel Arts Centre, Lerwick  
22<sup>nd</sup> April 2024



*The turn-out clearly demonstrates the importance of housing for the local construction industry and the impact it has on the wider Shetland community. There's great opportunities for work and employment for the local construction industry to meet housing demand and we're keen to work together to maintain our existing housing stock and deliver as many new houses as possible."*



Dennis Leask, Chair of Development Committee, Shetland Islands Council

## Introduction

Dennis Leask, Chair of Shetland Islands Council's Development Committee opened the first workshop in the Future Housing series, held at Mareel Arts Centre on 22<sup>nd</sup> April 2024, focused on the delivery of the programme of housing works in Shetland over the next 10yrs+. It explored how the Council and Hjalmland Housing Association are working together, engaging with the construction industry in delivering affordable housing whilst maintaining and enhancing existing assets.

In the first session of the day, Neil Grant, Director of Development Services, Anita Jamieson, Executive Manager Housing Services from the Council and Bryan Leask, Chief Executive of Hjalmland Housing Association delivered the aims and objectives for the event. The presentation included providing detailed information on programmes for new builds, refurbishments together with maintenance / repair work projects. Projects were broken down into type, nature, volume, value and timescales, designed to inform the construction industry of future workload.

In the second session of the day, all attendees took part in group workshop sessions designed to look at four key areas identified as being integral to deliver the programme of works. Those key areas were Programme, Resources, Procurement and Business Support. Key discussions and an open two way dialogue took place, designed to identify areas that can be improved or amended to suit both the public sector and the construction industry.

The outcome of those discussions are captured and contained within this report and provides evidence of the positive impact of ongoing dialogue and joint working.

## Workshop Overview

|                                  |                      |           |
|----------------------------------|----------------------|-----------|
| <b>Organisations Represented</b> | <b>Contractors</b>   | <b>37</b> |
|                                  | <b>Professionals</b> | <b>15</b> |
|                                  | <b>Suppliers</b>     | <b>7</b>  |
|                                  | <b>Services</b>      | <b>2</b>  |
|                                  | <b>Total</b>         | <b>61</b> |

|                           |  |
|---------------------------|--|
| <b>Event Coordinators</b> | <input type="checkbox"/> Shetland Islands Council      |
|                           | <input type="checkbox"/> Hjalmland Housing Association |

|                  |                                   |
|------------------|-----------------------------------|
| <b>Date Held</b> | <b>22<sup>nd</sup> April 2024</b> |
|------------------|-----------------------------------|

|               |   |
|---------------|---|
| <b>Status</b> | <b>First workshop in proposed series of Future Housing Events</b> |
|---------------|---|

***This report has been prepared by Shetland Islands Council and Hjalmland Housing Association. It includes outputs from the first workshop and the views expressed reflect the outputs from that sessions.***



# Topic 1 - Programme



## Identified Opportunities / Issues

- Looking for more opportunities for smaller firms to be involved
- Frameworks appear to offer good opportunities especially for smaller contractors
- Use of smaller lots/phases for new build and maintenance to broaden opportunities
- Geographically arranged work/contracts are more attractive to smaller firms
- There is capacity in local architectural and design services
- SIC/HHA need to communicate plans in advance. Trades often booked up for a year ahead
- SIC tenders are too prescriptive and can exclude some who may be interested/capable
- The volume of paperwork and administration to get through a procurement exercise is the biggest barrier for smaller companies
- Opportunities for negotiated materials purchase to produce an even playing field
- Purchasing of materials by client at bulk discount then contractors can access
- Quality/Price contracts. Are we sure that VFM is the outcome of how we award contracts?
- Maintenance is difficult. Different skill set needed, needs right people and needs managing
- Attracting and retaining workforce a challenge
- Timing of types of work (e.g roof contracts in winter months)
- PCS is not an easy process and there is scope for relevant work to be missed as it uses key words to target messages
- Need more joined up thinking and thinking outside the box to make things happen
- Frameworks linked to SOR's for maintenance could aid consistency, particularly for certain types of job
- Is there an opportunity for more use of in-house resources?
- Is there scope for in-house SIC contract management?
- Real wish to keep this work local by all at the tables

## Proposals for Consideration

- Frameworks and how to use them to best effect for all sizes and types of work
- Support for business on PCS/tendering processes
- Investigate the use of negotiated material purchasing
- Optimum size of phases/lots for a range of work
- Flexibility in contract periods to allow all sizes of contractors to compete
- Investigate advance material purchase and storage for supply at agreed rates for the duration of a contract
- Options for better geographical packaging of work
- How to share contract/programme information with industry. Right information at the right time
- How to build up information on how workforce and technology are changing and how we support those changes
- Specification of materials applicable to locality
- Coordination of programmes between SIC / HHA
- Frequency of further meetings and events

## Topic 2 - Resources



### Identified Opportunities / Issues

- Small companies would rather be handed small amounts of work than take part in the onerous process of tendering for larger projects
- Lack of skilled labour and apprentices currently in Shetland
- Labour leaving the industry altogether for different types of work
- Lack of training available locally for apprentices / aging workforce that need to learn new skills
- Majority of energy efficiency works will be working with insulation which is deemed 'rubbish work' for tradesmen. Tradesmen may leave if asked to undertake insulation works. This point is linked to lack of labour currently in Shetland as tradesmen can leave one contractor and easily find work with another
- List of training requirements for apprentices excessive and smaller companies struggle to have variety of work required for apprentices
- Procurement legislation/regulations difficult for companies to understand
- Sole traders do not want to take on too much work/scale up because that will force them to become VAT registered
- Long-term contracts i.e., 3-5 year contracts do provide continuity of work but also pose a risk for contractors to be locked into rates that may not be high enough. Why take the risk when there is already enough work to do?
- Some contractors feel that HHA and Council specifications can create a closed shop for certain materials i.e., only specifying certain types of paint or heat pumps etc.
- Not enough advertisement from HHA and Council for tenders
- Lack of storage available for smaller contractors

### Proposals for Consideration

- Larger projects to be broken down into smaller lots to encourage smaller contractors to price
- Frameworks could be used, especially for maintenance work, so contractors only provide one tender avoiding repetition
- HHA/Council to provide guidance with tender documents for contractors
- HHA/Council to take on role as main contractor for projects and sub-contract works out to contractors
- Investigate advance material purchase and storage for supply at agreed rates for the duration of a contract
- Contractors and companies within Shetland such as Train Shetland and Developing Young Workforce to come together and provide training within the island to upskill tradesmen and keep costs down to a minimum
- Could HHA/Council gain accreditation within their own staff to sign off on specialist works so contractors don't have to go through the process of gaining an accreditation to become an approved installer for minimal amounts of work
- Investigate a system where apprentices can undertake work for different contractors for a few weeks at a time to gain experience in different types of work that their own employer may not carrying out
- Making contract durations longer to encourage smaller contractors to price
- Consultants (i.e., Architects) could offer more support to contractors during the tender process
- HHA/Council specifications to be more open to allow contractors to propose different materials/suppliers
- HHA/Council to do more advertising for projects/tenders
- Tender documents to be simplified where possible, especially quality documents

# Topic 3 - Procurement



## Identified Opportunities / Issues

- Council/HHA should establish a local framework for maintenance and repair work and possible new builds in appropriately sized lots
- Seasonal work should be sorted so that roofing work are carried out in summer and internal works in the winter
- Sort out a stable pipeline of work
- Receiving too many emails from Public Contracts Scotland (PCS) relating to contracts outside of Shetland
- Businesses signing up to Scotland Excel frameworks and not getting any work via the framework
- Pre qualifying every time for contracts
- Confusion over what Scotland Excel and PCS provide
- Insurance requirements
- Financial requirements
- Difficulty with vast amounts of paperwork
- Social Media notifications
- Council/HHA need to ensure funding is in place before tendering
- New businesses may not have the pre qualifying financial and technical information
- Works contracts all come out at the same time of year then nothing.

## Proposals for Consideration

- Procurement is governed by national and international regulations. Commit to liaising with government to look at procurement procedures for variations to procedure in order to make it “fit-for-purpose”
- Contact PCS to request narrowing of geographical area, restricting alerts to Shetland only
- Promote and organise Supplier Development Programmes (SDP) on:
  - Public sector procurement
  - How to submit tenders through PCS
- SDP offer procurement training “free of charge” for all businesses to help with tendering for public sector contracts
- Simplify pre-qualifying criteria and processes:
  - Technical
  - Financial
  - Insurances
- Investigate the establishment of SIC/HHA Local Framework agreements for;
  - Maintenance Contracts
  - Repair Services
  - New Builds
- All procurement evaluation is carried out on a case by case basis where the pre qualifying requirements will always be sought regardless of the process being followed
- Smooth programme of works to ensure constant flow of works rather than peaks and troughs
- Programme seasonal work accordingly and plan ahead to achieve start on site dates

# Topic 4 – Business Support



## Identified Opportunities / Issues

- ❑ The industry has difficulty attracting and retaining apprentices due to a number of factors:
  - Competition with other apprenticeships
  - Competing with an industry that offers 2 weeks on 2 weeks off
  - Low apprenticeship wage is unattractive for school leavers
  - Apprentices are expected to buy their own tools. Expensive to start out
  - No financial support for apprentices who have to attend training in Lerwick (accommodation / travel issues)
- ❑ Too many official bodies involved with managing apprenticeship programmes in relation to the number of apprenticeship places
- ❑ Businesses invest time training apprentices on the job which impacts on business costs
- ❑ CITB training grants do not compensate for downtime, including travel time and results in a higher cost to Shetland businesses
- ❑ Costs of training for businesses. Training required every 5 years to maintain licences
- ❑ PAS2035 accreditation:
  - Not viewed as worthwhile to have but required for retrofitting
  - Introduces five new roles and no single person can carry out more than one of the specified roles
  - Currently no construction companies in Shetland who have this accreditation and there are a number of barriers to obtaining this
  - The accreditation is no guarantee of work.
- ❑ Lack of knowledge about required accreditations
- ❑ No incentive for construction sectors to seek public sector contracts as plenty of private sector work
- ❑ Renovation work is viewed as less attractive for businesses than new build
- ❑ Lack of knowledge on what business and financial support is out there.
- ❑ Can't expand or develop businesses without access to suitable land and premises
- ❑ Tools and vans essential but you can't get financial support on them.

## Proposals for Consideration

- ❑ Promote potential to school leavers to counteract image that there are more lucrative career paths
- ❑ Financial support for apprentices and training help labour retention
- ❑ Grant support to recently qualified apprentices
- ❑ Financial support for additional costs of training associated with island base
- ❑ Group training rather than individual businesses organising independently
- ❑ Subsidise the purchase of tools upon qualification
- ❑ Businesses to improve staff benefits and working conditions to encourage more workers into the industry
- ❑ Council/HHA could gain the necessary PAS2035 accreditation rather than businesses
- ❑ PAS2035 could be excluded from housing contracts and paid for by Council/HHA upon contract award if required. Potentially level playing field during the bidding process
- ❑ Council/HHA could price a training element for accreditation
- ❑ Public sector provision of land, serviced sites and storage facilities to be identified. A commercial industrial estate for builders would be welcomed
- ❑ Establish a central employer, (i.e. Council) and then send apprentices to businesses for experience/work. Raise awareness of grant support, incl development & training
- ❑ Include a list of the local contracts on the Council/HHA website so that they are easier to find
- ❑ Highlight local procurement opportunities and provide training to effectively navigate procurement systems



## Summary

It was pleasing to see the experience and local knowledge in the room and for the shared vision of what we collectively want to achieve. In order to do this, we need to work closely together with energy and tenacity to deliver. This will only be achieved with motivated leadership from Shetland Islands Council / Hjaltland Housing Association and crucially, with collaboration from the local construction industry.

From the engagement sessions, it is clear that there is a high degree of commonality between each of the key topics. We intend to build on the proposals identified and take them forward as action points.



*“Ongoing dialogue and communication is key to delivering this vital programme of works and we certainly plan to continue this forum on a regular basis.”*

**Neil Grant, Director of Development Services, Shetland Islands Council**

## Next Steps

- It is important that we build on this first event in the Future Housing series and this is not perceived as a “one off” talking shop. We need to collectively deliver on what we say.
- How do we do that? The first step is to ensure that we continue to communicate and establish a regular, open, two way dialogue between client(s) and supplier(s). It is therefore proposed that a second event is established within a three month time period with subsequent events scheduled on a six monthly basis thereafter. We shall be in touch shortly with further details building on the findings of this first event.
- Ownership and running of events moving forward to be established as this is a joint initiative covering supply and demand. Options for the local construction industry to lead, or for other participants to join should be investigated to fully maximise the potential of this group.

*“Housing is embedded in so much that we want to achieve and this event has assisted in highlighting the importance of affordable housing in Shetland and the part the local industry plays in that sector.”*

**Anita Jamieson, Executive Manager Housing, Shetland Islands Council**  
**Bryan Leask, Chief Executive, Hjaltland Housing Association**