

**Report of Chief Officer Employment and Skills**

**Report to the Joint Plans Panels meeting**

**Date: 29 November 2018**

**Subject: Delivering Employment & Skills opportunities through the Council's planning function**

|                                                                                                                                              |                                         |                                        |
|----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|----------------------------------------|
| Are specific electoral Wards affected?<br>If relevant, name(s) of Ward(s):                                                                   | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| Are there implications for equality and diversity and cohesion and integration?                                                              | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No            |
| Is the decision eligible for Call-In?                                                                                                        | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| Does the report contain confidential or exempt information?<br>If relevant, Access to Information Procedure Rule number:<br>Appendix number: | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |

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**Summary of main issues**

1. This report provides an update on the activity to create local employment and skills opportunities through the use of Section 106 Planning Agreements. This activity contributes to our ambitions to enable all of our residents to benefit from a strong economy in a compassionate city. In particular, this activity contributes to the Best Council Plan outcome for everyone in Leeds to earn enough to support themselves and their families and the Best Council Plan priorities around providing employment support and supporting economic growth and access to economic opportunities. It also supports our ambitions to be a NEET-free city and a city where children and young people can grow up to lead economically active and rewarding lives.
2. From September 2012 to the end of October 2018, a total of 2,847 Leeds residents secured jobs and apprenticeships during the construction phase and with end users on key developments as a result of employment and skills obligations secured through S106 agreements. The number of opportunities to deliver positive outcomes for local residents is expected to grow as the increasing number of developments commence including the continued expansion at Thorpe Park, Kirkstall Forge and the South Bank.
3. Following independent external review, in June 2017 the Executive Board agreed a continued commitment to supporting local employment through the process of applying obligations but through a revised approach to targeting potential beneficiaries. This

approach aligns well with the Council's employment and skills interventions to support local residents seeking work.

### **Recommendation**

Members of the Joint Plans Panel are asked to comment on the report and note the positive outcomes delivered to date.

## **1. Purpose of this report**

- 1.1 The report seeks to provide information on the implementation of employment and skills obligations delivered as a result of the S106 planning agreements recommended by Plans Panels.
- 1.2 The report also points to early work to adopt the revised approach approved by Executive Board to target priority groups rather than localities to ensure that support is targeted to those furthest from the labour market to access new opportunities to more effectively contribute to the delivery of the Best Council Plan and the city's inclusive growth objectives.

## **2. Background information**

- 2.1 In 2012, the Scrutiny Board (Sustainable Economy and Culture) concluded its inquiry into how the Council uses its procurement and planning functions as an enabler of locally driven, sustainable economic growth that benefits both local people and businesses. The inquiry recommendations built on existing good practice and strengthened the approach to put in place a more systematic approach to maximise the outputs and benefit local residents and businesses.
- 2.2 The use of planning obligations to secure employment and training opportunities is in line with Government policy and while the Council's approach is long standing, there are still challenges to ensure this is embedded and works in the context of changing investment and development cycles and the changing labour market.
- 2.3 To promote a consistent approach, the requirement to include employment and skills obligations in a S106 Planning Agreement is triggered only on those schemes with the potential to provide a significant impact in terms of entry level employment and training opportunities during construction or in end uses without placing an unnecessary burden on the developer. The following thresholds have guided this process to date:-
  - Retail developments of over 2,000m<sup>2</sup>
  - Residential developments of over 100 units
  - Construction sites over 10,000m<sup>2</sup>.
- 2.4 Where employment and skills obligations are included in S106 agreements, the developer is required to make 'reasonable endeavours' to employ local people during the construction phase and end uses. The model agreement is attached at Appendix 1 for information.
- 2.5 To translate this high level agreement into action, the Employment and Skills service supports the developer and or occupiers to draw up an Employment and Skills Plan which aims to establish a range and number of employment and training opportunities that can be accessed by local people. This plan is used to align publicly funded resources, plan community engagement, skills and recruitment activity to support implementation and to monitor the developer's delivery against the plan.

### **3. Main issues**

#### **3.1 Delivery to date**

- 3.1.1 Since September 2012 to the end of October 2018, the inclusion of employment and skills obligations in S106 Planning Agreements has enabled a total of 2,847 local residents to secure jobs or apprenticeships during the construction phase or with occupiers of developments.
- 3.1.2 Appendix 2 details the breakdown over the last 4 years of the number of people supported into employment by electoral ward. The outputs vary from year to year reflecting the changing number of large scale developments on site or completed during the monitored period. The increased number of people supported into work during 2016/17 and 2017/18 was largely a result of the significant number of new opportunities created through the Victoria Gate development.
- 3.1.3 Employment and Skills Plans negotiated with developers can include a range of other measures including school and college engagement activities, work experience opportunities and new supply chain opportunities for local businesses as demonstrated by the examples below. These will reflect the nature and scale of the development and the end use and will often be tailored to meet both local priorities and the business needs of the developer as well as reflecting their existing corporate social responsibility aims and programmes. Building and maintaining a positive relationship through a named key account manager approach is welcomed by developers and is critical to successful delivery.

#### **Victoria Gate - Hammerson PLC**

£165m retail and leisure development anchored by the John Lewis flagship store including other shops and restaurants and a casino completed in 2016. The employment and skills obligations were translated into an employment charter agreed by Hammerson and John Lewis. True Value, Hammerson's established Corporate Social Responsibility programme was supported by a dedicated Community Engagement Manager to work with local partners throughout the development. This enabled the inclusion of employment and skills obligations in construction contracts, introductions to new tenants to maximise end user roles and maintaining a legacy in the city on completion of the development.

- 500 new jobs were created with 246 secured by Leeds residents during the construction phase, 9 apprenticeships and 122 weeks of work experience.
- Information sessions were held in community hubs during June 2016 to promote the jobs available at Victoria Gate. Over 800 people attended drop-in sessions led by the Council with Hammerson. The Council commissioned a customer service skills training programme to support residents some distance from the labour market who were guaranteed an interview. Nearly 500 people gained employment at John Lewis and over 300 were Leeds residents.
- 206 jobs were created at the Victoria Gate casino -175 were secured by Leeds residents.
- 53% of the total supply chain value was placed with businesses in the region and 20% in the Leeds district.

**Thorpe Park – Scarborough Group – to date.**

A 10-15 year programme for a mixed use development comprising offices, The Springs retail park, a green park, multi-storey car park, 296 new homes and infrastructure works with opportunities at each phase of the development.

- 210 new jobs created during the site preparation, building of office accommodation and the construction of The Springs retail park with 50 jobs secured by Leeds residents.
- Information sessions have been arranged in local communities to provide details about opportunities at The Springs along with offers of support for residents interested in applying for jobs.
- The developer has engaged with local schools and has delivered 32 education engagement activities reaching over 10,000 young people, their parents and teachers.

**Kirkstall Forge - CEG – to date.**

A 10 year programme valued at £400m to regenerate a 57 acre brownfield site at Kirkstall Forge. The development will include offices and 1,000 new homes, a 2 form entry primary school along with retail and leisure facilities.

- Launched in March 2017, CEG has developed the Forging Futures, skills village, which offers young people aged 16 to 24 years a 4 week training programme, work experience and a CSCS card.
- 3 training cohorts to date with 32 young people achieving an accredited qualification. 21 have achieved a positive outcome including a job.
- Established an Apprenticeship Academy, a two year programme for Level 3 professional apprenticeships which 12 young people commenced in September.

### **3.2 Targeting beneficiaries**

3.2.1 The More Jobs, Better Jobs research programme supported by a partnership between Joseph Rowntree Foundation, Leeds City Region Enterprise Partnership and the Council included work to identify and review best practice on connecting disadvantaged communities to training and jobs. A review commissioned by the partnership from the University of Sheffield and Sheffield Hallam University concluded that the practice in Leeds was good but the number of people successfully supported into employment varied significantly between targeted localities. The review concluded that targeting individuals furthest from the labour market with specific needs rather than spatial communities would offer a more effective poverty reduction intervention and contribution to inclusive growth.

3.2.2 In June 2017 The Executive Board endorsed the Council's continued commitment to supporting local employment through the process of obligations and agreed a revised approach to target priority groups for whom entry or return to the workplace would have the greatest individual impact and would result in significant economic benefits for our most disadvantaged communities. The agreed priority groups are:-

- Young people under the age of 25 as first time entrants to the labour market, particularly young people – from BAME communities, leaving care, with learning disabilities and difficulties.
- Disabled adults or those with long term ill health condition

3.2.3 It is too early to measure the impacts from the change in approach but it is envisaged that we may see an overall reduction in numbers of successful outcomes given the more intensive and specialist support that may be required to enable individuals to compete for new opportunities. The Employment and Skills service already engages with a wide range of providers and partners that are able to support the target cohort to access and sustain employment.

### **3.3 Issues impacting delivery**

- 3.3.1 The number of Section 106 agreements that include employment and skills obligations varies from year to year. A total of 4 were signed in 2015/16, 16 in 2016/17, 32 in 2017/18 and 4 to date in 2018/19. While early engagement with the developer assists in scoping potential activity, until the main contractor and any potential end user has been identified there is limited detailed planning that can take place. At this point information on the workforce profile, supply chain and contracting arrangements along with recruitment practice and social value policies will inform the specifics of the plan.
- 3.3.2 Experience shows that employment opportunities generated during the construction phase can be limited by the fact that the construction industry is characterised by high impact activity over the short term delivered through a highly mobile workforce. Construction contractors often employ specialist teams where a high skill level is required for a short duration to complete individual aspects of a development. In addition, changes in the use of materials, technology and the increasing trend to off-site fabrication of structures reduces the construction period and workforce size required. These trends make sustainable jobs difficult to achieve on a site by site basis.
- 3.3.3 The largest number of opportunities have been generated with end users particularly where there is a high volume of entry level roles in retail, hospitality and customer service. End users of new retail and leisure outlets with a potential local customer base are often more invested in recruiting from the surrounding locality and engage with the community engagement outreach provision provided by the Employment and Skills service to support and enable local recruitment. However, the ongoing restructuring of this sector may not offer the high volumes of jobs previously delivered.
- 3.3.4 Many of the larger developers realise the benefits of the approach, both to support them in achieving the measures in the S106 agreement and also to meet their social value commitments. Feedback from developers has indicated that they value the key account management approach to enable them to navigate the local employment and skills infrastructure and link to key providers.
- 3.3.5 While many developers are familiar with discharging the requirements of a S106 Agreement, this can be an unfamiliar process for the main and subcontractors involved in the construction and additional support may be required to ensure effective participation. The use of “*reasonable endeavours*” to engage with the

Employment and Skills service makes collaborative working and good relationship management vital to the delivery of benefits for local residents.

- 3.3.6 It can be difficult to obtain the relevant information from employers to measure the effectiveness of these interventions. Some see this an additional bureaucratic burden while others are unwilling to share data as they perceive they will be in breach of GDPR requirements.
- 3.3.7 Effective systems and ways of working are critical to the effective implementation of employment and skills obligations. Automated notifications, guidance and toolkits and monitoring systems are in place, however, it is clear that periodic briefings or updates are required to ensure that relevant Planning Service staff remain aware of these requirements and processes.

### **3.4 Future opportunities**

- 3.4.1 In addition to planned developments with an employment and skills plan, there are also large scale developments including the South Bank and the airport expansion which will offer opportunities for local residents at both the construction phase and with end users and will be priorities for the service.
- 3.4.2 Where possible, additional support will be provided to construction contractors to overcome barriers to recruiting locally, in particular apprenticeships. Many of the large developers are apprentice levy payers and engage with the Employment and Skills service to promote opportunities as well as attendance at the apprenticeship seminars and the annual Leeds Apprenticeship Recruitment fair.

## **4. Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 This report is for information and does not propose any changes to the existing policy and implementation framework.
- 4.1.2 The heads of terms of S106 employment and skills obligations are reported to and agreed by Plans Panels.
- 4.1.3 Outreach events delivered by the Employment and Skills service in communities to promote employment opportunities to the wider community or to target groups are planned and arranged in consultation with local ward members and notified to the Chairs of the Community Committees and the Employment, Skills and Welfare member champions.

### **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 An Equality and Diversity, Cohesion and Integration screening was undertaken in June 2017 prior to the decision by Executive Board to prioritise key groups identified as being furthest from the labour market for targeted support to access the opportunities made available as a result of including employment and skills obligations in S106 Planning Agreements. Achievement for these target groups will

continue to be monitored and reviewed to ensure the best use of resources and that aims and objectives of the approach are achieved.

- 4.2.2 The Employment and Skills service will continue to work with a range of partners in the city that support the priority target groups and ensure that opportunities are maximised for residents who may require additional support but for whom the impact of obtaining paid employment has the greatest impact.

### **4.3 Council policies and City Priorities**

- 4.3.1 The activity and benefits arising from the approach described in the report contribute to delivering our ambitions to enable all of our residents to benefit from a strong economy in a compassionate city. In particular, this activity contributes to the Best Council Plan outcome for everyone in Leeds to earn enough to support themselves and their families and the Best Council Plan priorities around providing employment support and supporting economic growth and access to economic opportunities. It also supports our ambitions to be a NEET-free city and a city where children and young people can grow up to lead economically active and rewarding lives.

### **4.4 Resources and value for money**

- 4.4.1 The inclusion of employment and skills obligations within S106 agreements has been implemented within existing resources and has delivered additional benefits to local residents and local businesses that may not have otherwise happened. Support offered to developers and contractors to implement their obligations has included access to a range of existing publicly funded employability and skills programmes.

### **4.5 Legal Implications, Access to Information and Call In**

- 4.5.1 Activity to secure employment and skills obligations must comply with and not contravene the legislative framework and guidance issued by the Secretary of State on the use of Planning Obligations.
- 4.5.2 There are no specific legal implications arising from this report.

### **4.6 Risk Management**

- 4.6.1 The impact of introducing employment and skills obligations on developers will continue to be considered over the short, medium and long term and in the context of prevailing economic conditions; the strength of targeted sectors within the economy; and the need to balance any gains with the need to encourage continued investment in Leeds. These issues will be monitored and kept under review.

## **5. Conclusions**

- 5.1 To date 2,847 local residents have accessed jobs and apprenticeships since September 2012 when the more systematic approach to delivering employment and skill obligations was adopted by the Council and outcomes have been systematically monitored.

- 5.2 Employment opportunities secured by local residents as a result of the employment and skills obligations implemented under S106 Planning Agreements represent less than 10% of the total number of people supported into work by the Council in most years. In 2017/18, 499 people secured jobs through this route while the total number securing work was 5,857. However, the visibility and high profile of the many of the schemes and the associated successful outcomes can shine a light on exemplar employers and inspire those seeking to secure work.
- 5.3 The requirement for developers to work with the Employment and Skills service helps the service to identify a forward work programme in advance of any opportunities being advertised. This ensures that outreach activity and skills training can be made available to support priority target groups to access the opportunities. This includes employability support services available through the Council's Job Shop network and third sector providers on job search, CVs and applications, assessment and interview skills to make sure that applicants are job ready and skills training available through the Council's Adult Learning programme and skills provision through partners including Leeds City College and Leeds College of building.
- 5.4 While the number of developments opportunities to which this approach may be applied is expected to grow, the overall number of local beneficiaries may not be as high given the additional support required to deliver this intervention that will better contribute to the city's inclusive growth objectives.

## **6. Recommendations**

- 6.1 Members of the Joint Plans Panel are asked to comment on the report and note the positive outcomes delivered to date.

## **7. Background documents<sup>1</sup>**

- 7.1 There are no background documents.

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

## Model Agreement

### Definitions

“**Employment Leeds**” means the Employment and Skills Service of the Council;

“**Local People**” means: -

1. persons whose principal place of residence is within the electoral ward or adjoining electoral wards in which the Land is situated; or
2. if no such persons can be found in the above category then it means persons whose principal place of residence is within the administrative area of the Council;

### Clause 11.1 (in the model contract agreement – for the construction phase)

From the start of the tendering process for the construction of the Development and throughout the period when the Development is under construction to use (or procure that its building contractor uses) its reasonable endeavours to co-operate and work closely with Employment Leeds (the Employment and Skills Service of the Council) to develop an Employment and Training scheme to promote employment opportunities for Local People during the construction works.

Clause 11.2 To use its reasonable endeavours to

- employ local contractors and sub contractors and Local People in the said construction works;
- to consult with Employment Leeds with a view to identifying procedures to facilitate the appointment of contractors and sub contractors and Local People in the said construction works;
- prior to the commencement of the said construction works to use reasonable endeavours to agree with Employment Leeds a method statement to facilitate the appointment of sub-contractors and Local People in the said construction works;

Provided that nothing in this clause 11.2 shall require the Owner (or its building contractor as the case may be) to do or refrain from doing anything which would be contrary to prudent business practice or contrary to law.

### Clause 11.3 (in the model contract agreement – for the occupier /end users)

To use reasonable endeavours to procure that the **Occupiers** of the relevant parts of the Development:

- work with Employment Leeds and agree a method statement identifying the number and types of employment and training opportunities that can be accessed by Local People within such part of the Development and the resources needed to deliver the same;
- provide to Employment Leeds on a 6 monthly basis details of the recruitment and retention of Local People as employees within such part of the Development and the training in place for apprentices and the existing workforce by reference to national industry standards;
- provide Employment Leeds and partners identified by Employment Leeds with details of any employment vacancies that are created within such part of the Development, to be provided by way of a monthly updated list of current vacancies;

Provided that nothing in this clause 11.3 shall require the Owner (or an Occupier as the case may be) to do or refrain from doing anything which would be contrary to prudent business practice or contrary to law.

**Appendix 2**

**Number of Local Residents Supported into Employment through S106 Planning Applications**

|                               | <b>People into Jobs and apprenticeships</b> |                                  |                                  |                                |
|-------------------------------|---------------------------------------------|----------------------------------|----------------------------------|--------------------------------|
| <b>Wards</b>                  | <b>Apr 2015 -<br/>March 2016</b>            | <b>Apr 2016 -<br/>March 2017</b> | <b>Apr 2017 -<br/>March 2018</b> | <b>Apr 2018 -<br/>Oct 2018</b> |
| Adel and Wharfedale           | 1                                           | 13                               | 8                                | 1                              |
| Alwoodley                     | 0                                           | 16                               | 3                                | 1                              |
| Aldsley and Robin Hood        | 0                                           | 4                                | 2                                | 4                              |
| Armley                        | 12                                          | 31                               | 27                               | 6                              |
| Beeston and Holbeck           | 12                                          | 32                               | 23                               | 8                              |
| Bramley and Stanningley       | 7                                           | 20                               | 14                               | 7                              |
| Burmantofts and Richmond Hill | 23                                          | 25                               | 35                               | 7                              |
| Calverley and Farsley         | 4                                           | 7                                | 9                                | 1                              |
| Chapel Allerton               | 9                                           | 20                               | 28                               | 1                              |
| Cross Gates and Whinmoor      | 9                                           | 20                               | 22                               | 5                              |
| Farnley and Wortley           | 3                                           | 15                               | 15                               | 2                              |
| Garforth and Swillington      | 4                                           | 10                               | 9                                | 4                              |
| Gipton and Harehills          | 15                                          | 33                               | 19                               | 6                              |
| Guiseley and Rawdon           | 2                                           | 17                               | 6                                | 4                              |
| Harewood                      | 1                                           | 8                                | 1                                | 0                              |
| Headingley and Hyde Park      | 3                                           | 37                               | 22                               | 5                              |
| Horsforth                     | 1                                           | 10                               | 8                                | 4                              |
| Hunslet and Riverside         | 22                                          | 44                               | 64                               | 8                              |
| Killingbeck and Seacroft      | 13                                          | 35                               | 30                               | 3                              |
| Kippax and Methley            | 4                                           | 4                                | 7                                | 5                              |
| Kirkstall                     | 8                                           | 24                               | 20                               | 4                              |
| Little London and Woodhouse   | 12                                          | 26                               | 23                               | 4                              |
| Middleton Park                | 21                                          | 28                               | 22                               | 1                              |
| Moortown                      | 2                                           | 19                               | 5                                | 0                              |
| Morley North                  | 5                                           | 6                                | 6                                | 2                              |
| Morley South                  | 8                                           | 11                               | 10                               | 4                              |
| Otley and Yeadon              | 3                                           | 12                               | 11                               | 4                              |
| Pudsey                        | 1                                           | 5                                | 11                               | 2                              |
| Rothwell                      | 5                                           | 13                               | 7                                | 3                              |
| Roundhay                      | 3                                           | 12                               | 11                               | 5                              |
| Temple Newsam                 | 8                                           | 21                               | 12                               | 5                              |
| Weetwood                      | 2                                           | 17                               | 5                                | 3                              |
| Wetherby                      | 0                                           | 1                                | 4                                | 2                              |
| <b>Totals</b>                 | <b>223</b>                                  | <b>596</b>                       | <b>499</b>                       | <b>121</b>                     |

