

EXETER CITY COUNCIL

PLANNING MEMBER WORKING GROUP – 7 JANUARY 2014

SCRUTINY COMMITTEE ECONOMY - 16 JANUARY 2014

EXECUTIVE – 21 JANUARY 2014

A COMMITMENT TO LOCAL EMPLOYMENT AND TRAINING

1. PURPOSE OF REPORT

- 1.1 Exeter City Council's Corporate Plan (2012 – 2014) contains a number of key actions one of which is to help residents achieve financial independence. One way to achieve this is through working with employers and training providers to give employees and young people a competitive edge in going for local jobs.

Other local authorities, including Sedgemoor and Eastbourne Councils have progressed similar ambitions by linking their skills and employment agenda to the development process. They are using their planning powers to affect Local Labour Agreements. This report outlines the sort of mechanisms that could be applied in Exeter to progress this agenda.

2. BACKGROUND

- 2.1 The Exeter and Heart of Devon Growth Board is seeking ways to maximise the local benefits of ongoing development in and around Exeter including the potential for recruitment of local labour. It is particularly significant that where public funds are used to develop infrastructure, local benefit should be maximised, in this case: skills, training and recruitment. The Growth Board and the Exeter & Heart of Devon Employment and Skills Board have been active in trying to establish practical ways of ensuring the major developments taking place contribute to local economic performance and produce tangible benefits to the community.
- 2.2 Nationally, local authorities are seeking ways of providing communities with greater choice and better access to employment, through improvements to skills and qualifications and potentially, higher wages. Sedgemoor District Council and Eastbourne Borough Councils are two planning authorities seeking to progress their local economic development ambitions through linkage to the outputs of the local development process via S106 agreements. Both authorities are using Local Labour Agreements to enhance local training and skills investment and have achieved early successes.
- 2.3 This approach complements the **National Planning Policy Framework (NPPF)**. A key pillar of the NPPF is the delivery of sustainable development by creating a strong, competitive economy. The NPPF calls on Planning Authorities to meet the development needs of business, securing economic growth to create jobs and prosperity.
- 2.4 The **National Skills Academy (NSA)** has promoted a client based approach to developing and implementing an Employment and Skills Strategy on construction projects through on-site training. It looks to apply procurement policy to promote investment in skills both when awarding new contracts and when working with existing contractors. The NSA has also devised ways of assisting local authorities to lever significant local training and employment benefits through their planning policy and demand management powers.

2.5 The **Heart of the South West Local Enterprise Partnership (LEP)** is also working to enhance local employment opportunities: by ensuring that people living in the LEP area (Devon & Somerset) acquire, maintain and enhance the skills and aspirations needed to secure productive, long-term employment. The LEP's aim is to ensure the area becomes as competitive as any other to compete in the global market place.

3. DELIVERING THE SKILLS AGENDA THROUGH LOCAL LABOUR AGREEMENTS

3.1 The Council's own policy objectives, the **Corporate Plan 2012-14**, point to the importance of a thriving, competitive local economy and helping local people achieve financial independence. Two key aims are: *"We will continue to work with the Exeter and Heart of Devon Employment and Skills Board to promote investment in training provision for employers and progress projects which support local people to take advantage of job opportunities"* and *"We will work with local partners to explore how we can join up services to help residents to find or get back into employment"*.

3.2 In addition, the Council's **Draft Development Delivery Development Plan Document** (December 2013) states: *"Development will be supported if it promotes and facilitates access to the jobs it creates amongst those residents of the city and its travel to work area including those who can have difficulty entering or returning to the labour market, including young people and the unemployed."*

Working with partner agencies, the Council will continue to focus its efforts on supporting unemployed people in taking the next step into employment, education, skills development or training. This includes helping people benefit from the employment opportunities offered by new developments and can involve:

- Work placements
- Apprenticeships
- Targeting local labour and contractors
- Pre-employment training programmes

3.3 Wage incentive grants are available for companies who recruit an unemployed 18 to 24 year old for a job of 6 months or longer. The incentive is a grant that will be used to contribute to the employee's pay. The incentives are available to the private, voluntary and community sectors and social enterprise employers. They are also available if companies take on a young person from the Work Programme. There are two wage incentive rates: for part time work between 16 and 29 hours a week employers can claim £1,137.50, for full time work of 30 hours or more a week the incentive is £2,275.

3.4 The Council has demonstrated a corporate commitment to the skills agenda. It has been a key driver behind the Exeter and Heart of Devon Employment and Skills Board. There is an opportunity to build on external relationships with investors and businesses to secure training and employment opportunities at both the construction and operational phase of new development. This can be achieved through planning obligations secured by S106 and/or a Supplementary Planning Document (SPD), through the emerging Draft Development Delivery Development Plan Document (DPD). Any SPD could not take full effect until the DPD had been adopted (expected at the end of 2014) but preparing it now would signal the Council's intent.

3.5 This Strategy, if successfully adopted, would provide a basis for the negotiation of S106 Agreements between the Council, developers and end users. These negotiations would secure benefit for the local labour market and economy and provide local people with opportunities to benefit from new development.

3.6 The parameters for the negotiation of site and project specific Local Labour Agreements (through S106) would be framed by the preparation and adoption of an SPD. This SPD would be informed by further evidence the case for investment in skills and employment and specify the Local Planning Authority's requirements and offer. These could include commitments to training (pre-employment and vocational), apprenticeships, employment advice, interview guarantees, work placements, transport arrangements and childcare. The SPD would also establish how these requirements would be applied.

3.7 Eastbourne and Sedgemoor Councils seek only to apply a requirement for Local Labour Agreements to larger residential and commercial developments.

Eastbourne:

Commercial – All developments (other than Use Class C3 and C4) including change of use that create or relate to 1,000 sq m. (gross). This includes all development considered to be of strategic importance and those that will lead to the creation of 50 or more new jobs.

Residential – All developments (within Uses C3/C4) that involve the creation or adaptation of 10 or more units.

Where development proposals reach or exceed these thresholds the Local Planning Authority seeks to progress a binding legal agreement with the applicant that details the relevant employment and training benefit that will be created by development and the funding contribution that will be secured.

3.8 These employment and training measures are negotiated on a case by case basis but as a minimum, the following will be expected:

- 25% of work during the construction phase to be for Small or Medium Enterprises (SMEs)
- All new temporary or permanent vacancies occurring during the construction phase to be reported and promoted to local jobseekers
- One month before tendering, the contractor to provide the construction programme and schedule of works
- All sub contracting and tendering opportunities to be advertised locally together with details of the times scales and procedures for tendering work
- Agreement to develop and adopt an Employment and Training Plan to deliver a recruitment and training campaign linked directly to the construction and operational jobs to prepare the local labour market and match suitable candidates to job specifications
- Written statements in contracts between the developer, contractors and sub-contractors to effect the delivery of the 106 agreement

3.9 At the pre-planning application stage, prospective developers are expected to discuss training and employment measures with the local planning authority. Before the grant of planning permission, they will be encouraged to enter into a S106 Agreement to agree the employment and training measures and to develop an Employment and Training Plan.

Alternative Options

- 3.10 The Construction Industry Training Board has suggested local authorities implement a 'client based approach'. The client based approach has been described as complex and time consuming. Few local authorities have adopted it and it has been described as challenging in terms of "*practical implementation and outcome delivery*". Therefore, the recommended approach is for Local Labour Agreements which can be customised according to the development, and assimilate good practice being successfully delivered elsewhere.

4. CONCLUSION

- 4.1 Sedgemoor District Council's 'Economic Development – Supplementary Planning Document: Issues and Options Consultation Paper, March 2013' and Eastbourne Borough Council's 'Local Employment and Technical Guidance Note' – adopted April 2013, are attached as separate appendices, available on request and on the City Council's web site. They provide a guide to how the Local Labour Agreement approach has been introduced and applied in similar areas. Sedgemoor and Eastbourne Council's are using their 'best endeavours' to link planning powers with the skills and employment agenda. There has yet to be any significant legal challenge and both point to the success that partnership working with developers and investors is producing in terms of tangible local skills and employment benefits.
- 4.2 A potential disadvantage of the Council adopting a Local Labour Agreement for significant residential and commercial development proposals is that without a similar commitment from neighbouring authorities this could have an adverse effect on the district's inward investment prospects. This issue and the success enjoyed by Sedgemoor and Eastbourne have been widely discussed with officers of East Devon and Teignbridge District Council. Both are at different stages in their Local Plan process but both appear willing to work with the Council on the adoption of broadly similar approach to Local Labour Agreements through the planning and development process.

5. LEGAL IMPLICATIONS

- 5.1 If ultimately this objective is consolidated through the planning regime, a legitimacy will be gained that will be encouraging for the development industry once formally adopted, provided of course the correct processes and procedures have been followed to get to that stage. It is therefore critical that the production of any SPD is thorough and properly carried out in accordance with appropriate planning procedures.
- 5.2 While only two other authorities are cited in the report as examples of where this happens elsewhere, there are others where similar, if not identical, partnership working is required to be entered into as part of the planning process. There are a number of London Boroughs for example that require such steps to be taken. Accordingly there will be other authorities that could be used to assess, guide and benchmark this Council's approach to Local Employment and Training in addition to those cited.
- 5.3 The critical point to take on board is that the development industry cannot be compelled in such a way that they have no choice in the matter of employment and training irrespective of constraints and problems that may arise. Accordingly any requirements within the Local Labour Agreements would at best, need to be on a 'best endeavours' basis, although the industry may well argue for 'reasonable endeavours'. Obviously that is a matter for the substance of the SPD.

5.4 Other than set out above and in the report there are no legal issues arising.

6. FINANCIAL IMPLICATIONS

6.1 There are no financial implications contained within this report.

7. RECOMMENDATIONS

7.1 That the Planning Member Working Group and Scrutiny Committee Economy endorse the proposals for Executive to approve to progress the application of Local Labour Agreements to new development proposals of an appropriate scale and size, through the preparation and adoption of a Supplementary Planning Document facilitated by the emerging Draft Development Delivery Development Plan Document.

7.2 That the Exeter & Heart of Devon Employment and Skills Board be encouraged to promote the adoption and application of Local Labour Agreements by developers, employers, local authorities and other stakeholders within and beyond the sub-region.

7.3 That this approach is promoted to the Growth Board partners and developed in partnership with them.

7.4 That an approach is established to develop and promote the supply of local goods and services to the construction industry alongside local employment, recruitment, apprenticeships and skills training.

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Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling this report:

None