

<p style="text-align: center;"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p style="text-align: center;"><b>CABINET</b></p> <p style="text-align: center;"><b>4 MARCH 2019</b></p>	
<p style="text-align: center;"><b>APPROVAL TO DRAW DOWN SECTION 106 RECEIPTS TO FUND THE ACTIVITIES OF THE WORK MATTERS (EMPLOYMENT &amp; SKILLS) AND BUSINESS INVESTMENT TEAMS 2018-2020</b></p>	
<p><b>Report of the Cabinet Member for the Economy and the Arts – Councillor Andrew Jones</b></p>	
<p><b>Open Report</b></p> <p><b>Classification – For Decision</b></p> <p><b>Key Decision: YES</b></p>	
<p><b>Wards Affected:</b> All wards</p>	
<p><b>Accountable Director:</b> Jo Rowlands, Strategic Director of Growth and Place</p>	
<p><b>Report Author:</b> Joanne Woodward, Chief Planning and Economic Development Officer</p>	<p><b>Contact Details:</b> E-mail: <a href="mailto:Joanne.woodward@lbhf.gov.uk">Joanne.woodward@lbhf.gov.uk</a> Tel: 020 8753 7282</p>

## 1. EXECUTIVE SUMMARY

- 1.1 This report seeks approval for the drawdown of s106 receipts to fund the Work Matters (Employment and Skills) and Business Investment services for a period of 2 years. The services play a key role in the delivery of the Council's Industrial Strategy, helping businesses thrive, encouraging enterprise and supporting residents into high quality training and employment.
- 1.2 The proposed drawdown was considered by the Council's newly formed s106/CIL Board of senior officers at its meeting in December. The Board recommends that the drawdown be approved.
- 1.3 The Council's Economic Development and Adult Learning service comprises three main areas of activity:
- Business Investment

- Work Matters (Employment and Skills)
- Adult Learning & Skills

1.4 This report concerns two of these three interrelated areas. The Adult Learning Service supports the activities of the other two areas however, it does not form part of this proposal, as it is funded through other external sources, notably, the Education and Skills Funding Agency.

## **2. RECOMMENDATIONS**

2.1 To approve the drawdown of Section 106 funding to support the following services:

### Employment and Skills (Work Matters)

- 2018/19: £486,200 - relevant s106 ref AKA: 733/827
- 2019/20: £570,900 - relevant s106 ref AKA: 733/827

### Business Investment and Growth

- 2018/19: £406,000 - relevant s106 ref AKA 733/777
- 2019/20: £607,100 - relevant s106 ref AKA 733/777

2.2 To note that the drawdown for 2019/20 includes additional funding to support increased activity, including the Extended Markets programme and the Supply Chain project.

## **3. REASONS FOR DECISION**

3.1 The Council's commitment to inclusive growth and shared prosperity means that it is best placed to facilitate and lead on coordinating a Borough wide approach to ensuring the that the benefits of growth are shared amongst all residents and businesses.

3.2 A proactive and collaborative approach to engaging with businesses and supporting vulnerable people into sustainable, well-paid employment will harness the talents of teams from across the Council and partners within the Borough to deliver key economic development priorities that are set out in the Industrial Strategy and the administration's Manifesto.

## **4. BUSINESS INVESTMENT TEAM**

### **Context**

- 4.1 There are approximately 13,000 VAT registered businesses located in the Borough, together employing 135,000+ people.
- 4.2 The Borough has seen good growth in its business base since 2011, reflecting the strength of its economy. It has a business density of 69 businesses per 1000 residents, compared with 57.5 for London.
- 4.3 The challenge is to build on this progress over the next two years and to ensure that the Borough's businesses take the opportunities and manage the challenges associated with the UK's impending withdrawal from the European Union.
- 4.4 Business start-up and closure rates are both higher in London than the rest of the country. Hammersmith and Fulham has a busy local economy with some of the highest business start-up and closure rates in London. This can be a feature of areas with high business density. Whilst high closure rates can sometimes be considered a weakness, high levels of churn may also reflect economic competitiveness and dynamism.
- 4.5 Around four-fifths of the Borough's businesses employ 0-4 people. In terms of volume, this is significant, but the Borough's 50 larger businesses employ over a third (36%) of the Borough's employees. It will, therefore, be important to segment approaches to supporting businesses so that needs of both small and larger businesses are met effectively.
- 4.6 Key sectors of the economy include information and communications, arts and recreation services and professional, scientific and technical organisations. This last group are often run as very small businesses engaged high value-added activity.

### **The role of the service**

- 4.7 The service supports the delivery of the Council's Industrial Strategy, with particular emphasis on its priorities for encouraging enterprise, improving town centres and commercial hubs, and enhancing arts and culture. It aims to:
- Secure economic growth by growing, retaining and developing businesses in the Borough, so that it acts as a Europe wide magnet for investment
  - Keep business growth at the heart of what the Council delivers and ensure that what it deliver clearly meets the needs of business.
- 4.8 The Business Investment Team acts as the first point of contact to businesses for Council services. It seeks to:
- Develop business support packages to support businesses within the Borough to start and grow.

- Establish mechanisms and develop forums that will enable the Council and its partners to better understand and respond to the needs of the Borough's businesses.
- Develop local supply chains to ensure that, where possible, large local anchor businesses and organisations contract with local SMEs.
- Provide a business helpdesk and refer those that need to specialist business support services.
- Work with the Work Matters Manager to secure Section 106 agreements for affordable workspace to help retain new start and micro businesses within the Borough
- Work with major contractors to strengthen local supply chains.
- Organise business related events and training opportunities, including Business Boot Camps, Enterprise Clubs and the annual Business Awards.
- Develop placemaking initiatives, including the extended markets programme, in order to help revitalise specific local areas and to enable start-up businesses to adopt a low risk approach to market testing their products.
- Work with landlords and commercial agents to identify ways of bringing empty commercial uses into affordable use
- Identify the best ways of communicating with businesses in the Borough and adopt a collaborative and consultative approach to designing and delivering business related initiatives, based on the principle of doing things with businesses, rather than to them.

4.9 Key outputs for the Team for 2018-2020 are:

Theme	Output 2018-20
Business engagement	Engage 4,000+ businesses in networking events, social media, e-newsletters and training courses
Foster networks	Establish a Borough wide Business Forum
Supporting enterprise	Enable 120 new businesses to test their products in the market through initiatives, such as the extended market programme and pop up shops.
Promoting place	Organise twelve extended markets, including Christmas and Spring markets in Hammersmith Town Centre and North End Road. Attract 150,000 people to attend the extended markets
Business advice and support	Provide strategic advice and support to five business fora/BIDs including Hammersmith, Fulham BIDs, Shepherds Bush & Blythe Rd business fora.
Supporting start ups	Provide business support to 500 pre-start businesses
Economic and social value through procurement	Assist 140 businesses to secure contracts with anchor businesses or organisations
Service development	Engage 400 businesses in consultations to gather intelligence to shape new services

#### 4.10 Key outcomes are:

- A clear and co-ordinated Council offer to businesses
- A clear set of mechanisms for consulting with Borough businesses on key strategic issues
- A clear route into the Council through a single point of contact approach
- A business-friendly environment that supports business growth and development by providing the business support packages that reflect current business needs
- A clear understanding of the business space availability and requirements within the Borough
- A council that has a sound understanding and can effectively respond to the identified needs of its businesses.
- Vibrant Town centres that become locations of choice for businesses, visitors and residents.

### **5. WORK MATTERS (EMPLOYMENT AND SKILLS) TEAM**

#### **Context**

- 5.1 Overall, Hammersmith has high employment and economic activity rates, but one in five (21%) of the Borough's working age residents are economically inactive. Economic inactivity is particularly high in Wormholt & White City and College Park & Old Oak wards.
- 5.2 An Estate Skills Survey, commissioned by the service last year found that there were also high levels of insecure employment and significant skills gaps amongst residents on the borough's council estates.
- 5.3 The Council has significant challenges in supporting people from particular groups into work. These include young offenders and people with learning difficulties and disabilities, for example.
- 5.4 The Borough has a large number of jobs compared with residents. This means that there is a significant level of in-commuting. Job brokerage services therefore should be well targeted so that they benefit local residents, who have barriers to the labour market.
- 5.5 In 2016 there were 9,850 residents claiming out of work benefits. Supporting people with Mental Health challenges has become an important issue and nearly half (47%) of residents claiming Incapacity Benefit/Employment Support Allowance reported Mental Health conditions as the reason for their claims.
- 5.6 The number of benefit claimants has fallen in recent years, but this has left a higher proportion of workless residents with more acute support needs, so services need to be designed to address this. In addition, the lower levels of out of work benefit claimants has meant that there is also a need to support people who are trapped in low paying employment and who suffer from in-work poverty.

- 5.7 The lowest average household incomes in the borough at ward level are in College Park & Old Oak and Wormholt & White City ward (£32.3k and £35.7k respectively). The lowest average incomes in the borough at LSOA level are £23.8k in the Edward Woods estate, £25.8k in the Clem Attlee estate, and £25.9k in the White City estate.
- 5.8 Overall, educational attainment amongst the Borough's young people is high and it tends to perform well when it comes to attainment amongst particular groups, such as students eligible for free school meals and those who have English as an additional language.
- 5.9 The Borough's adult residents are also generally well qualified, although nearly a quarter (23%) of residents living in College Park & Old Oak have no qualifications and 8,500 of the Borough's residents are unqualified.

### **The role of the Service**

- 5.10 The service supports the delivery of the Council's Industrial Strategy, with particular emphasis on its priorities for supporting people, economic growth for all, developing residents skills and employment opportunities. It aims to:
- Secure sustainable employment, apprenticeships and sector-related skills for LBHF residents by engaging with employers and developers via Section 106 agreements
  - Develop skills with local skills training providers, including colleges and other key stakeholders, including DWP, Adult Learning Service & the Third Sector
  - Gauge employer labour needs and source appropriate sector related training for LBHF residents
  - Source and promote vacancies, screen candidates and refer into external apprenticeships opportunities to assist developers and main contractors to meet Section 106 requirements; and
  - Develop a talent pool of work ready residents.
- 5.11 The expected outcomes over the two years include:
- A: Developing a co-ordinated, borough-wide approach to employment and skills, including job brokerage
- B: Providing an effective employment and skills service that focuses on aligning the Borough's business and resident needs and which allocates resources to where they can best support inclusive growth
- C: Creating greater opportunities for Borough residents to develop skills so that they can access good quality jobs and progress within the workplace
- D: Providing a good supply of apprenticeship and employment opportunities secured through Section 106 agreements with developers
- 5.12 Key outputs for the Team for 2018-2020 are:

Theme	Output 2018-20
Job placements	1500 Job Placements, including <ul style="list-style-type: none"> <li>○ 300 Borough residents</li> <li>○ 300 work related benefit claimants</li> <li>○ 50 people with a registered disability</li> </ul>
Vocational training	160 borough residents completing training courses leading to qualifications including construction skills (CSCS)
Apprenticeships	160 Borough residents placed onto apprenticeship programmes
Work experience	500 borough residents placed into Work Experience placements including those organised through Education SLA and T-level placements.
Job fairs	Organise 12 fairs, attend 12 more
Outreach sessions	50 school visits 200 outreach sessions
Volunteer placements	60

## Monitoring and Evaluation

- 5.13 Progress against all of the above forecast outcomes and impacts will be monitored and evaluated based on a robust monitoring and evaluation framework and summarised in quarterly progress reports.

## 6. EQUALITY IMPLICATIONS

- 6.1 It is not anticipated that the drawdown of S106 monies to fund the work of these teams will have any negative impact on any groups with protected characteristics, under the terms of the Equality Act 2010.
- 6.2 Implications completed by Peter Smith, Head of Policy and Strategy, tel. 020 8753 2206.

## 7. LEGAL IMPLICATIONS

- 7.1 The recommendation of this report is to approve the drawdown of monies secured through section 106 Agreements. All monies that are allocated from these agreements are to be used for the purpose secured under the same. Subject to this it is considered that no further legal implications arise
- 7.2 Implications completed by Poonam Rajput, Solicitor, tel. 0208 753 6378.

## 8. FINANCIAL IMPLICATIONS

- 8.1 This report seeks approval for the use of designated Section 106 funds to achieve economic development outcomes for the two financial years 2018/19 and 2019/20.

- 8.2 The specific amounts from each Section 106 are set out in the recommendations to this report.
- 8.3 This request has followed the Council's governance protocol for the allocation of Section 106 monies. The proposals were considered and approved by the Council's newly formed Officer S106 Board and subsequently by the Cabinet Member for Regeneration.
- 8.4 Finance officers have worked closely with the service and with Planning officers and all funds requested are already held by the Council and the proposed expenditure plans are within the terms of each agreement.
- 8.5 The funds will support the delivery of a General Fund MTFs saving for 2019/20 of £60,000.
- 8.6 Any plans for future funding of the service post 2019/20 will be set out in a future report to Cabinet.
- 8.7 Implications completed by: Danny Rochford, Head of Finance, Corporate Finance, tel. 020 8753 4023.
- 8.8 Implications verified by: Emily Hill, Assistant Director, Corporate Finance, tel. 020 8753 3145.

## **9. IMPLICATIONS FOR LOCAL BUSINESS**

- 9.1 Implications for business in the borough are set out in the main body of the report. Implications completed by Albena Karameros, Economic Development Team, tel. 020 7938 8583.

## **10. COMMERCIAL IMPLICATIONS**

- 10.1 There are no procurement implications resulted from this report. If any third party contractors are appointed to support the proposals of the report, these should be contracted in accordance with the CSOs and PCR 2015.
- 10.2 Implications completed by Andra Ulianov, Procurement Consultant, tel. 07776672876.

## **11. RISK MANAGEMENT**

- 11.1 The proposed changes in funding sources (for 2018/19 and 2019/20) and increase in funding in 2019/20 will enable the Council to meet its commitment to inclusive growth and shared prosperity, by leading on and coordinating a Borough wide approach to ensuring that the benefits of growth are shared amongst all residents and businesses in the borough.
- 11.2 Protecting the funding for these services will help the Council to:

- Maintain and develop a thriving local infrastructure and support network to enable dynamic and competitive local businesses to be created and grow.
- Ensure that the Borough's businesses take the opportunities and manage the challenges associated with the UK's impending withdrawal from the European Union.
- Tackle economic inactivity, in-work poverty and significant skills gaps across the borough.

11.3 Implications verified by David Hughes, Director of Audit, Fraud, Risk and Insurance, tel. 020 8753 2389.

## **12. IT IMPLICATIONS**

12.1 IT Implications: If a new team structure requires additional access to H&F IT equipment, systems and/or networks H&F IT Services must be consulted to ensure that all necessary safeguards, permissions and budgets are in place, and that the new service is aligned with the ITS desktop strategy.

12.3 Implications verified/completed by: Karen Barry, Strategic Relationship Manager, IT Services, tel. 0208 753 3481.

## **BACKGROUND PAPERS USED FOR THIS REPORT**

None