



London Borough of Hammersmith & Fulham

Cabinet

15 OCTOBER 2012

LEADER

Councillor Nick Botterill

**ECONOMIC DEVELOPMENT S106
EXPENDITURE**

**Wards:
All**

This report updates Cabinet on current economic development workstreams and seeks approval for the use of Section 106 funds to achieve key outcomes in the short term.

The report also signals work commencing to establish new high-level economic development priorities which respond to the borough's longer term economic growth and regeneration vision.

CONTRIBUTORS

Head of Economic
Development, Learning
& Skills
Director for Housing
Options, Economic
Development & Skills
EDH&R
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DoL

Recommendations:

- 1. That approval be given to the use of Section 106 funds for economic development purposes as set out in Section 3 and Appendix 1 of this report.**
- 2. That Cabinet notes the update on the development of new priorities and that a report on progress made will be submitted to Cabinet in September 2013.**

**HAS A EIA BEEN
COMPLETED?**

**HAS THE
REPORT
CONTENT BEEN
RISK
ASSESSED? YES**

1. ECONOMIC DEVELOPMENT UPDATE

- 1.1. A key ambition for the Council is the renewal and regeneration of deprived parts of the borough as set out in the Borough of Opportunity vision within the Council's Community Strategy 2007-14.
- 1.2. Alongside this, the Economic Development Strategy 2007 -12 clearly sets out the actions needed to bolster economic enterprise, investment and growth. The strategy states that the Council aims to:

'secure and support inward investment to stimulate growth within new sectors of the economy and create new jobs for residents, whilst ensuring that the existing business base is also supported to compete and flourish in the changing competitive climate, both locally and farther afield.'

- 1.3. The strategy has three broad workstreams
 - Social regeneration reducing welfare benefits dependency (worklessness)
 - Creating opportunity through learning and skills
 - Economic regeneration - job creation.
- 1.4. This report requests members' approval to utilise Section 106 (S106) funds to finance existing work streams during 2012/13 and 2013/14 as well as signals work commencing to refresh the strategic economic development priorities. It is envisaged that new workstreams can be agreed by Cabinet which closely correspond with the borough's longer term regeneration ambitions and economic growth aspirations. In this way maximum benefit for residents and borough businesses, particularly in the White City Opportunity Area and the Earls Court & West Kensington Opportunity Area, can be assured.

2. SECTION 106 BUDGETS

- 2.1. The Council has approved S106 agreements with land developers which resource economic development activities particularly employment and training initiatives to tackle local unemployment and low vocational skills.
- 2.2. S106 economic development funding has supported a number of results-driven projects including:
 - resourcing the WorkZone, a dedicated recruitment and retail training facility in Shepherds Bush library which in 2011/12 secured 360 jobs for Westfield London based businesses, nearly 40% of which were residents from the local area;
 - enabling the Council to establish an in-house business administration apprenticeship scheme which, now embedded

and in its 3rd year, is fully financed by employing service departments (over 55 Apprentices to date);

- supporting business sector engagement activities through town centre management in Fulham and Shepherds Bush. Funded posts have delivered initiatives to boost trade, footfall and commerce and have successfully led a vast array of events, promotions and business support activities including an annual 'Celebrating Fulham' annual festival, H&F's inaugural Brilliant Business Awards Night, 'I love Shepherds Bush' shop local campaign, bi-monthly business forums and initiatives to support small/med sized enterprises and smaller shopping parades.

3. EXPENDITURE PLANS

- 3.1 Appendix 1 to this report sets out detailed expenditure plans for the 18 month period from October 2012 to March 2014, together with a series of measurable outputs and outcomes. It is intended that the expenditure funds existing workstreams pending the refresh of priorities set out in this report.
- 3.2 Members should note that proposed expenditure in this report totals £1,069,000. If agreed this would leave unallocated economic development S106 balances of £2.4m which members can allocate in due course in line with the refreshed priorities. In addition ongoing and significant S106 contributions are in negotiation on major sites across the borough.
- 3.3 It is anticipated that the review of economic development priorities will produce detailed expenditure plans over the longer term in line with major regeneration schemes, and these plans will be reported to Cabinet for approval in September 2013, following consultation with Overview & Scrutiny Board.
- 3.4 The table below summarises the intended profile and source of the funding requested.

Table 1: Proposed use of Section 106 funds: Oct 2012 - Mar 2014

Section 106 Agreement	Initiative	2012/13 £000s	2013/14 £000s	Total £000s
Westfield	Training & Employment Contribution	117	100	217
Westfield	Regeneration & Employment	212	80	292
Westfield	Childcare Matters Fund	193	107	300
Quayside Lodge Hammersmith	Promoting enterprise	144	21	165
Palais	Promoting enterprise	5	0	5
Seagrave Road	Training & Employment Contribution	34	56	90
Total		705	364	1,069

3.5 Key Outcomes and Outputs from proposed use of Section 106 funds will include.

3.5.1 Outputs

- 915 residents secure employment
- 1,100 pre-employment training places
- 630 residents achieving a level 2 qualification
- 120 borough employers supported to fill vacancies
- £1m European investment for employment support activities.
- 8 community based jobs fairs/ employment support events and an annual bi-borough jobs fair (with RBKC)
- 60 residents into unpaid work placements/volunteering
- 51 residents secure apprentice positions with LBHF
- 77 external apprenticeship placement opportunities
- 14 bursaries that aim to provide residents with qualifications to become child care professionals
- 200 new businesses to be engaged in Enterprise Clubs
- Two major 'Meet the Buyer/Supplier' events

3.5.2 Outcomes

- Maximising S106 and CIL economic development gains from land development and regeneration.
- A S106/CIL monitoring and delivery data information system,
- Monitoring and evaluation of Developers' fulfilment of planning obligations, to ensure borough residents and businesses benefit from new developments.
- Letting and facilities management of business units to maximise income.
- Management of business engagement, investment and enterprise activity to ensure economic growth.
- Development, delivery and/or commissioning a business support service focused on increasing economic and entrepreneurial activity in the borough, with a particular focus on SMEs.

- Secure economic growth through development, retention and inward investment activities in order to showcase the borough's potential as a business and tourist location.
- Develop initiatives across the Borough to support investment ambitions through; area management, enterprise support, procurement opportunities and business events.
- Purchase of key data required for HF local economic assessment updates.

3.5.3 Corporate Benefits

The expenditure plans include initiatives which will yield wider corporate benefits for the borough and members are asked to note the value for money benefits from synergising initiatives; for example:

- At least 60 residents will be recruited into unpaid work experience opportunities and 'Volunteering in Our Libraries' will be a twin focus together with 'Volunteering to increase work experience'.
- Expenditure on employability support activities to assist residents to secure paid work will focus on unemployed residents in temporary accommodation, on the Home Buy list and other priority groups in order to bolster the Council's housing ambitions promoting community contribution and working households.
- The Childcare Matters initiative will offer 14 bursaries that will provide residents with qualifications to become child minders and child care professionals in order to fill an identified shortfall of workers in a growth sector for the borough.

4. ECONOMIC DEVELOPMENT PRIORITIES REFRESH

4.1 The Head of Economic Development, Learning & Skills will undertake a review of economic development priorities in order to ensure that:

- priorities are aligned with key council priorities
- employment and business sector growth opportunities arising from physical regeneration schemes are fully planned and forecasted
- partnership opportunities are fully exploited to increase co-commissioning and rationalised resourcing options.

4.2 It is not anticipated that a major review will be undertaken as the Council's ambition to foster economic growth and investment is explicit. However this work will enable officers to consider Census 2011, HF Local Economic Assessment and other demographic data together with the outcomes of existing successful economic development initiatives in order to establish priorities beginning in 2014 – 2015

5. RISK MANAGEMENT

- 5.1 The expenditure plans set out required levels of investment and expected outcomes and are based on income detailed in the S106 Agreements of approved planning applications. Where proposals include the funding of salary costs, these have been projected for fixed term appointments only thereby minimising employer risk.

6. COMMENTS OF THE DIRECTOR OF PLANNING

- 6.1 The agreements referred to were entered into with the purpose of promoting economic development and training skills opportunities in the Borough.
- 6.2 The funds have not as yet been committed to any other projects, and as such remain with the Council to use within the terms of the agreement.
- 6.3 The proposed uses comply with the original intended uses for the funds, and will enable the Council to continue these projects.

7. COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE AND CORPORATE GOVERNANCE

- 7.1 Cabinet approval is requested to utilise specific Section 106 resources to fund spending plans during 2012/13 (£705,000) and 2013/14 (£364,000) for initiatives which address the existing strategic priorities of the Economic Development function.
- 7.2 Officers in Housing & Regeneration have consulted closely with planning obligations colleagues in Transport and Technical Services to ensure funding availability and that expenditure plans are within the terms of each agreement.
- 7.3 The schemes for which approval is requested are to be coded on the RHQxxx range of cost centres within the REGSUM summary centre.

8 EQUALITY IMPLICATIONS

- 8.1 These priorities seek to bolster economic growth, investment and prosperity across the borough, with targeted initiatives aimed at young people, unemployed job seekers, learners and deprived areas of the borough.
- 8.2 These priorities have high positive impacts for unemployed residents and job seekers who are not supported through current provision such as the Single Work Programme.

8.3 The initiatives will also help address the barriers faced by people who wish to secure sustainable employment, for example childcare affordability, training and skills deficits, debt and financial competence, work inexperience and lack of pre-employment support.

8.4 An equalities Impact Assessment is available electronically.

9 COMMENTS OF THE DIRECTOR OF LAW

9.1 Local authorities were given power to pursue economic well-being under the Local Government Act 2000, Chapter 22 Part I – Promotion of Economic, Social or Environmental well-being section 2 of the 2000 Act. In exercising this power the Council can set the overall strategic direction and long-term vision for the economic, social and environmental well-being of a local area.

9.2 Where Local Authorities receive financial contributions in accordance with the terms of agreements under section 106, Town and Country Planning Act 1990, the Authority is obliged to ensure that all monies spent from the contributions are spent strictly in accordance with the purpose laid down within the Agreement.

9.3 It is confirmed that the expenditure proposed within this report falls within the terms of the relevant section 106 Agreements.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Economic Development Strategy 2007- 2014 (published August 2007)	Kim Dero ext 4229	HRD/Economic Development, Learning & Skills
4	Local Economic Assessment	Lee Fitzjohn ext 5799	FCSD/Performance, Planning & Review
CONTACT OFFICER: Head of Economic Development, Learning and Skills, Regeneration and Housing Strategy Division Housing and Regeneration Department		NAME: Kim Dero x 4229	

Appendix 1

2002 - Westfield London (2002 Scheme) Childcare Matters Fund - Expenditure Plan

Usage stipulated in S106 Investment Agreement: specifically for childcare costs and training to enable LBHF residents to secure employment at Westfield London, the retail sector and wider employment opportunities.

Description: Initiatives and activities which deliver:

- Social regeneration reducing welfare benefits dependency (Worklessness) - increasing childcare affordability
- Creating Opportunity through Learning and Skills - training & support for job seekers, particularly young people and parents returning to work following children's early years care.
- Economic regeneration - job creation;

In addition we will promote the availability of childcare funding from the Childcare Matters (Westfield London S106) which offers unemployed residents moving into employment, support for childcare

Descriptor	Financial Year April 12 - March 13	Financial Year April 13 - March 14	Sub-total	Outcomes and Outputs
Direct childcare costs				
- White City Bursaries (£200 per week x 26 weeks)	8 x £5200 £41,600	6 x £5200 £31,200	£72,800	There is a projected shortage of 400 childminders/child care places in the borough over the coming years. This initiative will provide a minimum of 14 bursaries that aim to provide residents with qualifications to become child minders and child care professionals in order to fill an identified shortfall of workers in a growing sector and assist workless residents into sustainable self employment
Staffing				
- Employment Opportunities Officer (contribution)	£20,000	£20,000	£40,000	Contribution to salary costs, post will: Lead on the delivery of borough wide, with a focus on housing estate based, employment support events. Specific to this area of work it will: Support the management of a minimum of 14 bursaries (over two years) that aim to provide residents with qualifications to become qualified child minders and child care professionals Lead on the recruitment of a minimum of 12 resident apprenticeship placement opportunities with external child care organisations
- 12 Apprenticeship posts	£14,000 x 8 = £112,000	£14,000 x 4 = £56,000	£168,000	12 Child care apprentice placements will be created to provide real opportunities for residents to enter sustainable employment in a growing sector where there is projected shortfall in workers over the coming two years. Apprentices will be hosted by private sector child care providers giving them real work experience in the private sector
Running costs				
Delivery of estate based employment support	£12,900	£0.00	£12,900	Publicity and delivery of housing estate based employment support to attract workless residents in White City into childcare industry inc contribution to White City Job Shop costs
Beneficiary costs				
- Self employment Accountancy/book-keeping support and external courses	£6,000	£0	£6,000	for the delivery by specialist trainers and organisations of accountancy/book-keeping support and external training courses
Year total:	£192,500	£107,200		

TOTAL: £299,700

Westfield London (2010 Scheme) Training & Employment Contribution - Expenditure Plan

S106 Investment Agreement: Employment and Training regeneration initiatives

Descriptor - Initiatives and actions which deliver:

- Social regeneration reducing welfare benefits dependency (Worklessness)
- Creating Opportunity through Learning and Skills
- Economic regeneration - job creation.

Descriptor	Financial Year April 12 - March 13	Financial Year April 13 - March 14	Sub-total:	Outcomes & Outputs
Staffing				
- Employment Opportunities Officer (contribution)	£20,000	£40,000	£60,000	Contribution to salary costs, targets include: Successfully manage the tender process, contract letting and programme management for the LBHF ESF employment support programme (value £2m - target jobs secured 543), priority groups unemployed residents in temporary accommodation, on the Home Buy list and living in social housing. Delivery of two community based jobs fairs/ employment support events by December 2102 Manage the recruitment of a minimum 60 residents into unpaid work placements/volunteering ('Volunteering in Our Libraries' will be a twin focus together with 'Volunteering to increase work experience') Support the recruitment of minimum 50 residents into apprentice positions with LBHF Lead on the recruitment of a minimum of 40 resident apprenticeship placement opportunities with external organisations
- Work Zone Manager (Westfield London recruitment centre)	£40,000	£60,000	£100,000	Secure Employment for at least 350 residents pa Fill vacancies for at least 120 borough employers (inc large and small employers) Manage a team of Job Opportunity Brokers and secondees from JCP and Ealing, Hammersmith & West London College and secure in-kind and financial support from other partners/investors To Maximise the benefits of Retail Skills Academy status by securing recruitment and training commissions from minimum 5 retailers
- Regeneration Projects Officer	£45,000		£45,000	To develop the planning gains work of the EDLS team with a view to maximising S106 and CIL economic development gains from land development and regeneration. Specifically to develop a s106/CIL monitoring and delivery data information system, that; monitors Developers fulfilment of planning obligations; demonstrates added benefit to local stakeholders including members and residents; sets out s106 expenditure levels and builds best practice and evidence to help articulate the value of future gains.
Running costs				
- Training/Running costs	£5,000		£5,000	To support the delivery of employment services through annual staff subscriptions and licences (Advice & Guidance membership), stationary and telephony costs and contribution to service charges at the Work Zone.
- Marketing/publicity (aimed at local job seekers)	£7,000		£7,000	For the promotion of employment support and training services including delivery of bi-borough jobs fairs, estate based outreach work shops and for accompanying banners, mailshots, leaflets and website content
Year total:	£117,000	£100,000		

Westfield London (2007 Scheme) Regeneration and Employment Initiatives - Expenditure Plan

**Usage stipulated within S106 Investment Agreement: Employment and Training and regeneration initiatives;
Initiatives to provide training for people resident within LBHF and to ensure provision of local employment to enable local people to compete effectively for employment.**

Descriptor: Initiatives and activities which deliver

- Social regeneration reducing welfare benefits dependency (Worklessness)
- Creating Opportunity through Learning and Skills
- Economic regeneration - job creation: apprenticeship development in key growth sectors; Work Placements; Job Brokerage

Descriptor	Financial Year April 12 - March 13	Financial Year April 13 - March 14	Sub-total	Outcomes & Outputs
European Social Fund match funding - Payment by Results Jobseekers employment support programme (ESF requires 50% LBHF match funding to release same, total fund £2 million)	£80,000	£80,000	£140,000	This contribution to a large scale ESF initiative will be matched to ESF funding for early engagement of residents onto a targeted £2m employment support programme. Outcomes for this programme include 543 residents into jobs, 380 sustainable jobs secured; 1,100 jobseekers supported with pre-employment training and 630 residents achieving a level 2 qualification
<u>Work placements and site experience</u>				
- Trainees/apprentices (salaries)	5 x £10,000 = £50,000	£0	£50,000	A minimum of five paid trainee/apprenticeships to be created for young people who would otherwise find it difficult to compete for employment (3 Construction and 2 Customer Services). Construction Trainees will gain construction site qualifications including a trainee Construction Skills Certification Scheme (CS CS) card to enable them to work on all construction sites. Developers and subcontractors will host the trainees as part of their planning obligations
<u>Skills Plan</u> (development of labour demand forecasts and necessary skill/qualifications toolkit targeted at young people & job seekers)	£20,000	£0	£20,000	Production of a skills plan for individual development areas as well as borough wide labour market future planning
<u>Staffing</u>				
- Apprenticeship Development Officer (contribution)	£39,100	£0	£39,100	Contribution to salary costs - post will promote apprentice opportunities to residents at jobs fairs and housing estate based events across the borough as well as to council managers and employers. Post will lead on the recruitment of a minimum 60 residents into unpaid work placements/volunteering (Volunteering in Our Libraries and to increase work experience will be the twin focus) lead on the recruitment of minimum 50 residents into apprentice positions across the council Support the recruitment of a minimum of 40 resident apprenticeship placement opportunities with external organisations
<u>Training</u>				
- National Skills Association (NSA) membership (essential to deliver fee paying NSA retail courses)	£15,000	£0	£15,000	Annual membership charge for WorkZone National Retail Skills Academy status; Benefits include nationally negotiated employer agreements to recruit staff for large employers and to access fee paying workforce training for employers upskilling their staff
<u>Running costs</u>				
- Work Zone service charge contribution (SB library)	£13,000	£0	£13,000	This is an ongoing 7% contribution to the running costs of the WorkZone recruitment facility located within the Shepherds Bush Library. Includes utilities, service charge and cleaning costs. The WorkZone facility is critical to securing job vacancies for residents, particularly retail vacancies at Westfield London.
<u>IT/Computer system</u>				
- Management Information system (one-off data management cost)	£15,000		£15,000	This will be critical to maximising job and training opportunities that materialise from developments across the borough over the coming years. It will allow target monitoring and reporting of job and training outcomes and outputs to be readily available. For the provision of a bespoke client management system that improves the customer experience through better data and case load management. To provide staff with the ability to upload job vacancies, search and manage client data To provide a system for monitoring and managing employer/service provider/customer engagement activity. The system will be scalable so that new developments can be added as they become live.

Quayside Lodge (Townmead Road) - Expenditure Plan

S106 Investment Agreement: specifically this agreement yields quarterly rental income until 2016 to be used "towards the provision of business and training opportunities and/or facilities and the provision of starter business units for the Benefit of the Borough and its residents".

Descriptor - Economic regeneration - job creation.

'H&F means Business' - Promoting the borough as a place of enterprise, and a good location to trade and invest.

These will include:

- market and manage existing and new business starter units in the Borough (including existing sites at Townmead, Sullivan, BBC)
- promote good procurement advice and practice aimed at business looking to buy or supply locally,
- offer business start-up and enterprise advice,
- support the trading environment and keep it competitive through activities to increase town centre footfall and consumer spending;
- management of the Council's business portal 'The Business Desk' and associated guidance for businesses and investors looking to do business in borough

Descriptor	Financial Year April 12 - March 13	Financial Year April 13 - March 14	Sub-total	Outcomes and Outputs
Staffing				
- Principal Business Investment Officer	£11,000	£11,275	£22,275	Successfully manage the letting and asset management of business units under the management of the Economic Learning & Skills service. Evaluate the economic development gain potential of planned physical development in order to ensure borough residents and businesses benefit from new developments. Management of business engagement, investment and enterprise activity to ensure economic growth. Target to ensure that the 64 business units are fully let.
- Business Administration Apprentice	£16,000	£0	£16,000	The creation of one apprenticeship for a borough resident. To provide administrative support to Economic Development Learning and Skills, specifically with regard business investment and engagement projects. This post is one year and will provide an unemployed borough resident with a full Apprenticeship framework and an NVQ 2 in Business Administration. Post holder to carry out general administrative functions, and provide good customer service to internal customers and colleagues and/or external customers.
- Business Growth Officer	£30,900	£0	£30,900	Continuity for the business support service focused on increasing economic and entrepreneurial activity in the borough, with a particular focus on SMEs; specifically 200 new businesses/entrepreneurs engaged in the the Enterprise Clubs
- Business Engagement Officer	£46,114	£0	£46,114	To develop business engagement initiatives across the Borough; combining area management, business support, collaborative activities, inward investment, co-financing opportunities, supply chain work and enterprise support. Secure economic growth through development and retention of businesses, demonstrated by % change in VAT registered/PAYE businesses to be achieved in line with national trends. Targets to be achieved through development and delivery of; enterprise clubs, business engagement activities, business events and procurement activity. Target of two major 'Meet the Buyer/Supplier' events in the next 18 months.
Running costs				
- Supply Chain initiatives	£10,000	£0	£10,000	To support the delivery of a procurement service that will work with land Developers and their key contractors and sub-contractors to ensure that procurement opportunities are provided locally. The procurement service will assist Developers to produce tenders that have packages for smaller contractors; and that tenders provide community benefit; by ensuring 10% of contract is procured locally
- Enterprise /business support activities	£10,000	£0	£10,000	For the promotion of business engagement and investment activities including seasonal town centre activities, business engagement forums, business support workshops, estate based outreach workshops and for accompanying banners, mailshots, leaflets and website
Beneficiary costs				
- Master Classes in procurement	£10,000	£10,000	£20,000	Delivery of master classes and other training activity for small and medium sized enterprises to assist them in getting ready to tend for major projects, including the delivery of a Meet the Buyer and Meet the Supplier programmes due for completion before major tenders are issued from physical developments.
- Enterprise Club enterprise courses	£10,000	£0	£10,000	Delivery of a monthly Enterprise club to assist aspiring entrepreneurs in getting their ideas to market. Master Classes in business planning and the legalities of both registering intellectual property and setting up a business will be provided.
Year total:	£144,014	£21,275		

TOTAL: £165,289

**N.B. Budget based on anticipated rental level income and is subject to confirmation

Hammersmith Palais - Expenditure Plan

S106 Investment Agreement:

Hammersmith Palais; Local Employment and Training initiatives and Visitor development materials

Descriptor: Economic regeneration - job creation.

'H&F means Business' - Promoting the borough as a place of enterprise, and a good location to trade and invest.

These will include: local procurement, engagement of local workforce, production of local visitor attractive materials in line with the anticipated student occupiers to increase visiting friends and family to visit and spend locally

Descriptor	Financial Year April 12 - March 13	Financial Year April 13 - March 14	Sub-total	Outcomes and Outputs
Staffing				
Experian Data Purchase	£4,800		4800	Contribution to the purchase of key data required for HF local economic assessment updates. Total cost £13,000
Year total:	£4,800	£0		

TOTAL: £4,800

Seagrave Road - Expenditure Plan

Usage stipulated within S106 Investment Agreement: specifically Work place co-ordinator, Apprenticeship training costs and the development of a procurement initiative to increase number of local businesses winning contracts.

- Social regeneration reducing welfare benefits dependency (Worklessness)
- Creating Opportunity through Learning and Skills
- Economic regeneration - job creation.

Descriptor	Financial Year April 12 - March 13	Financial Year April 13 - March 14	Sub-total	
Staffing				
- Work place co-ordinator (securing jobs for residents)	£0	£0	£0	No cash income. The developer will employ a WorkPlace Coordinator to match construction site vacancies with local residents - total S106 employment support value is £350K
- Apprenticeship training contribution	£21,423	£42,859	£64,282	Support and training costs for potential and successful apprentice.
Procurement				
- Procurement Initiative (helping local businesses to win local contracts)	£13,000	£13,010	£26,010	To support the delivery of a procurement service that will work with Developers and their key contractors and sub-contractors to ensure that procurement opportunities are provided locally. The procurement service will assist Developers to produce tenders that have packages for smaller contractors; and that tenders provide community benefit; by ensuring 10% of contract is procured locally
Year total:	£34,423	£55,869		

TOTAL: £90,292