



London Borough of Hammersmith & Fulham

CABINET

6 JANUARY 2014

ECONOMIC DEVELOPMENT EMPLOYMENT AND ENTERPRISE INITIATIVES

Report of the Leader – Councillor Nicolas Botterill

Open Report

Classification - For Decision

Key Decision: Yes

Wards Affected: All

Accountable Executive Director: Melbourne Barrett – Executive Director, Housing & Regeneration Department

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1. EXECUTIVE SUMMARY

- 1.1. Economic Development officers, supported by planners, have secured significant s106 financial commitments from land developers of major regeneration sites to achieve set economic development outcomes.
- 1.2. If all anticipated developments come forward, available balances will be £8.8m and this report seeks Members' approval for expenditure totalling £2.3m for the period April 2014 – March 2017. It should be noted that £1.0m of the £2.3m proposed expenditure has yet to be received by the Council - these funds would not be committed until received.
- 1.3. Developers have committed money specifically to initiatives which improve the vocational skills and employability of residents residing on social housing estates in development areas. This means significant new targeted funding for employment initiatives on West Kensington, Gibbs Green and White City estates.
- 1.4. The Earls Court Opportunity Area Developers have also agreed designated s106 commitments to support existing local businesses to compete and sustain their businesses during construction phases and when new business occupiers arrive.

- 1.5. Economic Development officers are seeking approval for an employment and enterprise programme of activities which fits closely with the Council's ambition to regenerate deprived areas.
- 1.6. In addition, officers are working on a refresh of the economic development strategy in order to give Members an opportunity to steer longer term priorities. However, Members have already given clear direction that supporting and stimulating economic growth and investment; tackling unemployment and a benefits dependency culture and practical support for borough businesses during tough economic times remain high on the agenda.
- 1.7. This report is being tabled in advance of the refresh of the economic development strategy in order to give developers certainty that the Council is committed to achieving the agreed economic development outcomes using the resources developers have provided. For this reason, a three-year programme has been set out in this report in order to sensibly embed a robust delivery plan.
- 1.8. However, recommendations in this report do afford Cabinet the opportunity to review the employment and enterprise programme annually, if Members' priorities change significantly. A quarterly report charting progress is also recommended.

2. RECOMMENDATIONS

- 2.1. That approval be given to the use of s106 funds for economic development purposes as set out in this report, specifically Sections 4 & 6 and Appendix 1, for the period April 2014 to March 2017, subject to satisfactory annual review, to a maximum value of £2.3m, noting that £1.0m of the £2.3m proposed expenditure has yet to be received by the Council and would not be committed until received.
- 2.2. That Cabinet receives quarterly monitoring reports and an annual review of progress.
- 2.3. That authority be delegated to the Executive Director of Housing and Regeneration to approve any employment and enterprise programme variations and decisions under £50,000 over the funding term (April 2014 to March 2017).
- 2.4. That the Leader of the Council, as lead economic development Member, awards any subsequent contract(s) that may be let as a result of this decision where the value exceeds £100,000 but less than £500,000.

3. REASONS FOR DECISION

- 3.1. Cabinet approval is required, as proposed expenditure is significant and exceeds £100,000.
- 3.2. Developers of major sites in the borough have agreed s106 funding for employment and enterprise initiatives which will better equip local residents to compete for employment opportunities and local businesses to compete and prosper. This report seeks the release of s106 funds to support an employment and enterprise programme which will deliver the economic development outcomes anticipated by the developers.
- 3.3. Cabinet's approval of the release of s106 funds will specifically ensure that a significant number of H&F residents are able to benefit in a timely way from job opportunities projected on major development sites, particularly Earls Court and White City Opportunity Areas. Funding will also assist businesses to compete successfully to supply their goods and services and to win local procurement contracts in the opportunity areas and on other regeneration sites.
- 3.4. Officers are working on a refresh of the economic development strategy, in line with Cabinet's approval on 15 October 2012, and this will afford Members an opportunity to steer longer term economic development ambitions and activities. This report requests the release of funds to support ongoing short/medium term initiatives which respond directly to the timelines set by construction on major physical regeneration sites.

4. INTRODUCTION

a) Strategic context

- 4.1. The Economic Development Team, working with Planning Officers, have negotiated s106 agreements with landowners and developers which help resource employment, training and business enterprise initiatives across the borough. This report proposes expenditure totalling £2.3 million over three years of which £1m is still to be received. This proposal would leave a potential S106 balance available to be committed for economic development purposes of £6.5m, of which £5.8m is still to be received. This is set out in detail in Appendix 1.
- 4.2. The proposed employment and enterprise programme of work is in line with current economic development priorities and the Community Strategy ambition to regenerate deprived areas.
- 4.3. Cabinet at its 15 October 2012 meeting agreed s106 funding for activities in 2013/14 to achieve economic development outcomes and agreed to refresh the existing economic development strategy. Cabinet will receive a report back on the refresh in March 2014 and it is anticipated that the regeneration of deprived areas; support and stimulation of inward investment to encourage sustainable growth, jobs and enterprise will remain high priorities.

- 4.4. S106 expenditure recommended in this report is also in line with H&F planning and regeneration guidance, including proposals currently out to consultation, which support the need to ensure economic and social benefits from hard infrastructure and development opportunities.
- 4.5. Key principles ES6 – ES9 of the Earls Court, West Kensington Opportunity Area Supplementary Planning Document (SPD) adopted on 12 March 2012 requires developers to:
- demonstrate how, through partnership work and funding, they can maximise employment and training opportunities; fund apprenticeships / trainee positions and outreach programmes including careers and jobs fairs to raise aspirations and awareness of job opportunities.
 - demonstrate a commitment to enhancing business and area competitiveness as well as practical support for local entrepreneurship and enterprise.
- 4.6. The Key Principles of the White City Opportunity Area Planning Framework adopted on 23 October 2013 include targets for local labour and apprenticeship construction jobs, as well as requirements to support business engagement, and procurement opportunities for local businesses, both during construction and end occupier stages.
- 4.7. In addition, the expenditure requested in this report will enable Council officers tasked with improving the employment outcomes of those on the Council's housing allocations waiting list, particularly those in costly temporary accommodation, to achieve faster employment outcomes. These initiatives will therefore contribute to the aims of the Council's housing strategy and reduce housing and related benefit costs. This includes addressing the financial risks potentially associated with the Government's welfare reform programme.

b) Key regeneration sites background

Earls Court Opportunity Area (ECO A)

- 4.8. The £8 billion Earls Court Opportunity Area regeneration scheme will yield a total of 7,500 new homes, of which 760 will be replacement estate homes and 740 will be additional intermediate affordable homes. The development will include new shops, offices, leisure facilities, public open space, a new school, new transport links, healthcare centre and community centre. It is projected to create up to 9,500 new permanent jobs and 1,500-2,000 jobs per year in construction, based on an approximate total of 36,000 construction jobs over an estimated development period of 20 years.
- 4.9. Officers from the economic development teams in H&F and the Royal Borough of Kensington and Chelsea, have secured a significant financial commitment of £8 million from the developers, for employment and skills

training and engagement work with local businesses to support employability and economic growth. Much of this funding will be targeted at residents of West Kensington and Gibbs Green housing estates, where unemployment and worklessness is higher than the surrounding area, in order that residents are equipped to compete for jobs. This will be achieved through:

- pre-employment vocational skills training particularly in trades where the development has forecast high labour demands
- a developer's commitment to a ten day recruitment exclusivity programme for ECOA residents in advance of wider public advertisement
- a targeted Earls Court trainee programme that guarantees up to six months paid work experience for eligible workless ECOA residents with an opportunity to gain vocational qualifications
- practical advice and support for local businesses, especially those most impacted by the loss of Earls Court Exhibition Centre, to sustain their businesses through the early construction phases and to win new contracts arising from the development.

White City Opportunity Area (WCOA)

- 4.10. The White City Opportunity Area regeneration scheme will yield a total of 4,550 new homes, including family and affordable housing, 1,260 student units and an estimated 10,000 new jobs predominately in the creative and retail industries. The development will also include more community facilities and public and private open spaces as well as public transport improvements.
- 4.11. Officers from the economic development team have secured a £600,000 financial commitment and a purpose-built facility from the planned Westfield London extension for employment and skills training and engagement work with local businesses to support employability and economic growth. This sum is in addition to the balances from the £2.6 million secured since 2000 for economic development purposes that included 10 years' funding for business engagement activities, employment drives in the run up to the shopping centre opening in 2007 and a £1 million childcare matters fund.
- 4.12. New initiatives include:
- a targeted WC trainee programme that guarantees up to six months paid work experience for eligible workless White City residents with an opportunity to gain vocational qualifications
 - a developer's commitment to a ten day recruitment exclusivity programme for WCOA residents in advance of wider public advertisement
 - a White City FrontLine Job Shop on Bloemfontein Road in response to requests from local people for a job support centre on the doorstep of White City residents and job seekers.

- pre-employment vocational skills training particularly in trades where the development has forecast high labour demands and local growth sectors e.g.: retail, hospitality and leisure, life sciences, creative media and construction.

In addition, development proposals which have been put forward by Imperial College, Stanhope and other land developers are expected to yield S106 economic development gains in the coming years.

5. TRACK RECORD OF S106 DELIVERY

- 5.1. EDLS has a good track record of securing and delivering s106 funds designated for economic development activity. Results-driven projects include:
- Westfield London's s106 funding which kick-started the LBHF apprenticeship scheme by funding the initial 15 job starts - now embedded and in its 4th year, it is now fully self-financing; resourcing the WorkZone, a dedicated recruitment and retail training facility in Shepherds Bush library which in 2012/13 secured 520 jobs of which 264 were local residents and handled 977 job vacancies for Hammersmith businesses.
 - Since April 2012, EDLS has negotiated with land owners and developers including Capco more than 1,300 apprenticeship positions and trainee placements for residents, commitments to local labour recruitment targets (15%) and early notification of job vacancies, whereby local residents will have the opportunity to apply for jobs 10 days in advance of wider public advertisement.
 - Quayside Lodge S106 funding has supported business sector engagement activities; HF Means Business event in March 2013 attended by 350 local businesses. The funding of town centre management and business engagement posts who 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' festival, H&F's Brilliant Business Awards, 'I love Shepherds Bush' shop local campaign, bi-monthly business forums and activities to support small/medium sized enterprises and shopping parades and high streets.
- 5.2. Key Outputs against targets set for S106 expenditure in the October 2012 Cabinet Report, in addition to target outputs for this S106 proposed expenditure, are summarised in the table below:

Outputs type from October 2012 Cabinet Report	Target October 2012 - March 2014	Achieved October 2012 - November 2013	New Output Targets 2014 - 2017
Residents supported to secure employment	915	816	848
Residents securing apprentice positions	51	31	100
External apprenticeship placement opportunities secured	77	117	96
Vulnerable adults into unpaid work placements/volunteering	60	37	120
Borough employers supported to fill 977 vacancies	120	155	300
Residents achieving a level 2 qualification	630	595	900
Resident Bursaries	14	0	24
Community based jobs fair events, a bi-borough jobs fair (with RBKC) and a JCP Job Fair	8	7	12
Businesses supported through Business Engagement initiatives	200	880	1,100

Outcomes 2012/13:

- £8 million secured from CapCo for Economic Development activity in the Earls Court Opportunity Area
- £600k secured from Westfield London for Economic Development activities in White City Opportunity Area
- Successful bid for £1m European Social Funds
- Monitoring and evaluation of Developers' fulfilment of planning obligations, to ensure borough residents and businesses benefit from new developments.
- Letting and facilities management of Townmead and Sullivan Fulham based business units
- Management of business engagement, investment and enterprise activity to ensure economic growth.
- Cross River 2 – ESF match funded procurement support programme with a particular focus on Small/Med sized businesses to access supply chain opportunities by improving their tendering skills.

5.3. Currently the EDLS team is working to deliver the following corporate objectives:

- Reduce the Job Seekers Allowance register to fewer than 4,500 people by March 2015 (10% reduction from March 2013 register) and continue year on year reductions in line with targets set annually
- Reduce the 16-24 claimant rate by 20% to March 2015, reducing the numbers of people aged 16-24 claiming job seekers allowance to

approximately 1,100 and continue year on year reductions in line with targets set annually

- Reduce the number of long term unemployed (12 months or more) by 10% by March 2015 (equating to 775 people and a reduction of 100 from the March 2013 register) and continue year on year reductions in line with targets set annually.

6. PROPOSED KEY INITIATIVES s106 EXPENDITURE

6.1 This report requests funds for the continuation of successful existing and new workstreams, particularly those aligned to the opportunities presented by the Earls Court and White City development schemes, where the focus is on job creation, apprenticeship starts, the development of vocational skills training, retraining and employment opportunities for unemployed residents. Details of workstreams with detailed targets where applicable are shown in Appendix 1 and a summary of key initiatives follows:

a	<p><u>Job Creation & Maximising Employment Opportunities</u> which entails working with employers, land developers and service commissioners to maximise sustainable employment opportunities for residents; first step initiatives like apprenticeships and work placements, particularly for those unemployed.</p> <p>Specifically an intermediate labour market programme will provide paid work opportunities for 148 White City and Earls Court residents; it will target residents in receipt of inactive welfare benefits (Employment Support Allowance, Incapacity benefit and Income Support) who make up the largest number of out of work residents in the borough.</p> <p>In addition funding for the continuation of four key posts based within the economic development team is requested. These posts are; Apprentice Development Officer, WorkZone Manager, Job Opportunities Broker and Employment Opportunities Officer.</p>
b	<p><u>Apprenticeships development</u> - 'building futures' entails working with schools, training & support agencies and employers to help young people aged under 25 years build careers and compete successfully for local employment opportunities now and in the future.</p> <p>Specifically funding will secure an Apprentice Development post that will deliver mainly business administration; retail and construction apprentice opportunities.</p>
c	<p><u>Recruitment & Training</u> entails developing and delivering high quality adult learning and skills provision which meets the learners' needs and responds to employers skills shortages. Specifically funding will retain a Job Opportunities Broker to work with employers to garner job vacancies and match them to resident jobseekers.</p>
d	<p><u>Business Engagement and Procurement Opportunities</u> Funds will be spent on a programme of works/activities and contribute</p>

towards the staffing costs of 3.5 officers based in the economic development team. Activities will include:

- events and promotion activities including ‘H&F Means Business’, an annual networking and expo event aimed at assisting SME’s and the ‘H&F Brilliant Business Awards’, recognition for small businesses drawing publicity and sponsorship. These annual, high profile events attract more than 800 SMEs and contributed to H&F being Highly Commended in the London Council’s Best Business Friendly Borough in London Awards 2013.
- The ‘H&F Business Desk’, a one-stop portal that receives more than 800 enquiries for advice and support each year.
- The ‘H&F Enterprise Club’, a monthly entrepreneurs’ event that regularly attracts over 50 businesses with keynote speakers.
- A key area of work will be increased support for the borough’s shopping parades and High Streets through support to retailers, liaison with landlords and a focus on turning around failing parades and empty shops.

7. FUNDING SUMMARY

7.1 This table summarises the expenditure requested from the various s106 balances held:

Summary of expenditure by Area					
EARLS COURT	Year: 2014/15	Year: 2015/16	Year: 2016/17	Total:	Balance Remaining
* CapCo ECOA Development	£253,530	£251,456	£122,558	£627,544	£5,612,456
Empress State Building	£3,520	£0	£0	£3,520	£0
Thaxton	£14,562	£0	£0	£14,562	£0
G-Gate	£30,000	£0	£0	£30,000	£0
51 Townmead Road	£47,000	£13,000	£0	£60,000	£0
Total:	£348,612	£264,456	£122,558	£735,626	£5,612,456
WHITE CITY	Year: 2014/15	Year: 2015/16	Year: 2016/17	Total:	Balance Remaining
Westfield Employment & Training	£180,000	£104,000	£0	£284,000	£0
* Westfield Extension	£0	£218,000	£203,000	£421,000	£179,000
Westfield - Childcare Matters	£155,600	£161,600	£141,600	£458,800	£532,329
BBC White City	£23,881	£34,000	£30,000	£87,881	£0
Shepherds Bush Green	£16,200	£17,800	£0	£34,000	£0
Total:	£375,681	£535,400	£374,600	£1,285,681	£711,329
Small Borough wide pots	Year: 2014/15	Year: 2015/16	Year: 2016/17	Total:	Balance Remaining
Quayside Lodge	£96,200	£96,900	£32,600	£225,700	£138,700
Hammersmith Palais	£26,000	£8,000	£0	£34,000	£0
Atlantic House	£20,000	£0	£0	£20,000	£0
Total:	£142,200	£104,900	£32,600	£279,700	£138,700
Total Expenditure	£866,493	£904,756	£529,758	£2,301,007	£6,462,485
* S106 agreement in place but funds not yet received by the Council					

8. OPTIONS AND ANALYSIS OF OPTIONS

8.1 Officers from EDLS have taken into consideration value for money and the cost effectiveness of other provision. As H&F has a significant regeneration ambition, available s106 budgets are substantial. If expenditure in this report is achieved totalling £2.3m s106, H&F economic development balances remaining for economic development activity will be circa £6.5m; whilst for the Royal Borough Kensington & Chelsea anticipated expenditure is circa £800,000 leaving balances of circa £2.5m.

8.2 In addition, officers considered key factors in developing the expenditure plans detailed in this report and Appendix 1:

- Continuity: where funding for existing fixed term posts and initiatives are due to expire and value for money and high achievement can be demonstrated; e.g. the volume of apprenticeship positions created by the Employment Opportunities and the Apprenticeship Development posts in 2013/14 to date alone is already 134.
- Capacity to respond to drivers for change; a mature and successful EDLS team; available detailed economic assessment intelligence; proximity to central government (DWP, DCLG) and thought leadership role e.g. leading Universal Credit rollout nationally.
- Networks: EDLS has been able to use networks such as the Cross River Partnerships to accelerate local procurement activity and develop local businesses ready for the Earls Court main site as well as through business for a create a positive trading environment in which local businesses can compete.

8.3 The Council's Adult Learning and Skills Service which sits in the EDLS service is the only London borough service awarded Beacon status and has an Outstanding/Good OFSTED inspection. Adult Learning will be a key delivery agent for the vocational skills training programmes.

8.4 These factors have helped officers to consider carefully all options for service delivery and where feasible/cost efficient rather than create new staff posts, small funds are to be established to achieve a mixed delivery model and specific outcomes. This will enable more flexible approaches to delivery; enable closer private and third sector commissioning and partnership work as well as foster match funding models. Up to £488,000 of delivery could be undertaken by partner agencies. Appendix 1 includes the following external partnership or commissioning options including:

- £2.5m has been designated from the Capco, Developers of ECOA, s106 to deliver Construction & Built Environment Skills either from a purpose built centre on site or through commissioned services with an existing training agency – a feasibility study will assess all options.

- White City Frontline Job Shop budget with local residents and job seekers leading the refurbishment of the shop and service delivery.
- The WC and EC Trainee programme will create at least 148 paid work experience opportunities and these will be hosted by third sector agencies and in Council divisions where practical work based skills can be acquired.
- WorkZone website development – commissioning in the community in order to link in with the WC Community Budget Team White City website and other community initiatives.
- WC Childcare bursaries to support further childcare costs which has been identified as a key barrier to entry level employment.

9. CONSULTATION

- 9.1 The EDLS team has built significant contacts and networks with residents, resident businesses, jobseekers, employers and employment support agencies, training agencies and central government departments; DCLG, DWP, BIS and Skills Funding Agency. This means that insight and intelligence about the impact and value of EDLS activity is regularly received and evaluated. Job Centre Plus is a key partner and a partnership agreement is in place. The Federation of Small Businesses is also a key partner and co-organiser of the H&F Means Business annual event.
- 9.2 EDLS has been a leading player in the development of White City Neighbourhood Community Budget which has seen significant consultation with residents and job seekers about their employment and support needs. For example nearly 800 learners attend the adult learning facilities on White City estate and their views have helped shape the employment support service and provided the incentive for a dedicated Job in the Care Sector hub.
- 9.3 The momentum for the development of a job brokerage facility (Frontline Job Shop) on the White City estate comes from residents.
- 9.4 Currently, the Council has 17 apprentices and these apprentices are regularly canvassed about their views and suggestions for service improvements. Apprentices are regularly used to lead jobs fairs and schools recruitment events in order to encourage take up of apprenticeships and entry level employment starts.

10. EQUALITY IMPLICATIONS

- 10.1 Funding seeks to bolster economic growth, investment and prosperity across the borough, with targeted initiatives aimed at deprived areas of the borough and specifically unemployed job seekers, those on in-active welfare benefits and adult learners.

- 10.2 Proposed activities have high positive impacts for unemployed residents and job seekers who are not supported through current provision such as the Work Programme.
- 10.3 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.

11. LEGAL IMPLICATIONS

- 11.1 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.
- 11.2 Implications provided by : (name) (tel.)

12. PROCUREMENT AND IT STRATEGY IMPLICATIONS

- 13.1 There do not appear to be any procurement related matters contained in the report. Where services are to be commissioned for economic development employment initiatives then these services must be let in accordance with current legislative requirements and the Council's Contracts Standing Orders.
- 13.2 Implications verified/completed by: Alan Parry, Procurement Consultant TTS (020 8753 2581)

13. FINANCIAL AND RESOURCES IMPLICATIONS

- 13.1 This report seeks Cabinet approval for the use of designated Section 106 funds to achieve economic development outcomes for the period April 2014 – March 2017. The funding and expenditure plans are set out in detail in Appendix 1.
- 13.2 Officers in Housing and 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.
- 13.3 Of the £2.3m Section 106 funding, £1.0m has not yet been received by the Council. However, the profile of the planned expenditure has been aligned with the expected timing of the receipt of funds. Furthermore, officers will ensure that expenditure is not committed to until funds are received by regular monthly monitoring and Members will receive quarterly monitoring reports and an annual review of progress.

13.4 Implications verified/completed by: Danny Rochford, Head of Finance, Housing & Regeneration, ext. 4023.

14. PLANNING IMPLICATIONS

14.1 The Council is under an obligation to use the funds it receives as a result of entering into Section 106 Agreements (Planning Obligations) only for the purposes that it has received those monies. All of the funds stated as having been received are currently available for use and it would be legitimate to use them for the purposes stated.

14.2 Two of the funding streams identified relate to sites where the development has not yet commenced, and the Council must be aware that whilst there is every likelihood that these sites will commence, and payments received within the timescales stated in the report, there is a risk that for matters outside of the Council's control that funds will not be received. Should that be the case additional funding streams will need to be found.

14.3 Comments completed by Peter Kemp, Planning Change Manager, 0208 753 6970"

15. RISK MANAGEMENT

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

LOCAL GOVERNMENT ACT 2000

LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	S106 Agreement for Earls Court-CapCo	Neil Wigglesworth - 3375	HRD/ 3 rd Floor THX
2.	S106 Agreement for Westfield Extension	Neil Wigglesworth - 3375	HRD/ 3 rd Floor THX

LIST OF APPENDICES:

Appendix 1

Detailed expenditure tables for developments where relevant S106 gains have been secured/pending:

- Westfield London 2010 Scheme
- Westfield London Extension 2014 Scheme
- Westfield London 2002 Childcare Matters Scheme
- Quayside Lodge
- Hammersmith Palais
- Earls Court – CapCo (main site)
- Atlantic House
- G-Gate Development Olympia
- Thaxton Road
- Shepherds Bush Green
- BBC White City
- Empress State Building
- 51 Townmead (Sainsbury's)