

Report of the Director of City Development

Report to Scrutiny Board (Sustainable Economy and Culture)

Date: 12 July 2012

Subject: Director's response to the recommendations of the Scrutiny Inquiry into Maximising Powers to Promote, Influence and Create Local Employment and Skills Opportunities.

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

Summary of main issues

1. This report provides the response of the Director of City Development to the recommendations of the Scrutiny Inquiry into Maximising Powers to Promote, Influence and Create Local Employment and Skills Opportunities. It has been prepared in consultation with the Director of Resources and the Executive Member Leisure and Skills.
2. The Scrutiny inquiry recommendations are welcomed and are seen as an opportunity to strengthen and build on existing approaches to securing employment and skills opportunities through the procurement and planning functions of the Council. The opportunity to introduce a strategic framework which supports a systematic and seamless approach is welcomed as a means to create access to more opportunities that could benefit residents of the city.
3. In the main the recommendations are accepted. The exceptions are recommendations 8 and 9 and the report offers qualifying comments for the Board's consideration.

Recommendations

Scrutiny Board Members are asked to approve the responses to the inquiry recommendations as detailed in the report.

1 Purpose of this report

- 1.1 This report sets out the response of the Directors of the relevant directorates to the recommendations of the recent Scrutiny Board (Sustainable Economy and Culture) inquiry into how the Council can maximise its powers to promote, influence and create local employment and skills opportunities.
- 1.2 As required by the constitution this report has been prepared in consultation with the Executive Member for Leisure and Skills.

2 Background information

- 2.1 The recession and slow recovery, has reduced the number and type of jobs that are available to local people and this has had a disproportionate impact on the most disadvantaged groups. The approach taken by the Council to date to secure employment and skills obligations and supply chain opportunities through the procurement and planning functions of the Council has delivered a number of successes. However, it was acknowledged that this approach could be improved and strengthened.
- 2.2 The Scrutiny Board Inquiry provided the opportunity to review current practice and examine a potential future approach. The opportunity to introduce a strategic framework which supports a systematic and seamless approach is welcomed as a means to create access to more opportunities that could benefit local residents.

3 Response to Scrutiny Recommendations

- 3.1 Most of the recommendations are supported and require no further comment. However, qualifying comments are offered on recommendations 8 and 9 for the Board's consideration.
- 3.2 References to the Director of Environment and Neighbourhoods have been deleted and replaced with the Director of City Development to reflect the recently revised delegations for employment and skills activity.
- 3.3 **Recommendation 1** – The Director of Development works in collaboration with the Director of Resources to produce and implement a Policy Framework and Charter for Employment and Skills opportunities. To be presented to the Executive Board no later than September 2012

The Directors of City Development and Resources agree the recommendation and will complete this by the deadline specified.

- 3.4 **Recommendation 2** – The Director of Development works in collaboration with the Director of Resources to produce supporting policy guidance by September 2012 setting out compliance information for planning applicants and those entering the contracting process.

Guidance notes on delivering employment and skills obligations for planning applicants and those tendering for Council contracts have been drafted and are being tested and will be available to support implementation from September 2012.

3.5 **Recommendation 3** – That the Director of City Development sets the following threshold to trigger S106 Employment and Skills obligations -

- Retail Developments of over 2000m²,
- Residential developments of over 100 units,
- All developments over 10,000m²

The Director of Development has established the thresholds and the automatic email notification from Planning Services to Employment and Skills on all applications which trigger these requesting a consultation response has been implemented.

3.6 **Recommendation 4** – That the Director of Resources sets the following threshold to trigger the assessment of Employment and Skills requirements within the procurement process – contracts that are valued at £100k and above.

The Director of Resources has agreed that in approving business cases and subsequent decisions that lead to the award of a contract with a value in excess of £100,000, all decision makers will assess each contract for appropriate employment and skills opportunities.

3.7 **Recommendation 5** – The Director of City Development works in collaboration with the Director of Resources to undertake annual consultation with Stakeholders to be reported back to the Scrutiny Board in July 2013.

The Directors of City Development and Resources will jointly review the implementation of the policy on an annual basis. The review process will include a review of the evidence base as well as seeking the views of key stakeholders such as the Planning and Developers Forum and a range of contractors and would be reported to the respective services and Scrutiny Board.

3.8 **Recommendation 6** – That the Directors of City Development and Resources conduct a review of operational procedures in Planning and Procurement Services to ensure that there is a process flow which demonstrates that Employment and Skills Service has been alerted to each and every opportunity that meets the defined criteria at the earliest possible stage, including planning pre-application meetings where appropriate.

Operational procedures have been mapped and reviewed to ensure that the opportunities to introduce employment and skills obligations are maximised. These arrangements will be reviewed after 12 months to ensure that all relevant applications and contracts are being picked up by the system.

3.9 **Recommendation 7** – That the Directors of City Development and Resources collaborate to produce a toolkit by September 2012 as an aid to officers which will promote consistency in operational procedures and practice.

The Employment and Skills, Planning and Procurement services are developing practical guides for officers that cover the process and procedures and contain details of the named officers and their contact details. The guide will promote a consistent approach to operational arrangements.

- 3.10 **Recommendation 8-** That the Director of City Development ensures that employment and skills plans are provided for planning applications meeting defined criteria, which are due to be considered by Plans Panels. Where planning legislation permits, such plans must provide a summary of obligations imposed in the past which have not been fulfilled.

At the beginning of an officer's report to Plans Panel, there is a section where the recommendation for members is clearly set out. The recommendation will usually be subject to specified conditions and the completion of a legal agreement (where required), and detail of the specific obligations. Where there are employment and skills obligations, details of the obligation will be included in this section.

When appropriate, the main body of the officer's report will draw attention to the need for an employment and skills obligation. The report will show that the applicant has agreed to enter into the development of an employment and skills plan and provide the basic details of what has been agreed, in terms of seeking to employ people from specific geographical areas, numbers and the types of opportunities available.

Details of obligations on earlier permissions on the same site can be included in the "relevant planning history" section of the report, for background information. However, the information is not, in itself, a material planning consideration and if the obligation has not been met in the past, this cannot be used as a reason for seeking to refuse the current application on the same site.

- 3.11 **Recommendation 9** – That the Director for City Development ensures that Employment and Skills packages specify minimum target levels for young people who are NEET and the long term unemployed.

The Director of City Development will ensure that Employment and Skills Plans agreed with contractors and developers specify minimum targets for all employment and skills obligations. The majority of opportunities are focused on entry level positions and include jobs, apprenticeships, work placements and experience in addition to skills training for the existing workforce. Dependent on the nature of the opportunities, minimum targets for young people identified as NEET and or the long term unemployed will be included where appropriate.

- 3.12 **Recommendation 10** – That the Directors of City Development and Resources collaborate to ensure robust monitoring procedures are in place for planning obligations and contracts. Where requirements are not being met early intervention is taken to rectify this.

A performance framework has been agreed and will be implemented to ensure that obligations will be closely monitored to ensure that they are met and remedial action is taken where required.

- 3.13 **Recommendation 11** – That the Director of Resources investigates the potential to implement a financial bond system with further information regarding its viability being presented to Scrutiny Board when the Director provides his formal response to the recommendations

The Director of Resources advises that a financial bond is unlikely to further incentivise contractors to deliver on the employment and skills obligations but would potentially increase contract prices to cover this additional burden. The contractor may choose or fail to deliver on the obligations which the Council would in effect be paying for.

- 3.14 **Recommendation 12** – That the Director of Development and the Director of Resources collaborate to present a report to the Scrutiny Board in January 2013 on the delivery of opportunities in accordance with an agreed policy, an officer toolkit (with associated training) and robust operational monitoring systems.

The Directors of City Development and Resources undertake to produce a report by the agreed deadline detailing the number and type of employment and skills obligations applied and delivered, the use of the toolkit and guidance materials and monitoring systems.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 The Leeds Planning and Developers Forum were consulted and the Council's network of contractors were surveyed and interviewed on the development of the proposed policy framework through the inquiry process. It is also proposed that these stakeholders are provided with information and engaged in the review process on annual basis.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 Low skill levels and unemployment disproportionately impact on inner city neighbourhoods. Opportunity to access targeted support to enable individuals seeking skills training and paid work will reduce the benefit claim period, help local people develop the skills to secure, stay and progress in work and improve their lives. Employment and skills obligations will include minimum levels to be achieved and be targeted to specific communities and claimant groups as well as cohorts of young people engaged in employability and skills programmes.

4.3 Council policies and City Priorities

- 4.3.1 The existing activity and proposed approach will contribute to the achievement of targets in both the Sustainable Economy and Culture Partnership and the Children and Young People's City Priority Plans. The proposed activity will contribute to increasing the skill levels of local people required by businesses in the City and by increasing the number of people in employment, apprenticeships and learning.

4.4 Resources and value for money

4.4.1 The proposed policy framework and toolkit is being developed and implemented within the Council's existing resources.

4.5 Legal Implications, Access to Information and Call In

4.5.1 Activity to secure employment and skills obligations must comply with the Public Contract Regulations 2006 and not contravene the legislative framework and guidance issued by the Secretary of State on the use of Planning Obligations

4.6 Risk Management

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

5 Conclusions

5.1 Employment and training opportunities have been secured through obligations on a number of contracts and development agreements to date. It is planned to continue this approach and to seek to more effectively target the approach to those developments with significant employment generating potential during construction and in end uses. This work will be supported by close working between services and early engagement with contractors and developers underpinned by the policy framework proposed by Scrutiny Board.

6 Recommendations

Members of Scrutiny Board are asked to approve the responses to the inquiry recommendations.

7 Background documents¹

Reports to Scrutiny Board Sustainable Economy and Culture

Delivering community benefits through the Council's procurement and planning functions. Dated 20 October 2011

Delivering employment and training opportunities through the Council's planning functions Dated 26 January 2012

Inquiry into how developments in Leeds are bringing skills, training and jobs to local people (Procurement). Dated 26 January 2012

Delivering employment and training opportunities through the Council's procurement and planning functions (monitoring and evaluation) Dated 23 February 2012.

¹ The background documents listed in this section are available for inspection on request for a period of four years following the date of the relevant meeting. Accordingly this list does not include documents containing exempt or confidential information, or any published works. Requests to inspect any background documents should be submitted to the report author.