

## **EMPLOYMENT AND SKILLS CODE, HAMMERSMITH & FULHAM COUNCIL**

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### **1. Purpose of this code: to add further detail to the policies in the Local Plan relating to employment and skills conditions to be included in S106 agreements for planning and social value conditions for procurement.**

- 1.1 The Employment and Skills Code is designed to outline the roles and responsibilities of the council, planning applicants and contractors in relation to the requirements set out in planning and procurement policy. These codes will determine conditions applied to Section 106 (S106) legal agreements and procurement contracts with regards to employment and skills.
- 1.2 This code is normally relevant to all major developments. For housing, a major development is one where 10 or more homes will be provided, or the site has an area of 0.5 hectares or more. For non-residential development it means additional floorspace of 1,000 sqm or more, or a site of 1 hectare or more, and other appropriate development, or as otherwise provided in the Town and Country Planning (Development Management Procedure) (England) Order 2015.<sup>i</sup>
- 1.3 The code is relevant to contracts for the supply of goods and services over a value of £100,000.
- 1.4 This process is facilitated by the council and funded through the developer's contributions as outlined in section 5 of this code.
- 1.5 The requirements of this code apply to the developer and landowner, main contractor and all sub-contractors who they appoint. By clarifying what is required from the outset, the council is able to support developers and contractors fulfil their commitments set out in the S106 legal agreement and procurement contracts. It is the role of the council's Economic Development team to work with developers and contractors to meet these specifications.
- 1.6 Planning obligations, also known as S106 agreements (based on that section of the 1990 Town and Country Planning Act) are private agreements made between the council and developers/landowners and can be attached to a planning permission to make development acceptable which would otherwise be unacceptable in planning terms. The land itself, rather than

the organisation that develops the land, is bound by a S106 agreement, something any future owners will need to take into account.

- 1.7 S106 also ensures that major developments are sustainable within the borough, enabling the council to fulfil the priorities within its industrial strategy.<sup>vi</sup>
- 1.8 The council's procurement process complies with the Social Value Act<sup>ii</sup> to consider added economic, social and environmental value in addition to the price and quality of the goods and services being tendered in bids.
- 1.9 A priority of the council is to address skills shortages and that jobs generated from major development should go to local residents. Where job-generating developments come forward that do not train and employ local people in both their construction and operation, they will aggravate the current situation of socioeconomic difficulties in some neighbourhoods (see 2.4.4 below).<sup>iii</sup>

## 2. Policy Context

### 2.1 National

- 2.1.1 The National Planning Policy Framework states that, to “achieve sustainable development, economic, social and environmental gains should be sought jointly and simultaneously”. Imposing S106 conditions on major development in the borough enables economic growth to take place in a sustainable way.
- 2.1.2 The Social Value Act states that an “authority [spending public money] must consider: (a) how what is proposed to be procured might improve the economic, social and environmental wellbeing of the relevant area and, (b) how, in conducting the process of procurement, it might act with a view to securing the improvement.” It is therefore evident that it is necessary to focus on local employment and skills.
- 2.1.3 Measures used by the Local Government Agency to prioritise groups facing greater barriers to employment moving into employment assigns between 30% and 50% more social value to long-term unemployed, young people Not in Employment, Education or Training (NEET), disabled people than other workless adults, and 60% more to offenders and ex-offenders.<sup>iv</sup>

## **2.2 Regional**

- 2.2.1 The London Plan is legally part of each of London's Local Planning Authorities' (LPA) Development Plan and must be taken into account when planning decisions are taken in any part of Greater London.
- 2.2.2 The London Plan<sup>v</sup> makes the point that London has a strong economy with unique strengths in specialist fields "but the benefits of economic success are not shared evenly within London itself." Developing Londoners' skills will help people into work and enable businesses to thrive.
- 2.2.3 Policy GG5, "Growing a Good Economy", seeks "to ensure London's economy diversifies and that the benefits of economic success are shared more equitably across London." This may be achieved by mitigating development through S106 agreements.
- 2.2.4 The Plan forecasts that Britain's exit from the European Union will put new pressures on London's economy, not least on the skills base of London's labour market that might affect its economic specialisms, including construction.
- 2.2.5 In relation to planning decisions, Policy E11 states that "development proposals should support employment, skills development, apprenticeships, and other education and training opportunities in both the construction and end-use phases, including through Section 106 obligations where appropriate"
- 2.2.6 The London Plan emphasises the importance of employment and skills development through planning obligations. "Boroughs should "...1) enable those people undertaking training to complete their training and apprenticeships, 2) ensure the greatest level of take-up possible by Londoners of the training, apprenticeship and employment opportunities created [and] 3) increase the proportion of under-represented groups within the construction industry workforce." This illustrates how the Employment and Skills Code, in conjunction with S106 Legal Agreements and procurement contracts, can be used to maximise community diversity and inclusion in employment opportunities.

2.2.7 The London Mayor's Skills for Londoner's Strategy<sup>vi</sup> refers to Black, Asian and Minority Ethnic groups (generally) and women being under-represented in the labour market. Additionally, disabled adults, homeless Londoners and offenders face greater barriers to work. It says young people with learning disabilities and difficulties need greater employment support. Barriers the strategy focusses on are lacking basic skills including English, and childcare. It also focusses on skills in the construction and creative sectors.

### **2.3 Sub-regional**

2.3.1 The London Plan recognises that while developers often make valuable contributions of employment and training opportunities in new developments available to local residents as part of S106 planning agreements, the current model does not always "succeed in enabling residents to complete their training, securing sustainable employment... or meeting the demand for construction skills." It goes on to say that, "Employment and training targets included in Section 106 agreements are often based on the number of new apprenticeship or training starts, rather than the meaningful completion of these. The often short-term nature of construction projects compared to the longer duration of apprenticeships mean that apprentices employed at the beginning of a project may not have finished their training by the time construction on site is completed."

2.3.2 The London Plan encourages councils "to consider cross-borough working to open up opportunities, including those created via S106 obligations, on a reciprocal basis, to residents from adjacent boroughs and across London." It encourages councils to allow developers to share placements on developments in various sites with an aim to ensuring accredited training, including apprenticeships, can be completed.

2.3.3 A priority of the West London Alliance (WLA) is for councils and partners in those boroughs to create a joined-up skills offer to residents and employers. Working with employers, WLA is "establishing hubs to better match supply and demand for apprenticeships in priority sectors."<sup>vii</sup> This sub-regional approach can support developers and end-use employers ensure those people undertaking training complete their training and apprenticeships.

### **2.4 Local**

2.4.1 To ensure that sustainable development and communities continue to grow within the borough, it is essential that the council increases opportunities for

local employment to help reduce deprivation and poverty. Employment and skills conditions in planning and procurement enable the council to ensure that employment and training opportunities are available exclusively for those living in the borough and that developers contribute financially to the council to provide support to unemployed residents, and in particular priority groups, so that they can have better access to those opportunities.

2.4.2 The council's industrial strategy<sup>viii</sup> emphasises how “the Council has an essential role in placemaking to ensure economic growth for all. The council will support residents “into high-quality training and employment with the skills they need for the 21<sup>st</sup> century.” One of the council's priority actions is to “create apprenticeship, employment and training packages tailored around business needs.”

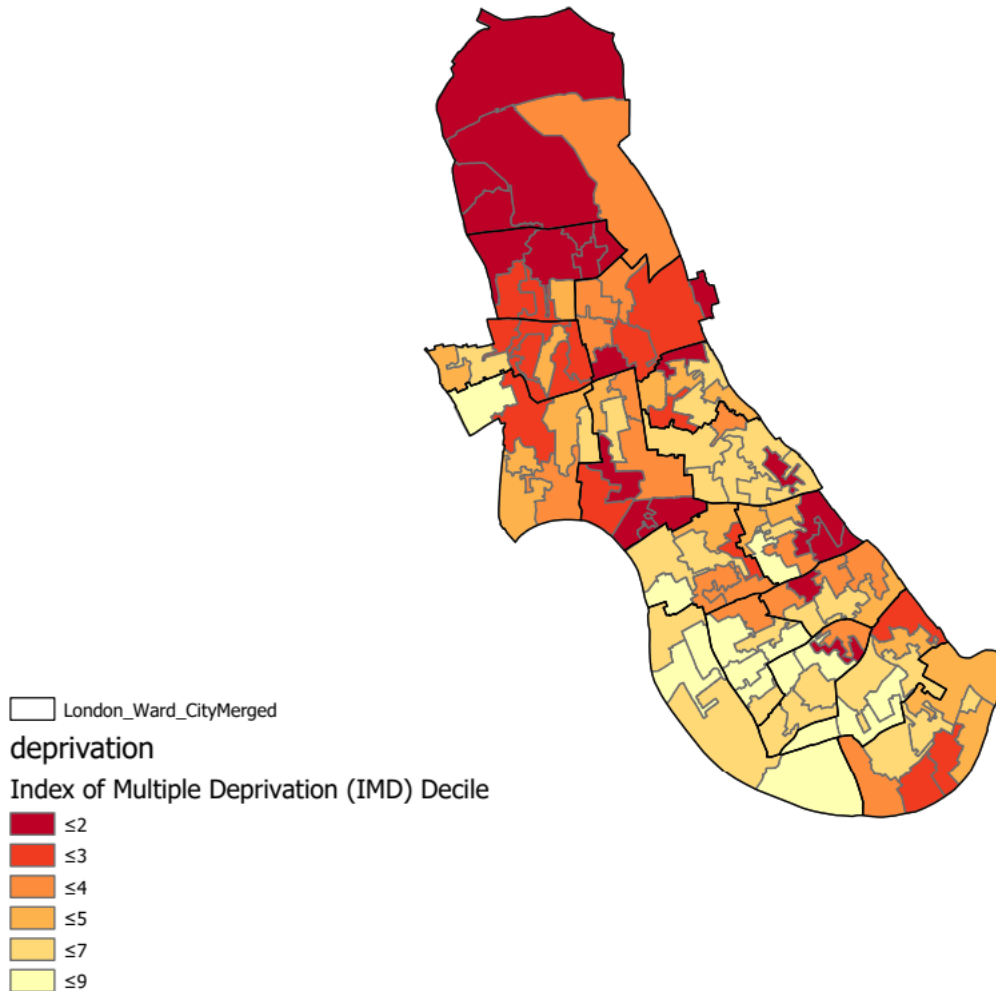
2.4.3 The Industrial Strategy also states that “to ensure inclusive growth, as well as broad employment and skills programmes, we'll also target specific groups, including young people not in education, employment or training, older people and residents with disabilities”, emphasising the council's dedication to including all residents.

2.4.4 Policy E4 in the Local Plan is to “create opportunities for education, training and employment in order to reduce polarisation and worklessness and create more stable, mixed and balanced communities”. The statistics for employment in the borough show that there is potentially much demand for employment and skills training:

2.4.4.1 Hammersmith and Fulham is a relatively affluent borough which, pre-COVID, had the fifth most competitive economy in the country. Office for National Statistics (ONS) data indicates that 6.2% of businesses in the borough are high growth. This is the highest rate of all the West London boroughs.

2.4.4.2 Nonetheless, as of December 2020, there remains a pocket of deprivation around the Clem Attlee Court area of Fulham ranking in the top 10% most deprived nationally as a measure of the Indices of Multiple Deprivation, and areas in the top 20% including housing estates in Shepherd's Bush, West Kensington, East Acton, Kensal Green, Harlesden, Hammersmith, Earls Court, Fulham, White City and on the south side of the Westway.

### Deprivation across the borough



2.4.4.3 20,920 residents are claiming Universal Credit. This is 16% of the working age population. Of these, 13,772 (65.8%) are not in employment. Therefore, not counting those claiming legacy benefits, the unemployment rate is 10.5%. 7,214 (34.2%) are underemployed and in need of in-work benefits (DWP, November 2020).

### Universal Credit claims across the borough

London\_Ward\_CityMerged

december

Dec-20

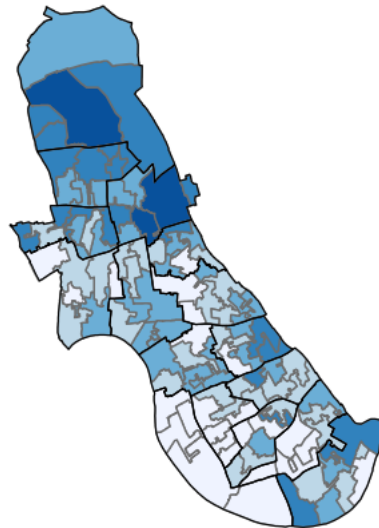
≤55

≤90

≤130

≤180

≤250



- 2.4.4.4 2.6% of the working age population of the borough are economically inactive due to long-term sickness (ONS Annual Population Survey, Oct 2019-Sep 2020).
- 2.4.4.5 Despite there being far above the London average number of residents with a degree level of education or higher (70%) compared to London as a whole (54.2%), 10.4% of borough residents have below a level 1 education or no qualifications (ONS Annual Population Survey Jan 2019-Dec 2019).
- 2.4.4.6 There is a distinct gender divide in the borough with 86% of men in employment compared to 67% of women (ONS Annual Population Survey Oct 2019-Sep 2020).
- 2.4.4.7 Residents 50 and above are the age group most likely to be claiming an out-of-work benefit with 9.2% claiming compared to 8.1-8.3% claiming in

the other age groups. For the 50+ group in the borough, 9.2% is also substantially higher than the London average at 7.9% across which the 18-24 year-old group are the most likely to be claiming (10.9% compared to 8.3% in the borough) (ONS Claimant Count by Sex and Age, December 2020).

2.4.4.8 “Information and Communication” and “Professional, Scientific and Technical” are the industries in the borough that employ the most people (ONS, 2019). However, from 2015, the borough has seen increases in arts, entertainment and recreation businesses as well as construction. The largest employers in the borough in 2017 included the BBC with 7,182 employees, Omni Facilities Management (3,981), L’Oreal (3,568), Hammersmith Hospital (2,956), Charing Cross Hospital (2,791), Metropolitan Police Authority (2,527), Advanced Childcare Services Ltd (2,328) and Walt Disney Co Ltd (1,597 employees). Although in current decline, broadcasting / TV & Media is the main sector in the borough employing around 20,000 people. More than half (57%) of the employees are located in four wards: Hammersmith Broadway, Shepherds Bush Green, College Park & Old Oak, and Avonmore & Brook Green. (LBHF BI Team, 2017)

2.4.5 It is because of these issues that the council’s business plan<sup>ix</sup> promises to “create 500 jobs and 750 training opportunities for young people.” The plan is to work towards “clear local vocational, technical and apprenticeship pathways [that] will have been established for young people not wishing to study A-Levels.” It is therefore clear that, as stated in the Local Plan, “proposals that involve substantial new employment opportunities should offer skills training, work placements, apprenticeships and targeted local recruitment campaigns in order to make best use of added value of employing local labour.”

2.4.6 Strategic regeneration policies for different areas and developments listed in the Local Plan will steer placemaking and generate high-quality jobs. However, it follows that “these jobs will not go to unemployed residents in the borough unless they have the necessary qualifications and skills.” The Local Plan commits the council to work with landowners and developers to provide “appropriate employment and training initiatives for local people of all abilities in the construction of major developments and in larger employment generating developments.”



## **2.5 Construction Industry**

2.5.1 The Mayor of London's Strategic Housing Market Assessment 2017<sup>x</sup> calculates that 66,000 new homes a year need to be built in London. There must be the capacity in the local construction sector to achieve this.

2.5.2 The Government's review of the UK Construction Labour Model by Mark Farmer<sup>xi</sup> found that, where money is made in the construction industry, construction companies do not feel confident that it will stay profitable into the future. The start-stop nature of major construction projects means that workers and, subsequently skills, are not retained and there is little investment in developing skills, especially to encourage new entrants to the labour market. The result is a lack of skills in modern construction techniques, particularly off-site, an ageing labour market further exacerbated by EU residents, upon which some trades are reliant, alienated by Brexit. The report recognises that its clients, enabled by government policy, must intervene in the labour market for construction firms to prosper in the long-term. It concludes that it is "imperative to make our industry one that trains and develops the people we need."

## **2.6 Future Government Policy**

2.6.1 In the recent white paper proposal on planning reform<sup>xii</sup>, the Secretary of State reflects on policy that "Planning decisions are discretionary rather than rules-based: nearly all decisions to grant consent are undertaken on a case-by-case basis, rather than be determined by clear rules for what can and cannot be done." Should this policy be adopted, it will replace the Town & Country Planning Act 1990 and, in it, section 106. Instead of LPAs negotiating conditions, mitigation conditions will be imposed on planning applicants if developers wish to build in certain zones. The paper proposes that, other than partly for affordable housing, developers' contributions to social value will be in the form of non-ringfenced financial payments to the LPA.

2.6.2 These conditions are currently out for consultation until August 2021 but it is probable that, in the future, LPAs will no longer be able to ask developers and end users of major developments to allocate jobs to local residents and train residents in the skills and qualifications needed for new roles. Instead, LPAs will receive financial contributions to use to develop the local labour market. Evidently, the council will need to increase its capacity to provide and co-ordinate employability and skills development as well broker

opportunities without obligating employers to recruit locally. The Government forecasts the new planning policy will be adopted before the end of this Parliament (2024).

2.6.3 The white paper on Skills for Life<sup>xiii</sup> proposes providing resources for vocational training throughout adults' careers: a "Lifetime Skills Guarantee". It will be based on employers' skills needs and technology changes and give adults flexible access to funding for training. This puts greater emphasis on agencies such as LPAs to engage and work with employers in their local areas to make the link between employment opportunities and Further Education. The paper proposes the scheme will start in 2025.

2.7 This code outlines below the minimum requirements required from developers in order to realise these policy objectives.

### 3. Council Employment and Skills Contacts

3.1 Paul Clarke, S106 conditions in planning, Economic Development, Hammersmith & Fulham Council, [paul.clarke@lbhf.gov.uk](mailto:paul.clarke@lbhf.gov.uk)

3.2 Ilaria Agueci, Social Value conditions in procurement, Economic Development, Hammersmith & Fulham Council, [ilaria.agueci@lbhf.gov.uk](mailto:ilaria.agueci@lbhf.gov.uk)

3.3 Kamal Motalib, Head of Economic Development, Hammersmith & Fulham Council, [kamal.motalib@lbhf.gov.uk](mailto:kamal.motalib@lbhf.gov.uk)

### 4. Definitions

4.1 *Local Resident*: a resident whose usual residential postcode is within the London Borough of Hammersmith & Fulham on the date that resident started the Job or Placement claimed by the planning applicant. The resident must have been resident in the borough for at least six months to be considered local.

4.2 *Job*: contracted paid employment paying at least the National Minimum Wage. A job may be a Local Resident directly employed by a contractor for which the contractor pays the resident's PAYE or employed on a self-

employed basis via a written and agreed contract where the person in that job is earning at least the National Minimum Wage.

- 4.3 *Placement*: any placement of a Local Resident agreed in the S106 Agreement other than in a Job include an Apprenticeship. A Placement can include a Traineeship, Supported Internship, Unpaid Work Experience Placement or any other placement subsequently agreed in the Employment and Skills Plan.
- 4.4 *Apprenticeship*: a Job in which a Local Resident is in paid employment, part of which is a training course which is an apprenticeship standard or framework listed on the Education and Skills Funding Agency's list of apprenticeship standards<sup>xiv</sup> or frameworks<sup>xv</sup> delivered by a training provider approved by the Education and Skills Funding Agency on their Register of Apprenticeship Training Providers<sup>xvi</sup>. This Placement counts towards the Local Labour target.
- 4.5 *Traineeship*: a skills development programme for young people aged 16 to 24 that includes a work placement. The work placement may be paid or unpaid and last between six weeks and one year but usually lasts less than six months. The skills development includes an accredited vocational skills course in addition to employability support. It must also include accredited functional skills courses in maths and/or English for trainees with below Level 2 attainment in either subject.
- 4.6 *Supported Internship*: a structured study programme based primarily at an employer. It enables young people aged 16-24 with a statement of Special Educational Need (SEN), or an Education, Health and Care Plan (EHCP) to achieve sustainable paid employment by equipping them with the skills they need for work through learning in the workplace. Supported Internships are unpaid and last for a minimum of six months. Wherever possible, they support the young person to move into paid employment at the end of the placement. Alongside their time at the employer, young people complete a personalised study programme which includes the chance to study for relevant substantial qualifications, if appropriate, and English and maths.
- 4.7 *Paid Work Experience Placement*: a placement of a Local Resident in a job for at least 6 months where that job is paid at at least the National Minimum Wage. The purpose of the placement is to give the Local Resident work experience and the opportunity to learn new skills. The placement may be

in lieu of a job interview for available Jobs. Therefore, the employer must agree in writing a Job description including duration of the placement, hours of work, line manager, tasks and objectives of the placement. This placement may contribute towards creating Traineeships and Supported Internships. This Placement counts towards the Local Labour target.

- 4.8 *Unpaid Work Experience Placement:* a placement of a Local Resident in a job for between one and six weeks where that job may be unpaid for this period. The purpose of the placement is to give the Local Resident work experience, and the opportunity to learn new skills. The placement may be in lieu of a job interview for available Jobs. Therefore, the employer must agree in writing a job description including duration of the placement, hours of work, line manager, tasks and objectives of the placement.
- 4.9 *Local Labour:* the measure of Local Residents employed in Jobs and other paid Placements as a proportion of the total of people employed in Jobs and other paid Placements for the agreed period of time.
- 4.10 *End Use Local Labour:* the measure of Local Residents employed in Jobs and other paid Placements following practical completion of the development for which planning permission is sought as a proportion over an agreed finite period of time of the total of people employed in Jobs and other paid Placements as provided by that development over a specified time period.
- 4.11 *NEET Resident:* a Local Resident aged 16 to 24 not in employment, education or training.
- 4.12 *Disabled Resident:* a Local Resident “with a physical or mental impairment that has a substantial and long-term effect on their ability to do normal daily activities.” (Equalities Act, 2010). These effects are normally self-declared.
- 4.13 *Older Resident:* a Local Resident aged 50 or above.
- 4.14 *Ex-offender or Offender:* a Local Resident referred by the council’s Youth Offending Service or otherwise with an unspent conviction, on probation or on licence for a criminal conviction. This can include a Local Resident Released on Temporary Licence from a custodial sentence (ROTL).

- 4.15 *Long-term Unemployed Resident:* A Local Resident referred by Jobcentre Plus or the West London Alliance's Work and Health Programme provider, Shaw Trust.
- 4.16 *Homeless Resident:* A Local Resident referred by a homelessness support organisation, a registered housing association or Jobcentre Plus and has no fixed home, is placed by the council in temporary accommodation or is at risk of becoming homeless.

## **5. Responsibilities of landowners, construction developers, sub-contractors and end-use businesses**

- 5.1 The council requires that the main developer meets the nominated member of the council's Economic Development team prior to tendering contracts in order to develop and produce an Employment and Skills Plan (ESP), clarify the role of the Employment and Skills Code, and the requirements of the parties involved in accordance with the targets agreed in the Section 106 legal agreement. It is necessary that this is completed prior to the commencement of the development, otherwise the development may not start.
- 5.2 Developers are encouraged to contact the council's Economic Development team at the pre-application stage in the development process so that the content of a proposed ESP can be discussed before a planning application is submitted. Funding to deliver activities contained in the ESP will be the responsibility of the developer.
- 5.3 Paying wages and salaries for Jobs and Placements ringfenced for Local Residents is the responsibility of the employer.
- 5.4 The developer and contractors should work with the council's Economic Development team to maximise opportunities for Local Residents, assist with the council's equalities agenda, and work towards a target of 10% Construction Local Labour and 20% Local Labour in roles in the end use of commercial developments.
- 5.5 The developer and contractors should actively engage and prepare the council's priority groups for economic inclusion including NEET Residents, Older Residents, Ex-offenders and Offenders, Long-term Unemployed

Residents, Homeless Residents, specified ethnic minority groups as agreed with the Economic Development Team depending on the neighbourhood in which the development is being built, women into construction jobs, Homeless Residents and Disabled Residents. The priority weightings of these groups are set out in Section 8, Target Setting Principles, below.

- 5.6 The main contractor shall target recruitment from the borough on the understanding that the council's Economic Development Team is notified of every vacancy on site during the construction stage, and in the end use of commercial developments for the first 24 months of operation and, for a period of 10 days, such vacancies shall be advertised solely to Local Residents. In the case of
- 5.7 s and other agreed Placements, the Economic Development team should be notified at least 14 days in advance.
- 5.8 The council's Economic Development Team shall use other partners and agencies to advertise the opportunities.
- 5.9 All applicants submitted by the council's Economic Development Team or nominated partners and agencies and who meet the essential criteria for the vacancy shall be guaranteed an interview by the employer as will Local Residents who complete Unpaid Work Experience Placements and training provided for in the ESP.
- 5.10 The actions and responsibilities of the main contractor in section 5 remain the obligations of the planning applicant. All objectives will be agreed with the aim of achieving the objectives of the above policies.
- 5.11 Before the selection of the main contractor and end use organisation, the council shall require the developer to include clauses in the tender documentation for contractors and the end use lease or sale conditions issued to include the employment and skills obligations in the S106 Agreement in that tender documentation including as a minimum:
  - 5.11.1 A schedule of construction works shall be provided to the council's Economic Development team at least one month in advance of tendering by the main contractor. This shall include a schedule of works packages and information on the estimated timing of their procurement and

commencement. It should be supported by regular updates of the schedule of works as and when it is updated or revised.

5.11.2 The S106 obligations are contracted to sub-contractors where appropriate.

5.11.3 The main contractor, in conjunction with the council's Economic Development team, shall ensure that the targets agreed in the ESP and S106 Agreement are adhered to in relation to Local Residents benefitting from employment and skills opportunities arising from the development.

5.11.4 The planning applicant shall ensure that at least 10% Local Labour is employed in the construction of the development.

5.11.5 The planning applicant shall ensure that at least 20% Local Labour is employed in the end use of commercial developments for the first 24 months of operation.

5.11.6 As part of this proportion of Jobs, the planning applicant shall provide one Apprenticeship for every £2,000,000 of build cost. Half of these Apprenticeships shall be created on the construction of the development and/or in the end use of the development within the first 24 months of operation. Local Residents must be recruited to these Apprenticeships. Funding shall be provided by the planning applicant to the council for the remaining half of the Apprenticeship contribution at a rate of £7,000 per Apprenticeship to fund the council creating Apprenticeships for Local Residents.

5.11.7 Where the duration of the construction period does not allow an Apprenticeship standard or framework to be completed on-site, the Apprenticeship placement may be completed on a different site with the same contractor or with another main contractor under the following conditions:

5.11.7.1 In the case where an Apprenticeship placement is completed on a different site with the developer or sub-contractor, the Apprenticeship will be recorded as a completed full Apprenticeship towards the S106 or procurement targets.

5.11.7.2 In the case where an Apprenticeship placement is completed on a different site with a different main contractor, the proportion of the Apprenticeship completed with the obligated contractor can be claimed

against the s106 or procurement targets. This process may or may not be managed by an Apprenticeship Training Agency (ATA).

5.11.7.3 In the case where an Apprenticeship starts and the employer has made reasonable endeavours to retain the apprentice but the apprentice has left or been dismissed, the number of weeks of the Apprenticeship completed can be counted towards the targets in the S106 agreement or procurement contract.

5.11.8 Any number of Apprenticeships created on the construction or end-use of the development may be replaced with Supported Internships subject to negotiation before the S106 Agreement is agreed.

5.11.9 In addition to the Local Labour target, the planning applicant should provide one Unpaid Work Experience Placement for every 20 residential units planned to be built plus one for every 10,000 sqm of commercial gross employment floorspace planned to be built. Unpaid Work Experience Placements can be used as a trial to a paid Job in lieu of a job interview. The Unpaid Work Experience Placement for any one Local Resident does not have to be over consecutive weeks.

5.11.10 The planning applicant should provide one Paid Work Experience Placement for every 20 residential units planned to be built plus one for every 10,000 sqm of gross commercial employment floorspace planned to be built. Paid Work Experience Placements can be used as a trial to a paid Job in lieu of a job interview. They can also be used as the placement part of a Traineeship or Supported Internship.

5.11.11 Placements may be filled during the construction or end use phases.

5.11.12 Local Residents completing Apprenticeships and Paid Work Experience Placements count towards the Local Labour target.

5.11.13 The planning applicant shall make a financial contribution to the council of £3,500 per Placement agreed. This will be used by the council to provide community engagement, employment support and training to Local Residents to have better access to the Placements and Jobs created, especially residents from the council's priority groups.

5.11.14 The cost of support of £3,500 per Placement is based on the costs of Government-funded programmes to engage and support a workless



resident to become skilled and job-ready and move into sustained employment, and benchmarked against other London boroughs in section 6. Similarly, the cost of £3,500 to create Placement opportunities for residents in lieu of Placements made available on a development is justified in section 6.

5.11.15 The main contractor should provide the cumulative information on the non-financial contributions agreed as set out in section 5. This should be sent to the nominated officer in the council's Economic Development team for all contractors once every quarter by the end of the first week after the end of the calendar quarter. The information required in the monitoring report is set out in section 9 below. A reporting template is available from the Economic Development team.

5.11.16 The planning applicant should pay an additional financial contribution to the council based on the scale of the development and may cover one of the following elements:

5.11.16.1 Where there are large long-term projects, the developer shall be required to provide capital and revenues funding for a construction skills training centre during the construction period where apprentices and other Local Residents may receive training and accredited qualifications relevant to the development and be directly placed with contractors working on the site.

5.11.16.2 Where there are large, long-term projects with a substantial amount of retail or commercial space, the developer shall be required to provide capital and revenues funding for a recruitment and job shop which acts as an on-site employment broker to channel employment opportunities arising from the occupation of the commercial and retail space to Local Residents.

5.12 All employers who will employ Local Labour as a result of these codes are encouraged by the council to pay the London Living Wage.

5.13 The following must be included in the ESP:

5.13.1 S106 targets for business, employment and skills,

5.13.2 Labour number forecast,

5.13.3 A forecast of the different types of Jobs that will be used on construction and end use of the development, and which of these jobs will be a focus for

training and Placements and progressing Local Residents and, in particular, the council's priority groups, into these Jobs.

5.13.4 Training and Placements linking these to the Jobs in 5.12.3 above and their estimated time periods during the construction of the development and the first 24 months of its end use.

5.13.5 How priority groups will be engaged, helped to address barriers to employment, and supported into the Job and Placements opportunities provided in section 5.

5.13.6 Partners that will be used in the delivery plans and what their roles will be.

5.13.7 How apprenticeships will be sustained.

5.13.8 Apprenticeship training providers and ATAs that will be employed.

5.13.9 How training courses, including Apprenticeship training courses, will be funded.

5.13.10 Agreements with other local planning authorities to share Apprenticeship placements.

5.13.11 Contractor commitments to Local Labour targets.

5.13.12 Lessee commitments to End Use Local Labour commitments where relevant and,

5.13.13 Information on developers and contractors.

5.14 The developer and the council's Economic Development team shall arrange to organise professional input into career days, teacher training and work experience so as to benefit the career development of the borough's students. This may include offering unpaid work placements to T-Level students as part of their course.

5.15 Steer and give input to vocational courses curricula with schools, Further Education Colleges including through initiatives such as the Mayor's Construction Academy Hub and universities.

5.16 The plan to contribute to careers education and education curricula should be included in the ESP.

## **6. Financial costs of supporting priority residents and creating Placements**

6.1 According to a study commissioned by London Councils in 2019, the cost of support to a resident on the Department for Work and Pensions' (DWP) Work and Health Programme (WHP), devolved to the West London Alliance

that includes Hammersmith & Fulham, is **£4,157.14** (Table 3-2).<sup>xvii</sup> The WHP is aimed at workless residents who self-identify as facing systemic barriers to work such as a health condition, physical, mental or learning impairment, caring responsibilities, homelessness, refugee status, a care leaver or otherwise a young adult Not in Employment, Education or Training (NEET), a victim of domestic violence, affected by substance misuse, an armed forces veteran, an ex-offender or offender, or otherwise workless for over two years.

- 6.2 An evaluation by the DWP on the predecessor programme, the Work Programme, evaluated different costs for different categories of claimants. The Work Programme supported long-term out-of-work benefit claimants and evaluated costs<sup>xviii</sup> for (Table 3):

18 to 24 year-olds	£3,810
25+ year-olds	£4,395
With a health condition	£3,700 - £13,720
Lone parents	£3,285
Prison leavers	£5,600

- 6.3 The cost of delivering an Apprenticeship varies widely depending on the course and duration. A study in February 2020 by the Education and Skills Funding Agency concluded that the cost of delivering apprenticeship standards ranged from **£3,881** where the duration was 12-17 months, to £14,295 where it was 48 months or longer.<sup>xix</sup>
- 6.4 According to the Education and Skills Funding Agency, a Traineeship, consisting of maths and English qualifications (£724) combined with employment support and a work placement depending on the duration (from £1,500) can cost from **£2,224<sup>xx</sup>** and usually includes a vocational qualification to support progression into a paid apprenticeship which is an additional industry-specific cost.
- 6.5 Benchmarks of S106 obligations applied by other London boroughs supporting workless residents into employment include the following:

Local Planning Authority	Sub-region	MCIL Zone	Minimum proportion of local labour	One apprenticeship per value of build cost or size	Additional Financial Contribution	SPD Adopted
Barnet	West London Alliance	2	30%	£1m	None	2014
Brent	West London Alliance	2	None	500 sqm of commercial space	£1,200 / Placement	2007
Enfield	Local London	2	25%	£1m	None	2016
Hammersmith & Fulham	West London Alliance	1	10%	£2m	£3,500 / Placement	2021
Haringey	Central London Forward	2	20%	£3m	£1,500 / Placement	2018
Islington	Central London Forward	1	Based on the proportion of residents unemployed	20 residential units + 1,000 sqm GEA of commercial floorspace	£5,000 / Placement	2016
Lambeth	Central London Forward	2	25%	1,000 sqm of commercial space or 10 residential units	£6,500 / Placement	2018
Tower Hamlets	Central London Forward	2	20%	Subject to viability and negotiation	£4 x sqm of new floorspace GIA for construction phase + £2,040 / Placement for end use phase	2016
Waltham Forest	Local London	2	Subject to viability and negotiation	£2m	None	2017
Wandsworth	Central London Forward	1	5 jobs / 1,000 sqm for construction phase + sqm GIA x employee density for end use phase	Based on "CITB standards"	£3,025 / Placement	2020 (draft version)

- 6.6 The return on investment from an individual moving from worklessness into employment has been estimated to be **£38,600** in a study by Public Health England in 2017.<sup>xxi</sup>

	Per person returning to work
Financial benefits to the individual	£3,500
Financial benefits to society	£23,100
Financial benefits to the exchequer, of which accrue to:	£12,000
National Government	£11,400
Local Authority	£500
National Health Service	£85

## 7. Remedies for non-delivery of non-financial employment and skills contributions

- 7.1 Where any Placement has not been delivered by the end of the construction phase for Placements agreed for the construction phase, or at the end of the agreed period in the end use for Placements agreed for the end use phase, in addition to the £3,500 financial contribution for supporting a Local Resident into one of these placements, the developer will pay an additional £3,500 to the Council to create a Placement elsewhere.
- 7.1.1 Where a proportion of an Apprenticeship has been delivered as calculated as per section 5.10.7 above, then a proportion of the £3,500 is payable based on the remaining proportion of the Apprenticeship not delivered.
- 7.2 The planning applicant may opt to make a financial contribution in lieu of delivering Placements so that the council can deliver Placements elsewhere. This will be at a rate of £7,000. This is made up of £3,500 to support a Local Resident and £3,500 to create a Placement.
- 7.3 Payments should be indexed to when the Placements were due in accordance with the Local Plan.

## 8. Target-setting Principles

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8.1 Local Labour sought during the construction period of the development is:

10% of all the people employed directly in construction jobs and in roles ancillary to the construction of the development plus 20% of all the people employed in roles in the end use of commercial developments for the first 24 months of its operation.

*Example: Local Residents employed in the construction of the development =*

*Total cumulative number of people employed in construction Jobs in the construction of the development x 10%*

8.2 Local Labour sought during the end use of the development is:

20% of all the people employed directly in the end use of the development in the first 24 month period of operation of the development.

*Example: Local Residents employed in the first 24 months of the end use of the development =*

*Total cumulative number of people employed in end use Jobs in the development during the first 24 months of operation x 20%*

8.3 50% more weighting will be given to residents employed who are in the council's priority groups including Long-term Unemployed Residents, Older Residents, NEET Residents, Disabled Residents, Ex-offenders and Offenders, Homeless Residents, Long-term Unemployed Residents, women into construction Jobs, and residents from agreed ethnic minority groups depending on the location of the development.

Example: 900 workers forecast to be employed on the construction of the development

10% Local Labour target x 900 = target of employing 90 residents

2 Disabled Residents employed counts towards 3 job placements fulfilled

90 - 3 = 87 jobs remaining to be filled with Local Residents

8.4 The contribution of Apprenticeships sought is:

One full Apprenticeship for every £2,000,000 of estimated build cost in the Financial Viability Assessment (FVA) in the planning application or, if an FVA is not required, the estimated build cost before the start of construction, of which half of these Apprenticeships shall be created on the construction of the development or in the end use of the development and Local Residents recruited to them, and a financial contribution to the council should be made of £7,000 per Apprenticeship to fund the council to create an Apprenticeship and support the apprentice. In addition, a contribution of £3,500 per Apprenticeship created should be made to the council to support Local Residents have better access to those apprenticeships.

Example: *Estimated build cost = £51,000,000*

*£51,000,000 / £2,000,000 = 25 full Apprenticeships*

*25 / 2 = 12 or 13*

*12 Apprenticeships created on the construction or end use of the development filled with Local Residents*

*Plus*

*12 x £3,500 x £42,000*

*Plus*

*13 x £7,000 = £91,000*

*Or*

*13 Apprenticeships created on the construction or end use of the development filled with Local Residents*

*Plus*

*13 x £3,500 = £45,500*

*Plus*

$$12 \times \text{£}7,000 = \text{£}84,000$$

- 8.5 Proportions of Apprenticeships completed by the developer can be claimed towards the S106 and procurement contract targets.

*Example: Apprenticeships target = 12*

*Guided duration of Apprenticeship standard or framework course = 52 weeks*

*Weeks completed of Apprenticeship with the developer or one of its contractors = 12 weeks*

*Apprenticeships achieved towards the S106 or procurement target = 12 weeks / 52 weeks = 0.24 of a full Apprenticeship*

*Remaining Apprenticeships target = 12 – 0.24 = 11.76*

- 8.6 The contribution of Unpaid Work Experience Placements sought is:

One placement for every 20 residential units planned to be built plus 10,000 sqm of commercial employment floorspace planned to be built.

*Example: Mixed-use development of 30,512 sqm of commercial employment floorspace and 40 residential units*

*30,512 sqm / 10,000 sqm = 3 Placements*

*40 units / 20 units = 2 Placements*

*3 + 2 = 5*

*= 5 Unpaid Work Experience Placements*

*Plus*

$$5 \times \text{£}3,500 = \text{£}17,500$$



8.7 The contribution of Unpaid Work Experience Placements sought is:

One placement for every 20 residential units planned to be built plus 10,000 sqm of commercial employment floorspace planned to be built.

*Example: Mixed-use development of 30,512 sqm of commercial employment floorspace and 40 residential units*

*30,512 sqm / 1,000 sqm = 3 Placements*

*40 units / 20 units = 2 Placements*

*3 + 2 = 5*

*= 5 Unpaid Work Experience Placements*

*Plus*

*5 x £3,500 = £17,500*

8.8 The financial contribution of other Placements agreed to be delivered in the S106 Agreement is:

£3,500 for each Placement agreed in lieu of the above Placements, for example, Supported Internships, Traineeships, Paid Work Experience Placements and Unpaid Work Experience Placements.

*Example: 3 alternative Placements in lieu of 3 Unpaid Work Experience Placements x £3,500 per Placement = £10,500*

8.9 The financial contribution for Placements not delivered in the agreed phase is:

In addition to the £3,500 contribution to support a candidate into and in a Placement, £3,500 is payable for each Placement not delivered including the proportion of Apprenticeships not delivered calculated.

Example: 1 Unpaid Work Experience Placement not delivered and 1 x 52 week Apprenticeship terminated after the apprentice has completed 12 weeks

2 Placements x £3,500 = £7,500

Plus

1 Placement not delivered x £3,500 = £3,500

Plus

1 – (12 weeks / 52 weeks) of an Apprenticeship not delivered x £3,500  
= £2,692.31

## 9. Reporting

9.1 The developer should provide the following cumulative information to the nominated officer in the council's Economic Development team for all contractors once every quarter by the end of the first week after the end of the calendar quarter. A reporting template is available from the Economic Development team.

- Targets agreed in the JEBS,
- Updated expected end date for construction,
- Cumulative number of people employed on-site plus in ancillary roles on the construction of the development,
- A cumulative list of the Hammersmith & Fulham residents employed in on-site and ancillary roles of the construction of the development including:
  - First and family name,
  - Job title,
  - Employer,
  - Start date of paid employment,
  - End date of paid employment where relevant, and
  - Home postcode when the resident started paid employment,
- A cumulative list of the Hammersmith & Fulham residents employed in an Apprenticeship in on-site and ancillary roles on the construction of the development including:

- First and family name,
  - Title of the apprenticeship standard or framework
  - Expected duration in weeks of the Apprenticeship in accordance with the guided duration of the standard or framework,
  - Level of the Apprenticeship
  - Name of the apprenticeship training provider
  - Job title
  - Start date of paid employment,
  - Home postcode when the resident started paid employment and
  - Cumulative weeks completed of the Apprenticeship,
- In addition to Apprenticeships, a cumulative list of Hammersmith & Fulham residents engaged on a training course related to opportunities on site or in ancillary roles including:
  - First and family name,
  - Title of the training course
  - Training provider,
  - Training course start date
  - Training course end date (or expected end date) and
  - Home postcode when the resident started the course,
- A cumulative list of Hammersmith & Fulham residents engaged on an Unpaid Work Placement including:
  - First and family name,
  - Job title
  - Placement start date
  - Placement end date (or expected end date) and
  - Home postcode when the resident started the work placement,
- A cumulative list of Hammersmith & Fulham residents interviewed for a Job, Unpaid Work Placement or training course including:
  - First and family name,
  - Interviewee's postcode
  - Interview date
  - From where the candidate was referred,
  - Opportunity interviewed for,
  - Employer or training provider, and
  - Outcome of the interview,
- Trainees' progress on site,

- Additional support needed by any resident engaged,
- Examples of Local Residents' career progression,
- Equalities monitoring (see equalities monitored by the council in 2.2 below), and
- Any other relevant information as requested by the council's Economic Development team to provide reasonable evidence that the obligations in the S106 legal agreement have been, or are being, satisfied.

9.2 Information should be included in the monitoring returns for each Local Resident employed in a Job, Placement or interview to determine that priority groups are being engaged and supported. These will be specified in the council's reporting template and includes:

9.2.1 Whether or not the resident is from a Black, Asian or Minority Ethnic (BAME) background which, for s106 reporting, is defined as being from an ethnic background that is not white British.

9.2.2 Which age group the resident is in from 16-17, 18-24, 25-29 and 50+ years old.

9.2.3 Gender

9.2.4 An ex-offender or offender.

9.3 All contractors and sub-contractors shall be required to maintain consistent communication with the council's Economic Development team to ensure the application of the code remains successful.

## 10 Managing staff and placements

10.2 The developer is obliged to ensure:

10.2.1 Employees and residents placed on unpaid work experience are under constant supervision while on-site by a named qualified and/or experienced operative in a trade consistent with their identified needs.

10.2.2 The potential for a reduced rate of productivity is taken into account when considering the resources and supervision required for programmed outputs and targets.

- 10.2.3 Trainees should have their progress under regular review and have any further needs reported to the council's Economic Development team.
- 10.2.4 Apprentices and trainees on a Traineeship attend all necessary training provider-based courses either on a day-release or block-release basis as required. These can be organised through the council's Economic Development team. The developer and contractors must be aware that payments to apprentices will continue during this period.

## 11 Conclusions

- 11.2 This Employment and Skills Code outlines the reasonable endeavours expected of developers when developing in Hammersmith & Fulham.
- 11.3 It has been created to provide a structure for residents to benefit from the economic regeneration of the borough and to ensure unemployed residents have better and reasonable access to jobs being created. Funds will be made available to the council to support residents facing barriers to work including young people NEET, older residents, disabled residents, ex-offenders, residents from an ethnic minority background and generally those facing systemic barriers to the labour market.
- 11.4 It recognises the financial viability of development balanced with the cost of helping residents facing barriers to employment into subsequent jobs created.
- 11.5 There is an expectation that employers do not recruit the best applicants to all of the jobs created but ringfence some to candidates who need additional support, training and work experience. This will ensure that residents can be employed and start meaningful careers that probably are more likely than most to remain chronically unemployed or underemployed and face increasing barriers to working.
- 11.6 This code invites developers and end use employers to work together to create pathways into construction jobs, jobs ancillary to construction and in priority industry sectors investing in the borough.

- 11.7 This code creates a mechanism for employers and the council to negotiate and swap different types of placement that best suits the needs of the business and the local residents as well as the viability of the development. Options include apprenticeships, supported internships, work placements and other pathways that may be beneficial.
- 11.8 This code promotes mechanisms that enable sharing apprenticeship placements across sites, employers and boroughs so that apprenticeship and higher apprenticeship frameworks and standards can be meaningfully completed where these are longer than the construction of a single development. However, the code does not obligate sharing placements.
- 11.9 Specialist industry fields need to be supported by clients and agencies that are in a position to do so. Given Government objectives around capital infrastructure development and homes-building, policy can promote skills development within, and new entrants to, the construction sector, a skills base that is otherwise deteriorating due to a lack of industry investment in skills and the effects of Brexit on available labour across London. So, too, this code promotes skills specialisms in the borough that the council wishes to promote in inward investment including STEM, creative, retail, hospitality, leisure, tourism, cultural and creative industries, health and social care and professional services, without which, growth would not be possible.
- 11.10 This code recognises the contributions of employers to economic development and that none of this would be possible without their co-operation and support to the socioeconomic regeneration of the borough.

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<sup>i</sup> National Planning Policy Framework, Ministry of Housing, Communities & Local Government, February 2019

<sup>ii</sup> Public Services (Social Value) Act 2012

<sup>iii</sup> Local Plan, London Borough of Hammersmith & Fulham, February 2018, paragraphs 7.21 and 7.22

<sup>iv</sup> National Themes, Outcomes and Measures (TOMS), Social Value Portal, 2020

<sup>v</sup> Publication London Plan, *The London Plan*, December 2020

<sup>vi</sup> *Skills for Londoners*, Mayor of London, June 2018

<sup>vii</sup> *Skills, Employment and Productivity Strategy 2018-2023*, West London Alliance

<sup>viii</sup> *Economic Growth for Everyone*, Hammersmith & Fulham Council, 2017

<sup>ix</sup> *The change we'll bring together 2018-2022*, Hammersmith & Fulham Council

<sup>x</sup> *The 2017 London Strategic Housing Market Assessment*, GLA, November 2017

- <sup>xi</sup> *The Farmer Review of the UK Construction Labour Model, Modernise or Die*, Mark Farmer, November 2016
- <sup>xii</sup> *Planning for the Future*, MHCLG, August 2020
- <sup>xiii</sup> *Skills for Jobs: Lifelong Learning for Opportunity and Growth*, Department for Education, January 2021
- <sup>xiv</sup> Institute for Apprenticeships & Technical Education Apprenticeship Standards: [Apprenticeship standards / Institute for Apprenticeships and Technical Education](#)
- <sup>xv</sup> Funding bands for apprenticeship frameworks: [Apprenticeship funding bands - GOV.UK \(www.gov.uk\)](#)
- <sup>xvi</sup> Register of apprenticeship training providers: [Register of apprenticeship training providers \(education.gov.uk\)](#)
- <sup>xvii</sup> *London Work and Health Programmes evaluation*, SQW, November 2019
- <sup>xviii</sup> *Work Programme – Programme Costs to 31<sup>st</sup> March 2014*, Department for Work and Pensions, July 2014
- <sup>xix</sup> *Cost of delivering apprenticeship standards*, The Institute for Apprenticeships and Technical Education and the Education and Skills Funding Agency, February 2020
- <sup>xx</sup> *Adult Education Budget Funding Rates and Formula 2018 to 2019*, March 2018
- <sup>xxi</sup> *Movement into Employment: Return on Investment Tool*, Public Health England, October 2017