

CABINET

9 September 2015

SUPPORTING EMPLOYMENT THROUGH PLANNING AND PROCUREMENT PROCESSES

REPORT OF THE ASSISTANT DIRECTOR (ECONOMY AND COMMUNITIES)

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RECENT REFERENCES:

CL90 (Appendix 1), 8 January 2014 -  
[www.winchester.gov.uk/assets/files/19125/CL090.pdf](http://www.winchester.gov.uk/assets/files/19125/CL090.pdf)

EXECUTIVE SUMMARY:

In delivering the outcomes of its Economic Strategy, the Council has introduced a series of measures to help jobseekers to find work, and to create training and development opportunities for those already employed.

Following an approach from the Construction Industry Training Board (CITB), officers believe that there is scope for the Council to secure more employment and development for local people through its planning and procurement processes. This approach is already widely used across the PUSH (Partnership for Urban South Hampshire) area as well as elsewhere.

Members are asked to endorse the CITB's 'Client Based Approach'. This sets out suggested targets for larger building projects, requiring construction firms and developers to present a clear methodology for achieving them, in the form of an Employment and Skills Plan.

## RECOMMENDATIONS:

That:

1. The Construction Industry Training Board's Client Based Approach be formally recognised as the Council's preferred approach to securing employment and training opportunities through planning and procurement processes;
2. The Client Based Approach be applied with immediate effect to all large scale planning applications (10 or more houses/1000sq.m plus floor space);
3. That the Client Based Approach be applied with immediate effect to the Council's procurement for all construction and building projects of a size or value equivalent to a large scale planning application (10 or more houses/1000sq.m plus floor space);
4. The Head of Democratic and Legal Services be delegated to make appropriate amendments to the Contracts Procedures rules in the Constitution to reflect the Council's aspiration to apply this approach wherever practicable, in consultation with the Chief Finance Officer, Head of Estates and Assistant Director (Economy and Communities).

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### SUPPORTING EMPLOYMENT THROUGH PLANNING AND PROCUREMENT PROCESSES

Report of the Assistant Director (Economy and Communities)

#### DETAIL:

#### 1 Introduction

1.1 The Winchester District is fortunate in having low levels of unemployment and high levels of skills. However, Members have been clear in recent years that:

- a) being unemployed in a generally well-off area like Winchester can be particularly demoralising, and
- b) the low numbers of jobseekers make it possible for the Council and other agencies to provide tailored and intensive support to help them to find work. This will be especially important as Universal Credit roll-out begins from this month (September 2015).

1.2 As a result, funding has been found for initiatives such as an Employer Engagement Service to encourage employers to make more work placements and apprenticeships available locally, and an Employment Mentoring Service offering one-to-one support for jobseekers.

1.3 The Council also provides apprenticeships and grants to jobseekers and apprentices (to help with the cost of seeking and attending training, work experience, job interviews and new roles). Many private sector businesses offer parallel employment programmes.

1.4 Following an approach by the Construction Industry Training Board (CITB), officers believe that there is potential for the Council to use its community leadership role to grow the number of employment opportunities provided across the District by the construction sector. The sector is in a good position to create entry level jobs with career progression possibilities, as well as offering more skilled roles and management training.

#### 2 The CITB's 'Client Based Approach'

2.1 The Construction Industry Training Board (CITB) has worked with councils in the PUSH (Partnership for Urban South Hampshire) area to develop a standardised approach to using Section 106 Agreements to secure employment opportunities. Winchester City Council is the only council that has not yet adopted the approach, which requires developers to produce an

Employment and Skills Plan to meet targets for a range of employment, volunteering, apprenticeship, training and development activities.

- 2.2 The CITB has established benchmarks for all sizes of building project. As an employer-led organisation, it developed these in consultation with the construction sector, and some big construction companies already have proactive policies around local recruitment. However, other firms will bus labour in from cities further afield on a temporary basis, or rely on a travelling team of workers who work on sites across the country. This has no benefit to residents of the Winchester District.
- 2.3 The CITB's [Client Based Approach](#), as it is called, ensures that councils achieve positive outcomes for local people through development, whether residential or commercial.
- 2.4 Some developers and suppliers will view this as an additional cost to their schemes. However, the Council is committed to its own proactive programme of workforce development – including apprenticeships, graduate trainees, internal mentors and the Investors in People accreditation – and has a community leadership role to play in securing such commitments from other organisations. Moreover, the developers and suppliers will have access to external funding (eg to support apprenticeships), and will in many cases only be making an in-kind contribution of management time. Furthermore, they will be able to secure commitments as part of an Employment and Skills Plan, through their own supply chain, rather than providing all the opportunities directly from within their own organisation.
- 2.5 Employment and Skills Plans also bring the developers and suppliers into closer contact with local colleges, training organisations, JobCentre Plus and other agencies able to support their delivery.

### 3 The Council's Position

- 3.1 In the draft Local Plan Part 2, reference is made to an intention for the Council to introduce the CITB's Client Based Approach for future large-scale developments (10 or more houses/1000sq.m plus floor space). Because of the low unemployment rate in the District, it is not possible to make it an automatic requirement to produce an Employment and Skills Plan under planning policy
- 3.2 However, by formally approving the approach as a Council, officers and Members have a firmer base on which to negotiate employment and skills targets with developers.
- 3.3 The Council could not 'require' this commitment, nor refuse an application on the basis that there was no Employment and Skills Plan. But it can almost certainly achieve more by formally recognising the CITB's Client Based Approach as its preferred approach.

- 3.4 To date, the Council has not made requirements of developers and suppliers in this way. However, a trial clause incorporated into the planning conditions for the new Premier Inn at Winnall did help to secure jobs for local residents.
- 3.5 The approach is currently being tested on the North of Whiteley planning application, which will be heard by the Planning Committee on Thursday 10 September. Formal Council recognition of the Client Based Approach will provide a sound basis on which to require developer commitments, whether through Section 106 Agreements or via planning conditions.
- 3.6 There has been some consultation with officers most involved in planning management and the procurement of construction, including a round table session at which the CITB presented the Client Based Approach. This has demonstrated general support for such an approach, although coupled with mindfulness about the potential impact on procurement costs.
- 3.7 Comment has also been made that nationally there are declining numbers of young people entering practical professions such as brick-laying, plumbing, carpentry, decorating and so on. This is despite the availability of work and good rates of pay. There are also shortages of engineers, surveyors and planners coming through the education system, where again work is rewarding and salaries are high.
- 3.8 These shortages in supply can clearly not be addressed by placing obligations on developers or contractors, and the Council should consider its role in lobbying other agencies and education institutions at all levels to address this shortage. A multi-agency approach will be needed to incentivise young people into taking up such careers, and this includes the kind of apprenticeship programme already being operated by Winchester City Council. Officers are at present developing plans for an Employment and Skills Partnership for the District, which would be an appropriate forum for such discussions.
- 3.9 However, this does not diminish the desirability of encouraging the creation of employment and training opportunities directly through the construction industry wherever it is within the Council's power to do so.
- 3.10 It is difficult to enforce an aspiration of this kind unless it is underpinned by a documented, formal resolution. Although officers could continue to make ad hoc requests for employment and training opportunities, most developers and suppliers would see this as purely optional and could refuse. The Client Based Approach offers a consistent approach, with a set of clear and reasonable benchmarks for both development and procurement. This reduces the scope for negotiation on the part of the developer or supplier, and limits the potential for a legal challenge on the basis of inequitable targets.
- 3.11 The Council could choose not to adopt the approach, on the basis that unemployment is low and does not warrant the measures proposed. However, the Employment and Skills Plans are designed to support

development at every level (including skilled staff and managers): the benefits would spread well beyond job creation, leading to a more motivated and skilled workforce across the District.

- 3.12 Members are therefore asked to recognise the CITB's Client Based Approach as the Council's preferred approach to securing employment and training opportunities through the planning and procurement processes.

#### OTHER CONSIDERATIONS:

#### 4 COMMUNITY STRATEGY AND PORTFOLIO PLANS (RELEVANCE TO):

- 4.1 The Client Based Approach directly supports delivery of the third outcome of the Winchester District Economic Strategy, which says:

“We make the most of local opportunities to enhance the skills and ambitions of those who live in the district.”

This in itself supports the Prosperous Economy outcome of the Winchester District Community Strategy, and specifically the priority of, “Promot[ing] education and training”.

- 4.2 The proposal for such an approach was included in the Portfolio Plans for 2014/15 and approved at the January 2014 meeting of Full Council (CL90 (Appendix 1) – which can be found at [www.winchester.gov.uk/assets/files/19125/CL090.pdf](http://www.winchester.gov.uk/assets/files/19125/CL090.pdf))

#### 5 RESOURCE IMPLICATIONS:

- 5.1 There is no direct resource implication from the adoption of this approach, other than officer time to liaise with developers.

- 5.2 However, it is likely that:

- a) developers will see the Employment and Skills Plan as an area for negotiation, when set against other planning contributions, and decisions will need to be made about the best outcomes for the Winchester District. There could therefore be an indirect impact on funding provided for other Section 106 requirements.
- b) In procurement terms, suppliers will almost certainly cite the Employment and Skills Plan as a reason for increasing the cost of bids to reflect the employment and skills requirements. This will need to be considered by officers as part of the wider cost/quality evaluation matrix in the same way as – for example – environmental considerations. However, as this Report makes clear in paragraph 2.4 above, these costs may reasonably be challenged in some cases.

### RISK MANAGEMENT

- 6 The Head of Estates has identified that there is a risk that small, locally-based firms will not have the time or resources available to prepare Employment and Skills Plans and that the requirement to do so will incur costs which will be passed on to customers, including the Council. The Council is keen to support local companies through its procurement and other practices, so officers will seek to mitigate this risk by monitoring the situation and reporting back to Cabinet if it is felt that that a significant detrimental effect is identified .

### BACKGROUND DOCUMENTS:

None

APPENDICES: None