

Committee:	Date:
Policy and Resources Committee – for decision	14 March 2019
Subject: Future Skills and Talent - Strengthening EDO support for City Competitiveness	Public
Report of: Damian Nussbaum Director, Economic Development Office	For Decision
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Summary

Construction and property development in the City generate financial contributions to mitigate the impact of development via Planning Obligations, also known as Section 106 agreements. A small part of these contributions is ringfenced to support development of a skilled workforce for the City and a competitive Financial and Professional Services sector (FPS). Our planning policies restrict the use of these funds to investment in skills, training and job brokerage.

Work to support skills is undertaken through policy development, engagement with employers, piloting new approaches to skills and training and supporting the future skills and talent pipeline. This work is managed by the Innovation, Inclusion and Growth (IIG) Team in EDO in accordance with criteria set by your Committee.

Your Committee approved these management arrangements for a period of three years (2016-19), and this report seeks renewal of these arrangements for three further years (2019-22). Members are also asked to note the change in approach by the IIG team towards an Environment, Social and Governance methodology that was approved by your committee and will inform future work on skills and talent.

Recommendation

Your Committee is asked to renew its approval of the release of £1.23m of Section 106 funds ringfenced for skills work in 2019-22 to in order to maintain EDO's skills work in support of the Corporate Plan and in line with our adopted planning policy. This would entail no extra cost to the Corporation.

Main Report

Background

1. Planning obligations (often called section 106 agreements) are agreements with developers for the provision of, for example, affordable housing, local training and jobs, and site-specific mitigation measures. The City's planning policy requires that developers make a financial contribution towards local training, skills and job brokerage initiatives. Responsibility for delivery of these initiatives sits with EDO, and the criteria for how this money can be spent have been set by the City's planning policy and in additional criteria set by this Committee.

2. For the last three years this income has been used to deliver on the City Corporation's commitment to encourage jobs and growth in London's communities, and to support the City's global competitiveness by developing the supply of skills and talent for the Financial and Professional Services sector. It has also continued to support the Corporation's engagement with Central London Forward's skills strategy development, helping to shape both the skills supply for the London economy's key sectors (including construction as well as digital and FPS), and the corresponding skills provision for Londoners. EDO has a strong track record of contributing to employment and skills policy development, engaging businesses and piloting new approaches to skills and training (see appendix).
3. In 2016, your Committee agreed to a 3-year programme (2016-19), investing £1.275m of S106 funds for skills, training and job brokerage. This report seeks renewed agreement for EDO to continue delivery of these activities in line with existing policies, and taking account of the shift from a "Corporate Social Responsibility" approach to one based on Environment, Social and Governance (ESG) (as agreed by your committee in February 2019).

Current Position

4. The City Corporation has continued to develop its focus on training, skills and employability in line with the
 - new Corporate Plan
 - Employability Strategy
 - Digital Skills Strategy 2018-23
 - Education and Skills Strategies adopted by the Education Board
5. As noted above, EDO is changing its approach to delivering the "Support a Thriving Economy" theme of the Corporate Plan by reprioritising current resources towards a new programme of work based on an ESG methodology, building on our existing Green Finance work. This approach entails a) playing a stronger role in providing a direction and vision for the City through high-profile strategy and policy leadership; b) developing a stronger strategic business engagement and relationship management function; c) commissioning fewer, more targeted and high impact programmes. Crucially it will strengthen our contribution to the Corporate Plan aim to 'Support a thriving economy'.

Proposals

6. EDO will provide direction and vision on skills issues, addressing future skills needs and innovation for the City and FPS, taking account of the ESG perspective. These resources will permit existing staffing arrangements to continue for the next three years, and will give EDO the capacity to continue with policy, partnership development and convening activity in line with Corporation strategies and policies.

Resources

7. It is proposed to release £1.23m of Section 106 receipts over three years (2019 – 2022). This sum is the forecast 2018-19 year-end balance of S106 receipts accrued since the last approval in 2016. Our planning policies restrict the use of these funds to investment in skills, training and job brokerage.

8. The proposals support the City's work on skills and talent and provide appropriate resourcing, the majority being current posts in EDO.
9. Any shortfall in projected income will be managed through adjustment of programme activity and staffing within EDO core budget. No additional costs will be incurred to Corporation budgets.

Corporate & Strategic Implications

10. Proposals in this report are aligned to the "Supporting a thriving economy" pillar of the Corporate Plan; the "ESG" approach in turn, by focusing on inclusion and growth through talent and skills development, also supports the specific outcome "Businesses are trusted and socially and environmentally responsible".
11. Your Policy Chair is a member of the HM Treasury Financial Services Skills Taskforce which will report in summer/autumn 2019. The taskforce will make recommendations to government, industry, regulators and the education sector on measures to improve the skills pipeline, improve workforce diversity, strengthen the sector's attractiveness to the best talent and to support workforce adaptability through retraining and refreshing skills. Once the Task Force recommendations are known, an assessment will be made of how the City might lead on their development and implementation.
12. There is no accurate method of predicting further S106 income for employment and skills from future planning agreements over a three year period; however, some additional income beyond the sum proposed here may become available in 2019-22. If so, a further report will be made to your Committee at this point with proposals for investment of any additional Section 106 receipts that accrue subsequently.

Conclusion

13. These proposals for allocation of S106 receipts that are already earmarked for employability, skills and training would enable EDO to maintain its work programmes to develop the supply of skills and talent for FPS, thereby promoting inclusion and growth.

Appendices

A – Summary of achievements on training, skills and job brokerage supported by S106 funds 2016- 2019.

Background Papers

Report to Policy & Resources Committee "Strengthening Economic Development Office Work on Employability in London" (18 February 2016)

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Appendix A – Summary of achievements supported by S106 for employment, training and skills

2016/17

- 10 employability projects: 53 unemployed residents into jobs, 80 workshops with schools and 2250 school students engaged in work-related learning activities
- 1,062 construction jobs secured for city fringe residents secured through City construction sites (11.23% of 20% local labour target)
- Teen Tech City: 660 students participating from 27 schools
- The City's Business – publication and promotion
- Promotion of Apprenticeships to FPS sector

2017/18

- City Careers Open House: 687 school students engaged in work-related learning activities
- Teen Tech City: 427 students participating from 27 schools
- Aldgate Partnership employment project: 23 residents into jobs and 7 into apprenticeships
- Apprenticeships in the City Programme
- Series of apprenticeship webinars published
- Social Mobility Employer Index policy work (Index funded by PIF)
- Social Mobility practitioner workshops
- Corporation-wide Employability Strategy agreed
- Information on 'entry-routes' in to the City collated and shared
- 1,495 construction jobs for city fringe residents secured through City construction sites (16% achieved against our 20% local labour target)
- Launch of the Workfinder app
- Hosted 2 summer interns

2018/19 (to date)

- City Careers Open House: 670 student visits
- City Business Traineeships: 82 students placed, 130 learning opportunities
- CISI: 16 students trained, 11 passed
- Additional construction jobs for city fringe residents secured through City construction sites (monitoring to be completed at year end)
- Apprenticeships in FPS research published
- Developed programme of work to support digital skills
- Launch of the CAP Talent Programme (computer science students develop employability on paid placements with tech start-ups)
- Coordinated work experience for 16 students from COL academies
- Hosted 2 summer interns
- Influencing government policy on skills and apprenticeships via research and PBSC