

Committee(s): Policy and Resources Committee – for decision	Dated: 14/10/2021
Subject: Future Skills and Talent - Strengthening IG support for City Competitiveness	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	8
Does this proposal require extra revenue and/or capital spending?	Y
If so, how much?	£1.23m
What is the source of Funding?	Section 106 – ringfenced for skills
Has this Funding Source been agreed with the Chamberlain’s Department?	Y
Report of: Damian Nussbaum	For Decision
Report author: Sophie Hulm, Head of Skills Policy, Innovation and Growth	

Summary

Property developments in the City generate financial contributions to mitigate the impact of development. This is via Planning Obligations, also known as Section 106 agreements. A small part of these contributions is ringfenced for investment in employment and skills. This work is managed by the Skills Policy team in Innovation and Growth, in accordance with criteria set by your Committee.

Your Committee approved these management arrangements for a period of three years (2019/20 - 2021/22). This report seeks renewal of these arrangements for three further years (2022/23 - 2024/25). This will enable initiatives such as, continued delivery of a Government commissioned socio-economic diversity taskforce, the Financial Services Skills Commission, and a new initiative on green skills, aligned to the Climate Action Strategy. This new initiative aims to assure a skilled workforce that will build and maintain a world-class net-zero built environment for the Square Mile and Central London.

Recommendation

Your Committee is asked to renew its approval of the release of £1.23m of Section 106 funds ringfenced for skills work in 2022/23 – 2024/25. This would entail no extra cost to the Corporation and is the same budget as for 2019/20 – 2021/22.

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 Innovation and Growth. 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. This income has been used to encourage jobs and growth in London's communities, and to support the City's global competitiveness through increased supply of skills and talent. Since 2019, this has been through the development of four substantial initiatives. Together these projects have led to strong partnerships with over two hundred employers and four Government departments (HMT, BEIS, DfE, DCMS). Details of achievements in Appendix.
 - The Government backed Financial Services Skills Taskforce and subsequent development of the Financial Services Skills Commission.
 - The Government commissioned Socio-Economic Diversity Taskforce.
 - A digital skills coalition 'FutureDotNow'.
 - The Professional and Business Services Council's report on future skills needs.
3. Innovation and Growth has also continued to support the Corporation's engagement with Central London Forward's skills strategy. This helps to shape both the skills supply for the London economy's key sectors (including construction), and the corresponding skills provision for Londoners.
4. In 2019, your Committee agreed to a 3-year programme (2019/20-2021/22), investing £1.23m of Section 106 funds for skills, training and job brokerage. This report seeks renewed agreement for Innovation and Growth to continue delivery of these activities, in line with existing policies.

Current Position

5. The City Corporation has continued to develop its focus on training, skills and employability in line with the:
 - Corporate Plan
 - Digital Skills Strategy 2018-2023
 - Social Mobility Strategy 2018-2028
 - Education and Skills Strategies 2018 – 2023
 - Draft City Plan 2036
 - Central London Forward Skills Strategy

6. In 2019, your Committee approved a change of approach for Innovation and Growth. 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 aims to strengthen our contribution to the Corporate Plan aim to 'Support a thriving economy'.

Proposals

7. Innovation and Growth will provide direction and vision on skills issues, addressing future skills needs in order to support City competitiveness. These resources will permit existing staffing arrangements to continue for the next three years. Innovation and Growth will have capacity to continue with policy, partnership development and convening activity, in line with Corporation strategies and policies.
8. It is proposed that support continues for the high-profile Government commissioned Socio-Economic Diversity Taskforce, chaired by the Chair of Policy and co-chaired by Alderman Keaveny. The taskforce is planned to continue until November 2022 and is a core element of the 2021-22 Mayoral programme.
9. Alongside the above taskforce, financial support for the Financial Services Skills Commission is intended to continue until March 2023.
10. In response to the growing skills crisis in the built environment sector, and the growing demand for zero carbon and green commercial buildings, Innovation and Growth is developing a new industry-wide initiative 'Skills for a Sustainable Skyline'. It aims to assure a skilled workforce that will build and maintain a world-class net-zero built environment for the Square Mile and Central London. This aligns with the City Corporation's Climate Action Strategy, adopted London Plan and emerging City Plan policy, and the departmental Business Plan.
11. Subject to your committee's approval of the release of Section 106 funds (ringfenced for skills), work to develop and launch 'Skills for a Sustainable Skyline' will take place over the coming 12 months. This work would be undertaken within the budget requested in this report. There is potential to scale this work, paid from anticipated additional Section 106 income (paragraph 15).
12. 'Skills for a Sustainable Skyline' would identify specific skills needs for Central London's commercial built environment sector. It would identify associated gaps in career pathways and qualifications, and support employers and local boroughs to attract and reskill Londoners for the commercial sector's new green jobs. Consultation has taken place with the City Property Alliance and its members, the GLA, London Councils, the Department for Business, Energy and Industrial Strategy and local boroughs.

Corporate & Strategic Implications

Financial Implications

13. The 2021/22 opening balance of Section 106 receipts is £1.23m. Our planning policies restrict the use of these funds to investment in skills, training and job brokerage. Current team expenditure amounts to £1.23m across three years.
14. It is proposed to release £1.23m of Section 106 receipts over three years (2022/23 – 2024/25). The proposals support the City's work on skills and talent and provide appropriate resourcing, the majority being current posts in Innovation and Growth. No additional costs will be incurred to Corporation budgets.
15. In May 2021, the Planning and Transportation Committee agreed a new Planning Obligations Supplementary Planning Document (SPD), which will be implemented from 1 October 2021. The new SPD increases the Section 106 financial contribution from developers for training and skills, from £3 /m² to £30/m² (for additional floor space over 500m²). As a result, and subject to continued development activity in the City, significant additional funds are likely to accrue to the City Corporation for ringfenced spend on skills initiatives.
16. Much of the new development approved by the Planning & Transportation Committee over the past year will not incur the additional Section 106 charge, but there is continuing demand for new office floorspace in the City which will be subject to the new charge. Given the above cash uplift (paragraph 15), some additional income beyond the sum proposed here may become available in 2022/23 – 2024/25. If so, a further report will be made to your Committee at this point, with proposals for investment.

Strategic Implications

17. Proposals in this report are aligned to the "Supporting a thriving economy" pillar of the Corporate Plan; by focusing on inclusion and growth through talent and skills development, also supports the specific outcome "Businesses are trusted and socially and environmentally responsible" It also aligns with the "World Class Business Environment" objective in the new Competitiveness Strategy.
18. The City's Climate Action Strategy outlines a set of 'actions to champion sustainable growth'. They include 'preparing people for skills needed in a net zero economy' and 'Addressing existing inequalities and ensure no one is left behind'.
19. Investment in skills and training is supported by the adopted City of London Local Plan and the emerging draft City Plan 2036, providing a framework for further developer contributions.

Resource Implications

20. Failure to secure continued funding could result in staff redundancies within the Skills Policy team, and the inability to continue projects already in train i.e. Financial Services Skills Commission, Socio-Economic Diversity Taskforce.

Equalities Implications

21. Positive. The City Corporation led taskforce aims to boost socio-economic diversity at senior levels in UK financial and professional services.

Climate Implications

22. Positive. Proposed green skills initiative aligns with the Climate Action Strategy.

Risk Implications

23. Reputational risk of not continuing to lead the Government commissioned socio-economic diversity taskforce. Lack of skills will limit the building, retrofitting and maintenance of sustainable buildings (and achievement of Net Zero in the Square Mile).

Legal Implications

24. Our planning policies restrict the use of these funds to investment in skills, training and job brokerage.

Conclusion

25. These proposals relate to allocation of Section 106 receipts that are already earmarked for employability, skills and training. Committee approval would enable Innovation and Growth to maintain its work on skills and growth. Your Committee approved these management arrangements for a period of three years (2019/20 - 2021/22). This report seeks renewal of these arrangements for three further years (2022/23 - 2024/25). This will enable initiatives such as, continued delivery of a Government commissioned socio-economic diversity taskforce, the Financial Services Skills Commission, and a new initiative on green skills, aligned to the Climate Action Strategy. This new initiative aims to assure a skilled workforce that will build and maintain a world-class net-zero built environment for the Square Mile and Central London.

Appendices

A – Summary of achievements on training, skills and job brokerage supported by Section 106 funds 2019- 2022.

Background Papers

Report to Policy & Resources Committee “Future Skills and Talent - Strengthening EDO support for City Competitiveness” (March 2019)

<https://democracy.cityoflondon.gov.uk/documents/s111828/S106%20proposals%20019-22.pdf>

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Appendix – Summary of achievements supported by Section 106 for employment, training and skills

2019/20

- **Launch of future.now:** In partnership with Accenture, BT, the Department for Digital, Culture, Media and Sport's Digital Skills Partnership, Lloyds Banking Group and 21 others, the City Corporation set up future.now - a UK-wide cross-sectoral coalition (and now separate entity chaired by Sir Peter Estlin) '*...to motivate people and businesses across the UK to boost their digital skills to thrive in the digital age*'.
- **Delivery of Financial Services Skills Taskforce**, in partnership with TheCityUK. The taskforce was launched by former Chancellor, the Rt Hon Philip Hammond MP. Sector-wide collaboration was a key recommendation of the [Financial Services Skills Taskforce](#). In response, TheCityUK and City Corporation co-founded the Financial Services Skills Commission.
- **CAP Talent** – A pilot programme offered 10-12 week internships paid at London living wage for students with tech start-ups to improve post-graduate employability. 45 internships for students from 17 universities, hosted by 39 start-ups (leading to 9 lasting hires).
- **Think Investments programme** – Partnership with The Investment Association's Investment 20/20 scheme. x38 year 13 students received employability support (42% on free school meals and 79% with non-degree educated parents).
- **Partnership with the Chartered Institute of Securities** to provide an entry level financial services qualification to pupils at City Corporation academies. 28 students participated and 20 students gained the Level 2 Fundamentals of Financial Services qualification.
- **Jobs on City construction sites** undertaken by local operatives - 1919
- **Total number of local apprentices** employed on City construction sites - 43

2020/21

- **Launch of Financial Services Skills Commission.** Support through your Chair as Board member and a secondment of our Head of Skills as CEO. Over 30 employers are paid members. The four workstreams are:
 - Drive investment in talent
 - Transform the skills frameworks employers use for workforce management
 - Change the ways firms attract talent
 - Improve company culture to increase retention, inclusion and diversity

- **Publication of research** '[Who Gets Ahead and how](#)', exploring whether and how socio-economic background affects performance and progression in financial services. Co-commissioned with eight financial services firms/regulators.
- **Launch of a Financial and Professional Services Socio-Economic Diversity Taskforce.** Commissioned by HM Treasury and the Department for Business, Energy and Industrial Strategy, and led by the City Corporation. The [taskforce](#) has over 80 organisations involved, either on the taskforce or advisory board.

Led by your Policy Chair, the taskforce will:

- 1) lead an industry consultation on how government, regulators and sector bodies can incentivise firms to take action to improve socio-economic diversity at senior levels (co-chaired by Sandra Wallace, Social Mobility Commission);
 - 2) Create a peer network for financial services, where employers can benchmark against each other and share best practice (co-chaired by Alderman Keaveny);
 - 3) Produce a productivity analysis, to build the business case for increasing socio-economic diversity at senior levels in financial and professional services (co-chaired by Andy Haldane, RSA).
- **Partnership with the Chartered Institute of Securities** to provide an entry level financial services qualification to pupils at City Corporation academies. Ten year 12 students completed the course and five gained the Level 2 Fundamentals of Financial Services qualification.
 - **Think Investments programme** – Partnership with The Investment Association's Investment20/20 scheme. x61 year 13 students received online employability support (30% on free school meals and 77% with non-degree educated parents).
 - **Jobs on City construction sites** undertaken by local operatives - 837
 - **Total number of local apprentices** employed on City construction sites - 7

2021/22

- **Publication of research** in partnership with Government's Professional & Business Services Council and the Financial Services Skills Commission. [Skills for future success.](#)
- **Continued support of the Financial Services Skills Commission.** Publication of Inclusion Guide, Marketing Guidelines to attract talent into the sector and research on the Future of Work.
- **Continued support of Socio-Economic Diversity Taskforce.** Ministers John Glen and Lord Grimstone attended inaugural taskforce meeting. x43 media articles and over 50 speaking engagements have raised the profile of City Corporation's activity on diversity.
- Hosted nine **summer work experience students** from City Corporation Academies.

- **Partnership with the Chartered Institute of Securities** to provide an entry level financial services qualification. 16 students participated and 13 students gained the Level 2 Fundamentals of Financial Services qualification.