

London Local Labour Initiative proposal

Context

- Developers are often required to make employment opportunities and apprenticeships available to residents as part of section 106 agreements.
- However, the requirements contained in these agreements can be impractical in terms of offering meaningful opportunities. They often require that those being trained and employed by developers are local residents and that they undertake work within the local authority boundary. Given that many developers work across different sites and local authorities, with onsite time sometimes being limited to just a few months in the case of sub-contractors, this reduces the number of meaningful and long term opportunities that are provided through the existing section 106 approach.
- In addition, with many developers working in the same local authorities with similar targets, they can often find themselves competing for a small pool of potential candidates. The targets often focus on new starts (of jobs or apprenticeships) and this can sometimes lead to perverse incentives in terms of employers terminating employment or training opportunities early, only to bring in a different, new worker to continue with the same work in order to register an additional new start.
- Anecdotal evidence from planning authorities and contractors suggests that some developers are choosing to pay the fines for non-compliance with section 106 obligations rather than delivering the apprenticeship and training opportunities as agreed.
- Given these challenges, it is widely agreed that the system is not delivering the outcomes that it should and that there is a need for a new approach.

Proposal

- The London Local Labour Initiative (LLLI) would provide a central pool of labour (both potential apprentices and employees) from across London via a brokerage service, through which construction contractors would be required to access any new workers agreed as part of section 106 requirements in lieu of the existing local labour requirements.
- The pool would be centrally administered (either on a sub-regional or pan-London level), with appropriate resource provided for staff to act as brokers between employers looking for workers, individuals looking for work and training opportunities, colleges providing relevant training and any relevant employment schemes run by local authorities. The LLLI staff would work directly with all these stakeholders to match up employment and training opportunities with those looking for work.
- All local authorities would be eligible to join the LLLI, but priority would be given to meeting the section 106 targets of individual local authorities according to their section 106 agreements.
- This new approach should focus on meaningful and sustained training and employment opportunities, rather than purely on new starts as in the current system. For example, the system could instead focus on monitoring the number of apprenticeship and worker hours delivered through the scheme. This would ensure that employers are able to move workers between sites without penalty.
- Data on the number of workers from each local authority working on each development site would be recorded, enabling local authorities to keep track of whether the developers are meeting their section 106 obligations in terms of the overall number/hours of opportunities

provided by each development, but also to ensure that local authority residents are benefitting sufficiently from schemes across London.

- As stated above, the co-ordination of the scheme and its brokerage services will require a team of staff to ensure that it works as effectively as possible, and they could be located at either a pan-London or sub-regional level. This would require financial resource which would need to come from employers using the scheme.

Benefits

- Provides a clear point of entry for those looking for training and employment opportunities in construction, as well as for employers looking for workers.
- Removes tight 'local labour' restrictions, meaning that employers can go further afield than the local authority to look for workers if they cannot find them locally and still fulfil their section 106 obligations.
- Provides extra support to employers to find the right candidates for opportunities by accessing LLLI brokerage services.
- Gives local authorities confidence that their section 106 targets are being met in a meaningful way and that their local residents have access to a much greater range of employment opportunities across London.
- Provides an opportunity to get a better London-wide picture of construction industry recruitment challenges and skills gaps.

Roles and responsibilities of stakeholders

Local authorities

- Ensure section 106 agreements reference the LLLI, as well as any new requirements for targets to reference apprenticeship and worker hours instead of new starts.
- Provide LLLI co-ordination function with up to date information on contents of current section 106 agreements (e.g. through London Development Database)

Employers

- Provide funding for LLLI staff
- Engage with the LLLI when seeking new workers
- Provide accurate and timely data on the workers recruited through the scheme to LLLI.

GLA

- Provide support and infrastructure for LLLI co-ordination function (either at a pan-London or sub-regional level)
- Provide oversight of overall project (e.g. through Homes for Londoners Board)
- Ensure LLLI is actively linked with the Mayor's Construction Academy scheme, as well as any work on planning for future skills demand

Colleges/training providers

- Engage with the LLLI to find appropriate employment and training opportunities for Londoners engaged in the further education system.

Alternatives

- The brokerage approach suggested is a resource-intensive one, but there are other options available, each with their advantages and disadvantages:
 - **A pool of labour without any brokerage service** – this would only require local authorities to nominate local residents for inclusion in the labour pool and developers would then be responsible for advertising opportunities to this pool and recruiting the most suitable appropriate labour from there. However, this would rely on local authorities having systems in place to easily identify and nominate these residents (many do not) and would not provide assistance to employers in finding the most suitably qualified candidates.
 - **Developers responsible for finding their workers from anywhere in London** – this would mean that section 106 agreements would only cite a target for the numbers of 'local' employment opportunities to be provided through a development, with no specification about where these workers should come from (i.e. from a specific local authority or from the LLLI pool). While this may enable a much more flexible approach to recruitment, it would be much more difficult for local authorities to keep track of how their residents are benefitting from local development, in particular those accessing employment opportunities in other local authorities.

London Local Labour Initiative model

