

## Leaders' Committee

### Recommendations of the Homes for Londoners Board construction skills sub-group

Item no: 6

**Report by:** Eloise Shepherd      **Job title:** Head of Housing and Planning Policy

**Date:** 6 February 2018

**Contact Officer:** Eloise Shepherd

**Telephone:** 020 7934 9813      **Email:** [Eloise.shepherd@londoncouncils.gov.uk](mailto:Eloise.shepherd@londoncouncils.gov.uk)

**Summary**      London needs a significant increase in its skilled construction workforce to meet the need for new homes. A sub-group of the Mayor's Homes for Londoners Board, chaired by Cllr Peter John with the close involvement of Mayor Sir Steve Bullock, investigated how this could be achieved and has made a series of recommendations, some of which are specifically addressed to boroughs. Over the coming months a Construction Skills Advisory Group, led by Cllr John, will be considering how to take forward these recommendations. This report is an opportunity to bring these recommendations to the attention of Leaders and gather initial feedback on boroughs' views on any future approach to their implementation.

**Recommendations**      Leaders' Committee is asked to:

- Note the recommendations of the Homes of Londoners construction skills sub-group, paying particular regard to those directly addressed to boroughs and London Councils and the recommendations regarding a new approach to local labour and section 106 requirements
- Discuss how these recommendations could best be implemented across the capital



# Recommendations of the Homes for Londoners Board construction skills sub-group

## Introduction

To deliver a substantial increase in homebuilding in London, the capital will need a significantly larger construction workforce, equipped with the right skills. To achieve this, a step change in the delivery of construction skills training across the capital is required.

Even at the current rates of homebuilding, almost half of construction employers looking to recruit report finding it difficult to fill vacancies.<sup>1</sup> Furthermore, over the coming years a significant proportion of the existing workforce are expected to leave the industry. 14% of London's construction workforce is due to retire over the next 10-15 years and although the impact of Brexit on attrition rates is as yet unknown, it could be significant<sup>2</sup>, as more than a quarter of the capital's current construction workforce comes from the EU.<sup>3</sup>

However, as well as presenting a major challenge, the need for a substantially larger workforce will create new employment opportunities and the possibility of diversifying the industry. Currently, only 13% of people employed in the industry are women, and those from a Black, Asian and Minority Ethnic background are also significantly under-represented.<sup>4</sup>

As well as training in traditional building skills, London also needs a construction workforce trained in new skills. New technologies like precision manufactured homebuilding offer the opportunity to increase build-out rates while delivering higher quality homes. However, it will only be possible to realise this with a construction workforce that has relevant skills.

## Homes for Londoners Construction Skills Sub-group

Last year, Cllr Peter John chaired a sub-group of the Homes for Londoners Board looking at how to bridge the skills gap in construction in order to meet the significant need for new homes in the capital. The sub-group met between April and July 2017 and in addition to Cllr John, Mayor Bullock and Cllr Govindia, the membership included other borough representatives (Croydon), as well as developers, housing associations and skills providers.

The sub-group reported back to the Homes for Londoners Board in September 2017, making 22 recommendations (Appendix 1). These recommendations were developed to support three overarching targets to be achieved by 2021, as follows:

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<sup>1</sup> CITB, Skills and Training in the Construction Industry 2016, 2016

<sup>2</sup> GLA analysis of Labour Force Survey (Q2 individual data for 2014 to 2016)

<sup>3</sup> GLA, Housing in London, 2017

<sup>4</sup> GLA analysis of Labour Force Survey

- At least 50% of construction qualifications gained in London should be translated into construction employment in the city;
- Half of all homes built in London should have a pre-manufactured value of over 50% and the skills required for this should be reflected in London's training provision; and
- As well as increasing the quality and quantity of construction training for Londoners, the capital should continue to secure necessary migrant labour for construction post Brexit, until at least 2021

The recommendations were addressed to a range of stakeholders, including the Homes for Londoners Board, boroughs, the Mayor of London, developers, and skills providers.

Although they were keen to stress that the recommendations form an integrated package, the following recommendations were specifically addressed to boroughs and London Councils:

*A new approach to local labour and section 106 requirements*

k) The Mayor, local authorities and the construction industry should work together to develop a new approach to local labour requirements and section 106 employment and skills targets. This new approach should move away from a focus on new apprenticeship and employment starts, towards completions of apprenticeships or movement into employment. It should also allow apprentices, trainees and workers to move between sites across local authority boundaries to enable them to complete their training. This should provide more meaningful employment and training opportunities for residents across London, while recognising the importance of housing developments for providing local employment opportunities.

l) All apprenticeships offered through this route should be paid at the non-apprenticeship National Living Wage rate at a minimum.

m) The Mayor should commit to the GLA hosting a co-ordinating role for this new model if required and investigating options for integrating it with the Construction Academy scheme. The new approach should be overseen by the Homes for Londoners Board, in partnership with the Skills for Londoners Taskforce.

n) Housing developers should commit to providing the funding required to coordinate and deliver this new approach, potentially as part of section 106 agreements, and, along with local authorities, to participating actively and positively in any new approach. This funding and participation would be dependent on the clear

demonstration that the new approach would be more effective for employers and local authorities than current arrangements

*Promotion of precision-manufactured homes (PMH)*

q) The Mayor, local authorities, developers and Government should agree to a shared commitment to significantly increase the proportion of new homes delivered in London through PMH and this should be accompanied by a clear action plan up until 2021.

*Planning for future demand*

t) The Mayor, London Councils and Government should investigate options for developing a dynamic housing construction skills demand planner, which will enable all stakeholders to better understand and plan for the future demand for skills - not just the quantity, but the type and location. This should inform the whole approach to construction skills in London, including the Mayor's Construction Academy Scheme, a new approach to local labour requirements and the new Skills Strategy.

**Next steps**

The Mayor's Construction Skills Advisory Group has been established to take forward the implementation of the report's recommendations. This work is being supported by a number of smaller groups which are focussing on developing implementation proposals for particular sets of recommendations.

Some of the proposals, such as the Mayor's Construction Academy Scheme, are already underway and in the process of being implemented by the GLA. Others are in the early stages of development, for example the construction skills demand planner and the new approach to section 106 and local labour requirements, and will require significantly more work on feasibility and stakeholder engagement before a firm plan for implementation is developed. Boroughs will be key stakeholders and engaged in the development of any new approach to section 106 and local labour requirements.

The Advisory Group will report back to the Homes for Londoners Board with a progress update in early summer 2018.

**Financial Implications for London Councils**

There are no financial implications for London Councils arising from this report.

**Legal Implications for London Councils**

There are no legal implications for London Councils arising from this report.

**Equalities Implications for London Councils**

There are no equalities implications for London Councils arising from this report.

## **Item 6 - Appendix 1**

### **Homes for Londoners Board**

Date of meeting: **21 September 2017**

Title of paper: **Findings and Recommendations of the Homes for Londoners Board Construction Skills Sub-group**

To be presented by: **Cllr Peter John OBE, Chair of the Construction Skills Sub-group, Leader of Southwark Council and London Councils Executive Member for Business, Brexit and Skills**

Cleared by: **James Murray, Deputy Mayor for Housing and Residential Development and  
David Lunts, Executive Director, Housing and Land**

Classification: **Public**

#### **1 Executive Summary**

- 1.1 This is the report of the Homes for Londoners (HfL) Construction Skills sub-group, which was commissioned by the Board to look at challenges facing the construction industry in terms of skills and capacity. The sub-group had a specific focus on the challenges faced by housing construction, rather than construction more widely.
- 1.2 The sub-group met four times between April and July 2017 and at its meetings it considered presentations from external partners, as well as considering other relevant evidence provided.
- 1.3 Following its discussions, the sub-group has agreed recommendations in the following areas:
  - Overall vision
  - Improving the skills system for construction
  - A new approach to local labour and section 106 requirements
  - Tackling the impact of Brexit
  - Promotion of precision-manufactured homes
  - Planning for future demand
  - Promoting a career in the construction industry
- 1.4 This report gives an overview of the sub-group's vision and recommendations in section two, with detail about how the sub-group reached its recommendations in the main body of the report.

#### **2 Recommendations**

- 2.1 The Board is asked to:

- a) Note the report and the recommendations made by its Construction Skills Sub-Group as set out at section 3; and
- b) Discuss how these should be taken forward.

### 3 Sub-Group Vision and Recommendations

#### 3.1 The sub-group has agreed the following overarching vision and targets:

*We recognise the need to double the number of new homes being built in London and this needs to be supported by a significantly improved approach to the training and skills system for construction skills, a focus on delivering more precision-manufactured homes and mitigating against the potentially negative impact of Brexit on London's construction workforce.*

*This will be delivered through a skills system which is responsive, flexible and forward-thinking, meeting the needs of employers and learners. This will ensure that London is at the forefront of delivering precision-manufactured homes, as well as striving for the highest standards in traditional construction.*

*The focus on construction approaches which enable faster, more efficient delivery at a higher quality will be supported by a drive to increase the diversity of the construction workforce and to make construction a positive career choice for more Londoners. This will ensure that as many Londoners as possible have a key role in meeting London's future housing needs.*

*All of this will be achieved by partners working together and contributing according to their expertise, but overall the approach will be industry-led, ensuring that those building homes for Londoners have the skills and capacity that they need. Support from Government is essential in order to achieve this, particularly through adequate skills funding and fundamental reform and devolution of the skills and training system.*

*All stakeholders should work towards the following targets to ensure that this can be achieved as quickly as possible:*

- a) ***The proportion of construction qualifications gained and translated into employment in the construction industry in London should be at least 50 per cent by 2021.*** At present, despite the amount of money being invested in London's training and skills system, the capital's construction industry does not have access to the workers that it needs to deliver the significant increase in housebuilding that is required.
- b) ***Half of all homes built in London by 2021 should have a pre-manufactured value of over 50 per cent and the associated need to ensure the construction workforce has the required skills to deliver this should be reflected in London's training and skills provision.*** London cannot deliver the step-change in housing delivery required using traditional construction methods alone and so a significant increase in the proportion of new London homes built with precision-manufactured components is required.
- c) ***London should continue to secure the amount of migrant labour required for London's construction workforce post-Brexit up until at least 2021 (at a***



***minimum maintaining the current numbers of non-UK EU construction workers in the capital), at the same time as increasing the quality and quantity of training provision in London. Any increase and improvement in training provision will take time to have a positive impact on the construction industry, and so it is important that existing levels of migrant labour in London's construction industry are maintained in the short to medium term.***

3.2 The sub-group makes the following recommendations:

*Overall*

- a) The Homes for Londoners Board, in partnership with the Skills for Londoners Taskforce, should agree a clear action plan for delivering this vision and be any actions resulting from the sub-group's recommendations.
- b) The sub-group encourages the Mayor, local authorities, the construction industry, Government and training providers to agree to the sub-group's shared vision for construction skills and the promotion of precision-manufactured homes (PMH) in London.
- c) All the sub-group's recommendations should be in progress by the end of March 2018.

*Improving the skills system for construction*

- d) Any approach to improving the construction skills system should focus on co-ordinating the wealth of training provision and skills development schemes already available, rather than introducing new initiatives, and should ensure that there is one point of information for employers and learners about how to access construction skills training provision in London.
- e) The Mayor's Construction Academy scheme provides a good opportunity to co-ordinate the training and skills provision already in place, as long as its role and purpose is communicated clearly and effectively. The GLA should ensure that the construction industry is fully involved in planning and designing the Academy, as well as being integral to governance for the scheme.
- f) The GLA should consider delivering the co-ordination role for the Academy at a London-wide level, rather than at a sub-regional or site-specific level as currently proposed (at least for an initial trial period) with a view to maximising the possibility for pan-London co-ordination and ensuring the best possible use of limited revenue resources for this work.
- g) Mayor's Construction Academy status should be reserved for those training providers meeting high standards around the proportion of students moving into employment and working in close partnership with industry. Those institutions which meet these criteria should be eligible for capital funding to improve facilities, particularly for precision-manufacture, ensuring that provision is well spread out across London.
- h) The CITB should work with the construction industry and training providers to ensure that the right training courses are developed and delivered in London to support an increase in PMH, along with ensuring that enough expert trainers are available to deliver these courses.
- i) The Mayor should make use of the adult education budget (due to be devolved to him in 2019/20) to ensure that London's further education system provides

enough people with the construction skills required to deliver the homes that Londoners need.

- j) The Mayor's new Skills Strategy should make the case for additional devolution where it can support the prioritisation of construction training provision, for example the devolution of the 16 to 18 technical education budget, careers information, advice and guidance and any unspent element of the Apprenticeship Levy.

#### *A new approach to local labour and section 106 requirements*

- k) The Mayor, local authorities and the construction industry should work together to develop a new approach to local labour requirements and section 106 employment and skills targets. This new approach should move away from a focus on new apprenticeship and employment starts (for example, towards completions of or number of hours of training, apprenticeships or employment), as well as allowing apprentices, trainees and workers to move between sites across local authority boundaries to enable them to complete their training. This should provide more meaningful employment and training opportunities for residents across London, while recognising the importance of housing developments for providing local employment opportunities.
- l) All apprenticeships offered through this route should be paid at the non-apprenticeship National Living Wage rate at a minimum.
- m) The Mayor should commit to the GLA hosting a co-ordinating role for this new model if required and investigating options for integrating it with the Construction Academy scheme. The new approach should be overseen by the Homes for Londoners Board, in partnership with the Skills for Londoners Taskforce.
- n) Housing developers should commit to providing the funding required to co-ordinate and deliver this new approach, potentially as part of section 106 agreements, and, along with local authorities, to participating actively and positively in any new approach. This funding and participation would be dependent on the clear demonstration that the new approach would be more effective for employers and local authorities than current arrangements
- o) The Mayor should consider how to use the draft London Plan to articulate the benefits of such an approach.

#### *Tackling the impact of Brexit*

- p) The Mayor should continue to lobby for a post-Brexit immigration system which gives London access to the workers it needs through a system which is flexible enough to respond to the growing and changing needs of the construction industry as they build London's much-needed homes.

#### *Promotion of precision-manufactured homes*

- q) The Mayor, local authorities, developers and Government should agree to a shared commitment to significantly increase the proportion of new homes delivered in London through PMH and this should be accompanied by a clear action plan up until 2021.

- r) The Mayor should investigate how to make use of his strategic partnerships with Affordable Housing providers to promote PMH in their housing delivery.
- s) The Mayor should work to ensure that adequate investment is available to support the move to PMH, including capital funding for training facilities through the Academy scheme, as well as wider support for building capacity in the industry.

#### *Planning for future demand*

- t) The Mayor, London Councils and Government should investigate options for developing a dynamic housing construction skills demand planner, which will enable all stakeholders to better understand and plan for the future demand for skills - not just the quantity, but the type and location. This should inform the whole approach to construction skills in London, including the Mayor's Construction Academy Scheme, a new approach to local labour requirements and the new Skills Strategy.

#### *Promoting a career in the construction industry*

- u) The Mayor should lead a campaign on construction skills, focused on housing and highlighting the benefits of working in the industry, including good pay and career progression, working in a modernised industry and the chance to be part of the future of London. The campaign should be targeted at those currently underrepresented in the construction workforce – including women, young people and those from a BAME background.
- v) The Mayor should work with partners to ensure that the construction industry is promoted as a positive career choice in schools across the capital, for example through the London Ambitions portal and Build UK's Inspiring Construction programme.
- w) CITB should reform its Go Construct portal to ensure it provides a single and clear information source for those interested in a career in construction, including details of training, apprenticeship and employment opportunities on a regional and local basis.

## **4 Introduction**

- 4.1 London's population is growing by 100,000 people per year, yet we deliver roughly half the required number of homes to meet these pressures. There is a clear need to significantly increase the level of homebuilding in London if the Mayor's target of 90,000 affordable housing starts by 2021 is to be met. However, it will not be possible to significantly increase homebuilding in the capital without enough people with the right skills wanting to work in the construction industry. With 14 per cent of construction workers due to retire in the next 10 to 15 years<sup>1</sup>, it is essential to recruit the next generation of the workforce. Furthermore, with women making up just 13 per cent of the construction workforce, compared with 44 per cent of all workers in the capital<sup>2</sup>, and those from a Black, Asian and minority ethnic (BAME) background only 19 per cent compared to 30 per cent overall, attracting a more diverse range of

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<sup>1</sup> GLA analysis of Labour Force Survey (Q2 individual data for 2014 to 2016)

<sup>2</sup> *Ibid*

people is crucial too. Brexit poses additional risks, since more than a quarter of London's construction workforce come from the EU<sup>3</sup>.

- 4.2 Available estimates suggest that between 2,500 and 4,000 new workers will be needed in each year to meet additional demands on the industry<sup>4</sup>. However, the construction industry has a poor public image and reputation, and there are considerable gaps in and challenges with the skills and training system. In 2016, 47 per cent of construction employers seeking to fill vacancies reported difficulties in doing so<sup>5</sup>.
- 4.3 In addition, relying on traditional building methods alone will make it difficult to significantly increase housing delivery and so there is a need to investigate how precision-manufactured housing (i.e. that which involves a significant proportion of the components being manufactured offsite) can support the step change in housing delivery that is required.
- 4.4 In light of these challenges, the Homes for Londoners Board commissioned a sub-group to look at issues of construction skills and capacity of the construction industry. The terms of reference and membership of the sub-group are outlined in Appendix 1. The sub-group was chaired by Peter John OBE, Leader of Southwark Council and London Councils Executive Member for Business, Brexit and Skills, and its members consisted of a wide range of stakeholders, including homebuilders, housing associations, training providers, construction contractors and industry bodies.
- 4.5 Given that the sub-group was commissioned by the Homes for Londoners Board, its remit was to look at the specific construction skills and capacity issues in the housing industry, rather than for construction more widely. However, it is likely that many of the issues identified and recommendations made relate to the wider construction industry.

## 5 Overall Vision

- 5.1 At its first meeting, the sub-group agreed that it would be useful to agree an overall vision for what it is seeking to achieve through its recommendations. This vision (at 3.1 above) outlines that if the number of new homes built in London is to be increased to the extent required, this needs to be supported by:
  - a new approach to the training and skills system for construction skills
  - a focus on delivering more precision-manufactured homes
  - action to mitigate against the potentially negative impact of Brexit on London's construction workforce

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<sup>3</sup> GLA, Housing in London, 2017

<sup>4</sup> A number of different figures are available, with some including a figure for 'replacement demand' i.e. they account for the additional recruitment requirement due to people leaving the profession to retire or change career (e.g. *Working Futures 2014 to 2024: main report*, UKCES 2016), or other which only include the recruitment requirement generated by new jobs created in the industry (e.g., *London labour market projections 2016*, GLA Economics 2016; *Construction Skills Network Forecasts 2017-2021*, CITB/Experian 2017),

<sup>5</sup> CITB, Skills and Training in the Construction Industry 2016, 2016

- 5.2 This vision is also supported by three long-term, overall targets, which the sub-group proposes should be worked towards by all stakeholders.. The sub-group believes these should, along with the implementation of the sub-group's recommendations in the shorter term, help to ensure that the vision can be achieved as quickly and effectively as possible. However, the sub-group acknowledged in its discussions that these targets are not necessarily easy to measure and the issue of how to track progress accurately will need to be explored further.
- 5.3 The first target is around the proportion of construction-related qualifications which is translated into employment in the construction industry. GLA analysis shows that there were over 21,000 construction-related qualifications achieved in London in 2015/16, but employers are still reporting challenges with recruiting skilled workers for construction (more detail is outlined in section five below). While there is not London-level data available to show what proportion of qualifications achieved are translated into employment in construction, CITB research in England shows that six months after completing a construction-related qualification, 25 per cent had a construction job, 16 per cent were doing a construction apprenticeship and 25 per cent were doing another construction-related course<sup>6</sup>. This suggests that the significant amount of investment in construction skills training in London and across the country is not being put to best use in terms of moving people into employment. In light of this, the sub-group has agreed a target which aims to double the proportion of those entering employment in construction to 50 per cent.  
**Target: the proportion of construction qualifications gained and translated into employment in the construction industry in London should be at least 50 per cent by 2021.**
- 5.4 In addition, the sub-group discussed the importance of ensuring that higher levels of precision-manufacture are used when building new homes in London in the coming years. If London is to deliver the step-change in housing delivery required, this cannot be done using traditional construction methods alone and so a significant increase in the proportion of new London homes built with precision-manufactured components is required (more detail is outlined in section eight below). One way of measuring this is to calculate the pre-manufactured value (PMV) of development. PMV is calculated according to the proportion of costs of construction that are spent on components manufactured offsite. While PMV levels are not currently systematically recorded, anecdotal evidence discussed at the sub-group suggested that traditional housing construction involves a PMV proportion of between 35 and 50 per cent and, given that the new homes required in London will need to be delivered through a combination of traditional and precision-manufacture methods, the sub-group agreed that a target of a minimum of 50 per cent PMV in half of new homes in the capital would be a stretching but achievable target.  
**Target: half of all homes built in London by 2021 should have a pre-manufactured value of over 50 per cent and the associated need to ensure the construction workforce has the required skills to deliver this should be reflected in London's training and skills provision.**
- 5.5 The theme of the potential negative impact of Brexit on London's construction workforce ran throughout the sub-group's discussions (more detail is outlined in section seven below). While the sub-group was not asked to make detailed recommendations on any proposed new approaches to immigration, members felt

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<sup>6</sup> CITB, Destinations of Construction Learners in Further Education, 2017

that it was important to include a broad target around mitigating against any negative impact by maintaining access to migrant labour at the same time as focussing on improving training and skills provision.

**Target: London should continue to secure the amount of migrant labour required for London's construction workforce post-Brexit up until at least 2021 (at a minimum maintaining the current numbers of non-UK EU construction workers in the capital), at the same time as increasing the quality and quantity of training provision in London.**

- 5.6 In order to ensure that there is clear joint ownership of the task of tackling construction skills challenges in London, the sub-group encourages **the Mayor, local authorities, the construction industry, Government and training providers to agree to the sub-group's shared vision for construction skills and the promotion of precision-manufactured homes (PMH) in London.**
- 5.7 . In addition, **the Homes for Londoners Board, in partnership with the Skills for Londoners Taskforce, should agree a clear action plan for delivering this vision and any actions resulting from the sub-group's recommendations.**
- 5.8 While the sub-group did not feel it necessary to attach detailed timescales to all of its recommendations, as precise timings would be a matter for those responsible for delivering the proposals, it was agreed that there is an urgent need to make progress in this area if London is to get access to the construction workers that it needs. In light of this, the sub-group recommends that **all its recommendations should be in progress by the end of March 2018.**

## **6 Improving the Skills System for Construction**

- 6.1 During the course of its meetings, the sub-group heard about the extent of construction skills training provision currently available in London. GLA data analysis has shown that over 21,000 construction-related qualifications were achieved in the capital in 2015/16. The majority of these courses were provided by further education colleges and independent training providers, but there is also a wealth of training provision available which is being provided by employers on specific sites.
- 6.2 Despite this level of provision, many employers continue to report challenges with recruiting workers. CITB's 2016 research reports a number of challenges around recruitment and skills levels across the UK's construction industry, with 47 per cent of employers seeking to fill vacancies reporting difficulties in doing so (compared to 21 per cent in 2011)<sup>7</sup>. The sub-group discussed a range of factors that contribute to this lack of translation of qualifications into employment, highlighting particularly how a lack of overall co-ordination and leadership in this area often make it difficult for learners or employers to navigate the system and that current skills funding arrangements incentivise completion of qualifications rather than progression into employment. This means that the significant amount of resource already being put into the construction skills system in London is not being utilised as effectively as it

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<sup>7</sup> CITB, Skills and Training in the Construction Industry 2016, 2016

could be, but that the solution to this lies in part in better co-ordination rather than in the development of additional training or skills provision. In light of this, the sub-group recommends that **any approach to improving the construction skills system should focus on co-ordinating the wealth of training provision and skills development schemes already available, rather than introducing new initiatives, and should ensure that there is one point of information for employers and learners about how to access construction skills training provision in London.**

- 6.3 The sub-group received a presentation from the GLA's Skills Team on proposals for the Mayor's Construction Academy Scheme. This Scheme will help to ensure there are enough people with the construction skills that London needs, including a focus on increasing the involvement of groups and communities currently underrepresented in the construction workforce. It will do this by bringing together and improving partnership working between all construction skills and training stakeholders, including employers, training providers, local authorities and trainees. It is proposed that the Academy Scheme, guided by input from industry, will build on existing structures of training and skills provision, using a pan-London 'hub and spoke' network to enable increased collaboration between skills training providers and construction employers who have vacancies to fill. The Scheme will also be supported by £8 million of capital funding from the Growth Fund, which will fund improvements in construction training facilities. Subsequent discussions highlighted the need to ensure that the Scheme meets the needs of employers and should be guided by what they require from any new approach to skills provision. There was also a need identified to ensure that the benefits of this model are clearly articulated to all stakeholders, especially employers. The sub-group agreed that **the Mayor's Construction Academy scheme provides a good opportunity to co-ordinate the training and skills provision already in place, as long as its role and purpose is communicated clearly and effectively. The GLA should ensure that the construction industry is fully involved in planning and designing the Academy, as well as being integral to governance for the scheme.**
- 6.4 The GLA Skills Team explained to the sub-group that, under the present model, there is enough revenue funding to resource one member of staff at each hub (up to a maximum of six hubs in total). The sub-group discussed whether the sub-regional model would be the most effective approach to delivering a co-ordination function, especially in light of the relatively limited revenue funds for what will be a resource-intensive role. Given the reservations of the sub-group in this area, it recommends that **the GLA should consider delivering the co-ordination role for the Academy at a London-wide level, rather than at a sub-regional or site-specific level as currently proposed (at least for an initial trial period) with a view to maximising the possibility for pan-London co-ordination and ensuring the best possible use of limited revenue resources for this work.**
- 6.5 It is proposed that those participating positively and actively in the Scheme will be eligible to describe themselves as members of the Mayor's Construction Academy, meaning that they will be able to use any associated branding to publicise their membership. The sub-group agreed that this approach would be helpful in ensuring that there is a recognisable link between the multiple stakeholders involved in training provision and employment, and a clear role for the Mayor in bringing together all of this provision. However, the sub-group also felt that this is an opportunity to incentivise particular behaviour and approaches of stakeholders, for example using it to ensure that there is a clear link between training and

employment, and that training provision is supporting a transition towards precision-manufacture. These criteria should contribute towards the assessment process of applications for the scheme's capital funding pot. In light of this, the sub-group recommends that **Mayor's Construction Academy status should be reserved for those training providers meeting high standards around the proportion of students moving into employment and working in close partnership with industry. Those institutions which meet these criteria should be eligible for capital funding to improve facilities, particularly for precision-manufacture, ensuring that provision is well spread out across London.**

- 6.6 The sub-group heard from CITB on their research into the skills required to deliver a step change in the delivery of precision-manufactured homes (PMH) and this showed that there is currently no specialist training available in London which develops the skills required for PMH<sup>8</sup>. In addition, the sub-group also heard evidence that there are problems in recruiting the specialist trainers required for delivering these courses, with many of those with the knowledge and experience choosing to work directly in the industry rather than as trainers. Given the focus that there needs to be on increasing the proportion of homes built using precision-manufacture methods (there is more detail on this in section seven below), the sub-group recommends that **the CITB works with the construction industry and training providers to ensure that the right training courses are developed and delivered in London to support an increase in PMH, along with ensuring that enough expert trainers are available to deliver these courses.**
- 6.7 During its discussions, the sub-group acknowledged that there are some structural issues with the training and skills system which do not necessarily relate only to construction, but are part of wider challenges with how skills provision is structured and funded. For example, one of the key areas identified as needing reform is around how funding is used to incentivise outcomes. At present, skills funding is normally paid on completion of a qualification rather than on the basis of any employment secured as the result. The planned devolution to the Mayor of the adult education budget in 2019/20 provides an opportunity for him to influence skills provision, based on the needs of London's key industries including construction. In light of this, **the Mayor should make use of the adult education budget (due to be devolved to him in 2019/20) to ensure that London's further education system provides enough people with the construction skills required to deliver the homes that Londoners need.**
- 6.8 However, the transformative potential of a devolved adult education budget is potentially limited, as it only covers post-18 provision and a significant proportion of the budget is committed to statutory entitlements (for example maths and English). In light of this, the sub-group recommends that **the Mayor's new Skills Strategy should make the case for additional devolution where it can support the prioritisation of construction training provision, for example the devolution of the 16 to 18 technical education budget, careers information, advice and guidance and any unspent element of the Apprenticeship Levy.**

## **7 A New Approach to Local Labour and Section 106 Requirements**

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<sup>8</sup> CITB, Faster, Smarter, More Efficient: Building Skills for Offsite Construction, 2017



- 7.1 Planning obligations, also known as section 106 agreements (based on that section of the 1990 Town & Country Planning Act) are made between local authorities and developers and can be attached to a planning permission to mitigate any negative effects associated with proposed development. Training and employment clauses are a common feature of section 106 agreements. The local authority, as planning authority, sets a target for jobs that are to be sourced locally, and these obligations are passed onto contractors and sub-contractors.
- 7.2 The current approach does have a number of benefits, as it is designed to ensure that developers make a direct, positive contribution to the local communities in which they are working. When implemented successfully, it can deliver positive training and employment outcomes for local residents, ensuring that existing residents benefit from development. The approach can also support local authorities and councillors in making the argument in favour of housing development, an issue which can sometimes be a source of controversy at a local level.
- 7.3 However, there are several challenges with the current model. Anecdotal evidence suggests that local training and employment initiatives secured through section 106 agreements do not always succeed in addressing construction skills shortages or securing sustainable employment for local people. The main reason for this is that developers can only recruit trainees from a defined area within the vicinity of the development (in London most commonly defined as the local authority boundary), and the targets are often based on the number of new apprenticeship or training starts, rather than the meaningful completion of these. This means that contractors can often struggle to meet the demand for skills because they must source labour from a geographically-defined labour pool, where the required skills may not necessarily be available. In addition, 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. This means that once developments finish, apprentices may not be able to move with contractors to developments in different areas (because they too will have their own local labour requirements), and may therefore be unable to complete their training. Additionally, in some cases apprenticeships can start on a very low wage for London (for example, £3.50 per hour in their first year). Some London local authorities cannot support these opportunities, particularly those with Living Wage commitments.
- 7.4 In light of these challenges with the current system, the sub-group requested that the GLA develop a proposal for how a new approach to section 106 and local labour requirements could work. This proposal is outlined in Appendix 2 and currently referred to as the London Local Labour Initiative (LLLI). The key elements of the proposal are as follows:
- It would provide a central pool of labour 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. Priority would be given to matching local opportunities with local residents, but this could be expanded on a sub-regional or London basis if no suitable local workers are available.
  - 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.

- 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.
- This new approach should focus on meaningful and sustained training and employment opportunities (for example a number of apprenticeship hours), rather than purely on new starts as in the current system.
- 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.

7.5 This proposal was well-received by the sub-group and there was agreement that the potential for a new approach should be explored further. **The Mayor, local authorities and the construction industry should work together to develop a new approach to local labour requirements and section 106 employment and skills targets. This new approach should move away from a focus on new apprenticeship and employment starts (for example, towards completions of or number of hours of training, apprenticeships or employment), as well as allowing apprentices, trainees and workers to move between sites across local authority boundaries to enable them to complete their training. This should provide more meaningful employment and training opportunities for residents across London, while recognising the importance of housing developments for providing local employment opportunities.**

7.6 In recognition of the challenges associated with often lower levels of pay for apprentices and the potential of this to conflict with pay policies of some local authorities, the sub-group recommends that **all apprenticeships offered through this route should be paid at the non-apprenticeship National Living Wage rate at a minimum.** Current National Living Wage rates are outlined in Table 1.

*Table 1: National Living Wage hourly rates in the UK from April 2017*

| Year       | 25 and over | 21 to 24 | 18 to 20 | Under 18 | Apprentice |
|------------|-------------|----------|----------|----------|------------|
| April 2017 | £7.50       | £7.05    | £5.60    | £4.05    | £3.50      |

7.7 It was acknowledged that the co-ordination of any new 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. In light of this, the sub-group recommends that **the Mayor should commit to the GLA hosting a co-ordinating role for this new model if required and investigating options for integrating it with his Construction Academy Scheme. The new approach should be overseen by the Homes for Londoners Board, in partnership with the Skills for Londoners Taskforce.**

7.8 Finally, the sub-group discussed who would be best placed to fund the resource required to deliver any new function. While the LLLI proposal refers to ‘employers’ providing this funding, the sub-group discussed whether it would be best for this responsibility to be specifically allocated to either housing developers or contractors. It was agreed that it should be allocated to developers to ensure that responsibility for these contributions does not get lost along the supply chain. However, in exchange for a commitment to provide this funding, it would need to be demonstrated that the new approach provides clear benefits to employers. The sub-

group agreed that **housing developers should commit to providing the funding required to co-ordinate and deliver any new approach, potentially as part of section 106 agreements, and, along with local authorities, to participating actively and positively in any new approach. This funding and participation would be dependent on the clear demonstration that the new approach would be more effective for employers and local authorities than current arrangements.** In addition, to help ensure that local authorities engage positively in any new approach, **the Mayor should consider how to use the draft London Plan to articulate the benefits of such an approach.**

## 8 Tackling the Impact of Brexit

- 8.1 The potential negative impact of Brexit on the ability of the construction industry to recruit the workers that it needs was a theme which ran throughout the discussions of the sub-group and is one of the reasons that the Homes for Londoners Board established a sub-group to look at the construction skills issue. People born overseas account for 45 per cent of London's construction workforce, including 27 per cent (95,000) who come from the rest of the EU<sup>9</sup> (with anecdotal reports from the GLA Skills Team that some employers are reporting that this can be as high as 80 per cent on individual sites). The impact of the referendum result is already being felt by employers across sectors, as more than a quarter of employers have seen evidence that suggests EU nationals in their organisations are considering leaving the company, or the UK, in 2017<sup>10</sup>.
- 8.2 In addition, recent CITB research has shown that while rates of self-employment are high within the construction industry overall, these rates are particularly high amongst non-UK born workers (57 per cent compared to 38 per cent). While self-employment provides a high degree of flexibility for foreign labourers to enter the UK labour market, any new immigration system that comes into force after the UK leaves the EU and the European Single Market may not easily be able to support those who are self-employed, instead requiring visa sponsorship by an employer. While the sub-group agrees on the importance of improving the skills and training system in order to ensure more people are trained in the UK, this process is likely to take some time and as such the industry is likely to continue to need access to migrant labour, in at least the short and medium term. In light of these challenges, the sub-group recommends that **the Mayor should continue to lobby for a post-Brexit immigration system which gives London access to the workers it needs through a system which is flexible enough to respond to the growing and changing needs of the construction industry as they build London's much-needed homes.**

## 9 Promotion of Precision-manufactured Homes

- 9.1 Given the significant increase required in the number of new homes built in London each year in order to meet the Mayor's ambitious housing targets, the sub-group discussed the potential of precision-manufactured housing to provide a solution to this challenge. Discussion centred around the potential for an approach which sees a

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<sup>9</sup> GLA, Housing in London 2017, 2017

<sup>10</sup> CIPD, Labour Market Outlook Winter 2016-17, 2017

higher proportion of components manufactured offsite to have a positive impact in terms of reducing the time taken to build homes, improving the quality of the build and potentially saving money in terms of reducing time on site and manufacturing at scale. In light of this potential, the sub-group recommends that **the Mayor, local authorities, developers and Government should agree to a shared commitment to significantly increase the proportion of new homes delivered in London through PMH and this should be accompanied by a clear action plan up until 2021. In addition, the Mayor should investigate how to make use of his strategic partnerships with Affordable Housing providers to promote PMH in their housing delivery.**

- 9.2 As outlined in section four, CITB presented the sub-group with the findings of its research on the skills required for PMH. They reported that PMH currently represents less than 10 per cent of total output but is set to grow, with nearly half of clients surveyed expecting its use to increase in the next five years and 42 per cent of firms with over 100 staff expecting to use offsite in 3-5 years' time. While there is clearly a significant potential future demand for these skills, the research also found that existing training and course content does not cover everything that is required. In particular, it does not tend to reflect the multi-skilled and cross-disciplinary nature of the roles. In addition to the recommendation outlined at 5.6 regarding working with the CITB to ensure that course and training curricula reflect the needs of industry in terms of preparing staff to deliver PMH at scale, the sub-group also considers that the Mayor's Construction Academy Scheme offers significant potential to incentivise this necessary change. The sub-group recommends that **the Mayor should work to ensure that adequate investment is available to support the move to PMH, including capital funding for training facilities through the Academy scheme, as well as wider support for building capacity in the industry.**

## 10 Planning for Future Demand

- 10.1 Accessing accurate data on future demand for construction skills can be difficult, given the unpredictable, cyclical nature of the industry and different approaches to estimating future construction output. These figures can be even more difficult to obtain on a London (rather than national) level. However, available estimates suggest that in the coming years between 2,500 and 4,000 new construction jobs will be created in London each year<sup>11</sup>.
- 10.2 In light of this, the sub-group discussed the challenges of planning for future skills provision to meet the needs of the construction industry without being clear about what the future demand will be. This future demand needs to be articulated in terms of what type of skills need to be delivered and at what volume, as well as where and when. There are examples of successful skills demand planners that have been developed for major infrastructure projects, for example Crossrail and the Thames Tideway Tunnel, and there is the potential for something similar to be developed for housing. Government has also indicated that it would be interested in the development of a demand planner for housing construction. Given the cyclical nature of housing demand and the multiple, unpredictable elements involved in

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<sup>11</sup> A number of different figures are available, with some including a figure for 'replacement demand' i.e. they account for the additional recruitment requirement due to people leaving the profession to retire or change career (e.g. *Working Futures 2014 to 2024: main report*, UKCES 2016), or other which only include the recruitment requirement generated by new jobs created in the industry (e.g., *London labour market projections 2016*, GLA Economics 2016; *Construction Skills Network Forecasts 2017-2021*, CITB/Experian 2017)

moving forward with a housing project (e.g. planning permission, financing), any new approach would need to be dynamic and able to respond to changing circumstances. The sub-group recommends that **The Mayor, London Councils and Government should investigate options for developing a dynamic housing construction skills demand planner, which will enable all stakeholders to better understand and plan for the future demand for skills - not just the quantity, but the type and location. This should inform the whole approach to construction skills in London, including the Mayor's Construction Academy Scheme, a new approach to local labour requirements and the new Skills Strategy.**

## **11 Promoting a Career in the Construction Industry**

- 11.1 The Government's *Construction 2025* strategy and the Farmer Review both highlight the need to tackle the industry's poor image and reputation. Data from the CITB shows that the overall appeal of the construction industry as a career option for young people is low<sup>12</sup>, while 35 per cent of career advisers believe a career in construction is unattractive<sup>13</sup>. While there are a number of projects in operation which aim to improve the image of the industry and promote it as a career, these are not entirely joined up and there is not a specific scheme in place for London.
- 11.2 Women make up only 13 per cent of London's construction workforce, compared to 44 per cent of all workers in the capital and London's construction workforce is older than the city's overall workforce, with 14 per cent aged 55 or over (compared to 10 per cent overall). In addition, only 19 per cent of London's construction workforce is from a Black, Asian and minority ethnic (BAME) background, compared to 30 per cent of London's workforce overall<sup>14</sup>. If London is to meet its ambitious housing targets, it is essential that employment opportunities in the construction industry are opened up to as wide a pool of potential workers as possible, in particular those who have not traditionally had a career in the sector.
- 11.3 In addition, there is a need to ensure that potential recruits are aware of the benefits of working in the construction industry, in terms of good pay and career progression, as well as the excitement of being part of building London's future homes. The sub-group also discussed the need to focus on housebuilding specifically, to ensure that there are the number of workers required to meet the challenge presented by the housing crisis. In light of this, the sub-group recommends that **the Mayor should lead a campaign on construction skills, focused on housing and highlighting the benefits of working in the industry, including good pay and career progression, working in a modernised industry and the chance to be part of the future of London. The campaign should be targeted at those currently underrepresented in the construction workforce – including women, young people and those from a BAME background.**
- 11.4 The sub-group heard from Build UK about their work to recruit, train and retain the next generation of the UK's construction workforce. The presentation highlighted that it is well acknowledged that the industry has an image problem and that, in order to make progress on recruiting the next generation of workers, all partners need to be willing to pull together and work towards a shared goal. Any promotion of the industry as a career choice needs to happen at as early a stage as possible, so it

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<sup>12</sup> Department for Business, Innovation and Skills, UK Construction – An economic analysis of the sector, 2013

<sup>13</sup> CITB, *Educating the Educators*, 2014

<sup>14</sup> GLA analysis of Labour Force Survey (Q2 individual data for 2014 to 2016)

is essential that work begins in schools to promote the industry. Build UK highlighted the considerable number of schools engagement schemes already in operation across the industry and the confusion that this can cause amongst schools. In light of this, Build UK is launching its Inspiring Construction schools engagement programme to bring together all the initiatives that currently exist and to provide one point of contact for schools looking for engagement initiatives, ensuring that they can access the provision most suited to their needs. **The Mayor should work with partners to ensure that the construction industry is promoted as a positive career choice in schools across the capital, for example through the London Ambitions portal and Build UK's Inspiring Construction programme.**

- 11.5 One of the additional challenges identified by the sub-group was the lack of a single point of information for those interested in a career in construction, where they can find information about what career options are open to them and where they can access training and work experience opportunities. The CITB already has a resource in this area in the form of the Go Construct online portal<sup>15</sup>, which has been developed with industry and gives an overview of the types of careers available and training and qualifications are required to go into them. There is significant potential for this resource to be enhanced and in light of this the sub-group recommends that **the CITB should reform its Go Construct portal to ensure it provides a single and clear information source for those interested in a career in construction, including details of training, apprenticeship and employment opportunities on a regional and local basis.**

## 12 Equality Comments

- 12.1 The recommendations in this paper seek to increase the supply of construction skills and thus the supply of housing in London. This will help to address problems such as overcrowding and homelessness, which evidence indicates disproportionately affect specific groups, including Black and minority ethnic groups<sup>16</sup> and women<sup>17</sup>. The delivery of high-quality housing will also promote improved health and wellbeing, given evidence of an association between poor housing conditions and poor health<sup>18</sup>.
- 12.2 Increasing the supply of affordable housing will help to alleviate poverty. Specific groups are more likely to experience poverty, including households headed by minority ethnic individuals, young people and disabled people, refugee and asylum seekers, travellers and gypsy groups, and workless households.<sup>19</sup>
- 12.3 In addition, the recommendations regarding promoting a career in the construction industry focus on increasing the participation of underrepresented groups in the industry. Women make up only 13 per cent of London's construction workforce, compared to 44 per cent of all workers in the capital and London's construction workforce is older than the city's overall workforce, with 14 per cent aged 55 or over (compared to 10 per cent overall). In addition, only 19 per cent of London's

<sup>15</sup> <https://www.goconstruct.org/>

<sup>16</sup> DCLG, Statutory Data On Homelessness, 2016

<sup>17</sup> *ibid*

<sup>18</sup> Shelter People living in bad housing, 2013; Office of the Deputy Prime Minister, The Impact Of Overcrowding On Health And Education, 2004

<sup>19</sup> Equality and Human Rights Commission, Is England fair: the state of equalities and human rights, 2016

construction workforce is from a BAME background, compared to 30 per cent of London's workforce overall<sup>20</sup>. The work to open up these employment opportunities to these groups should help to ensure that they have access to the same economic and personal benefits opportunities as others currently do.

- 12.4 The Mayor's policies for housing will be published in the draft London Housing Strategy and draft London Plan, both of which will be subject to equality impact assessment.

## **13 Next Steps**

- 13.1 The Board is asked to consider the recommendations outlined in this report and direct further work as appropriate, in particular noting the following recommendations:
- The Homes for Londoners Board, in partnership with the Skills for Londoners Taskforce, should agree a clear action plan for delivering this vision and be any actions resulting from the sub-group's recommendations.
  - The sub-group encourages the Mayor, local authorities, the construction industry, Government and training providers to agree to the sub-group's shared vision for construction skills and the promotion of precision-manufactured homes (PMH) in London.
  - All recommendations should be in progress by the end of March 2018.

## **Appendices:**

Appendix 1: Terms of reference: Homes for Londoners Board sub-group – construction skills

Appendix 2: London Local Labour Initiative proposal

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<sup>20</sup> GLA analysis of Labour Force Survey (Q2 individual data for 2014 to 2016)

## **Item 6 - Appendix 2: 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

