



UNIVERSITY COLLEGE LONDON

FACULTY OF THE BUILT ENVIRONMENT

BARTLETT SCHOOL OF PLANNING

**Local People into Local Construction Jobs and the
System of Section 106 Planning Agreements:**

Is there a better way?

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Being a Report submitted to the faculty of The Built Environment as part of the requirements for the award of the MSc Development and Planning: Urban Regeneration at University College London:

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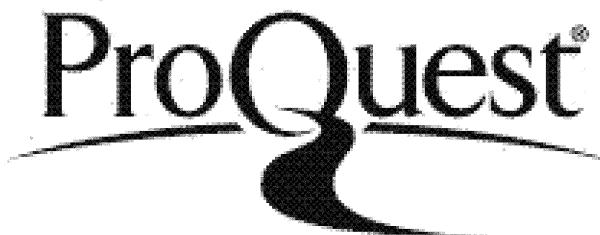


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All parts of the following report represent my own work, unless indicated otherwise, and any errors are therefore entirely my responsibility.

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Abstract

This report examines the system of Section 106 Planning Agreements in London, specifically the use of local employment and training clauses as applied to construction projects by local authorities through the planning process. It presents the hypothesis that the application of 'best endeavour' requests for the delivery of construction employment and training opportunities for local residents does not provide a coherent and comprehensive means for local people to access sustainable jobs and training, nor does it contain any real understanding of the needs of the construction industry, nor the local context in terms of an availability of skilled, trained and experienced workers.

A contextual background to the industry briefly looks at construction in London and the skills shortage, along with related diversity issues, and leads to an introduction to the planning process and the use of employment and training clauses to require the provision of on-site opportunities. A systems approach is identified as a theoretical framework from which to better understand Section 106 Planning Agreements and both hard and soft and open and closed systems are explored, along with a focus on the role of the client to achieve system objectives.

Research has been undertaken through the use of questionnaires and follow-up telephone interviews to gain the opinions of local authorities, developers, consultants, principal contractors, employment/training resource personnel and Jobcentre Plus staff involved with the agreement, implementation and delivery of local employment and training clauses specific to two London construction projects. The summary conclusions from the research show general agreement that the use of employment and training clauses is flawed and does not function well.

The report concludes that the Section 106 system linking the requirements of local authorities with individual construction projects neither offers a service to contractors that supports them to meet project efficiency criteria, nor successfully supports the creation of realistic and sustainable employment and training opportunities for local residents.

The total word count for the report is 10,783 words.

List of Acronyms

ALG	Association of Local Government
ALI	Adult Learning Inspectorate
BLCF	Building London Creating Futures
CIC	Construction Industry Council
CIOB	Chartered Institute of Builders
CITB	Construction Industry Training Board
CSN	Construction Skills Network
DCLG	Department of Communities and Local Government
DTI	Department of Trade and Industry
DWP	Department of Work and Pensions
GLA	Greater London Authority
LDA	London Development Agency
LGA	Local Government Association
LSC	Learning and Skills Council
ODPM	Office of the Deputy Prime Minister (now the DCLG)
RICS	Royal Institute of Chartered Surveyors

Introduction

The construction industry in the UK is booming. In London the sector is relatively productive with forecasted employment growth in line with or above the average (LDA, 2003) and there is no shortage of projects to keep workers employed. However, there is an identified need for skilled workers to deliver flagship projects such as the London 2012 Olympics, the Building Schools for the Future programme and the Thames Gateway, as well as the smaller repair and maintenance projects that make up almost half of the UK construction industry (CITB-ConstructionSkills, 2005a).

The construction process is one that in itself generates employment. *Direct* job creation results from those employed at the construction site, *indirect* employment is jobs created in the supply industries and *secondary* job creation results from the extra purchasing power of those who were previously unemployed and gained work (Grace & Neal, 1987). But it is often the case that the employment generated benefits the existing mobile construction workforce, those people with the necessary skills and experience to gain from the jobs available. Local residents seeking a career in the sector need to meet the necessary employment criteria and it is where this is not met that local interventions are often made to attempt to ensure the end result is 'local jobs for local people'.

The construction process is increasingly seen as a catalyst for the regeneration of local communities through the provision of local employment and training opportunities, with the main mechanism for local authority interaction with the construction industry being the planning system (Craw et al, 2007). This can manifest itself in Section 106 Planning Agreements placing local employment and training obligations on the developer and on the construction project. This report explores the planning process and the use of such Agreements in London to specify targets for local employment and training. It asks if there a better way of linking local people to construction jobs and training than use of Section 106 Planning Agreements (hereafter S106s), and puts forward the hypothesis that local authority use of such employment and training clauses does not provide a coherent and comprehensive means for local people to access construction jobs and training, but acts as a request/statement of intent for 'best endeavours' that contains no real understanding of the needs of the construction industry, nor the local context, nor offers a realistic means by which the targets can be achieved.

The rationale for the research is that the application of S106s to construction projects is in existence across London, but no proof as to their success from the perspective of both the construction industry and local authorities appears to exist. The aim of the report is to provide an understanding of the application of S106s to the construction sector by local authorities and to illustrate, through the use of case studies and a theoretical systems framework, that this application is flawed. The report focuses solely on the use of S106s during the construction phase of a development in London and does not look at end-use employment and training, nor financial contributions for employment or training initiatives or other aspects of local procurement, such as the use of local businesses and suppliers.

Chapter One provides a contextual background to the construction industry, the skills shortage and related diversity issues. The use of employment and training clauses in S106s is explored in Chapter Two, along with legal and funding delivery constraints and a 'typical' model in use in London is identified. A theoretical

framework of a systems approach and its application to S106s is examined in Chapter Three, looking at both hard and soft, and open and closed systems and the role of the client in achieving system objectives. Chapter Four explains the methodology used and the identification of stakeholder perceptions of the S106system through questionnaires and follow-up telephone interviews. Summary observations and conclusions from this research is captured in Chapter Five which contains detailed responses to questionnaires and brief mention of four employment and training sub-systems that have been identified as 'good practice' in London. A brief request was also sent to all London boroughs in an attempt to identify the prevalence of the use of employment and training clauses. Responses from the boroughs form part of this research and are listed in Appendix Four.

The report concludes in Chapter Six that the system linking local authority requirements with individual construction projects, as manifested in S106 employment and training clauses, is flawed and does not function well. The system neither offers a service to contractors that supports them to meet project efficiency criteria, nor does it successfully support the creation of realistic and sustainable employment and training opportunities for local residents. Brief recommendations are made to link local authority requirements with public and private sector provision that meets industry need and responds to a demand-led need (from the industry), rather than being supply-led (in terms of local availability of jobseekers).

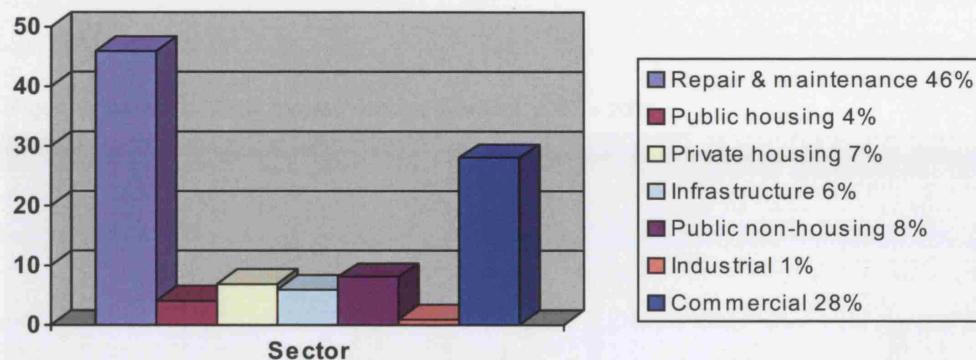
The appendices provide detailed information about forecasted skills need; current LDA construction brokerage and training projects in London; examples of S106s or voluntary commitments from four London boroughs; local authority use of employment and training clauses; employers' criteria for trainee recruitment; research questions used in this report, and summary information about four 'good practice' employment and training projects in operation in London.

This chapter provides a contextual background to the London construction industry with a brief examination of the skills shortage and the lack of training and diversity in the sector.

The London industry

London's construction industry has an output of £8 billion or 5% of London's economy. On average, 60% of activity is new work and 40% is repairs and maintenance, meaning that there is a greater concentration in private commercial construction and less emphasis on housing than elsewhere in Great Britain (GLA, 2006; figure 1). See figures 2 and 3 overleaf for average annual growth output and employment requirement by region.

Figure 1: The London construction industry by sector, 2005

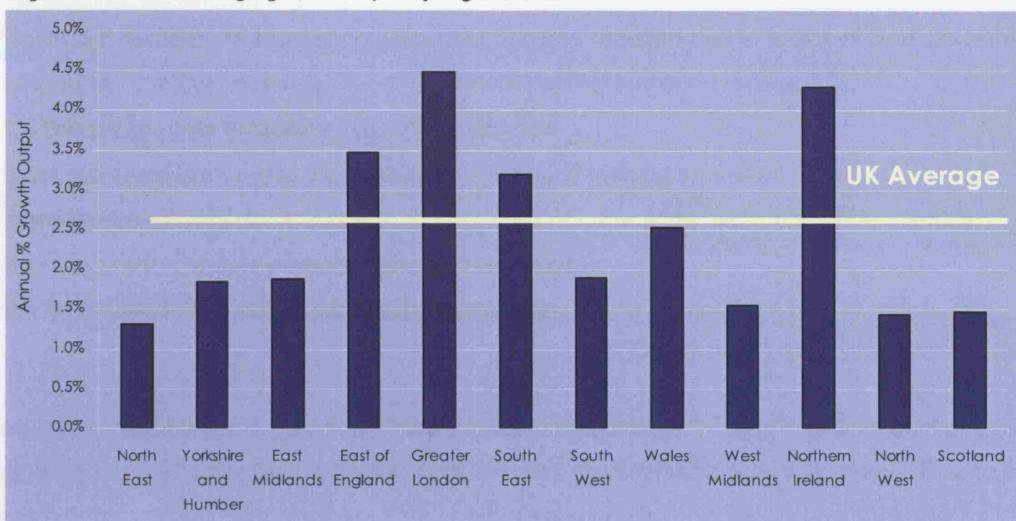


Source: <http://www.constructionskills.net/downloads/xls/membersarea/datastore/lmispreadsheets/gl.xls>

This greater concentration of private commercial construction is more likely to be carried out by large firms focusing on major developments and infrastructure. Small and medium-sized firms are to be found in repairs and maintenance and house building. It is estimated that there are more than 90,000 construction businesses in London and almost 90% of these are composed of self-employed workers. By far the greater proportion of companies within the industry can be classified as small with 96% employing 13 or fewer workers and 1% employing 300 or more (CITB, 2002).

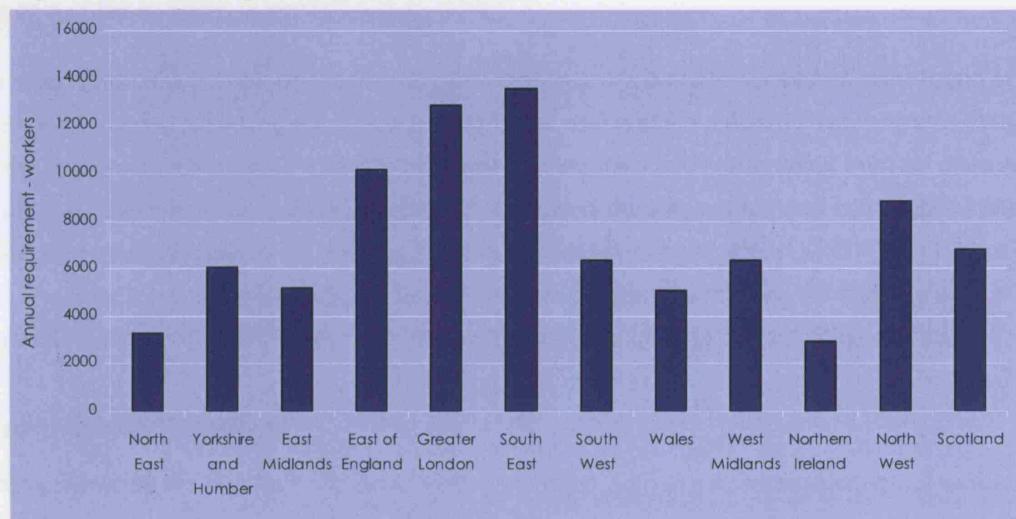
Construction is one sector in London identified as having a role to play in significantly improving the employment rate which is 5% below that for the UK as a whole and has not increased amongst the most disadvantaged groups (LDA, 2007a). There is not enough skilled labour to meet the demands of the industry with the number of workers needed likely to increase by around 245,000 in order to deliver forecast UK growth up to 2010. This translates into an average need for an additional 87,000 new recruits with construction output in Greater London set to be 12% higher in 2010 (CSN, 2006). In London, total construction employment is forecast to rise by 17% to 356,560 by 2011. To meet this demand an extra 12,880 workers are required each year (CSN, 2007; Appendix 1).

Figure 2: Annual average growth output by region, 2007 – 2011



Source: <http://www.constructionskills.net/downloads/xls/membersarea/datastore/lmispreadsheets/gl.xls>

Figure 3: Annual average employment requirement, 2007 – 2011



Source: <http://www.constructionskills.net/downloads/xls/membersarea/datastore/lmispreadsheets/gl.xls>

An industry lacking in training

There is recognition that insufficient training is contributing to the skills shortage through not meeting industry need (Leitch, 2006) with the shortage now perceived by many to be the worst in living memory (Puckett, 2007). The current informal solution primarily focuses on importing skilled labour and is compounded by full-time college students lacking specific, work-based skills (Clarke, 2006). Some 40% of trainees have been trained inadequately with only 34% completing apprenticeships and just 25% of companies offering apprenticeship training (ALI, 2005).

Recent research has shown that:

- significant numbers of young people cannot become qualified due to a lack of work placements caused by employer costs, labour only sub-contracting and outsourcing;
- the completion rate for apprenticeships is very low;
- there is a need to increase the amount of site-based training provision;
- there are insufficient graduates with the right mix of knowledge, skills and understanding;
- there is a lack of publicly funded specialist provision;
- the image of the industry is poor and unattractive.

(CITB-ConstructionSkills, 2005; Millar, 2005).

The construction industry has a goal of a 100% qualified workforce by 2010 (CITB-ConstructionSkills, 2007), but is severely affected by low levels of training and the fragmentation of its provision, with a decreasing numbers of trainees, a wide lack of qualifications and a youth intake characterised by low motivation and ability. Initial training is tied to National Vocational Qualifications which lack underpinning knowledge and on-site assessment of existing workers struggles with the practical difficulties of implementation on busy construction sites (Cockrill & Scott, 1997). A strategic and employer-led approach to the education and training of the construction workforce, with further education recruitment to reflect the requirements of the industry, is needed (CIOB, 2006).

The key issue with the provision of construction skills training can be summarised as not enough of the right training is being carried out to meet the current and future needs of the industry. New entrants struggle to put training into practice through a lack of placement opportunities and are learning from an often outdated curriculum that does not reflect industry practice. The focus of the fragmented and competitive industry is on securing and delivering work, not training, making it more common to import labour than to take on trainees. The industry is already struggling to take on new recruits and trainees without any form of local authority intervention requiring the provision of employment and training opportunities on-site.

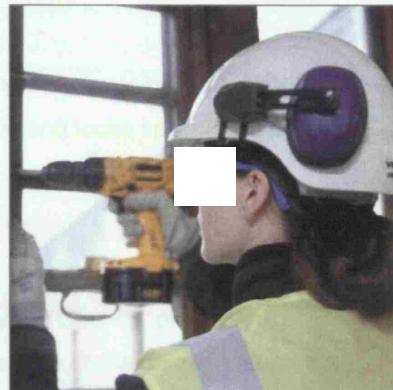
An industry lacking in diversity

The construction industry is essentially white male dominated, with limited representation of women and ethnic minorities (Boxes 1 and 2 overleaf). This lack of diversity has been well documented (LSC, 2004; Gale & Davidson, 2006; Craw et al, 2007) and it is widely accepted that the requirements for skilled workers significantly exceed available resources and that interventions need to be made to support access to construction employment and training for those from under-represented groups. These groups, primarily composed of women, ethnic minorities and disabled people, are primarily targeted through publicly-funded projects with diversity targets forming part of delivery. There are many (often competing and fragmented) such projects in London offering a range of training and support models that do not necessarily mirror industry demand (Appendix 2).

Box 1: The proportion of women in construction (England, 2004)

Female population	Economically active
51%	46%
Construction workforce	10%
Craft & Trade Occupations	Less than 1%
Construction Design & Management	12%
Construction all other occupations	31%
Sole Traders	2%

Source: http://www.citb.co.uk/pdf/supportingyou/diversity/diversity_statistics.pdf



Box 2: The proportion of non-white ethnic minorities in construction (England, 2004)

UK population	Economically active
8%	7%
Construction workforce	3%
Craft & Trade Occupations	3%
Construction Design & Management	4%
Construction all other occupations	4%
Sole Traders	3%

Source: http://www.citb.co.uk/pdf/supportingyou/diversity/diversity_statistics.pdf

Attempts to link unemployment with the construction sector can be seen to be capitalising on both the growth in construction activity and the need for interventions to decrease unemployment, based on the opportunities that appear to be available to link the needs of the industry (skills shortage and lack of diversity) with social exclusion and unemployment concerns from the perspective of local authorities.

What may not be fully recognised by the planning departments of local authorities which set S106 targets is that the gaps in the construction labour market are for skilled workers and it is only by training that local people can achieve long-term employability (Macfarlane, 2000b). The increase in on-site mechanisation and off-site pre-fabrication also means that the number of unskilled jobs on construction sites continues to decline (*ibid*). As construction work is now rarely unskilled and highly competitive it is difficult for longer-term unemployed adults without a background in the industry to make a successful transition to sustainable employment, especially when training programmes on offer are generally inadequate in terms of length and standards of training (McGregor et al, 1995). The use of S106s to stipulate requirements for employment and training initiatives on local developments may seem logical, but the reality of successful delivery for all stakeholders within a fragmented system is not as simple.

This chapter explores the use of S106s and the application of local employment and training clauses to construction projects. It briefly examines legal and funding delivery constraints and looks specifically at the use of S106s in London

The Section 106 Planning Agreement

Planning Agreements form part of planning permission, or formal approval by the Council, often with conditions, that allows a proposed development to proceed. The principal purpose of Planning Agreements is to ensure that developers meet the cost of remediating the adverse impacts of their developments (RICS, 1998; DCLG, 1997).

The planning process, in particular the negotiation between developers and local planning authorities of S106s, can offer more than control over land-use matters and can take into account a wide range of social, economic and environmental policy priorities, such as the promotion of local employment and training on construction sites. This is done through the implementation of S106s to require developers to contribute to the local community through cash or in-kind contributions, and/or to provide funds and opportunities for training and recruitment linked to the site (Macfarlane, 2000a).

The use of training and employment clauses is commonly seen as enhancing commercial development schemes, benefiting employers and local communities by providing local staff, offering training and skills to local residents and helping reduce social exclusion (ALG, 2004). However, there has been concern expressed by planning authorities and developers about the reality of operational delivery, such as a percentage of local people into jobs, due to constraints around lack of enforcement and minimal understanding of appropriate target levels to be set by the local authority (Craw et al, 2007; London Assembly, 2007). Furthermore, local authority use of S106s to require local employment and training has historically been low (LGA, 2004; Macfarlane, 2000a).

Research during the course of this report suggests that such S106 use is increasing: of the thirty-three London boroughs surveyed in June 2007 twenty-seven responded, with a total of nineteen replying that their borough uses some form of S106 clause to require the employment and training of local people during the construction process (Appendix 4).

Delivery constraints – legal and funding issues

The legal framework is set out in Section 106 of the Town and Country Planning Act 1990 (England and Wales) and Section 75 of the Town and Country Planning (Scotland) Act 1997. It would appear that the biggest single constraint on the spread of local labour in construction practices has been uncertainty about the legality of including such clauses in building contracts issued by public sector developers, with local labour schemes being subject to the 1999 Local Government Act, HM Treasury procurement policy guidelines, the Treaty of Rome and European Commission Directives (Macfarlane, 2000a; Macfarlane, 2000b; MacGregor, 1995). But whilst such schemes are perceived as difficult to implement because of possible conflict with the Government's procurement policy, or because of risk of challenge under European

Community rules and UK equal opportunities legislation, they can be included in S106s as long as no illegal or discriminatory action is required (Macfarlane & Cook, 2002). In fact, the National Procurement Strategy for Local Government states that "councils should... use procurement to help deliver corporate objectives including the economic, social and environmental objectives set out in the community plan" (ODPM, 2003), although current model planning obligations as found on the DCLG website do not include reference to S106 local employment and training clauses (see www.communities.gov.uk/index.asp?id=1500832).

The use of 'best endeavours' has more recently been identified as being "too weak" and therefore largely disregarded by contractors, with the possibility for setting definite targets for employment or training of diverse or local groups as open to legal contest, amounting to positive discrimination and therefore impossible to make legally binding (Craw et al, 2007). There needs to be employer demand and willingness to take on trainees and the S106 does not encourage this, placing no compulsion on firms to recruit, other than a statement of 'best endeavours' (Clarke, 2006). This is not helped by the fact that 96% of companies employ thirteen or fewer workers which impacts considerably on their abilities to comply with requirements for local training and employment (CITB, 2002).

It is also worth noting that, developer contributions aside, the funding of construction recruitment and training projects (often used to support S106 delivery) can be a major constraint. This can be due to an absence of financial support or a lack of financial security, or funding obligations that require achievement of programme goals that may not be of actual benefit to the intended construction employers (Craw et al, 2007). With reference to the main London funding bodies (LDA, LSC and ConstructionSkills), the various programmes and funding streams appear to be poorly coordinated at strategic and operational levels, with limited understanding of the industry, resulting in a lack of consistency, coordination and sustainability in the approach of public authorities to local labour requirements in individual boroughs (ibid). It can be generalised, therefore, that construction employers are working across London on a variety of developments, often under the requirement to respond to more than one S106 and seeing no standard approach to the arbitrary obligations placed on them that rarely mirror their recruitment needs.

The case has been made for a coordinated project across London's educational institutions to respond to employers needs, plus a linked chain of construction local labour initiatives in London to integrate local delivery and provide job brokerage and training services (LSC, 2004). All London boroughs have included the Mayor's London Plan in their development frameworks with the stated goals of "ensuring communities benefit from development" and that "local neighbourhood needs... should be used as a basis for negotiating local community benefit from development, including Section 106 agreements" (GLA, 2004). However, there appears to be a lack of clarity as to the best way to successfully implement S106 local employment and training clauses to achieve the maximum benefit for all concerned.

The use of S106 employment and training clauses in London

It would appear that there is no one standard S106 model for local employment and training clauses and that each London borough decides its own individual approach (Appendix 4). Many use clauses with fixed percentages of local employment and training required depending on the size of the development, others such as the London Borough of Southwark have developed initiatives, for example, the Building London Creating Futures programme (Appendix 8), or invested in borough-specific job brokerages and training projects with partners such as Jobcentre Plus (Box 3). The City of London is maybe the exception with its more holistic and voluntary Developers' Charter that focuses on a variety of boroughs and provides a dedicated Construction Initiatives Coordinator to support contractors to implement agreed training and community benefit clauses (Appendix 5).

Box 3: Recruitment/training resources promoted by local authorities

<i>London Borough</i>	<i>Recruitment/training resource</i>
Brent	Building One Stop Shop
Camden	Kings Cross Working
Enfield	Construction Web
Greenwich	Greenwich Local Labour & Business
Hackney	Onsite Hackney
Haringey	Construction Web
Hounslow	Heathrow Construction Training Centre
Islington	Construction Works
Newham	Workplace
Southwark	Building London Creating Futures
Tower Hamlets	Skillsmatch & Local Labour in Construction
Wandsworth	Power Station Job Shop

A typical model for linking local people to construction opportunities on developments commences with a S106 'best endeavours' or use of 'reasonable efforts' requirement to support local training and employment. An obligation to monitor vacancies and workers on site for the duration of the construction process is normally included and there are often specific requirements for a focus on disadvantaged groups and trainees in an attempt to increase diversity and combat social exclusion (see S106 examples in Appendix 3). The developer agrees the details of the employment and training clauses with the local authority and generally passes this requirement to the principal contractor for implementation. The contractor tends to be either a project management firm that then passes the requirement to sub-contractors in its supply chain (where the local employment message is easily diluted), or is a contractor and directly recruits labour itself and therefore has a stronger opportunity for ensuring that the requirements are met.

As a system the process should be straightforward, where it becomes particularly problematic is between the needs of the recruiting employer and the abilities on offer from the available local jobseekers (Figure 4, overleaf). The skills, qualifications and experience required by employers are found in existing workers, with the majority of those registered with a local employment/training resource being at trainee or new entrant level and requiring some intervention to support them to succeed in the workplace. This issue of supply and

demand is not helped by the barriers already in place: the pervasiveness of small and medium-sized businesses and their traditional recruitment practices, the fragmentation of the construction industry and its supply chain, the lack of emphasis on training and the competitive culture of businesses winning short-term contracts with the inherent job insecurity this entails (Craw et al, 2007).

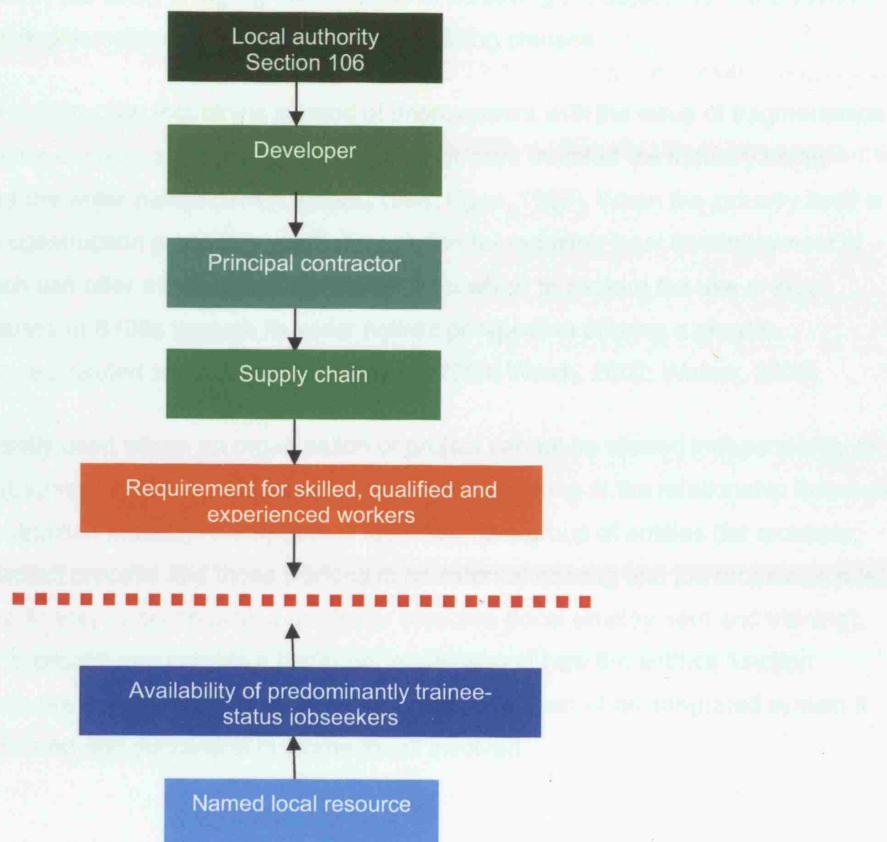


Figure 4: The S106 model - industry need versus local provision

Planning obligations have been identified as a key mechanism for achieving improvements in the quality and management of the urban environment (Urban Task Force, 1999) and there are current proposals to change the planning process (HM Treasury, 2005; Barker, 2006; DCLG, 2007) with use of S106s likely to alter. LDA draft development policy sets out the LDA's role in the planning process and broad objectives for employment and training initiatives, suggesting borough use of template clauses for S106s (*LDA Planning Obligations: Employment, Training and Support Opportunities and Initiatives*, draft, forthcoming). Recent research also recommends that London boroughs should have a standard approach to planning obligations and use standard S106s as a basis from which to commence negotiations (ALG, 2004). Various models for incorporating local employment and training requirements into S106s are in existence (Elevate, 2007; Macfarlane, 2000; NAPP, 2004) and there appears to be a move towards their greater use across London.

But do S106s act as a useful system for supporting local people to access construction jobs and training and does this system meet industry need? Do they work in a fragmented construction industry, with failing training provision and a lack of available skilled labour? In order to better understand the opportunities and constraints that S106s can offer construction projects it is useful to explore their application to the industry within a theoretical framework. Chapter Three does this in the context of a systems approach.

A systems approach is identified in this chapter and applied to S106s within the context of construction projects. A brief examination of open and closed and hard and soft systems is used to further understand the system of S106s. The role of the client is highlighted in terms of achieving the objectives of the system – in this case, the successful implementation of employment and training clauses.

There is recognition that the construction industry is in need of improvement with the issue of fragmentation highlighted as a major cause for concern and many of the issues that have troubled the industry being blamed on the inability to see the wider perspective (Latham, 1994; Egan, 1998). When the industry itself is highly fragmented using the construction process as part of a solution for reducing local unemployment is not easy. A systems approach can offer a theoretical framework from which to explore the use of local employment and training clauses in S106s through its wider holistic perspective offering a greater understanding of how groups are related and fit together (Harpum, 2004; Winch, 2002; Walker, 2002).

A systems approach is generally used where an organisation or project cannot be viewed independently of its environment or contexts (Lapatra, 1973), so it is a useful model when looking at the relationship between local authorities and the construction industry. If a system is identified as a group of entities (for example, those involved in the construction process and those working in an external training and job brokerage role) that are interrelated in a specific way to accomplish a particular objective (local employment and training), the framework of a systems approach can provide a better understanding of how the entities function together. If S106 requirements are linked to construction project delivery as part of an integrated system it would suggest a more coordinated and successful outcome for all involved.

The systems approach

The systems approach grew out of general systems theory which sought to understand the concept of 'wholeness'. Taking a systems approach leads to an understanding of how projects function in their environment (Harpum, 2004) as a set of inter-related components, acting together to achieve stated objectives, within a framework for understanding how task-led delivery in a specific environment should be optimally organised (Walker, 2002). It is an approach to a problem which takes a broad view, tries to take all aspects into account and concentrates on interactions between different parts of the problem (Checkland, 1990). Good practice from other sectors can be applied to the construction industry and used to:

- identify the various components of the whole system, typically the individual organisations and their functions, and then systematically assess the nature of these links and relationships;
- recognise the benefits that can be leveraged and also the specific risks which could arise.

(Department of Health, 2000).

Systems can be classified according to their level of complexity (Scott, 1992) and broken down according to hierarchies, or seen as loosely coupled due to their arrangements and interdependencies (Walker, 2002). Although there is much ambiguity about what a systems approach is (McGeorge & Palmer, 1997) it is recognised that it can be used to facilitate change from an individual starting point to an identified final

position (Morris, 2004), but remains difficult to achieve as it necessitates the ability 'to take a view of the whole while keeping the parts in focus' (Winch, 2002). By adopting a systems approach for the planning, implementation and delivery of S106s across the construction sector a greater understanding of how to meet the needs of individual stakeholders should be reached.

Open and closed systems

A closed system has impermeable boundaries to its environment and what happens outside the system does not affect it, as opposed to an open system where many influences can cross its boundaries with the opportunity for interaction (Morris, 2004). An open system, for example, the construction process, can be described as one that has import and export of material (von Bertalanffy quoted in Checkland, 1990) and is key to strong communication and control, adapting to events and occurrences outside the system.

Specifically in relation to the use of S106s, an open system could be the advertisement of job vacancies in local newspapers and through a local authority employment brokerage, whilst the use of one recruitment agency could represent aspects of a closed system.

The construction project as a system has its own sub-systems of work packages and exists within a supra-system of programmes and portfolios of work, therefore has its own place in organisational hierarchies and has its own relationship with external requirements (Walker, 2002). At the same time, sub-systems can be divided into subsubsystems, subsubsubsystems and so on (Kuenzlen, 1972), but although a system may be itself part of a larger system it cannot be broken down into *independent* subsystems as all parts must remain linked to the whole (Ackoff & Emery, 1972). For maximum S106 success the ideal would be that the system of local employment and training is an open sub-system of the wider open construction system, meaning that the two operate independently of each other and together as part of a wider whole. Figure 5 overleaf illustrates the current status of the two separate systems and shows the overlap where there is the potential for an integrated open system.

The number of actors in any one construction project means that many systems are at work at any one time. A fully-integrated S106 system that works in synchronicity with the entire construction process would be a flexible and open system and could thus offer a holistic framework to understanding embedded processes and context. One characteristic of this would be that it would spontaneously reorganise towards states of greater heterogeneity and complexity, achieving equilibrium and remaining constant as a whole with continuous throughput, despite a wide range of external changes (Emery & Trist, 1970). However, the relationship between activity on site and local authority requirements for employment and training of residents is best by barriers, not least a fragmented construction industry as previously illustrated, but also the very simple barrier between (new entrant/trainee) supply and (skilled labour) demand that a 'best endeavours' clause cannot easily overcome. This does not fully represent a closed system, but it can be argued that construction projects operate within their own open systems, as do local authorities, and that the challenge of linking the two together and creating one open system is not being met through the use of S106s. This is explored further in Chapter Five.

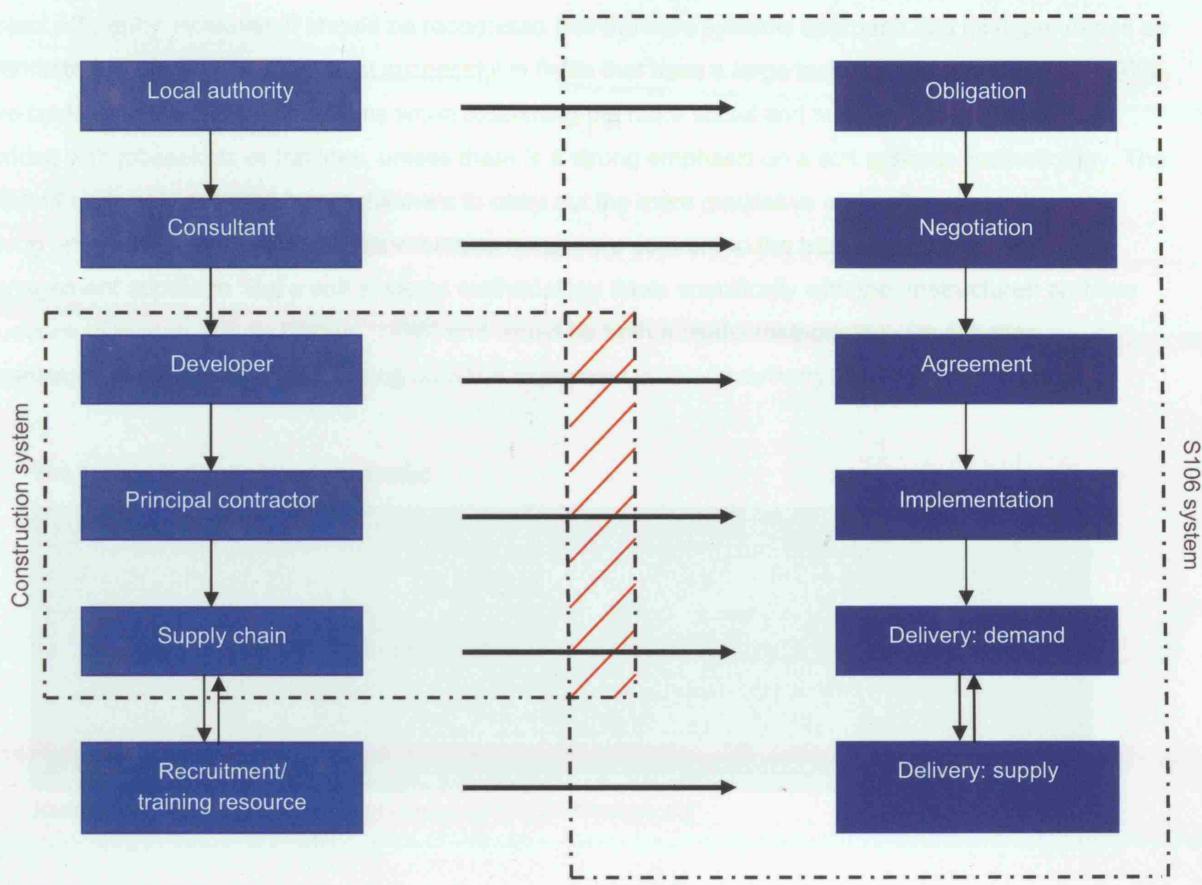


Figure 5: The S106 system and the system of the construction process

Hard and soft systems

A hard systems approach is quantitative, resulting in measurement and statistics to inform and guide the construction process, with the emphasis on construction project management seen to be synonymous with such an approach (Walker, 2002). The project efficiency factors of time, cost, safety and quality management have been identified with a hard systems approach (*ibid*) and described by construction employers as basic recruitment requirements. The employer's emphasis is less on which post code a prospective employee may have and more on the individual's ability not to compromise project efficiency and future work opportunities, whilst for trainee recruitment actual experience and qualifications are less important than social skills and work readiness (Wood, 2006; Newton et al, 2005; see Appendix 6). If a hard system is synonymous with project efficiency, a soft system is more concerned with local recruitment and diversity issues and the two systems can overlap, but tend to be at different ends of the scale.

'Managing people and the project's environment' summarises the soft side of a systems approach (Harpum, 2004), with a focus on people-oriented skills and managing human behaviour supporting a move from adversarial relationships to one of team building and negotiation (Egan, 1998). A combination of a hard and soft systems framework would encourage the development of joint approaches and a culture of cooperation that could serve to lessen the disparity between the aims of local authorities in seeing local

residents gain skills and employment and those of employers seeking workers to contribute to and boost project efficiency. However, it should be recognised that the hard systems approach and its dependence on quantitative methods has been most successful in fields that have a large technical content (Lapatra, 1973). This could cause some complications when examining the more social and human-oriented aspect of working with jobseekers or trainees, unless there is a strong emphasis on a soft systems methodology. The different skills sets required by practitioners to carry out the more qualitative and softer roles inherent in linking unemployed residents with opportunities on site are contrary to the traditional hard construction management approach. But a soft systems methodology deals specifically with the unstructured problem situations of human activity (Brown, 1996) and would be both a useful methodology for debating organisational change and for focusing on S106 implementation and delivery.

Box 4: Hard and soft systems illustrated

Soft systems	Hard systems
<ul style="list-style-type: none"> ▪ Related to human and organisational issues ▪ Subjective content ▪ Uses vague and imprecise information ▪ Expressed in natural language ▪ Have little measurable data ▪ Difficult to predict 	<ul style="list-style-type: none"> ▪ Related to physical and technical issues ▪ Objective content ▪ Uses deterministic and statistical information ▪ Expressed using traditional mathematics ▪ Have measurable data ▪ Reasonably predictable

Source: <http://www.safety-club.org.uk/resources/128/DBlockley.pdf>

The systems approach provides a framework for understanding and analysing organisations through their internal and external relationships (Walker, 2002). As all parts of the process are dependent upon the other both hard and soft approaches are needed to achieve success. The human element of local recruitment and training and the necessary interpersonal skills and management of human behaviour can be classed as belonging to a soft systems approach, with a mechanism to link these elements to the harder and more mechanistic system of construction project management being required. The S106 system appears to try to achieve this, but does not support the priorities of construction projects in terms of project efficiency.

It is the effective control of the resources available to the project manager – time, money, people, equipment – that decides project success (Morris, 2004). Any requirement, such as a perceived bureaucratic need for monitoring local labour and creating training and employment opportunities for unskilled workers, that would appear to impede this control and is not integrated into project delivery from the outset would be the cause of likely conflict.

A system's environment does consist of all the variables that can affect its state (Ackoff & Emery, 1972), but the environment afforded by the presence of a S106 has minimal impact on the construction project. A systems approach demonstrates how the parts of the process are dependent upon each other (Walker, 2002). When this is applied to the use of S106s by local authorities it is evident that, as the case studies in Chapter Five illustrate, there is no dependence from the construction project on the local labour afforded by the employment and training resource, but there is dependence from the resource on the construction employers to provide opportunities for local jobseekers. The construction process is not dependent on the successful realisation of the terms of the S106.

The role of the client

The core of effective and efficient project success needs to be the establishment of an organisational function concerned with the delivery of the system to the client (Winch, 2002). The greatest benefit of the application of a systems approach to construction project management is the structuring of organisations to meet the client's objective (Walker, 2002). Should the client's objective be an increased focus on local employment and training requirements there is the potential of greater cohesion and integration and the creation of the S106 requirement as a sub-system of the construction system (figure 6).

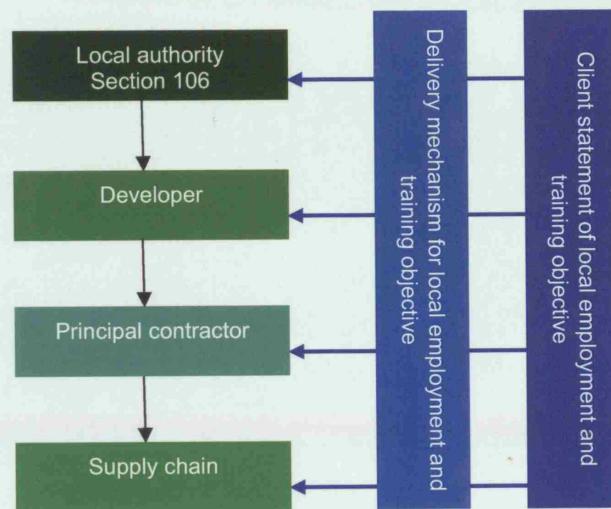


Figure 6: The S106 as a client objective with an integrated and industry-led delivery system

The client can play a critical role to make this change in system objective happen. The process of designing and constructing a project on behalf of a client can be analysed as an open adaptive system and this requires a high level of integrative activity which must be directed towards the achievement of the total systems objective, clearly stated as the client's objectives. Use of the systems approach clarifies how the process works and points the way to future improvements that can more effectively satisfy the requirements of the client (Walker, 2002). The local authority has a role to play here in its relationship with the developer as both play the role of client within the construction system. Clear objectives that can be integrated into the project plan from day one, to benefit all participants in the system, are needed in order to fully link the requirements of local residents, as expressed in the S106, with those of the construction industry. A client objective of local employment and training, that benefits the wider construction system, would support the development of an integrated system, although as Chapter Five illustrates, an active system needs to be in place to deliver this, so it is not simply reduced to words and 'best endeavours'.

The systems approach demonstrates that organisations will only survive if they adapt to their environment (Walker, 2002). The problem of how to make the links work effectively is essentially the problem of project management and it is therefore necessary to take as broad a perspective of the process as possible (Checkland, 1990). Client intervention would appear to be a strong requirement in creating a system that meets the needs of both local authorities and construction projects, and a mixture of a hard and soft systems approach is needed to understand and engage the requirements of all stakeholders.

This chapter explains the research aim and the methodology used. It examines the rationale behind the research and identifies the sample of participants, as well as describing the method of analysis.

The primary research aim was to look at current examples of the application of S106s to two construction projects and to find out whether practitioners charged with agreeing, implementing and delivering employment and training clauses felt that the system works, how common its use is in their experience, what benefits or problems they had encountered and what potential changes they would make to the system. The method used to identify stakeholder perceptions of the use of S106s consisted of a questionnaire and follow-up telephone interviews (Appendix 7).

The questions used were primarily open questions designed to understand each individual's perception of the use of S106s, against an example of a typical model in operation on both construction projects. The individuals contacted were chosen because of their high levels of involvement in the S106 process and each provided a viewpoint specific to one element of the S106 system. The stakeholders were from the local authorities, consultants, developers, principal contractors, the employment/training resource and Jobcentre Plus. The two projects, Central St Giles and Adelaide Wharf, are under construction (June 2007) and located in the London Boroughs of Camden and Hackney respectively. Both are subject to S106 employment and training clauses (Boxes 5 and 6 overleaf). Adelaide Wharf is nearing completion and Central St Giles is at demolition stage, so the interviewees had different perspectives from which to draw upon. The responses to the questions can be analysed to understand experiences and opinions of S106s and can be generalised across construction projects due to the standard S106 requirements (of local employment and training) and the standard construction process to which they must be applied.

Nine people were interviewed with prior sight of the questionnaire and their answers were noted down following verbal repetition of the questions. There was a 100% response rate. The data was summarised according to the questions asked, with a broad analysis applied as the majority of the respondents had experience of more than one S106 and provided general feedback that was not limited to one construction project. Strictly quantitative research was not possible given the lack of numerical focus and the need for opinions to be provided. Anonymity was guaranteed meaning that interviewees should have felt comfortable to respond openly and honestly.

Background research consisted of a very brief questionnaire sent to each London borough asking a named planning/regeneration officer whether the local authority uses S106 employment and training clauses. The response rate was twenty-seven replies out of thirty-three boroughs surveyed. The data has been compiled according to a simple 'yes'/'no' reply from the borough and other criteria such as the necessary size of the development, any financial contribution or reporting/monitoring contributions has not been included. The data provides an overall view of the application of S106s by local authorities to construction projects in London (Appendix 4).

Box 5: Central St Giles, London Borough of Camden

A new development of 375,000 square feet of office space, 56 apartments and 53 affordable homes, plus a selection of restaurant and retail units.

Stakeholders

Stanhope	Developer
Hunt Dobson Stringer	Regeneration consultants
Bovis Lend Lease	Principal contractor
London Borough of Camden	Planning authority
Kings Cross Working	Named resource for employment and training of local residents
Jobcentre Plus	Partner in Kings Cross Working

S106 requirement (summarised)

- reasonable endeavours to ensure that Kings Cross Working is notified of all vacancies;
- reasonable endeavours to ensure that no less than 15% of the work force is comprised of Camden residents;
- reasonable endeavours to provide training opportunities on site for Camden resident employees and specifically to... provide at least [5,200] weeks (or [100] ftes or 7.5%) of total jobs created on site) of employment for employed-status trainees recruited from Kings Cross Working, and to ensure that the balance of trainees is approximately 75% youth trainees under 25 years of age and 25% adult trainees.

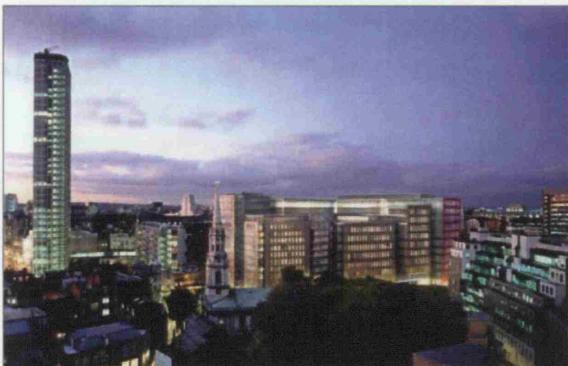


Image depicting the completed Central St Giles development
© Legal & General



Image depicting the completed Adelaide Wharf development
© First Base

Box 6: Adelaide Wharf, London Borough of Hackney

A six storey development providing 147 apartments built around a landscaped garden.

Stakeholders

First Base	Developer
Bovis Lend Lease	Principal contractor
London Borough of Hackney	Planning authority
Onsite Hackney	Named resource for employment and training of local residents, in partnership with Jobcentre Plus

S106 requirement (summarised)

- reasonable endeavours to ensure that Onsite Hackney is notified of all vacancies;
- reasonable endeavours to secure that 25% of the labour force is made up of Hackney residents;
- reasonable endeavours to have an active programme for recruiting and retaining apprentices and as a minimum to provide at least one apprentice place per £1 million of construction contract value;
- reasonable endeavours to provide two training opportunities on site for Hackney resident trainees.

Chapter 5 The System of Section 106 Planning Agreements: Case Studies and Successful Models

This chapter identifies two case studies that provide the opportunity to look at stakeholder perceptions of the system of S106s. The chapter summarises responses to interviews and offers a final observation of the experience of agreeing, implementing and delivering S106s on construction projects.

Responses to questionnaires

The premise of the questionnaire was that the current 'typical' system adopted by some London boroughs of using S106s to require the employment and training of local residents on construction sites could be summarised through a diagram (figure 7). Questions were asked to identify each individual's perception of the current system, its benefits and problems and suggested changes that could be made (Appendix 7).

The broad outcomes from the telephone interviews are captured below with the distinction made between comments from developers and consultants, the principal contractor, the local authority, Jobcentre Plus and the named employment/training resource. Responses to the questionnaires are collated by interview question.



Figure 7: The 'typical' S106 system

1. *In your experience, is the requirement as stipulated in S106 planning agreements to employ and train local people in London to be rare / standard practice / increasing in demand?*

The majority of respondents felt that the requirement to employ and train local people is at least standard practice and generally increasing in demand. The exception was Camden which has only started to introduce local labour clauses comparatively recently to cover major developments.

2. *What words would you use to describe this requirement?*

The requirement was variously described by the *developers and consultant* as politicians needing to demonstrate job creation for local people, but with no evidence that this is the most effective way of achieving the outcome. The theory might be good, but the implementation is onerous and how the S106 is implemented is key to its success. However, a framework alone will not achieve the requirements and the attitudes of those involved are more important than the legal wording.

The perspective from the *principal contractor* was that the S106 local employment and training requirement is onerous and becoming more so. Targets were seen to be high, especially when the principal contractor has no influence on agreeing targets and they are presented as part of the contract, becoming an addition that 'you just get on with'. The system encourages local recruitment, but lacks impetus through the use of 'reasonable endeavours'.

From the *employment/training* resource and Jobcentre Plus angle the S106 was felt to be a very useful bargaining tool to engage with contractors, providing a starting point for discussions and acting as useful leverage. But it was also recognised that whilst there may be good intentions, the system is not sufficiently robust. It is supposed to be a logical system, but it needs to be more concrete and local authorities should have more confidence in making demands of developers as implementation is difficult to achieve.

The *local authorities* stated a need to work with developers to maximise the benefits from the clause and to not just be a monitoring agent as the system was felt to have the opportunity to be an excellent vehicle for local employment and training. It was felt that 'best endeavours' is not easy to monitor and enforce and a dedicated team within the local authority would be needed to do so.

3. *Broadly speaking, do you think that this system as identified (in figure 7) works?*

From the perspective of the *developers and consultant*, it was felt that the 'typical' system (figure 7) did not function well, as geographic demands by boroughs do not correlate with construction industry requirements and the system does not work in terms of meeting local employment needs. 'Best endeavours' does not mean that it is necessarily driven through with enthusiasm and commitment which is needed to push the agreement through the supply chain. However, it was questioned if there could be another system that provides the commitment, certainty and leverage as needed by the local authority, and the flexibility needed by the contractor, as is currently contained within S106s.

The *principal contractor* felt that the system is moving in the right direction, but it is certainly not fully achieving. It is a journey that needs to be taken together, but it is not clear how success is measured. 'How do we know if it is working? What checks will be carried out by the local authority or proof asked for?' There is not a sense that proof is needed for outcomes, but this is not clear.

There was some division amongst the *employment/training resources and Jobcentre Plus* with one interviewee feeling that the system is how it should be (although qualifying this statement by pointing out the respondent's relative newness to the role), with the other respondents being clear that as a system the S106 does not work. It was felt that 'best endeavours' is too weak, relying heavily on contractor goodwill and not enforceable by the local authority. The system falls down between the developer and the supply chain as requirements can be written into tender specifications, but it remains only an expectation.

The perspective from one *local authority* was that the system does not work. It has been developed by planners, not by practitioners, and has a very rigid approach that does not take into consideration the local skills base and general lack of availability of skilled and experienced local workers. The other local authority is still setting the framework, therefore has no examples to draw upon and felt it was too soon to comment, but did feel that local labour clauses are easier to implement on larger schemes where there is a willing contractor and harder on smaller schemes where it is difficult to identify the contractors.

4. *What are the benefits or problems associated with this system?*

A benefit identified by the *developers and consultant* was that the S106 focuses minds and encourages working together, but it is a blunt instrument. It neither addresses a long-term goal nor offers an immediate answer to project-specific employment needs, with the issue being more about control and creating theoretical, rather than actual, benefits. One major question was around the availability of sufficiently skilled local workers, as well as there being enough jobs on site, especially using modern methods of construction, to generate the required levels of accessible employment. It was felt that there are many specialised trades and sometimes a lack of recognition amongst local authorities of the levels of skills needed to fill the vacancies. Targets set are arbitrary. No-one really knows how much can be realistically achieved and chasing targets does not necessarily achieve success.

More time and money is spent on reviewing S106 compliance than on actual project delivery and a joined-up pan-London delivery mechanism with one point of contact is needed. However, it was also recognised that a holistic approach would be problematic due to the monitoring of individual councils against targets and that this would not support a pan-London approach. The setting of targets was problematic in that local authorities want measurable and rigid targets that are not necessarily based on any experience of what is achievable. There is limited knowledge of what is possible and can be achieved and the setting of these targets can undermine the whole process.

From the perspective of the *principal contractor* it was felt that it can be rewarding to know that something is being done to support the local community and benefit the industry, but it does not necessarily add value to the job or provide benefit at site level as the long-term effects are not seen. The priority of the site has to remain achieving project success in terms of time, cost, quality and safety.

There was concern from the *employment/training resources and Jobcentre Plus* that the S106 is signed by the developer, but there is limited power then available to ensure compliance. The importance of developing relationships and being involved from the outset was emphasised and it was felt to be useful for the employment/training organisation to be involved in the S106 negotiation stages. For example, a listed building requires different skills sets to those held by local trainees, so the opportunity to change S106 stipulations was felt to be important. One benefit was felt to be that the S106 provides scope for a willing contractor to demonstrate commitment to the local community, but of fundamental importance is that the contractor is not a charity, but a business with different priorities. Again, concern was raised that the principal contractor passes the obligation on, but how is it policed and enforced, especially when those involved know that they are not going to get penalised? If it worked the benefits would be good, but the reality is that the employment/training resource is not gaining from the S106. An occasional job vacancy is received, but few training opportunities and there is not enough of an emphasis on trainee requirements.

5. *What changes, if any, would you make to this system?*

Changes to the system by the *developers and consultant* were proposed to include pooled funds as being likely to produce a better outcome with a need to explore how to work with local contractors to encourage them, not the project, to recruit locally and to maintain a consistency of contracts for long-term work. It was felt that something needs to be done on a holistic, not a site-specific basis. The boundaries set by local authorities that are primarily interested in the system benefiting their residents did not recognise that the

London labour market extends way beyond London. Local authorities can be proprietary in insisting that their training or recruitment project is used when there can be better options. There is a need to look beyond the local authority's favoured provider and consider involving the private sector which could potentially do a better job.

The *principal contractor* felt that it would be useful to see local employment and training clauses being included in contracts for trade contractors so that they are more aware of requirements, but to also provide the solution for them to meet these needs. It is no good passing the requirement on, a means of making it work for all parties must be integrated. It would be useful for the local authorities to work together to provide a dedicated person to manage this across projects in central London and for it to be understood that the system will not work for everyone, so there should be a focus on specific trades rather than on all contractors. Boroughs need to understand how contracting works as it is not the principal contractor that can offer the opportunities needed, but the supply chain, and this does not appear to be recognised.

The *employment/training resource and Jobcentre Plus* proposed that contractors should send details of where workers are recruited from, if this is not through the named recruitment centre, so that the local authority can identify where the recruitment is taking place and the employment resource can better tailor its services to meet their needs. Again, it was noted that the system cannot be forced and ideally a contractor should participate because the logic of the system is understood to be beneficial, not because it is an imposed obligation. Also, it was suggested that the developer/principal contractor brings together the employment/training resource with the supply chain for a physical meeting, rather than simply writing requirements into a document. The system needs to be simplified with a stronger emphasis placed on participation by contractors and the supply chain from the outset, but knowing what the answer is to making the system work is very difficult.

The *local authority* perspective was that the local socio-economic context must be taken into account, for example, in Hackney work experience is of a higher priority than employment. The S106 should be developed within a local context and not be a standard clause across every borough. It needs to be flexible to ensure this local context is taken into account. It was considered important to link each development with other developments in the borough, within this local context, and to link the S106 to local suppliers and training establishments, so that it complements other S106s and does not operate in isolation. There should not be a standard format applied to all developments and the S106 should take into account the developer's strength and way of working. One issue is that the government intends to make major changes to the planning system and the local authorities are awaiting the impact of the Planning Gain Supplement which will come into force from 2009 onwards. This will replace the current system of Section 106 obligations and the proposed role of local employment and training clauses is not yet clear.

Case studies: summary observations

A clear observation can be made – that the application of employment and training clauses in S106s to the construction projects above does not work. It does not provide a helpful means for local people to access sustainable construction jobs and training, but asks for 'best endeavours' and does not understand the needs of the construction industry within a local context, nor does it offer a truly realistic or enforceable means by which arbitrary targets can be achieved. There is recognition from all parties that the S106 system is not integrated with the construction system, nor does it form part of a wider system across London boroughs with the two (construction project and S106) systems operating at very different levels.

The statement of intent that comes from the local authority and is agreed by the developer can be just words on paper, supported by more words on paper within tender documents to the supply chain. It is not enforceable and all stakeholders know this, nor does it recognise the local context from which the requirement emanates, or the construction project recruitment needs for workers that are not seen to compromise project efficiency. Applying a systems approach lies in the basic premise that a system is an organised or complex whole, greater than the simple sum of the parts (Checkland, 1990). The S106 system does not link to the construction process, so although a systems approach is a useful tool by which to understand the relationship between local authorities and the construction project, it also demonstrates the shortcomings and actual lack of a whole and integrated system.

The soft systems methodology of the local employment and training resource has not permeated into the hard systems approach of construction project management. Whilst the client (developer) may agree S106 targets with the local authority there is no working system in place to then offer a service to the supply chain that meets its needs and does not detract from performance and attainment of project efficiency. The local authority as a client limits the S106 system by the use of 'best endeavours' which typifies a soft systems approach through the use of such vague and imprecise information expressed in non-quantified language. The construction process may be an open system responding to its external environment, but the S106 system offers no concrete benefit to the construction project. The S106 requirements may permeate the boundaries of the construction project, but not to the extent that they are integrated and become part of a larger and holistic system.

Successful models linking local jobseekers to on-site employment and training opportunities

In order to provide a wider perspective of local employment and training systems, it is worth briefly highlighting four projects identified as 'good practice' in their delivery of construction job brokerage and training opportunities that have become sub-systems of construction projects. Individually these projects do not offer a solution to the application of S106s to construction projects, but there are elements of each that could be used to create a robust system meeting the needs of local authorities and construction projects.

Appendix 8 contains a brief summary of these models. The models relate to the case studies above in that they stem from S106 requirements or offer a solution to local employment and training needs, yet demonstrate individual systems that function as sub-systems to construction projects. The models illustrate how individual interventions could come together to form one whole system with each offering a part-solution to the problems evidenced by the case studies. The models explored are Paddington Basin, Building London Creating Futures, Be Onsite and Greenwich Local Labour and Business.

Paddington Basin

The Paddington Basin development offered a mix of on-site training, job brokerage and coordination between construction employers. The model of inter-site cooperation that encouraged joint working between contractors and their supply chains was one of the real strengths of the construction activity, achieved through the establishment of the Paddington Principal Contractors Group and the Paddington Sub-Contractors' Forum. This system provided a link between local provision and on-site employers through identifying industry need. This meant that the requirements of the industry were fed directly to service providers, resulting in an open system that linked hard project management needs with the soft systems of local providers and an integrated sub-system to the construction process was created.

Building London Creating Futures (BLCF)

BLCF has developed the model of Workplace Coordinators (WPCs) predominantly based with major contractors to proactively work with their supply chain and specifically target and support local people with barriers to employment. WPCs are able to engage in the demand side of the industry with funding for training that can be used to meet employer needs and a remit to provide intensive support to new entrants. The BLCF system can operate as a sub-system of the construction system through the employment of WPCs by principal contractors. The system is able to remain open and flexible as it offers some integration with the construction project, not meeting recruitment needs but offering a mechanism to recruit locally and boost diversity levels amongst the workforce. The primary action of the WPC is to create job vacancies for those with barriers to employment, rather than filling existing employment opportunities (Aurora Ltd, 2004; Applejuice Consultants, 2006).

Be Onsite

Be Onsite is an example of a private sector-led (Bovis Lend Lease) partnership linking local jobseekers to industry-specific training and employment through the establishment of a not-for-profit company. The project aims to only offer training according to employer need where there is a job available at the end of the training and to respond to industry need in a more flexible manner than that of existing training providers. Be Onsite is able to employ individuals to support them in the transition from worklessness to sustainable employment and intends to use this mechanism to become a sustainable organisation that is not dependent on public funding. The Be Onsite system is an open sub-system of construction projects in that no training is carried out unless there is full commitment and participation from the employer, therefore boundaries are permeable and flexible. It combines both hard and soft systems through its hard system engagement with physical and technical issues and its objective content, plus its focus on the human and organisational issues that reflect soft systems methodology.

Greenwich Local Labour and Business (GLLaB)

GLLaB illustrates how a planning authority can use its S106 powers to create new jobs and skills opportunities. It is a local labour initiative highlighted in Greenwich's standard S106 documentation as a requirement for contractors in terms of advertising vacancies and offering access to on-site jobs and training. The system of GLLaB may not operate as a sub-system of construction projects as it is supply-rather than demand-led, and therefore not integral to the needs of employers as illustrated in the earlier case studies, but it is an example of an open system within the local authority with the ability to reach into

the Greenwich community and provide a service to jobseekers. As with BLCF, involvement from developers, contractors and the supply chain is primarily through the use of the S106, so it is difficult to quantify levels of commitment and engagement.

Successful models: summary observations

The four models above each offer a service to jobseekers and to the construction industry: Paddington Basin through a linked and coordinated group of contractors and their supply chains that could articulate training and employment needs; BLCF as a strong support model focusing on disadvantaged groups that sits within the contractor team; Be Onsite through its focus on employer training and recruitment needs and its ability to employ new entrants, and GLLaB through its reach into the community and local authority commitment promoting its role to construction projects. Individually, the models form systems that can operate as sub-systems to construction projects and this would suggest a more successful integration of S106 requirements. Together, they could form the start of a wider system offering a coherent means of linking jobseekers to construction employment and training opportunities through their shared system objective that incorporates contractor communication (Paddington Basin), integrated jobseeker support (BLCF), employer-led training and sustainable employment (Be Onsite), with local authority commitment (GLLaB).

There is limited scope for one local employment and training project to become a full, open and flexible system in its own right, mixing soft and hard system approaches and integrating into the construction system, due to the complexity of the construction process and the sheer numbers of developments across all London boroughs. However, by working together, learning from the case studies and 'good practice' systems above, with the objective of meeting the recruitment and training needs of the construction industry, an opportunity for the development of a S106 system can be created that could answer many of the concerns and issues that the case studies highlight.

In December 2005 there were 4,190 people registered as unemployed and seeking construction work in Greater London (DTI, 2006). There was also an identified shortage of skilled workers and high levels of employment opportunities in the London construction industry. The assumption can be made that the individuals looking for employment were therefore in need of some intervention to support access to jobs. Enough job brokerages exist across London to link in with employers, but construction employers do not recruit through such mechanisms when looking for labour (Craw et al, 2007). S106s may exist to require the training and employment of local residents, but the system that links each member of the chain together is not integrated and lacks cohesion and understanding.

The aim of this report was to provide an understanding of the application of S106s to the construction sector by local authorities and to illustrate, through the use of case studies and a theoretical systems framework, that this application is flawed. It put forward the hypothesis that local authority use of S106s does not provide a coherent and comprehensive means for local people to access construction jobs and training, but acts as a request/statement of intent for 'best endeavours' that contains no real understanding of the needs of the construction industry, nor the local context, nor offers a realistic means by which the targets can be achieved. The research has supported this hypothesis.

The research has not been quantitative with use of statistics to demonstrate numbers of individuals into jobs and training against S106 targets. The outcomes have been qualitative, based on the experience and opinions of practitioners, but they have demonstrated a perception about the use of S106s that can be generalised across construction projects where the requirement exists. Research was limited through the lack of availability of sub-contractors in the supply chain who had participated in local employment and training initiatives on the two case study construction projects, so their perspective could not be captured, but this does demonstrate a lack of engagement in the S106 system; plus not all London boroughs responded to requests for information about their use of S106s, so a full picture could not be provided.

This report has provided a contextual background to the construction industry, the skills shortage and related diversity issues in Chapter One and explored the 'typical' use of employment and training clauses in S106s, along with legal and funding delivery constraints in Chapter Two. A theoretical framework of a systems approach and its application to S106s was examined in Chapter Three, looking at both hard and soft, and open and closed systems and the role of the client in achieving system objectives. Chapter Four explained the methodology used to identify stakeholder perceptions of the S106 system. Detailed responses to questionnaires were provided in Chapter Five, together with brief mention of four 'good practice' sub-systems that link local residents to employment and training opportunities on construction projects.

The report has drawn the following conclusions:

- the construction industry in London is booming and there is not sufficient local skilled labour to carry out the work;
- there is a recognised lack of training which, coupled with a non-diverse workforce, is exacerbating the skills shortage.
- the system linking the requirements of local authorities with individual construction projects, as manifested in S106 employment and training clauses, is flawed and does not function well.

Recommendations

The case has been made for forward planning around projected levels of training, skills and employment demands of the construction industry within the context of a wide, pan-London perspective with increased communication and coordination (Craw et al, 2007; LSC, 2004), as well as the need for governmental guidance regarding the use of S106s to support the learning curve of local authorities and to build confidence (Macfarlane, 2000a; House of Commons Education and Employment Committee, 2000).

However, whilst there may be planning rationales for using S106s to target the employment impacts of new developments, outputs will be hugely dependent on having a good labour supply and an employer-led training infrastructure in place (Macfarlane, 2000a). There is a need to have a simplified demand-led system, employer engagement with skills, integration of employment and skills and an integrated employment and skills service (Leitch, 2006; CSN, 2006; Meadows, 2006).

This report recommends a focus on training opportunities and work placements, rather than on a percentage of local residents into work. The training opportunities need to be employer-led, meeting the needs of both the construction project and the employer, in order for the training to translate into sustainable careers. Engagement with the private sector and more flexible funding routes should be explored and the focus should be on provision that responds to a demand-led need (from the industry), rather than being supply-led (in terms of local availability of jobseekers).

There is the opportunity for further research to quantify numbers of people into employment and training against S106 targets to prove or disprove the hypothesis of this report. Also, for a more detailed case study of the identified 'good practice' models to examine their potential to become full and integrated sub-systems of the construction system.

Appendix One

Table 1: Greater London forecasted skills needs broken down by construction trade

Total Employment by Occupation - Greater London	Actual 2005	Forecast	
		2007	2011
Senior & Executive Managers	1,320	1,380	1,590
Business Process Managers	10,450	10,580	11,800
Construction Managers	23,520	23,700	26,680
Office-based Staff (excl. Managers)	20,550	20,770	22,950
Other Professionals/Technical Staff & IT	5,500	4,640	5,200
Wood Trades & Interior Fit-out	35,460	35,790	40,520
Bricklayers	10,030	10,590	12,940
Building Envelope Specialists	10,870	11,470	14,010
Painters & Decorators	17,760	18,450	21,330
Plasterers & Dry Liners	4,150	4,230	4,680
Roofers	4,300	4,550	5,060
Floorers	4,950	5,020	5,690
Glaziers	2,780	2,790	3,120
Specialist Building Operatives	4,760	4,880	5,530
Scaffolders	1,740	1,800	2,130
Plant Operatives	2,850	3,130	3,510
Plant Mechanics/Fitters	500	570	610
Steel Erectors/Structural	3,200	3,290	3,600
Labourers	12,620	13,400	14,110
Electrical Trades & Installation	23,180	23,910	26,630
Plumbing & HVAC Trades	19,090	20,220	22,850
Logistics	2,990	3,210	3,640
Civil Engineering Operatives	3,420	3,640	4,170
Non-construction Operatives	27,020	27,220	32,350
Construction Professionals & Technical Staff	51,320	54,980	61,860
Total	304,330	314,210	356,560

Source: <http://www.constructionskills.net/downloads/xls/membersarea/datastore/lmispreadsheets/gl.xls>

Appendix Two

Table 2: LDA-funded construction skills and employment projects (November 2006)

Project name	Lead organisation	Brief description of project
Arsenal Regeneration*	London Borough Of Islington	Provides construction training and employment support.
Building London Creating Futures	London Borough of Southwark	Aims to meet the needs of major construction developers and jobseekers experiencing social exclusion. Delivered through Workplace Co-ordinators providing bespoke support, training, job brokering and creation and equipment purchase tailored to the specific needs of beneficiaries.
Building One-Stop London East	Carpenters Craft Company Ltd/Building Crafts College	Provides specialist, construction-specific, centralised information signposting service on construction activities such as training, employment and business advice in the non-Olympic Boroughs of East London to address problems in recruiting and training staff and assist construction businesses, particularly small to medium-sized enterprises to obtain business opportunities and support.
Building One-Stop Shop London West	London Borough of Brent	Partnership providing construction job brokerage and customised training to enable unemployed residents to access vacancies on site.
Construction Web	Urban Futures	Delivers employment, training, workforce development and business opportunities in the construction industry in North London.
Kings Cross Working	London Borough of Camden	Provides training and employment support to local residents to enable them to participate in construction work opportunities relating to development of Kings Cross area.
Building Futures	Graduate Forum/Careers London	Provides a construction-focused graduate apprenticeship programme for graduates from priority beneficiary groups.
CLASS Project	Lambeth College	Offers English as a Second Language (ESOL) training to and CSCS support to employees working within small to medium sized construction firms.
Construction Works	London Borough of Islington	Provides support and training for unemployed people to obtain employment in construction.
Forging The Future	O-Regen	Offers training and support to women to enable them to enter jobs in the construction industry.
Lift Up*	London Probation Services	Provides vocational training to ex-offenders and intensive support to obtain sustainable employment.
Training Trainers In Construction	Ealing, Hammersmith & West London College	Trains construction professionals to become NVQ trainers/ assessors who subsequently train their colleagues to NVQ Level 2.
Crafting Skills	Building Crafts College	Partnership to increase the number of people with craft skills.
Gateway To Construction	Mace	Provides construction employees with tailored training in basic skills, ESOL, health & safety and UK employment practices.
Maintain Skills	Newham College of Further Education	Partnership to provide training and assessment for building maintenance workers to gain accreditation for existing and new skills.
Training The Trainers	Ealing, Hammersmith and West London College	Delivers a training the trainers programme to staff of SMEs in the construction and building services engineering industries.
Addressing Gender Imbalances for Women	Red Kite Learning	Supports women into training and employment.
Entry Level Training*	LifeLine Community Projects	Focuses on beneficiaries from BAME groups in training to result in entry level 3 basic skills qualification.
First Steps To Construction	John Laing Training	Delivers entry-level qualifications in construction and basic skills, mainly to women, but also to beneficiaries from BAME groups.

Project name	Lead organisation	Brief description of project
Get On At Work*	Lewisham College	Supports the continued and improved employability of SME employees at risk of underemployment/redundancy due to low levels of Basic Skills or structural changes.
Opening Doors*	London Borough of Lewisham	Targets unemployed to provide accredited basic vocational training and support.
The PEEP project*	City Gateway	Provides a programme of skills-training and placement preparation to engage with BAME NEET young people within inner-city London.
Ready to Train*	Lewisham College	Delivers vocational training qualifications and support, primarily to BAME beneficiaries, over a two year period.
Routes to Employment*	Faith In London Ltd	Aims to involve in the labour market refugee, BAME beneficiaries by providing entry level training programmes and support.
Waste & Recycling - Giving Businesses the Skills to make a difference*	Centre for Environment and Safety Management for Business, Middlesex University	Multi level training to increase the knowledge and skills of managers and staff in order that SMEs benefit from reducing material and energy waste, increase recycling activity and reduce consumption.
Women into construction	Instant Muscle	Provides women with the skills and confidence needed to enter the construction sector, including work experience, accredited qualification and signposting into further training or learning.
Be Onsite	Bovis Lend Lease	A skills training and job brokerage project improving access to sustainable skills and employment within the construction industry.
Building Work For Women	Women And Manual Trades	Assists unemployed women into work in the construction industry, providing advice and guidance; assessment; employability preparation; work placements and an individualised plan of action.
BuildON	IEA (Legal Name: Islington Enterprise Agency Ltd)	Adds value to the relationships developed with SMEs served under BuildUP by providing them with advice and support to engage in collaborations with UCL's Bartlett Faculty of the Built Environment).
Construction And Rail Engineering	Newham College of Further Education	Enables beneficiaries to gain skills for skilled and technician jobs, offering a pre-employment programme and training and placing beneficiaries with employers whilst supporting further learning in work.
Dismantling Barriers – Building Opportunities	Pertemps Mouzer	Delivers a comprehensive return to work and support programme to Incapacity Benefit claimants in London.
WINTO: Women Into Non-Traditional Occupations	Keep It Simple Training Ltd	Aims to assist women, female owned SMEs & larger employers to provide qualifications and improve levels of basic skills and ESOL attainment amongst individual women who are interested in entering occupations that are non-traditional for their gender.
Construction Industry Skills And Training – Staff Gaps	Ealing, Hammersmith and West London College	Training for construction employees working for construction firms in Thames Gateway for NVQ trainers and assessors to A1 Assessor Award Level.
Gateway Growth	Building Crafts College	Partnership to increase the number of people with craft skills to meet the challenges of Thames Gateway and Olympic developments.
Head Start	Graduate Careers Forum London	Offers support to BAME undergraduates to access high quality work experience opportunities with employers in London.
Pan-London Tutors In Construction	Professor Laurence Wood (consultant)	Aims to build upon the success of the Learning & Skills Council London South-funded Tutors For Construction Trades Project.
Thames Gateway – Diversifying The Workforce	CRS Lewisham	Provides unemployed people in Lewisham and neighbouring boroughs, with a focus on women and people from black/ minority ethnic communities, with support to enter the construction industry by provision of a construction training programme.

* indicates that projects deal with other sectors in addition to construction. Source: LDA (upon request), 2007b

Appendix Three

Example summarised clauses of local employment and training requirements as specified in local authority Planning Agreements

Details of financial contributions or other local procurement initiatives have not been included in the summaries below.

London Borough of Camden, 2006

Local Employment

In carrying out the works comprised in the Construction Phase of the Development [and its subsequent operation] the Owner shall use its reasonable endeavours to ensure that no less than 15% of the work force is comprised of residents of the London Borough of Camden.

In order to facilitate compliance with the requirements of clause [] above the Owner shall use all reasonable endeavours to work in partnership with (i) Kings Cross Working and (ii) take the following specific measures:-

- (a) that all reasonable endeavours are used to ensure that all contractors and sub-contractors ensure that information about all vacancies arising as a result of the construction of the development are notified to Kings Cross Working
- (b) that Kings Cross Working is notified of all vacancies, arising from the building contract for the Development for employees, self-employees, contractors and sub-contractors
- (c) that Kings Cross Working is supplied with a full labour programme for the lifetime of the Development (with six-monthly updates) demonstrating (i) what skills and employment are needed through the life of the programme, and (ii) measures to ensure that these needs are met as far as possible through the provision of local labour from residents of the London Borough of Camden
- (d) the Council is provided with a detailed 6-monthly labour return for monitoring the employment and self employment profile of all workers employed during the Construction Phase;
- (e) that the Owner ensures that all end-use tenants are notified of and encouraged to use the services of the local recruitment agency, Camden Working.

Training Opportunities

During the period of the Construction Phase the Owner shall use all reasonable endeavours to provide training opportunities on site for employees resident within the London Borough of Camden and specifically to use all reasonable endeavours to fulfil the following aspirations prior to the posts being filled:

- (a) to provide at least [[5,200] weeks (or [100] ftes or 7.5%) of total jobs created on site) of employment for employed-status trainees recruited from Kings Cross Working (and/or other agency agreed by the Council) over the duration of the development. Employed status training shall include recognised construction courses endorsed by CITB (or equivalent body), and/or Modern Apprenticeships or other training or support that leads to accredited qualifications (for example NVQs).
- (b) to ensure that the balance of trainees is approximately 75% youth trainees under 25 years of age and 25% adult trainees.
- (c) to provide 6-monthly statement setting out the details of training and candidates to Kings Cross Working;
- (d) to work in partnership with Kings Cross Working to promote and advertise the training places to potential candidates;
- (e) to notify the posts to the Council's Assistant Director of Planning or its nominee.

Example summarised clauses of local employment and training requirements as specified in local authority Planning Agreements (cont):

London Borough of Hackney, 2006

Local Employment

In carrying out the works comprised in the Development and its subsequent operation the Owner shall use its reasonable endeavors to secure that 25% of the labour force is made up of residents of the London Borough of Hackney and the Owner shall or shall procure that its contractor for the Development:

- (a) notifies the Hackney Construction Recruitment Centre of all vacancies, arising from the building contract for the Development for employees, self-employees, contractors and sub-contractors;
- (b) shall have an active programme for recruiting and retaining apprentices in various trades throughout the duration of works forming part of the Development and as a minimum to provide at least one apprentice place per £1 million of construction contract value;

Training Opportunities

During the period of the main construction works comprised in the Development the Owner shall use all reasonable endeavours to provide two training opportunities on site for trainees resident within the London Borough of Hackney and specifically to carry out the following measures prior to the posts being filled:

- (a) to work in partnership with the Council's Construction Employment Team and the Council's Education Service (the Learning Trust) to promote and advertise the training places to potential candidates;
- (b) to advertise the positions in Hackney Gazette and Hackney Today Newspapers; and
- (c) to notify the posts to the Council's Assistant Director of Planning or its nominee.

London Borough of Newham, 2006

Local labour

For developments of 50 or more homes or 5,000 sq.m. or more of commercial floor space:

- a) The Developer shall use all reasonable endeavours to ensure that at least 25% of construction staff are Newham residents. Of this, 10% should be apprentices and 15% improvers or qualified local residents. In order to facilitate this, the Developer should provide Workplace with a schedule of skills profiles and construction jobs required to complete the development. The Developer must advise all contractors and sub-contractors of this requirement.
- b) The Developer will require all contractors, sub-contractors and employers to complete site monitoring forms on their workforce, which is compliant with data protection legislation. This information will be supplied to Workplace. Monitoring data must include postcodes including the last three digits, ethnicity (census classifications), gender, apprenticeship status and length of residency if a Newham resident.
- d) The Council, through Workplace, will ensure that local residents are made aware of the jobs and apprenticeships available.

For developments of 500 or more homes or 50,000 sq.m. or more commercial floor space:

- a) The Developer will ensure that space is made available at the construction site gate for either a visiting mobile job-brokerage or provide office space (one desk and two chairs) within site offices to provide an on-site job brokerage to meet the recruitment needs of contractors.

Appendix Four

Table 3: London planning authority responses to Section 106 queries

Of the 33 London planning authorities contacted in June 2007 during the course of this research with the request that the following question was answered, 27 responded and provided the following information:

Does the borough in which you work use local employment and training clauses in Section 106 Planning Agreements? By this reference is meant to a clause(s) where there is a requirement to provide access to jobs and/or training on site for local residents, or similar, during the construction phase.

London Borough	Use of employment/training clauses?	Brief summary of clause (excluding necessary size or nature of development, monitoring/notification requirements and financial contributions, etc)
Barking & Dagenham	Yes	Reasonable endeavours: ensure that 25% of the Construction Weeks are accessible to local residents (offering employment); provide adequate opportunities for work experience placements and work placements, and permit reasonable access to mentors for assessment purposes; establish an apprentice scheme.
Barnet	-	
Bexley	Yes	
Brent	Yes, larger schemes only – not standard	
Bromley	No	Previous use of "best endeavours to provide training and employment opportunities for local people during construction of the development".
Camden	Yes, larger schemes only – not standard	Reasonable endeavours: no less than 15% of the workforce is comprised Camden residents. To provide 7.5% of total jobs created on site of employment for employed-status trainees recruited from Kings Cross Working and to ensure that the balance of trainees is approximately 75% youth trainees under 25 years of age and 25% adult trainees.
City of London	Yes	Current pilot of Developers' Charter on a voluntary basis (see Appendix 5)
Croydon	-	
Ealing	-	
Enfield	No	Previous use of development agreement to seek local training/employment with the appointed contractor when involved as a partner with a major development.
Greenwich	Yes, standard clause	
Hackney	Yes, standard clause	Reasonable endeavours: 25% of the labour force is made up of Hackney residents, plus an active programme for recruiting and retaining apprentices and at least one apprentice place per £1m of construction contract value; reasonable endeavours to provide two training opportunities on site for Hackney resident trainees.
Hammersmith & Fulham	Yes, occasional use	
Haringey	Yes, standard clause	Best endeavours: not less than 20% of onsite workforce (excluding managers and supervisors) are local residents and of this not less than 10% of the onsite local workforce are trainees. Employment of a Workplace Coordinator (BLCF). Provision of serviced, on-site recruitment and/or training facilities may be required.
Harrow	-	
Havering	-	
Hillingdon	Yes	Requirement to offer specified numbers of construction-training placements/apprenticeships in conjunction with local training and employment agencies.
Hounslow	Yes	

Islington	Yes	The developer / contractor will work with Construction Works to attain 1 paid construction training placement per every 10 units/1000sqm for a 13 week minimum; 1 unpaid construction training placement per every 10 units/1000sqm in support of student certification; 1 Modern Apprentice per every 40 units/4000sqm on any project where works are expected to last for at least 52 weeks.
Kensington & Chelsea	No	
Kingston	No	
Lambeth	Yes	
Lewisham	Yes	Reasonable endeavours: an agreed percentage of the workforce to be local residents after 12 months monitoring activity to ascertain Local Labour Percentage.
Merton	No	
Newham	Yes, standard clause	Reasonable endeavours: at least 25% of construction staff are Newham residents. Of this, 10% apprentices and 15% improvers/qualified local residents. Space to be made available at the site gate for either a visiting mobile job-brokerage or office space (1 desk & 2 chairs) within site offices to provide an on-site job brokerage.
Redbridge	-	
Richmond	No	
Southwark	Yes, standard clause	Employment of a Workplace Coordinator (BLCF) with agreed targets for local employment and training of residents.
Sutton	No	
Tower Hamlets	Yes	All job vacancies arising during the construction of the development must be reported in the first instance to Local Labour in Construction.
Waltham Forest	Yes, not standard clause but negotiated per development	Developers required to work with designated construction sector programmes to ensure maximum on site employment and training opportunities throughout the development phases.
Wandsworth	Yes	
Westminster	No clause used	Developers required to work with designated construction sector programmes to ensure maximum on-site employment and training opportunities: targets agreed at a later stage.

Appendix Five

Preliminaries for Contractors working under the City of London's Employment Charter for Construction (summarised)

The primary aim of the City of London's Employment Charter is to enable local people to access sustainable employment opportunities in construction. The contractor is asked to demonstrate how this will be achieved through a number of commitments appropriate to the size and nature of the development, including the provision of employment, training and educational opportunities for local people.

The City of London has a dedicated resource to assist Contractors in delivering on this Charter in its Construction Initiatives Coordinator. This individual will be responsible for liaising with Contractors about their training requirements, undertaking much of the administration associated with the Charter and assisting the Contractors in whatever way possible to deliver on its aims. The Construction Initiatives Coordinator will have a small budget to assist Contractors in delivering these training opportunities through appropriate projects promoting training, job brokerage or skills initiatives in the construction industry.

Recruitment

- Advertise all vacancies locally via local job brokerage schemes identified by the Construction Initiatives Coordinator;
- Identify in advance peak periods for local labour opportunities;
- Identify skills needs that could be met through local training providers through liaison with the Construction Initiatives Coordinator;

The Principal Contractor, in liaison with the Trade Contractors, should provide the Construction Initiatives Coordinator with the following information:

- Three months in advance of start on site a forecast of the total number of people in each trade to be employed on site over the course of the development and an indication of periods during which there will be an opportunity to maximise local labour opportunities
- On a monthly/quarterly –basis [to be discussed], figures showing:
 - Total number of employees on site
 - Total number of local residents employed on site
 - Ethnicity and gender of all employees where employees are happy to reveal this information

Training/Development

- The Principal Contractor should work with the Construction Initiatives Coordinator to make available a number of on-site training opportunities for local people. The target is to achieve *1 training/development opportunity for a local resident for every 10 workers* on site over the course of the development. If the particular site in question is not suited, for whatever reason, for offering training opportunities to local people, the contractor should consider making training opportunities for local people available on *non-City of London sites* in order to achieve this target.
- The primary focus of the City of London's Developer Charter is to encourage new recruits into sustainable employment in the construction industry. However, in cases where Contractors can identify local people amongst their existing workforce, who would benefit from additional training opportunities (e.g. ESOL, formal qualifications for returners to work) these can be considered as training opportunities through discussion with the Construction Initiatives Coordinator.

Community Benefit and Education

- Undertake at least 2 community benefit or education projects per year of actual construction activity with a local school or community group

Productivity of Trainees and cost of implementing requirements of Charter

It is not anticipated that compliance with the City of London's Employment Charter for Construction will involve any significant additional costs for the Trade Contractor. However, the Principal Contractor's tender shall include all necessary allowances for works executed by trainees within the works programme and shall show separately any additional costs.

Appendix Six

Table 4: Employers' criteria for recruiting trainees

Out of a list of forty attributes employers ranked 'good academic qualifications' and 'good vocational qualifications' 25th and 33rd respectively with 'key skills qualifications' at 34th. The skills identified as more important were primarily those of social and work readiness. The initial results from a piece of research conducted amongst employers in south London ('*Improving the Employability of 16-19 year olds*', John Allen, Business & Education London South) suggest that companies are seeking the following from their employees/trainees (Wood, 2006):

1. Good attendance	21. Good grammar & punctuation
2. Willingness to listen	22. Creativity & enterprise
3. Good team working skills	23. Willingness to adapt to company culture
4. Good punctuality	24. Willingness to compromise
5. Respect for others	25. Good academic qualifications
6. Smart appearance	26. Good self expression
7. 'Can-do' attitude	27. Experience within the sector
8. Desire to work	28. Telephone skills
9. Politeness	29. Computing skills
10. Desire to learn	30. Career ambition
11. Initiative	31. Awareness of own strengths
12. Honesty & Integrity	32. Good spelling
13. Ability to organise own work	33. Good vocational qualifications
14. Strong self-motivation	34. Key skills qualifications
15. Speaking clearly	35. Awareness of weaknesses
16. Determination to succeed	36. Neat handwriting
17. Liveliness	37. Good arithmetic skills
18. Confidence	38. Ability to use statistics
19. Good physical fitness	39. Financial understanding
20. Willingness to do as told	40. General experience of work

Appendix Seven

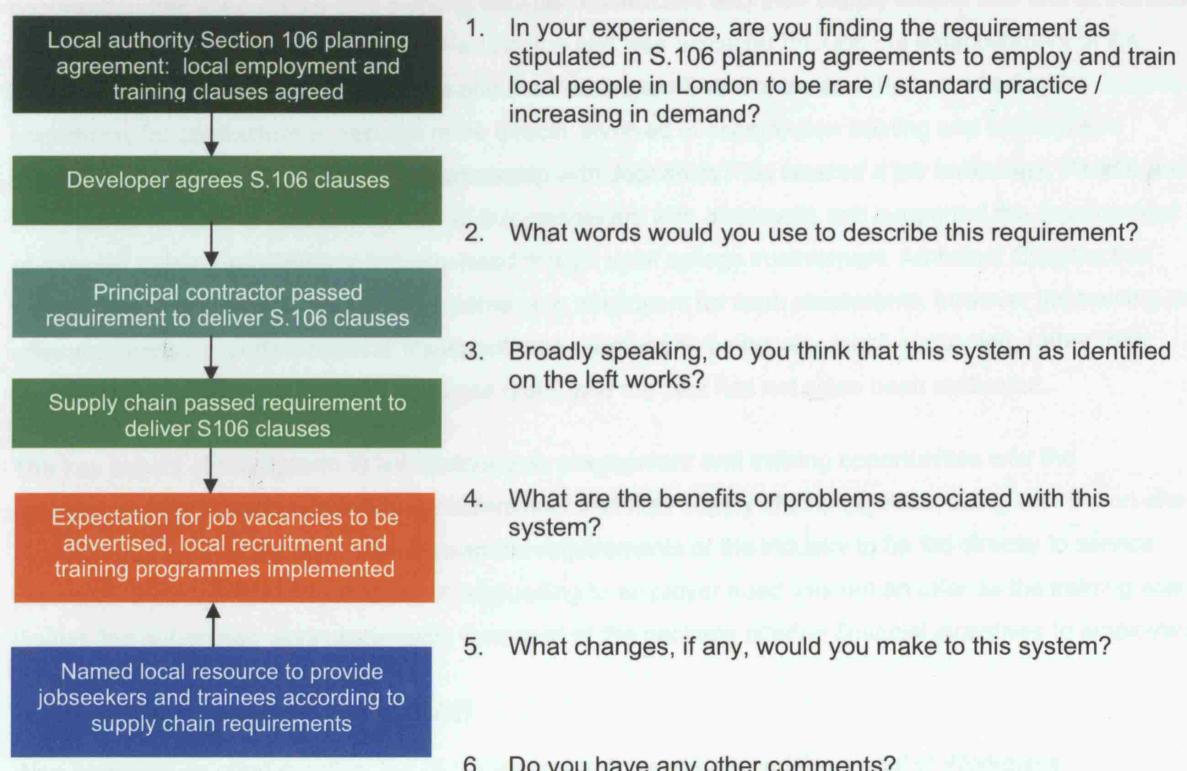
Adelaide Wharf and Central St Giles: S106 stakeholder questionnaire

The text below was sent to key stakeholders involved with two London construction projects under construction, Central St Giles and Adelaide Wharf, in June 2007.

See Appendix Three for the Section 106 Planning Agreement employment and training clauses (London Boroughs of Camden and Hackney) relevant to each project.

Local employment and training: Section 106 planning agreements as a system – what would you change?

The current system adopted by some London boroughs of using Section 106 planning agreements to require the employment and training of local residents on construction sites can be summarised through the diagram below:



Appendix Eight

Successful models linking local jobseekers to on-site employment and training opportunities

Paddington Basin

Paddington Basin forms part of Paddington Waterside, a large-scale, mixed use development of thirteen separate schemes each with different land ownership, therefore a mix of developers and contractors working across several sites and projects. The initial drive to see local people benefiting from employment and training opportunities came from the London Borough of Westminster wanting a joint approach from the many developers involved. The resulting Paddington Regeneration Partnership (PRP, now the Paddington Waterside Partnership) aimed to create a different model to benefit jobseekers and employers and used written requirements in contractor documents to list expectations in terms of local jobs and training for Westminster residents.

Identified as a 'beacon of good practice' (ConstructionSkills, 2005) the development offered a mix of on-site training, job brokerage and coordination between construction employers. The model of inter-site cooperation that encouraged joint working between contractors and their supply chains was one of the real strengths of the construction activity at Paddington and was achieved through the establishment of the Paddington Principal Contractors Group and the Paddington Sub-Contractors' Forum, offering the opportunity for contractors to become more directly involved in construction training and employment initiatives (Paddington First, 2007). A partnership with Jobcentre Plus created a job brokerage, Paddington First, which remains in operation today, to link jobseekers with employers and supported the development of relevant training according to industry need through local college involvement. Ambition: Construction was piloted as a DWP initiative offering trainees to employers for work placements, however the training on offer was limited to certain 'biblical' trades with the programme being very much supply-led, rather than specific training that responded to employer need, and the pilot has not since been replicated.

The key aspect of this system to link residents to employment and training opportunities was the establishment of a mechanism to bring contractors and their supply chains together, along with the on-site availability of a job brokerage. This allowed the requirements of the industry to be fed directly to service providers, although flexibility in terms of responding to employer need was not an offer as the training was limited, but subsidised work placements were part of the package offering financial incentives to employers.

Building London Creating Futures (BLCF)

Also promoted as good practice, the BLCF programme has developed the model of Workplace Coordinators (WPCs) based with major contractors to promote diversity and inclusion in the supply chain, specifically targeting and supporting local people with barriers to employment (Craw et al, 2007). With funding for training according to employer need WPCs are able to engage in the demand side of the industry through their access to the supply chain, plus provide intensive support to new entrants. Recommended in draft LDA guidance on the use of S106 employment and training clauses is the proposal for the funding/provision of a Workplace Coordinator, based on the BLCF initiative (*LDA Planning Obligations: Employment, Training and Support Opportunities and Initiatives*, draft, forthcoming) and the

project has been adopted by other boroughs in London. BLCF is also identified in draft policy from the London Borough of Southwark as a proposed standard addition to local employment and training clauses (for developments of more than 10 units or 1000sqm) (Southwark Council, 2006).

The BLCF project is able to meet employer requirements on a small scale as the necessary trainee support, administrative, training and job brokerage functions are carried out by one WPC, so there is no large scale offer available to contractors. It is also not linked to a flexible training establishment, so relies on existing providers where the training availability can be limited. The WPC's wide-ranging role can dilute from the possibilities of being based within the contractor team and the access to the supply chain that this affords. The primary function of the WPC appears to be about creating vacancies for those that need some support, rather than filling existing opportunities (Aurora Ltd, 2004; Applejuice Consultants, 2006).

Be Onsite

Be Onsite is an example of a private sector-led (Bovis Lend Lease) partnership linking local jobseekers to industry-specific training and employment through the establishment of a not-for-profit company. Identified as a good practice opportunity (Craw et al, 2007) through its potential to secure employment opportunities in the Bovis Lend Lease supply chain, Be Onsite aims to only offer training according to employer need where there is a job available at the end of the training. In partnership with Jobcentre Plus, the LDA, LSC and ConstructionSkills, Be Onsite aims to respond to industry need in a more flexible manner than that of existing training providers, using an employment mechanism to create a sustainable organisation that is not dependent on public funding. Be Onsite also offers a job brokerage linking experienced and skilled workers to employers through a Jobcentre Plus recruitment team.

There is no S106 requirement for the use of Be Onsite, but it is able to offer an industry-led solution to S106 obligations that engages local jobseekers with employer needs on site, therefore is demand- rather than supply-led. The project is intended to be an offer for the industry, available on a national scale to be adopted by other contractors, linking local unemployment/social exclusion needs with employment and training requirements in the construction industry.

Greenwich Local Labour and Business (GLLaB)

Recognised for its 'systematic and comprehensive approach to ensuring that opportunities for local labour and business are an integral part of the planning process', GLLaB is identified as an example of how a planning authority can use its S106 powers to create new jobs and skills opportunities (LGA, 2004). The model is similar to that of other job brokerages in London. Available training is primarily funded through a Jobcentre Plus/European Social Fund co-financed programme, therefore there is limited flexibility to meet employer needs.

GLLaB is highlighted in Greenwich's standard S106 as a requirement for contractors in terms of advertising vacancies and offering access to on-site jobs and training. It is able to reach into the Greenwich community to provide a service to jobseekers, but as with BLCF, involvement from developers, contractors and the supply chain is primarily through the use of the S106, so it is difficult to quantify levels of commitment and engagement.

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