

ALL-PARTY URBAN DEVELOPMENT GROUP

MINUTES OF PROCEEDINGS

at a

PARLIAMENTARY HEARING

on

REGENERATION: DELIVERING CITY JOBS

held in

Room 8, Palace of Westminster

on

Monday 20 October 2008

Before:

Mr Clive Betts (Chairman)
Lord Best
Mr Ian Davidson
Alison Seabeck

(From the Shorthand Notes of:
W B GURNEY & SONS LLP,
Hope House,
45 Great Peter Street,
London SW1P 3LT)

Witnesses: **MR WAHEED NAZIR**, Assistant Director of Planning and Regeneration, Birmingham City Council; **MR STEVE HOWLETT**, Chief Executive, Peabody Trust; **MR TONY DOUGLAS**, Chief Operating Officer, Laing O'Rourke; and **MR BILL BOLER**, Business in the Community, gave evidence.

CHAIRMAN: Welcome and thank you to the witnesses for coming along. Perhaps you will briefly introduce yourselves at the beginning of the session. I am Clive Betts, MP for Sheffield Attercliffe and I am also Chairman of the All-Party Urban Development Group. Lord Richard Best is here as well as Vice-Chairman of the Group and he will be asking questions along with me. We are expecting one or two other members of the Group to come along. Diaries do not always match up and they are here for bits of sessions and not always for the totality. I will introduce people as they come along. We have not got one witness, Bill Boler, and we will let him come along and join proceedings if he manages to make it. Perhaps if you could just introduce yourselves for the benefit of our records, that would be extremely helpful.

MR NAZIR: My name is Waheed Nazir, Assistant Director of Regeneration and Development Planning for Birmingham City Council.

MR DOUGLAS: Good afternoon. My name is Tony Douglas and I am the Chief Operating Officer of Laing O'Rourke, which is the UK's largest privately owned construction company.

MR HOWLETT: I am Steven Howlett and I am Chief Executive of Peabody which is a housing association and regeneration agency working in London.

CHAIRMAN: This afternoon we are holding this inquiry into regeneration, delivering inner city jobs, to see what can be done, effectively, to ensure that people who live in the inner city areas get not only the benefit of promises to improve their environment but also opportunities to get work and jobs and training on the developments that are going on around their homes. There are a number of inquiries that have been done by the All-Party Urban Development Group. I will just give the commercials to begin with. The Centre for Cities very kindly give us advice and help with the writing of our reports and the British Property Federation help with the administration and organisation of our events, and we are grateful to both of them again for their participation in this inquiry as in previous ones.

Perhaps I will just make a start and ask Waheed Nazir from Birmingham how do you use regeneration projects to create training and jobs? I say this because Birmingham has a very long tradition of doing this. I remember personally going to Birmingham in the 1980s when they were doing an enveloping scheme with private housing developments and were actually engaging with young people in the area on training schemes even at that point 20-odd years ago, so perhaps you would tell us a bit about what you are doing now.

MR NAZIR: I think it is important to point out that when we look at a city the size of Birmingham it is not just the inner city wards, it is also the outer pockets of the city, particularly some of the outer housing estates which have quite high levels of worklessness of

individuals. The approach from the city has changed over the years and we do not rely just on the trickle-down theory of assuming that if we create a fantastic city centre then we will get loads of people into work. It is really about delivering transformational change within the city centre but also within its neighbourhoods. If you take the example of places like Longbridge where we have seen the closure of parts of the previous MG Rover site, we have actually created new townships within the south of the city where we have looked at working with the colleges in creating a new college and a new local centre, which has created a significant number of local jobs, and also creating new housing, so it is really about place-making rather than worklessness or getting people into employment in isolation to that.

LORD BEST: Can I raise with you a question that is in the back of my mind. You did not in Birmingham transfer your stock in the end and I know that in order to raise the funds that you would have got if there had been a big transfer, a couple billion pounds probably, you have had to rely on sales of land and property, and those sales must be much more difficult now in the current economic climate to move stuff on and therefore have the funding that is needed to regenerate your council housing but also do other regeneration projects. To what extent is Birmingham now suffering quite badly and how long before we will see you come out the other side of that and get back to a position where some of these very important additional social benefits can accrue from your programmes?

MR NAZIR: A number of the sites or the areas that you are referring to are long term so we do see the planning of most of that housing stock as more of a mixed use development in the long term. We will continue to work with industry but we do see the impact, meaning that in some cases we have had to change the strategy of the end use on that site so that where we may have looked predominantly at housing, we will be looking for more mixed use development to balance the land values out, but also looking at some of the long-term plans, particularly at Longbridge, we are talking about delivering that over a ten or 15-year period, so we do think that with the commitment of partners like St Modwens we will work that through the process.

LORD BEST: That sounds exactly the way to approach it, take the longer term, but you have used retail to regenerate the city centre very successfully and in international terms you have done very well, but there must be a limit to the extent to which retail development can of itself pull up the rest because there are only so many people to go shopping and so many shops you can attract. Are you still rather dependent on that retail?

MR NAZIR: To be honest, particularly with the current climate, while we are quite reliant on it, we are keen to continue to support the SME sector to ensure that we have a more diverse economy locally. We are using the opportunity of the current climate to support the manufacturing sector. It is now doing better than it was in the past when it has been really declining and it is trying to exploit that opportunity, not relying solely on the retail sector but trying to diversify the local economy so we can be more robust in the face of any of the other challenges we have, particularly when we look at competition from places like China and India. We really need to develop a more robust local economy to do that.

CHAIRMAN: Can I introduce Mr Davidson, MP for Glasgow South West, and Alison Seabeck MP who are joining us as well. Perhaps the other two witnesses could come in on the same thing and describe your particular experience of regeneration projects. It all sounds very good and the right thing to do. Perhaps we might ask you why more of it has not been done in the past and are there difficulties and barriers to be overcome in actually trying

to engage with residents and citizens in the areas involved with training to be enthusiastic about it and then get into long-term jobs?

MR HOWLETT: I think there are a number of issues here. We have certainly found it a very useful programme. We provide our programmes not just for the residents of our housing but also for the wider communities. Often it is people in the wider communities who are poorer than our residents, who have got a decent home to live in and so have a good foundation for life. Over the last ten years we have had dedicated employment and training provisions and so far over 15,000 have engaged in our training activities, over 4,500 have achieved qualifications and nearly 2,000 have got into work. We have done that through outreach, training, tailored guidance and job brokerage, so it is quite a major activity, and we think it is making a real difference to people. I think one of the obstacles we have found is that there are a number of agencies involved and their interests do not necessarily coincide with what we are trying to achieve. One of the things would be making sure that the agencies at the front of the regeneration work have access to training, Jobcentre Plus, and all those sorts of activities. Sometimes the budgets coming through training and perhaps the further education sector and other areas are going to other organisations and we are thought of as not being employment and training operations so we have come further down the food chain, as it were, in terms of attracting that finance. We are working hard to redress that and we are the only housing organisation that is on the short-list for Flexible New Deal and providing that sort of service in central London, so we think that there are real opportunities for developing that and we really do believe that it delivers results and we would like it to be bigger scale.

MR DOUGLAS: I think it would be a bill to preserve a large employer. Laing O'Rourke employs over 31,000 people directly, which is quite unusual in the construction sector because all of our competitors sub-contract their labour. We run the biggest apprenticeship scheme in the United Kingdom and take more graduates from the civil engineering fraternity than anybody else and we have been growing, on average, 20 per cent year-on-year. We feel at the moment that we are on the horns of a very predictable dilemma and that is to maintain the level of growth that we have been enjoying in recent years, and therefore employing in excess of 20 per cent more people, and disproportionately investing in skills, is that very clear relationship between government-sponsored projects and in particular the continued commitment to inner city regeneration and infrastructure projects, and we see a very clear link between the way in which those skills have allowed us to build that workforce and create real jobs, and in so doing build real skills in areas that are quite often deprived. This year alone we are committed to 4,000 additional jobs in regions that need them more than anywhere else. For example back into manufacturing, in Derbyshire we are making investments in places that others would probably find very, very difficult. We were delighted to see at the weekend some of the signals that the Government is making in regard to the potential acceleration or reprioritisation of inner centre projects - schools and infrastructure - but we really fear at the moment that without that clear signal it makes it very difficult for people who want to make a hard commitment to employment to continue to do so. So within this there is a passion on our part as an employer. The skills agenda is one that we take very seriously and on most of the projects that we undertake we have a local commitment to hire people from the community and to upskill them, be it a school, be it a hospital or any of the other projects that we undertake. That is the way in which we bring about that kind of self-developing skills agenda that goes with it. Key decision-making is required right now. The economic downturn is putting businesses such as our own under real pressure and as a consequence clear direction will allow us to continue with a clear policy on jobs and skills.

LORD BEST: It is incredibly impressive that you directly employ 31,000 people because so many developers and house builders are just brass plates nowadays and everything is sub-contracted, but I guess the reason why everybody is sub-contracted is if there is a downturn, as there is, the other lot, all your rivals, all your competitors can just lay everybody off at a stroke because there is no contractual employment of course. Are you therefore particularly badly hit, because of the very enlightened way you have been approaching this in the past, by the recession compared with others?

MR DOUGLAS: I think there is every chance that some of our competitors might be chuckling in their board rooms at the moment at the situation that we have given the fact that we are the only full-time employer of such an amount of people in this sector. It is our opinion that if you are myopic in terms of the investment in skills and taking the accountability of that, ultimately you will not be competitive. It is our belief that you cannot assume that somebody else is going to upskill your workforce for you and therefore abdication just because it is easier in the short term is not a credible medium and long-term option. It is our contention that over a longer horizon almost certainly this will be a decision that continues to underscore why we will be the largest growth performer within our sector and we believe that it will underscore to our customers why we bring a different proposition, and more fundamentally it is actually the right thing to do.

MR DAVIDSON: Can I go back to Mr Nazir. You have mentioned in here that a lot of your developments are retail-led. How in these circumstances do you make sure that you have actually got the agreement of the developer because quite often in the private sector people can give you assurances but they do not actually deliver? How do you make sure that you have actually got them definitely committed to the objectives that you are seeking to achieve?

MR NAZIR: Sorry if I did not make it clear, it is not retail, it is mixed use led so it is more diverse in terms of its base. We are not relying solely on retail or relying solely on a particular sector. If we look at particular parts of the city, say somewhere like Longbridge as an example, we do not develop the industry of the local economy on a particular sector, so it is actually the opposite.

MR DAVIDSON: Sorry, I was working off the note that I had here which refers to you adopting a retail-led regeneration approach, but the principle that applies is the same; how do you make sure that private sector developers, whether they are developing retail or property units or anything else, particularly in relation to construction, write into their terms that they are going to give priority to local people rather than giving you a generalised statement of good intent and then finding ways of wriggling out of it?

MR NAZIR: Our experience has been more around making the offer make business sense rather than trying to force the developer or the construction company to recruit locally. What we have done in other parts of the sector is set up bespoke training. At the end of the day the companies need the labour force and if we can put in bespoke training and engage those client groups that we are targeting and put resources in to do that it makes it more feasible for the company to recruit those appropriate groups.

MR DAVIDSON: The difficulty about that, it strikes me, is that there is nothing in there that could stop a company recruiting bespoke Polish labour rather than recruiting locals that have come through your system and it is a question of a contract or a compact or an

agreement of some sort. I am not clear from what you are saying whether you insist on that as a condition of allowing development to go ahead or whether you have some other way of getting their agreement?

MR NAZIR: We cannot insist on that. We work very closely with them to ensure that. If I take the example of the Bullring hub in the city, the LSC, Jobcentre Plus and the City Council formed a dedicated project team which engaged all the client groups, being the local residents of Birmingham who we wanted to get access to the retail jobs that were coming in and also construction jobs that were coming out from that redevelopment. We funded jointly through LSC's budgets the appropriate training mechanisms with the client groups that we selected through Jobcentre Plus.

MR DAVIDSON: I understand all of that, but I was involved in the redevelopment of retail property holdings and part of the deal was that they had to sign up to a compact. Do you have clear targets, as it were, for the number of people that you are going to be recruiting on the construction side and on the retail side and how do you deal with any slippage? Some of the people you are dealing with are slippery and it is actually quite difficult to make sure that they deliver on pious commitments that they make while they are wanting to get you to agree to something. It is much more difficult to keep them signed up to that once they have actually got the contract in their hands.

MR NAZIR: As a City and as partners we have an agreement of targets with government of what we are seeking to get in terms of local people into work. We cannot force a company to take on a fixed number of individuals from that local area. What we do is put mechanisms in place to encourage that.

MR DAVIDSON: So they can slide out of it? How many contractors have you been dealing with who have slid out of it?

MR NAZIR: If we give the example of the Bullring, 78 per cent of those we were targeting accessed employment. In number terms that is over 2,500 people.

MR DAVIDSON: That is a diversion. What I am asking you is if you have set targets with say a developer or a construction person or a retailer, what do you do if they do not meet those? Firstly, do you have those firm targets and, secondly, what do you do if they do not meet them?

MR NAZIR: We do not have fixed targets on a particular development.

MR DAVIDSON: I am surprised at that because I did when I was chairing the redevelopment in Glasgow. The contractors, to be fair to them, met it and so did the retailers, but the difficulty we had with those who were trying to slide away was that they were pointing out all sorts of difficulties and we said, "That is what we have agreed," and we made sure we were getting agreement before they went down that road. Why do you not do that? Are you too soft?

MR NAZIR: In the example you just used in Glasgow what legal powers did you use to enforce that?

LORD BEST: It was a section 106 agreement.

MR DAVIDSON: If it wants to find something it can always find something.

CHAIRMAN: Could I introduce Bill Boler from Business in the Community who has just joined us.

ALISON SEABECK: The Government and unions have worked quite hard to get standards particularly in the construction field lifted to ensure that people employed are better skilled, for a whole range of reasons including safety, and a lot of work has gone on, particularly in inner city areas, to train people up to get them into those jobs with the amount of redevelopment that has been going on. Is there not a worry with the current economic downturn that people will start to cut corners again - the best companies were supplying labour with skills - and they will start to cut corners and potentially they will go for perhaps European employees that come in without the necessary training rather than people from our own inner city areas who need support and training. Is that something you sense that some of your competitors might already be doing? I guess that when there is an upturn there is a risk that your employees get pinched because things start to get better because they are better skilled and better trained? Do you have any thoughts on that?

MR DOUGLAS: I would like to think that because we have the best employee proposition we are more likely to protect continuity of employment than be a threat. Realistically, what you have described is an ever-present threat. Back to the earlier point I was making, where I see the logical link here is we are proud to be the project director of the London 2012 Olympics and we are equally proud at the other end of the Thames Gateway space to be the project deliverer of the new London Gateway port. What comes from that are two immovable pieces of infrastructure with all the secondary and tertiary economic gain that comes with it and as a consequence the ability for us to commit then to making big, bold courageous employment decisions and put in the skills commitment that goes alongside it. I guess we are currently in very difficult times and difficult times obviously require courageous decisions. I would suggest the big picture position here now is how the courageous decisions make commitments to either other pieces of infrastructure to fill in the gaps or other pieces of urban regeneration which if you put them together with the example I have used will allow employers such as ourselves to continue with employment and upskilling. If those things do not happen I think we and others like us are far more under pressure. The obvious knock-on consequence of that then is that the 20 per cent year-on-year growth I was describing earlier starts to flatten off or even goes into recession, and that for us would be absolutely awful.

CHAIRMAN: Can I come to Mr Boler now (and if anybody else wants to come in as well) to tell us a bit about the barriers to getting inner city residents involved. Many of them may have been out of work for a long time and probably out of training for a long time, if ever. They may be on benefits and they may be in difficulties about loss of benefits if they are going on to low wages or training allowances at the beginning. Are all those issues you have experienced as difficulties and can you think of anything that could be done to remove some of the barriers?

MR BOLER: Yes, yes, maybe and yes! I think if you take a step back, part of it - and this in a way complements everything that has been said from the local authority and the construction and the housing point of view - is there needs to be a fundamental rethinking of the role of the retail job and the role it can play in regeneration. Part of that comes from our experience of learning that whilst retail is wonderful as an industry its real power is one of

accessibility to those who are hardest to reach, but more importantly its role as a stepping stone. Research we have done has found what everyone knows - that retail is responsible for anywhere from ten to 11 per cent of the employment in this country. Surveys we have seen have shown that about 43 per cent of the population at one time worked in retail. The point is that retail gave them that first starting step that might lead them to either stay in retail or perhaps go and work in other industries. Part of it is not trying to limit ourselves and think that a retail job stops with coming in and perhaps being behind a till but really looking at using it as a skills interface for a lot of people getting their first job and moving on. What that means is that we have to re-think the concept of training. The idea that you pointed out is very critical. You do need lots of training and there are lots of issues with trying to reach a target population, especially those who have been out of work for a long time.

We have seen projects where people have to choose between doing more training or losing their benefits if they do more than 16 hours, so there is a range of concerns. People are aware of it being addressed now but even then we also need to think about long-term training needs that are on-going and not just stop with the person getting the job. I think that long term we really want to measure the success of retail regeneration and see what happens to these people in five years and not just whether they get in or not.

Underpinning that philosophical approach is trying to understand the motivation that is going to get the private sector to do it. We are very lucky to have the leadership of the companies that are here. They are leaders in what they do and they represent the best in the industry but by no means do they represent the total industry. In the private sector both in the retail side and the construction side there are no incentives for pursuing these types of strategies. The planning system has come a long way to start to recognise retail-led regeneration but at the end of the day there is still further clarity needed between a proposal that just proposes to build a shed versus a proposal that has a strategy for reaching out to the long-term unemployed. In addition, there needs to be some sort of incentive on the local authority side. Birmingham is to be commended for what they did but it is about spreading it into Oldham and some of the other places that need help and need a strategy. If we think about what are the types of incentives that could be done to further this, one of the starting points is that you need to look at this in the context of planning and PPS6. I do not think there is anybody who works in development that now has not gotten the message that all development should go in town centres but there has been no messaging that has also said, "And we want you to employ locally resident long-term employed," and as long as the private sector is not told that that is what is expected of them, it is up to their own leadership or the leadership of the local authority to ask it to negotiate successfully. Planning has come a long way to promote that but at the end of the day with the private sector what you need is clarity and, unfortunately, right now the local authorities will still need tools to decide between a proposal that might create 300 jobs, 200 going to the long-term unemployed but one which diverts seven per cent of trade from the town centre because it is edge of centre. Long term we are going to have to resolve and make a statement about how important this is and send that signal both to local authorities and to developers and investors.

MR HOWLETT: We are spending about £40 million a year on our own existing housing as well as new development and other schemes and we have a requirement with our contractors that they have local labour schemes, particularly working with ones where they employ their own staff. I think there is a real difference. We have found a difference between those contractors that employ their own people and others that subcontract that there is a greater interest in skills with the ones that directly employ. One of the things that we

have also tried to do is balance the workload so if one is performing well we give them more of the work. I think there are real opportunities for employers - local authorities and housing associations as well as other elements in the public sector - where there is going to be a lot of investment in terms of the balance between the private sector and the public sector, an increasing proportion I guess in the future, so that we can play a role in developing local labour.

One of the things that we do is work on the ground with local people. We are close to the local people so what we try to do is tailor the training needs and the job opportunities to those individuals and we act between the contractor, the local authority and the training agencies because we have a special relationship with our residents and with local people and can introduce and tailor a scheme to fit their needs. We have got some very successful examples of partnership: Wandsworth Council with Battersea Power Station where we engaged with 250 residents and got 90 of them into work; and the City Strategy Partnerships, the Pathfinders in Hackney and Waltham Forest which are both working very well to find local people and get them into jobs in construction. I think there are a lot of organisations that are very willing to do this and it is up to those of us that are engaging developers and contractors to use those people who step up to the plate and provide the opportunities.

ALISON SEABECK: It is interesting to hear you say Hackney partly because we are looking at an enormous scheme, the Olympics, where there are lots of jobs (at the moment largely construction but not solely) but one of our colleagues here frequently stands up in the House of Commons and says, "This is not working. Hackney residents are not getting jobs." If you look at what is happening in Newham and Greenwich, significant numbers of local people are finding work as part of the Olympics delivery. Therefore I think you still have to say is something going wrong in Hackney? You have just sat there and said that Hackney is doing quite well in terms of finding jobs into the City Pathfinder scheme, but there is clearly an issue about individuals being found work and training into the Olympics project.

MR HOWLETT: The particular example in Hackney is we have an estate which has about 4,000 residents and it was one of the most difficult local authority estates in Hackney. This pilot scheme of the City Strategy Partnership is fairly new and started this year so we are on the ground now working with those people on our estate and in their community to identify the jobs and the training opportunities.

ALISON SEABECK: That brings me back to my point that in the end clearly where effort goes in on behalf of the local authority and all the other organisations, whether it is Business in the Community, whether it is Jobcentre Plus, whoever it is, there are inevitable outcomes. Greenwich have had Greenwich Local Labour and Business running every since the Dome was being built and it is a very effective organisation. They do get significant numbers of people into whichever project is going on and they do ensure on-going skilling which is also quite useful. I was just interested to pick up the reference to Hackney. It convinces me even more that what you are doing is good but across the whole piece there may be gaps in the way in which different organisations are working together.

MR DAVIDSON: Can I pick up on some of the points Mr Boler made. One of the difficulties I would have thought about getting people interested in retail and prepared to train for retail is that generally it has an image of being poorly paid, with poor conditions, and it does not have a particularly good image altogether. Are you able to do things that overcome

that? What we did, again coming back to another example, we had Asdor(?) involved in all the training and they vetted all the jobs that were coming forward to make sure that before we advertised them they were happy with the wages and conditions and everything else and that gave a guarantee to people in the community that if they were going forward for these posts they were not going to be unduly exploited (no more than is normal). What do you do to make sure that the offering that your member companies are making is actually up to the standard that can stand comparison?

MR BOLER: I think that if you work with the right training partners, again the message is not trying to present the retail job and entry-level job as the end-all-and-be-all. I think if retail could be seen for a lot of the people that are hard to reach as their starting point on their way to some place else and their first job, to get the experience and then be looking whether or not they want to stay in retail or not, that might be their choice. I think that we were able to show that there are a lot of people with a range of successes in a range of careers for whom retail might have been their first job. Forgive me, I am American and hopefully we will have a reason to hold our heads high in a couple of weeks, but my first job when I was 16 I worked in a retail store in a pharmacy for two years.

MR DAVIDSON: Yes but realistically not many people from either my area or my colleagues' areas will get a job stacking shelves and then become the managing director. I understand the point about having role models and examples of progression but that cannot apply to everybody. How do you manage to provide them with a guarantee that they are not going to go in and find they are getting an extremely hard time. It is the point I made about Asdor, we found it was very successful, but how do you identify good practice but also identify bad practice?

MR BOLER: Again, as we have said, while you can work with us and they will promote those models which are successful models, I believe the challenge you need to present is the opportunity beyond retail in terms of obtaining that first job. What we found successful was trying to present to people that they might have a range of opportunities by taking this first retail job and ultimately get skills that might give them access to do something else that might be interesting or relate to the service industry or might be in the leisure industry. They might go from a retail job to work for a travel agent and then go and work for a bank (maybe not today), the point being that you may need to look at broadening it beyond just selling retail as an industry if you want to get a wider range of people engaged in getting that first job.

LORD BEST: A couple of points, if anybody wants to pick them up, on sticks and carrots for ensuring local labour in construction, in regeneration. The first point about the sticks is it likely that particularly in the rather harsh economic climate that contractors are going to do things entirely voluntarily in terms of ensuring that local labour comes into the schemes? Is it not going to be the case that we need to have, as Ian Davidson was really implying, clear targets and enforcement through the contract that the developer signs either with the public authority or through a section 106 agreement? If we want to have more renewable energy we say to the energy companies, "Don't do it out of love or compassion; do it because we set you a target for renewables of X per cent and you have got to do that." Is it going to require regulation in effect through section 106 and contractual arrangements to get our developers and contractors to employ local labour? Second the carrot: Steve, you are a big housing association doing incredibly important things. I was a judge for the Housing Corporation's Gold Awards this year. A Gold Award was going to people tackling

worklessness. I saw some fantastic examples of big housing associations doing the kinds of things that you are doing but you are still extremely exceptional in this. What are the incentives that are needed? After all, the housing associations are now owned, managed and have more property than local authorities and they are very, very big players in future regeneration. What are the carrots that you have got? Is it that you are an old foundation and have lots of money that the others have not got? What is it that would trigger a lot more of the housing associations doing the kind of good things that you do?

MR HOWLETT: I do not know whether I can pick up on the incentives. It is not our charitable money that we are using this for; we are using some of our income from our housing activities because we believe that it improves people's lives. We are having targeted funding programmes from people like the Big Lottery, from the Learning and Skills Council, from the EU, and that availability of funds comes back to what I said earlier about opening up the system so that we can access resources, because these things do cost money. I think there is also the issue about whether we should be judged on the contribution that we make into those sorts of activities and, in a sense, access to government funding for new housing, if it can work under the current economic situation, could be a reward in certain cases for people getting involved in these activities. I think in terms of the developer side it would be better if Mr Douglas commented on that but from my side it would level the playing field if there were a general requirement that that should happen.

MR DOUGLAS: Using your vocabulary - sticks and carrots can affect behaviour over time. However, Bill made the point earlier on and my similarity to that is I suspect I am one of the few people in this room who served an apprenticeship, and I remember in the late 1970s/early 1980s when we went through a major economic downturn in manufacturing that the year after my intake it got stopped altogether and after that it went into an absolute wasteland of opportunity in that regard and the manufacturing sector, certainly the part that I used to work in, went into terminal decline. All of this comes down to economic activity. Without economic activity sticks and carrots can only be secondary tools and enablers. We have been talking about what we can do and I think I would like to broaden out the table of "we" to being both sides of it. What we must do now is make courageous decisions about prioritising infrastructure and inner city rejuvenation to actually create the basis of the centre of this process, which is economic activity from which skills can be developed, real jobs can be made, and people can be encouraged to do that. Without that we can have the biggest stick in the world and the biggest box of carrots; they will help, but only to a degree.

MR BOLER: As for the sticks, to emphasise again I think the singular tool that you do have a chance to affect is the planning document PPS6. Of all the PPSs it is the one tool that the private sector does pay attention to, both from investor, retailer and thus ---

CHAIRMAN: And we are consulting on changing it.

MR BOLER: It is good timing and I think it has come a long way to start to recognise it, but I think further clarity is needed and also that headline messaging is important because again I think everybody knows that you need to go into a town centre, everybody knows you need to have sustainable design; it would nice to think that everybody knew that the investment was supposed to bring local people benefit. As for carrots, I think that they need to be on both the private sector side and the local authority side. The one thing that is difficult is money. The one thing that government does have within its control is time and if there was some way to recognise and encourage people who do what Laing O'Rourke and others I have

heard about can do and find a way to give incentives, whether it is the time to get approval cut from seven and a half years to six and a half years, there are ways to provide incentives and have the system recognise the people who do good things. Also I think you need to find incentives for local authorities to build and really enable them to put these partnerships together. Again it is very time-consuming and they need to be encouraged to do that. It is great to have the leadership of Birmingham but they all do not have the same sort of working infrastructure.

MR NAZIR: I would like to echo everything that Tony said because I think it is more about the economic development agenda and the bigger picture as well. It is key and if we are talking about having local labour agreements or section 106 agreements as a stick it has really got to be about making business sense, and the only way this is going to be really successful on a large scale is actually making sense for the private sector, whether that is the end user and occupier, whether it is a retailer or an office, or in the construction sector. Some of the work we have done has been around bespoke training and has been working with the different client groups, which are very difficult and hard-to-reach groups, and giving confidence to the employers that we are not going to just recruit and get someone into this job and then walk away but that we will actually be there beyond the person being in that job. Post-employment support is essential, particularly with the hard-to-reach groups, because a lot of our experience tells us that employers are reluctant at times because they fear that what they will be left with is difficult staff members who they will have to manage and put a lot of resources into supporting. The full journey of somebody into work has to be looked at, not just getting them into their first shop. The last point I would make is about the benefits system and the transition from benefits to getting people into work. It is a huge step once somebody gets into employment and some of the most simple things on a day-to-day basis mean that somebody will drop out of work straightaway. One of the things we are exploring particularly in Birmingham is a transitional period of people coming off benefit. We are looking at if somebody gets a job today they do not lose all their benefits but there is a transition with personalised support that helps somebody into sustainable employment beyond their first job into their second and their third.

MR DAVIDSON: One very brief point, it is also to Mr Douglas: in these difficult economic times how do we avoid people that abide by the highest standards like yourselves, that recognise the union and for whom UCAT speaks as highly as they are likely to speak of an employer, just being undercut by people who are cutting corners, who are “on the lump”, avoiding health and safety and all the rest of it, in addition to the existing formal rules and regulations that we have at the moment?

MR DOUGLAS: It is a question that is often asked and I guess what I would not want is any handouts in terms of dealing with our training agenda or our skills development in the broadest sense because that is a responsibility that we take as an employer. I think the risk you describe of the uneven billiard table is a very real risk for us right now for all the reasons that have already been covered. We will take a long-term perspective on it and the bet that we are taking is that this country will continue to be strong, this country will weather the kind of economic difficulty we see right now and there will be the need for world-class solutions in schools, in education, in terms of hospitals, in terms of road, rail and general infrastructure. A lot of this will come back to the experience that bitterly I saw in the manufacturing sector in the early 1980s. We have to make decisions where we come together now to make sure that they are prioritised around those people who bring real job prospects and can demonstrate that it brings real skills with it. For example, back to changes in 106, I would also go up a step in

thinking in terms of government sector procurement in general to acknowledge people who make these commitments as opposed to people who are transient and transitional in the way in which they bring semi-skilled workforces in white vans to the doorstep of the project.

MR DAVIDSON: The word “acknowledge” - when you say the Government should acknowledge, in what way? The danger is that you will end up now in the private sector and public sector with people taking the lowest bid for entirely understandable reasons. Acknowledging it verbally is one thing but how do you translate that into genuine changes that would encourage good behaviour and avoid you being put out of business?

MR DOUGLAS: Let me give you a very precise example. At the moment we are building six schools and they are all different. We go through a competitive process with all of them and the one thing we can all predict now is that there will be a dog-eat-dog type of approach to it in the coming months almost to protect the very kind of issues that you describe. I think there is an opportunity for a big picture solution. I think there is an opportunity for more of a solutions provision that brings model schools to the UK without some of the nonsense of the current supposedly “competitive” environment coming into play. It is conventional, old-fashioned contracting which normally ends up in the wrong answer. What we would like to bring to the table is a commitment that will bring the investment into design in world-class schools. Take Newham because it has already been mentioned as an example, we have made a hard commitment to Newham as we develop their school that will bring local long-term unemployed people through our academy to be skilled in trades in order to be involved in building the school in their own local borough. What we would look for in that kind of space is the opportunity for a bigger picture approach looking at procurement of schools and hospitals in particular as a solutions provider as opposed to everybody is contracted at the lowest common denominator in different regions.

CHAIRMAN: At that point I will bring proceedings to an end. We have some other witnesses to come before us. Thank you very much indeed all of you for telling us what you are doing and congratulations on the efforts you are making and the successes that you are having. Please keep going despite the economic turbulence that surrounds us all at present. Thank you very much.

MR TREVOR DORLING, Head of Economic Development, Greenwich Council; **MR IAN LINDSAY**, Head of Station Development, Network Rail; **MS VAL LOWMAN**, Managing Director, Beonsite, Bovis Lendlease; and **MR RICHARD BEAMISH**, Chief Executive, Asset Skills Council, gave evidence.

CHAIRMAN: Thank you very much indeed for coming this afternoon. If I introduce those of us up here. I am Clive Betts MP, Chairman of the All-Party Development Group. Lord Best is the Vice Chair. My colleagues are Alison Seabeck MP and Ian Davidson MP, who unfortunately are going to have to leave us very shortly because they have got other commitments. As usually happens in this place, diaries do not coincide very easily with each other. Perhaps you could introduce yourselves for the benefit of our records and then we will make progress with the questions.

MR BEAMISH: Good afternoon. My name is Richard Beamish and I am Chief Executive of Asset Skills. We are one of 25 sector skills councils. Our area of activity is primarily property, housing, facilities management, cleaning services, and also in an associated manner parking, so we cover a wide variety of skills areas.

MR DORLING: Good afternoon. My name is Trevor Dorling and I am Head of Economic Development at Greenwich Council.

MR LINDSAY: Good afternoon. I am Ian Lindsay and I am Head of Major Development at Network Rail responsible for taking forward the redevelopment of some of our major stations and major projects on our land.

MS LOWMAN: I am Val Lowman and I am Managing Director of Bovis Lendlease's new not-for-profit organisation, BeOnsite. We are a pretty new not-for-profit company which enables local people to get jobs in our sector.

CHAIRMAN: Alison?

ALISON SEABECK: Two reasonably quick questions, first of all to Network Rail. You cite King's Cross as a fantastic, huge development but how many other developments have you got in city centres currently on your books and actually happening? I am from Plymouth and I can be very parochial here. There is a huge site round the station there that needs redeveloping. You have been sitting on it for ages and ages. Obviously the money is not there. There is the current economic crisis and it is quite difficult. Therefore I am interested in how much work you see coming in the medium to long term around stations. That question is very parochial. Val, it is interesting that Bovis Lendlease have set this up. I suppose I am concerned that you have had to set this up. You must have set it up for a reason and therefore local authorities, other parties, other entities were not doing what you needed them to do. I know that you were involved in the Dome development in Greenwich here. I thought Greenwich were doing quite a good job but there are clearly gaps. It would be interesting to get your take on where they exist and what you think could you be done about it.

MR LINDSAY: Shall I go first from a Network Rail perspective. Just in terms of the kind of work that we are doing, we have something like 2,500 stations across the UK. Clearly they are in many cases the gateway to that particular town or city but we cannot do them all at once. However, we too take our responsibilities very seriously and we want to invest in the stations which are very much the shop front of the rail industry, and so over the next five years we have a programme of about £2 billion-worth of investment, that is about £20 million every working day, in enhancing the infrastructure to improve capacity, and a lot of that will go into stations.

ALISON SEABECK: Is that significant huge investment Network Rail's investment or is that including all the investment that you have levered in from other partners?

MR LINDSAY: No, that is just Network Rail's investment.

ALISON SEABECK: What sort of figure are you looking at levering in from other investors? The reason I am asking is I am thinking about the Crossrail development and what happened at Woolwich Station where they levered in a huge amount of private sector money in order to make the station work and improvements on the station happen as part of that scheme. How much work are you doing? I know this is not the perfect climate at the moment.

MR LINDSAY: It is a more difficult figure to capture and it will be more difficult to deliver in the current economic environment, but we would hope to lever in £4 or £5 billion-worth of investment from elsewhere. What we are doing at places like Euston and Victoria at the moment is we have identified private sector partners to help us bring forward development above and around the stations where we can then use the profit to invest in the stations themselves, so it means that we can take forward those sorts of developments entirely out of private sector funding without touching Network Rail's own investment.

ALISON SEABECK: When you enter into those partnerships how much care do you take as the client in a sense to ensure that your partners are using local labour?

MR LINDSAY: That is something that is very important to us, particularly within the rail industry because we struggle like many people in the construction industry to get people with the particular kinds of skills that we need and so we invest a lot ourselves. We have one of the biggest apprenticeship schemes in the country. We will also rely on local authorities and other partnerships to help us make that happen by writing into section 106 agreements and so forth. There is so much that you can take forward as part of an overall partnership agreement, but it is important for us to have a section 106 there as well.

MR DAVIDSON: To pick up with Network Rail, you are a developer rather than a charity and therefore there is bound to be a tension between getting things done as cheaply as possible and taking on board all these aspirations that other people want you to take on board. What can we do to make you more inclined to take on our aspirations because having dealt with developers, developers vary widely and some are rascals and fly-by-knights who want to do as little as possible as cheaply as possible and pocket as much as possible and run away. Others perhaps have more of a social conscience. What can we do to change the playing field to place more of an onus or obligation on developers to do things properly?

MR LINDSAY: Part of it is writing the requirement into contracts and section 106

agreements up-front. That is part of the sticks that you were talking about in the previous session, I guess. We are not a developer, we are a landowner who works with development partners to take things forward but, you are absolutely right, we are not a charity either; we are a commercial organisation and all the profits that we make are then reinvested into the rail network so it is important for us to make as much profit as possible so that we can put that money back into our infrastructure. I think some of the other issues that we have got at the moment would be in terms of making commercial developments pay that can return a profit to then invest into the infrastructure. There is not a limitless pot out there of resources to make that happen and if we are going to invest in affordable housing and we are going to invest in local labour and construction as part of these, we need some help with that. One of the difficulties that we have got at the moment is the potential Community Infrastructure Levy that is going to come in because despite the fact that we are an infrastructure company we stand the potential of contributing to the Community Infrastructure Levy for all of our redevelopments but not getting that money back out again because many local authorities, understandably, will see it as a national infrastructure and not something that they want to invest in as part of what is a fairly limited pot.

MR DAVIDSON: Coming back to a particular development, the local authority or local people might aspire to have conditions placed on your sub-contractors, your construction people, and all the rest of it. Are they just in the position of being supplicants to you and relying entirely on your good nature? It is the point that I was making in the previous session about pious aspirations being declared and then people trying to slide out of them. You presumably as a developer would be able to say it is a condition of getting this contract that you have to sign up to this, this and this, but that really depends upon you agreeing to that, does it not? Does anybody else have any leverage over you?

MR LINDSAY: No because it is like any negotiation really - your strength is when you want others to do something for you, so the planning authorities will have quite a lot of teeth at the time it comes round to agreeing what the form of development is and the section 106 agreement there exists, providing it is relevant to the overall development, to require people to do things. For example, at King's Cross we have got a section 106 agreement which we signed up to as the landowner which requires us to ensure that at least ten per cent of the jobs on site go to local people, that we contribute to the construction training centre on site in terms of the capital and revenue for that, and indeed that we go through things like local procurement, because it is not just about local jobs on the site, it is also about working alongside local small businesses and so forth and making sure that as many as possible of the contracts can go to local people. That has knock-on benefits obviously in terms of things like environmental sustainability.

CHAIRMAN: Val wants to come in and respond to the question Alison asked.

MS LOWMAN: On Alison's question which was about why did we set up Beonsite and what are the gaps, you are absolutely right, Alison, we have worked for a very long time in this field even before we started working with Trevor's team where we feel, and I hope Trevor feels, that we worked really successfully. We started working to help local people benefit from our investments at Bluewater back in 1996. To answer the question that was asked earlier about why should we do this; from our perspective it is simply good business sense that if you are building and investing in a large shopping centre, then it is a really good idea to have local people with a disposal income in their pockets and for whatever reason, they choose to spend it with you as opposed to our competition. That is our business reason

as a developer as well as a construction company. To get down to a few more specifics about why exactly have we set up Beonsite and what were the gaps that we set it up to fill, there are two. As you heard earlier from Tony from Laing O'Rourke, he is absolutely right, they are the only contractor that works in the way they do. Everybody else in the marketplace does subcontract, whether it is right or wrong that is what everybody else does. The issue is particularly challenging in terms of London where with construction skills, our Sector Skills Council suggests that 80 per cent of the workforce is self-employed, so nobody is employing them at all. For those individuals faced with what I feel is the security of being on benefit when your rent is being paid and various other outcomes are being paid, the idea of becoming self-employed with a team of people who move around in a white van is one that is not going to happen. One of the reasons we set up Beonsite is so that we directly employ people as they move through this transition from welfare into work so we have a very firm handle on that. The second reason is while an awful lot of training goes on in this sector, and a lot of training goes on specifically to help people come off welfare into work, for our part of the industry, not very much of that training is relevant to us. In other words, you can go to your local college and learn how to be a bricklayer or a plumber, but increasingly in our sector - and we tend to build those big shopping centres or big commercial developments - the practice is offsite manufacture/onsite assembly, so our model is two-fold. We want to employ these specific groups of people directly ourselves so that we can make sure they have the security they need at the original entry level job. The second reason we want to get involved as their employer in the training is so we can make sure that training is as relevant as possible, ie it meets the actual skills gap which the industry has so those people are more likely to stay in sustained employment because they are able to do things that not many people can do and they are therefore likely to be better able to earn better money as well.

MR DAVIDSON: Can I clarify a point. A lot of the self-employment is bogus.

MS LOWMAN: I agree.

MR DAVIDSON: It is basically a tax scam which we maybe ought to address, but are you not having an unfair burden placed on you if you have got these costs of training when a developer who is profit-driven is assessing competitive bids. For example, you are spending all that, your bid is therefore going to be higher, the danger is the good practice is going to be undercut?

MS LOWMAN: I might not have explained the model clearly enough. I had planned out my answers and the answer to your question is in my second answer. While these people who are currently on benefit are being trained in the way I have just described, that money is being paid for by the Government as pre-employment training currently through the London Development Agency.

MR DAVIDSON: You are bearing no cost.

MS LOWMAN: Not for the training.

MR DAVIDSON: Thank you.

THE CHAIRMAN: Perhaps we could come back to Trevor Dorling and Richard Beamish to say something about what you are contributing and also where you see the obstacles of not allowing you to do as much as you would like to do and what would you do

to remove them.

MR BEAMISH: First of all, Construction Skills was mentioned and as you would expect, we work very closely with Construction Skills. There are three Sector Skills Councils covering the built environment primarily. We do work very closely to make sure the infrastructure is as seamless as we can possibly make it, but our role is to make sure the infrastructure is there in terms of qualifications, working with our employers - we are employer-led bodies - and making sure we have programmes which can be effective out there in the market and, in terms of the particular issues we are dealing with today, certainly focusing on the use of local labour as opposed to any form of labour in this environment. That is where I think we have a problem. By the way, we would split this whole area into two different aspects of skills development: one would be what one might loosely term 'employability skills', that would include literacy, numeracy, IT skills where appropriate, but also the softer skills, punctuality, attitude, customer care and so on, so a whole range of skills which many employers expect and constantly complain about in terms of people from schools, people who are between work, graduates, whoever, often do not appear to have those skills. That is one area we need to focus on. In this particular context, that is particularly important because if we are asking employers to take on local labour, they may be willing to up-skill them but they are not always as willing to provide them or help them develop the skills which they would argue, rightly or wrongly, the education system should have provided. That is the first thing. The second one is a problem. We can develop qualifications and we can deal with Val's problem of appropriate skills; skills change, they change quickly. I used to work in the newspaper industry where us photographers had to learn how to develop and print and it took us three years to change the qualification when that pool disappeared; crazy stuff, it did not make any sense. We know things change quickly. We are now moving towards a qualification structure that is credit based, which means we can make changes more quickly and people can develop small units of skills and knowledge rather than large ones which are entirely appropriate to the needs of the individual and the needs of the employer. The problem lies in taking that infrastructure, taking those qualifications, taking funding schemes where we can find them, such as Train to Gain and so on, and getting them to employers and encouraging employers to take them on board. There are some great examples of good employers, you have heard some today, my problem is you get lots of good examples but is that the minority and what about the majority? That is the hard bit, how do we get the majority of employers to accept that taking on local labour from the cities is really important and is beneficial. We are working on it, we are working very hard on it with our sector skills colleagues, with Jobcentre Plus, the Learning and Skills Council and the various other parties, too many by the way but that is for another day, we are working on that but that is very, very hard to do.

MR DORLING: Quite a lot has been mentioned this afternoon already about Section 106 and Greenwich is probably the leading local authority to negotiate an employment element within a Section 106 Agreement. We have been doing it for a long time and probably have secured over 200 or so such agreements. There are a number of elements to it. Firstly, as you heard, we established Greenwich Local Labour and Business, which is really the service part of what we do. They work very closely with employers to understand what employers want, they work very closely with our local residents to understand what their needs are also and seek to match the two. We use the Section 106 Agreement to get a commitment. As somebody said, it is a fairly weak agreement but nonetheless a commitment from developers, end users, construction companies and so on to use their best endeavours to recruit locally, but crucially we have the service to enable them to live up to that commitment.

We also use the Section 106 Agreement to get a financial contribution which goes to Greenwich Local Labour and Business and effectively creates a flexible pot that they can use which is unfettered by output requirements and targets imposed upon us. That gives them the means to operate in a very fleet of foot manner to reflect both what employers are asking for and also what the needs of individuals are. One thing I would wish to stress is that we are dealing with very large numbers of people. In Greenwich we have had some considerable successes. In one borough we are talking about 23,000 or so people who are workless, about 11,000 or 12,000 who are on incapacity benefit, half of whom have got mental health problems. These are very big numbers and very real problems and they require very localised and intensive support. One of the obstacles which we are forever overcoming is how we judge success, how we move people on their journey into work and keep them there. We approach our work in terms of three core areas: prevention, to effectively stop the flow of people into worklessness in the first place; addressing the barriers that are keeping the workless workless and then keeping people in jobs. The more time I spend on this, it feels to me the least effort goes into keeping people in jobs. The vast amount of public money which is used to support people to get to the first step of a job is not mirrored in efforts to keep people in jobs. I for one cannot think of “the agency” which has responsibility for keeping people in jobs and that is an area which really does need our collective attention.

LORD BEST: That was a really helpful response. Taking up a point which Alison Seabeck mentioned earlier, which is the EU8 workers, the people who are coming from the rest of Europe, I would not agree with Alison that the hazard here is the people who are unqualified and unskilled will do a poor job. I do not think that is the issue, the issue is about whether or not if we have the alternative of employing people from Poland, Lithuania or wherever, who are going to be perfectly competent and very hard working, whether that means employers are let off the hook of them having to worry about training people in our own communities. It seems so much easier to take them off the peg. We hear all kinds of things from politicians but we are signed up to EU agreements which mean we are not going to restrict the entry of people from the other EU countries, which now will include Romania and Bulgaria. Are you expecting that there will be a continuing flow of workers from Europe, and are you feeling this undermines the efforts you would like to see employers putting in with co-operation with the Skills Councils and with the good employers to recruit, retain and look after our own indigenous population?

MR BEAMISH: I cannot quote exact figures to you, but the evidence we have got at the moment is the number of people from Eastern Europe is diminishing rather than increasing. I do know that within the cleaning industry and a facilities management industry that we deal with, employers are telling us they have tended to recruit people from Poland and elsewhere because essentially they are prepared to do the jobs and they have problems recruiting from within the community. That situation is changing now really because that labour force is not there in the way it was, so there is an incentive there now for employers to recruit locally where perhaps it did not have to before.

MR DORLING: It is interesting, but I tend to view it in terms of the job we have to do to get people skilled to get into jobs. I work with a lot of construction companies but a lot of large companies as well and I believe they sincerely wish to do what we wish to do, which is ensure local people have the skills to get on and progress. However, they are often driven by short-term objectives which means they will take the person who presents themselves with the right skill. London is a hugely competitive labour market which means that our residents are competing not just with Lewisham residents but with residents from Poland and beyond.

There is no magic wand. It makes our task all the more acute, that we have to ensure our residents have the skills and the opportunities, the access to those jobs. There is a lot of good work being done and a lot of good projects and companies out there that are supporting training activities. It seems to me that is the world we live in. It creates a challenge and the challenge is to ensure our residents have the skills that people would want to use. If one went to the other extreme, I do not think we would be serving them well to have an iron grid around our boroughs and say people can only employ residents from that borough.

THE CHAIRMAN: A quick point on what Mr Dorling just made about the longer term, where you would like people to stay in work and advance and do further training and make some progress, which Mr Boler was describing was the ideal earlier. Has anyone done any monitoring of people over a longer period of time, maybe five years to see what actually happens to people who started on the first step of training, whether it has just been superficial, they have had a go at it for six months or so and then fallen out or that project which they were working on has come to an end, maybe that construction scheme, and they have not moved on?

MR DORLING: I believe locally that something between 35 and 40 per cent of all people who are placed into work through Jobcentre Plus are back on Jobseeker's Allowance within six months, so there is this enormous churn of people, some of which is legitimate because they are placed into temporary jobs, some of which is just because they encountered difficulties and they start again. It does feel like a game of snakes and ladders, which is not right. In Greenwich, with Local Labour and Business we try and provide a service for the individual whereby we move them on, so if they finish with one employer they come back to us and we move them on. We try and ratchet it so they do not go back to the bottom, they move on to another employer and are allowed to progress. It varies tremendously and there are some very, very good employers. I will plug Anschutz Entertainment Group, who are the current operators of the O2. Perhaps it is the American philosophy, but they do a tremendous job in progressing people within the company and supporting them. They have bought in totally to what we are trying to achieve. We do not need legal agreements to get them to deliver, it seems important to them to recruit local people because it is important to us. Consequently, they put a lot of effort into keeping people in the company if they encounter difficulties and I think that is what is needed.

MR BEAMISH: Can I add to that. Certainly the Sector Skills Councils have developed or are developing apprenticeships. We are even developing an apprenticeship in cleaning for instance, the idea of a first qualification is to take people from very low level occupations through the system to provide progression routes for them so they can develop further within a particular industry. That goes into careers work as well, so we are looking to try and make some of those industries much more attractive than they would currently be by demonstrating that you can start at quite a low level and move to a very high level or come in at some point in between. That is proving successful in some areas. Another area of activity, for instance, would be we had a cleaning team in the Euroskills Competition this year in Rotterdam, they won four gold medals, so they did very well. You might say what an investment and what is that achieving? What it does achieve is to raise the image of the industry and the occupation so that others can see there is something there for them, it is not just a run of the mill job, it can be a career if you want it to be.

THE CHAIRMAN: I like the idea of units of qualifications, building and tailoring them to people's needs but is it also important that where employers do this, the units people

get, the credits they get are recognisable by a wider circle than that employer, otherwise you can get locked in to one employer because your qualifications are only recognised by them?

MR BEAMISH: We have looked at that. The Government did come out recently after the Leitch Report and argue that large employers should be able to have their own qualifications. Of course, logistically that is quite a difficult thing to do. You have that very problem that you can have what is a very good qualification with a very good employer, such as McDonalds for instance, but where does that take you after that. Our solution within my own organisation is that what we need are essentially generic qualifications in the sense that they relate to a particular occupation or skills set but that individual employers can have their own units, which are their USP, if you like, so this is the initial way, this the mighty way, this is the Peabody way of doing things and that means you have got some transferability for that qualification.

MS LOWMAN: I was going to add to our experience in terms of developing people and give two examples. One is the Learning Shop at Bluewater, which was really the extension of the work we did in construction. The Learning Shop opened when Bluewater opened and Bluewater is ten years old next year. We have not contractually tracked people because we are not under contract to do so, so our experience is anecdotal. We have got some lovely case studies of people who came in with a young baby, the baby is now a toddler and at each time those people have come back to the Learning Shop to get their next job. Very often people do start with their first job at McDonalds because they do provide very good training but then they go on to the next job. I think the beauty of that model is because Bluewater is a community within itself with its own 300 retailers, that is how we are able to tell those stories. The second example is based on the same model which a lot of people have said here today, which is getting that first job is just the first step, the important work then goes on with how do you keep that job and how do you develop your skills to get yourself progression. I am absolutely delighted that two years ago the Government gave out the call for skills academies and that as an industry in construction we were able to secure a skills academy for construction because that is all about recognising all the training and work which goes on in the workplace which I think is otherwise invisible. I am not just referring to formal qualifications but the actual training work which takes place on a day-to-day basis that otherwise is not recognised at all. What I am basically saying is a lot happens but we do not capture it.

MR LINDSAY: I think the work which the likes of Greenwich and Val have done in terms of setting up partnerships is absolutely critical to this because as an employer who is typically undertaking particular projects in particular areas. It is very difficult to set up a local construction scheme or a local labour scheme from scratch. It is important that the infrastructure for that already exists, that it is being marketed through Jobcentre Plus and so forth to local communities, that it is employer-led is important to get the right skills and so forth. Having the infrastructure in place, such as the Urban Greenwich Scheme or otherwise that exist in Camden, Hammersmith and in other areas, for example the area around Bluewater which Val has mentioned, is absolutely critical to get it up and running because otherwise it takes a long time to understand what is required, if you can plug into something which is already there, it makes it an incredibly efficient way of going about it.

MS LOWMAN: I would absolutely endorse that. I have been very sad with smaller sites where that infrastructure was not in place. This is pre the Leitch Report and this is what is so important about the Leitch Report, everybody now has a common understanding of what

we are all trying to do. Before that, I have had occasions, not too many, but it has happened, where by the time we have got everybody around the table understanding what we are collectively looking to do, we have packed up and gone home because we have finished.

THE CHAIRMAN: It is important that we have got local authority assemblies working together in an area on a permanent basis.

MS LOWMAN: Absolutely and this is getting easier and easier because of Leech, because of Section 106s and because we now understand that we are missing opportunities if we do not work together. I think we are all building on each other's experience all the time.

LORD BEST: You were picking up on various sticks and carrots and I asked the last lot what they would throw into the mix on that. One point which Richard Beamish raised was whether or not we have got too many different initiatives going on simultaneously and they bang into each other along the way. Regeneration seems to be played across the piece with Government inventing things very, very rapidly after another one has not yet settled down. Taking that one and other potential incentives and, indeed, ways in which regulation might be necessary, I do not know whether people have final thoughts on ways in which we can improve the environment in which we are trying to achieve these objectives.

MR DORLING: I do not think it is a question of there are too many. I can understand from an employer's perspective, thinking there are too many people to approach and they are not sure who to approach, but given the scale of the problem that we are dealing with, we need an awful lot of the initiatives which are happening out there. In my experience, they are virtually all doing something which is worthwhile; the real problem is they are not joined up. The best way of joining that up is locally and I think local authorities are increasingly seeing that they have a role in making government initiatives, RDA initiatives and LSC initiatives work on the ground. In a sense, my greatest plea is there is a great deal which can be done, as we have found in Greenwich, with a relatively small amount of money. The money we generate though Section 106 is tiny compared with the money that the mainstream funding, the Jobcentre Plus, LSC and the RDAs et cetera have, but we deliver a great deal to that because it is flexible. I think the discussions around MAAs, City Strategy Pathfinders are exactly the right discussions. They have got a long way to go to prove themselves but the principles are exactly right. It is not too many initiatives, it is not necessarily a need for new initiatives but it is a real need to join things up on the ground.

MS LOWMAN: I agree with everything Trevor said there but I would also like to add that I think flexible New Deal is a very big attempt at joining things up in terms of geographies and time spans and so on and so forth. My huge concern about the issue of flexible New Deal is that the prospective providers - I think you are going to be one, we are not - the new providers are being asked to deal with an incredibly difficult group. The issue is not getting people into work but keeping people in work. I completely agree about the lack of investment in that area and that is when life really does start to get hard. I would like to know what has happened to the *Del Aimee* concept which David Freud talked about at the beginning of developing flexible New Deal because it does not seem to have happened and providers are being asked to do far more with a lot less money.

MR BEAMISH: I would agree totally with the issue of joined-up thinking working together and I think that is a big issue. I came down this morning from a meeting in Nottingham with the RDA, the Learning and Skills Council, Jobcentre Plus and several other

parties with that very aim in mind, to do something, work together, not to work in our own separate compartments. It is very hard to do. There is the problem which Val mentioned of setting up a meeting, maybe a meeting about a meeting followed up by a meeting and then not very much happens, so I think all of us have to get that message that there is not time, we have to move forward, we have to trust each other and we have to work together. You asked a question also about encouragement or incentives. Certainly talking to my employers in housing and property, their view is we do need incentives. They have talked about procurement, they have talked about tax breaks but they are looking much more at the carrots than sticks. You might say, "They would, wouldn't they", but that is their view, that that is the way forward and there is sufficient goodwill there which just needs awakening sometimes to get more employers involved in this particular process.

THE CHAIRMAN: What carrots would they want then?

MR BEAMISH: What sticks are there? Employers generally look at levies and so on, I think they would look at the reverse of a levy, which is a tax incentive, the companies that take skills development seriously should be recognised as doing that because when that happens, then more will take that issue onboard.

MR LINDSAY: I would support what people have said and very much push that message about partnership and funding infrastructure for employment and training on the ground locally. The other thing I would say is, I have already mentioned we have got a very active apprenticeship programme where we train about 200 people a year. One of the difficulties we have had with that is we can get some funding to help us with that from the Learning and Skills Council for 16 to 18 year olds but in many ways, once they are 19-plus there is not the same amount of financial support there for that and that seems a bit crazy to us given that we ought to be investing in local communities, not just in 16 to 18 year olds.

THE CHAIRMAN: Thank you very much indeed for your contribution today and for letting us know all the many good things you are doing. Keep doing them despite the slight challenging economic circumstances. Thank you very much.