

## **NSP Policy P27 Access to employment and training Note**

### **Reference 24 of EIP Inspectors Action List (EIP188)**

1. The purpose of this note is to provide further clarification on the methodology used to secure the policy requirements of P27 Access to employment and training and to show how the contribution for financial contributions required in exceptional circumstances by part 2 of the policy is calculated.
2. **The policy (criterion 1.1) requires that developments of 5,000sqm or more of gross new floorspace must provide training and jobs for local people in the construction stage.**
3. **The targets are set out on page 25 of the CIL and section 106 SPD (EIP49):**
  - One job lasting a minimum 26 weeks for an unemployed Southwark resident per 500sqm GEA
  - One Southwark resident trained in pre or post employment short courses per 500sqm GEA
  - One new apprenticeship start or in-work NVQ per 2000sqm
4. **The policy (criterion 1.2) requires that developments of 2,500sqm or more of gross new non-residential floorspace must provide training and jobs for local people in the final development.**
5. **The targets are set out on page 26 of the CIL and section 106 SPD:**
  - For business use floorspace a target for the number of jobs lasting a minimum of 26 weeks for unemployed Southwark residents will be calculated at 10% of the estimated Full Time Employee (FTE) employment on site according to Homes and Community Agency (HCA) employment densities or an alternative measure agreed by the council.
  - For retail use (A class) floorspace and hotels a target for the number of jobs lasting a minimum of 26 weeks for unemployed Southwark residents will be calculated at 20% of the estimated FTE employment on site according to HCA employment densities or another measure agreed by the council.
6. **Part 2 of the policy states that in exceptional circumstances where jobs cannot be provided on site, a financial contribution will be required for construction employment and training.**
7. **The calculation for this contribution is set out below (pages 25 and 26 of the Section 106 and CIL SPD):**

#### Employment and training contribution (jobs during construction)

Where the target number of sustained jobs, short courses or apprenticeships cannot be provided a contribution will be sought to be used by Southwark Council to provide equivalent opportunities in the local area to residents based on the following formula:

Shortfall against target number of jobs lasting minimum 26 weeks for an unemployed Southwark resident x £4,300 (the average cost of supporting an unemployed Southwark resident into sustained employment)

Shortfall against target number of Southwark residents trained in short courses x £150 (the approximate cost of a typical construction sector short course)

Shortfall against target number of apprenticeship starts x £1,500 (the approximate cost of a typical construction sector Level 2 qualification)

#### Employment and training contribution (jobs in final development)

An employment and training contribution will be sought, to be set at the target number of jobs lasting a minimum of 26 weeks for unemployed Southwark residents, as set out above, multiplied by £4,300 (the average cost of supporting an unemployed Southwark resident into sustained employment). This will be used by the council to support borough residents to access local jobs and facilitate the delivery of the skills and employment plan.

8. Financial contributions are secured through planning obligations in section 106 agreements. A template of the S106 agreement 'Schedule 9 Employment and Training, Construction Apprenticeships and Local Procurement' and the relevant definitions is attached in **Appendix 1** of this note to demonstrate how we secure the policy requirements.
9. With respect to the NPPG paragraph 23b-004-20190901, the mechanism for calculating financial contributions is contained in the adopted S106 and CIL SPD (EIP49). Similar requirements are in adopted policy and therefore the council is not introducing a new formulaic approach. We have suggested an update to the reasons to explain how financial contributions would be used. The policy continues to require the delivery of training and jobs on site, and the mechanism for securing this is shown in Appendix 1. In exceptional circumstances, financial contributions would be sought instead.
10. The Council proposes the following minor modification to the 'Reasons' text of the policy for clarity and further justification.

#### **Reasons**

Employment and skills are key strategic priorities for the council and we support frontline programmes to help residents into work and promote a strong and inclusive local economy. It is our aspiration that all Southwark residents have employment that is fairly paid, underpinned by our promotion of the London Living Wage. We also want Southwark residents to have secure employment and the skills to progress beyond entry-level, insecure, low-paid work.

This approach overcomes barriers to employment as it promotes a targeted approach to improve employment participation within Southwark and an entrepreneurial approach to business, especially among young people. ~~The development of Elephant Park on the former Heygate Estate has already seen over 320 Southwark residents employed, of which 147 were previously unemployed.~~

Between 2014 and 2018, the Council has supported 5,811 residents into work through investment into Southwark Works and other targeted programmes, prioritising those residents furthest from the labour market. 1,918 apprenticeships have been created, through support for employers to create quality apprenticeships under the Southwark Apprenticeship Standard. We will look to repeat and improve on our success in our regeneration schemes in the coming years.

Where jobs cannot be provided on site, financial contributions are secured through planning obligations in section 106 agreements. Funds from contributions for employment and skills outcomes are assigned across council programmes to support our residents into jobs and creating new apprenticeships.

## **Appendix 1: Template for s106 Agreement**

### **1. Definitions and Interpretation**

1.1 The following words and phrases shall have the following meanings unless the context otherwise requires:

**“Construction Industry Apprenticeships”** means apprenticeships operating under a statutory apprenticeship agreement to be provided in construction related trades and occupations on the Site and in the services used in the creation of and supply to the Development, including building, architectural and surveying services, during the period of construction of the Development;

**“Construction Industry Employment and Training Report”** means a quarterly report to the Council about the work of the Construction Workplace Co-ordinator including, but not limited to, information about progress toward achievement of the targets outlined in paragraph 1 of Schedule 9, such report to be written in a format approved by the local economy team of the Council or such team as shall be assigned the work of the local economy team from time to time;

**“Construction Industry Employment and Training Shortfall Contribution”** means the sum as calculated by the Council in accordance with the formula in paragraph 1.6 of Schedule 9 to be expended by the Council upon supporting Unemployed Borough Residents, including but not limited to, the provision of appropriate training, in order for Unemployed Borough Residents to access Sustained Construction Industry Employment;

<b>"Construction Workplace Co-ordinator"</b>	means a named individual who is either an employee provided by the Developer or a contractor appointed by the Developer and who shall be based with the team contracted to construct the Development during the construction phase and whose role shall be to provide such training and support as is necessary to enable Unemployed Borough Residents to access Sustained Construction Industry Employment in accordance with the Employment and Skills Methodology;
<b>"Construction Workplace Co-ordinator Period"</b>	means a period of time from the Implementation Date to be agreed in writing with the Council prior to Implementation;
<b>"Contractor"</b>	means the contractor appointed by the Developer to construct the Development;
<b>"Default Employment in the End Use Contribution"</b>	means a financial contribution of £[ ] ([ ]) Index Linked which may be payable by the Developer to the Council in accordance with paragraph 3.4 of Schedule 9 and if paid applied by the Council towards supporting Unemployed Borough Residents into Sustained Employment;
<b>"Employment in the End Use Contribution"</b>	means the sum as calculated in accordance with the formula in paragraph 3.6 of Schedule 9 and if paid to be applied by the Council towards supporting Unemployed Borough Residents into Sustained Employment;
<b>"End Use of the Development"</b>	means the use or uses of the Development as authorised by the Planning Permission following first Occupation;
<b>"Environmental Code of Construction Practice"</b>	means a code of practice to be followed by the Developer to safeguard against any environmental impacts arising from construction arrangements;
<b>"NVQ Starts"</b>	means the commencement of a full National Vocational Qualification or equivalent vocational qualification outside of a

statutory apprenticeships agreement by a person employed in Sustained Construction Industry Employment;

**“Occupation”**

means the first date upon which any part of the Site is physically occupied for any purpose but does not include occupation by personnel engaged in construction, fitting out or decoration or occupation for marketing or display or operations in relation to security operations and for the avoidance of doubt in the case of the sale of the freehold or leasehold interest to a third party or any other Disposal occupation commences on the Disposal Date and the phrases “Occupy” and “Occupied” shall be construed accordingly;

**“Skills and Employment Methodology”**

means a methodology to secure the appointment of a Construction Workplace Co-ordinator and which specifies the responsibilities of the post as outlined in paragraph 1 of Schedule 9 and the method by which the key outputs of the post will be achieved;

**“Skills and Employment Plan”**

means a plan which shall operate during the Skills and Employment Plan Period to secure Sustained Employment for up to [xxx] Unemployed Borough Residents in the End Use of the Development and which includes the matters outlined in paragraph 3.2 of Schedule 9;

**“Skills and Employment Plan Period”**

means a period of eighteen months from first Occupation of the Development;

**“Skills and Employment Plan Report”**

means a quarterly report to the Council about the implementation of the Skills and Employment Plan including, but not limited to, information about progress toward achievement of the target outlined in paragraph 3.2 of Schedule 9 such report to be written in a format approved by the local economy team of the Council or such team as shall be assigned the work of the local economy team from time to time;

<b>“SME”</b>	means a small to medium enterprise;
<b>“Southwark Works”</b>	means the employment support service by that name which is commissioned by the Council or such other successor services as may be nominated by the Council from time to time;
<b>“Sustained Construction Industry Employment”</b>	means Sustained Employment related to the Development and/or other development in the Borough including but not limited to employment in building and construction on the Site and in the services used in the creation of and supply to the Development including building architectural and surveying services;
<b>“Sustained Employment”</b>	means a period of continuous employment of not less than 26 weeks;
<b>“Sustained Employment Opportunity”</b>	means a contract of employment of not less than 26 weeks;
<b>“Unemployed Borough Residents”</b>	means persons residing within the Borough who are neither in employment nor contracted as self-employed workers and have not been so for a period of not less than seven days;

## **SCHEDULE 9**

### **Employment and Training, Construction Apprenticeships and Local Procurement**

The Developer covenants with the Council:-

#### **1. Employment in Construction**

- 1.1 Not to Implement the Development or any part of it until submitting a Skills and Employment Methodology to the Council for its approval in writing.
- 1.2 The Skills and Employment Methodology shall include but not be limited to the following matters: (i) the method by which a Construction Workplace Co-ordinator shall be appointed and (ii) the responsibilities of the Construction Workplace Co-ordinator which shall include the following:-
  - 1.2.1 identifying Sustainable Employment Opportunities to lead to Sustained Construction Industry Employment;
  - 1.2.2 encouraging applications from Unemployed Borough Residents by liaising with Jobcentre Plus services within the Borough, employment service providers including Southwark Works, the voluntary and community sector, training providers and careers service providers including the Southwark Education Business Alliance;
  - 1.2.3 commissioning Short Courses where necessary and identifying financial resources for the delivery of appropriate construction industry training and skills certification;
  - 1.2.4 providing training to selected Unemployed Borough Residents in pre-employment skills, basic construction skills and site safety;
  - 1.2.5 supporting Unemployed Borough Residents and their employers through the transition into Sustained Construction Industry Employment for a minimum of 26 weeks; and
  - 1.2.6 recruiting Borough residents into Construction Industry Apprenticeships.
- 1.3. To appoint and retain a Construction Workplace Co-ordinator throughout the Construction Industry Employment Contact Period.
- 1.4 To use all reasonable endeavours during the Construction Workplace Co-ordinator Period to:
  - 1.4.1 place a minimum of [x] Unemployed Borough Residents into Sustained Construction Industry Employment;
  - 1.4.2 train a minimum of [x] Borough residents using Short Courses;

- 1.4.3 provide a minimum of [x] new Construction Industry Apprenticeships or NVQ Starts;
  - 1.4.4 ensure that their contractors and sub-contractors shall work with the Construction Workplace Co-ordinator and with local employment and skills agencies approved by the Council to recruit Borough residents into Construction Industry Apprenticeships; and
  - 1.4.5 produce the Construction Industry Employment and Training Report.
- 1.5. Following the submission to the Council of the final Construction Industry Employment and Training Report prior to Completion of the Development or such phase(s) of the Development as may be agreed in writing with the Council, the Council will assess if the targets outlined in paragraphs above have been achieved.
- 1.6 In the event that the targets in paragraphs 1.4 above have not been achieved to the satisfaction of the Council, the Council will notify the Developer in writing of the calculation of the Construction Industry Employment and Training Shortfall Contribution which shall be calculated using the following formula;
- 1.6.1 Shortfall against number of Unemployed Borough Residents in Sustained Construction Industry Employment x £4,300
  - 1.6.2 Shortfall against number of Borough residents trained in Short Courses x £150
  - 1.6.3 Shortfall against number of Construction Industry Apprenticeships or NVQ Starts x £1,500
- 1.7 The Developer will pay the Construction Industry Employment and Training Shortfall Contribution to the Council within 28 days of the notice referred to in paragraph 1.6 above.

## **2. Local Procurement**

- 2.1 To work with the Council's Local Economy Team or a nominee of the Council in the Borough to as far as practicable and in compliance with all applicable laws use reasonable endeavours to achieve the procurement of construction contracts and goods and services from organisations based in the Borough.

2.2 To use reasonable endeavours to obtain a total value of contracts procured from organisations based in the Borough of 10% of the total value of the construction contract or the number of contracts procured in relation to this Site.

2.3 To:-

2.3.1 consider applications to tender received from SME's based locally for the provision of goods and services for the running of the Site, pre, during and post construction, and shall liaise with the Council through the Construction Workplace Co-ordinator to increase opportunities for local firms and people and use reasonable endeavours to ensure that any contractors and sub-contractors do the same;

2.3.2 include a written statement in their contracts with any contractors and sub-contractors encouraging them to liaise with the Local Economy Team to discuss, agree and implement the arrangements as set out in this paragraph 2.3 and also in the Southwark Economic Wellbeing Strategy 2012-2022;

2.3.3 brief contractors and sub-contractors on the requirements of this paragraph 2.3 and encourage co-operation with the Council as a pre-requisite to accepting sub-contract tenders;

2.3.4 advertise sub-contracting and tendering opportunities to SME's (whose primary address is in the Borough) through local business networks/associations, business lists provided by the Council or a nominee of the Council (including list of Pre-qualified Firms by the Council's Procurement Team) and the local press;

2.3.5 with its contractors and sub-contractors, resource and deliver, in consultation with the Council or a nominee of the Council, a minimum of three seminars on procurement policy and phasing in relation to the Development at an

appropriate time before the Implementation Date and targeted at local firms in order to make them aware of the opportunities, timescales and procedures to be adopted in tendering for available work.

### **3. Employment in the End Use Development**

3.1 No later than six months prior to first Occupation of the Development the Developer shall submit a Skills and Employment Plan to the Council.

3.2 The Skills and Employment Plan shall;

3.2.1 Identify [xx] suitable Sustainable Employment Opportunities for Unemployed Borough Residents in the End Use of the Development;

3.2.2 Identify the detailed mechanism through which the Sustainable Employment Opportunities will be filled, including, but not limited to, the name of the lead organisation, details of its qualifications and experience in providing employment support and job brokerage for unemployed people, and the name of the point of contact who will co-ordinate implementation of the Skills and Employment Plan and liaise with the Council;

3.2.3 Define key milestones to be achieved and provide profiles for filling the Sustainable Employment Opportunities;

3.2.4 Identify skills and training gaps required to gain Sustained Employment in the End Use of the Development, including the need for pre-employment training; and

3.2.5 encourage applications from suitable Unemployed Borough Residents by liaising with the local Jobcentre Plus, employment service providers including Southwark Works, voluntary and community sector, training providers and careers service providers, including the Southwark Education Business Alliance.

3.3 The Developer shall submit the Skills and Employment Plan Report during the Skills and Employment Plan Period.

- 3.4 In the event that the Developer does not produce a Skills and Employment Plan or such plan is not approved by the Council (such approval not to be unreasonably withheld), the Developer will pay the Default Employment in the End Use Contribution within 28 days of receiving written notice from the Council.
- 3.5 Following the submission of the final Skills and Employment Plan Report at the end of the Skills and Employment Plan Period, the Council will assess if the targets included in the Skills and Employment Plan have been achieved.
- 3.6 In the event that the targets in the Skills and Employment Plan have not been achieved to the satisfaction of the Council, the Council will notify the Developer in writing of the Employment in the End Use Contribution which shall be calculated using the following formula:-

Shortfall against number of Unemployed Borough Residents in Sustained Employment x £4,300

- 3.7 The Developer will pay the Employment in the End Use Contribution to the Council within 28 days of receipt of the notice referred to in paragraph.