RECOMMENDATION

That Bermondsey Community Council recommend to Planning Committee

1. That funds totalling £4,400,000 be released from the Southwark Towers London Bridge S106 agreement (The Shard of Glass), dated 9 May 2003, (Agt.No. S106/77444) for regeneration projects associated with the delivery of the Shard Southwark Vocational Programme (SSVP), subject to:

   • The execution of a Memorandum of Understanding (MoU) by the Developer and/or the Company and the council (the Parties) agreeing to vary the legal agreement to authorise the reallocation of the s106 funding pursuant to Clause 7.12, or a similar process that mitigates any risk to the council’s position; and

   • Receipt of the s106 funds upon the dates specified within the legal agreement.

BACKGROUND

2. London Bridge Tower also known as the Shard of Glass is driving forward the regeneration of north Southwark. Works on the construction project commenced in March 2009, and when completed in 2012 it will be the tallest building in the United Kingdom and one of the tallest buildings in Europe. The building replaces Southwark Towers, a 24-storey office building which was completed in 1976. The tower will stand at 310 m (1,017 ft) tall and have 72 floors, plus 15 further radiator floors in the roof.

3. On 18 November 2003 planning permission was granted for the demolition of the existing Southwark Towers and construction of a “vertical city” or mixed-use building totalling 124,242m² gross, comprising offices, hotel, 14 flats, retail and restaurant uses, health and fitness club and associated servicing and parking. The council resolved to grant approval on March 2002 and in March 2003 for an amended application. The application was called-in for decision by the Secretary of State in July 2002 and a public Inquiry was held in April and May 2003. The Inspector noted that the proposal had been amended from its original submission. Planning permission was granted for the scheme (as amended) by the Secretary of State on the 18 November 2003.
4. Since the construction of the Shard of Glass started on site in 2009, the council has worked closely with the developer to manage the implementation of the project, and plan for the delivery of a number of section 106 mitigation projects. ¹

5. The signed section 106 agreement includes a number of physical and economic projects to ensure the new building has a sustainable impact on the surrounding area and maximises the regeneration potential of Southwark. The total sum of payments listed in the section 106 agreement is £14,750,000, of which some are delivered “in kind” by the developer, and some are direct payments to the council to deliver a specific project. Appendix 1 provides detailed information on the sums set out in the agreement, and the following list provides an outline of the projects which are included in the agreement.

- Affordable Housing payment
- Delivery of a new bus station in partnership with Transport for London
- Delivery of new Underground connection in partnership with London Underground Limited
- Delivery of a new train station concourse in partnership with Network Rail
- Contribution towards employment training initiatives
- Maintenance sum for employment / training facilities
- Education and training initiatives
- Public Art
- St Thomas's Street and Joiner Street environmental improvements
- Great Maze Pond Environmental Improvements in partnership with Guys Hospital Trust
- Guys Trust hospital access improvements in partnership with Guys Hospital Trust

6. This report focuses on the education and training related section 106 projects, and seeks to release £4,400,000 to the council to deliver a programme of projects to maximise the opportunity for residents across the whole of Southwark to access both job opportunities in the completed development and to access training courses linked to job opportunities with the tenants of the completed building.

7. At a meeting on 23 September 2010, the council and the developer agreed to complete a memorandum of understanding (MoU) to establish the terms of joint work to maximise employment opportunities for residents in the completed Shard of Glass building through the establishment of a joint Shard Southwark Vocational Programme (SSVP). The MoU will establish a joint project board, chaired by the council, to oversee the set up and management of the SSVP and will include a requirement for a the Shard of Glass S106 agreement to be varied to allow the reallocation of the respective contributions for the purposes set out in this report.

FACTORS FOR CONSIDERATION

The Challenge

8. Southwark has a number of areas of high deprivation with high levels of unemployment. Southwark has in excess of 1800 19 - 24 and approximately 300 16 to 19 year old individuals Not in Education, Employment or Training (NEETs). Analysis confirms that

¹ For more information about section 106 and how it works, please visit www.southwark.gov.uk/s106
there are currently insufficient local opportunities to train in vocations such as construction, engineering, service industries, beauty and hairdressing to meet demand. Over 30% of 16 to 19 year olds currently travel out of borough to learn due to limited local vocational training options. Where vocational provision does exist, it often suffers from a lack of strong links with working conditions and a clear match to employer skills demands.

9. Substantial section 106 monies are available to design and tailor education and training programmes to target future job opportunities in the Shard of Glass, and to fund referral agencies to create links between unemployed job seekers and clients providing jobs in the new building. However, there is no obligation on the tenants and businesses in the completed development to provide job opportunities.

The Opportunity

10. The Shard of Glass will provide both physical regeneration as a new landmark building with investment in the transformation of London Bridge station, and economic regeneration through the creation of thousands of job opportunities in the new building. The combined total in the completed Shard and New London Bridge House will amount to 12,500. By way of a summary, the job opportunities in the Shard of Glass will include:

- **Office floorspace**: business administration, secretarial, office management, project management, financial services
- **Retail floorspace**: customer service, sales and marketing, and accountancy.
- **Restaurants and Shangri-la hotel**: customer service, catering, cleaning, sports and fitness, health and beauty services.
- **Viewing gallery and exhibition space** will require personnel for customer service, sales and marketing, security, office management, arts and culture, all of which are part of the core vocational training of the College.
- **Security**: security expertise and excellent customer service.
- **Engineering, construction, and building services**: estates and project management services which may include all construction trades, decorating, plumbing, lift servicing, specialist cleaning, glazing services, mechanical and electrical trades.

11. Maximising the opportunity for residents in Southwark to access jobs in the Shard of Glass indirectly through bespoke training or directly through referral has the benefit of providing the Shard of Glass with a supply of enthusiastic, job-ready local young people and adult job-seekers, who are likely ensure better staff retention and lower staff turnover rates for the employers, while improving job retention and progression opportunities for local residents. Local people have low travel costs, express preferences for working locally, and are more likely to stay in post. This programme will give them a competitive edge in a highly competitive job market with low current vacancy levels.

Matching the challenge to the opportunity: Shard Southwark Vocational Programme

12. The Shard Southwark Vocational Programme seeks to join up the challenges with the opportunities by developing vocational training programmes which are tailored to specific opportunities, and commissioning specialist referral agencies to link unemployed job seekers with opportunities in the completed development. The programme thus comprises two key elements:
• The development of vocational training courses
• The commissioning of referral agencies to link Southwark residents to both training and job opportunities.

13. The section 106 agreement for the Shard of Glass provides for the following key sums which can be used to deliver the training and referral elements of the vocational programme:

• Education / training initiatives - £500,000
• Maintenance sum for training facilities - £2,000,000
• Contribution towards training initiatives - £1,900,000

• Total – £4,400,000

14. The council has a strong track-record of working in partnership with developers to deliver Section 106 regeneration projects. Over the last 10 years, the council has worked closely with More London to deliver a programme of £10,000,000 of physical, social and economic section 106 projects which culminated in the partnership winning an award from the Royal Town Planning Institute (RTPI).2

15. In terms of maximising the value and benefits of economic regeneration projects, one of the key lessons learned through experience of working with More London is the need to engage tenants of the future development to maximise access to the future job opportunities that they will provide in their completed building. The challenge facing the council and developer is ensure that the tenants and businesses operating in the completed development are able to provide sustainable job opportunities for local residents, which requires a strong partnership approach as there is no obligation on the end user to provide local job opportunities.

16. The Shard of Glass is now half-built and there is an imperative to put into place a project board to set up and manage the vocational programme as new tenants begin to plan for the fit-out and staffing of their premises. Engaging tenants at this stage, in partnership with the developers estate management team is vital to design training courses and commence referrals of local people into the emerging job opportunities. A tour of economic and education projects was carried out for the developer on 15 June 2010, where the developer was able to witness the challenge first hand by meeting with referral agencies, education providers, and meeting individual “clients” who have been actively seeking employment or recently trained and placed into job opportunities.

17. The Shard of Glass is due to complete in May 2012, with further internal fit-out and letting of floorspace over the following year. The developers of the Shard are also currently constructing a new building to replace the former New London Bridge House, and will retain a freehold interest in both schemes. The developer is willing to expand the Shard Southwark Vocational Programme to accommodate training and job opportunities in the

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2 RTPI Award Best Built Project "More London: A catalyst for the transformation of North Southwark" London Borough of Southwark and More London developments
www.planningresource.co.uk/news/ByDiscipline/Development-Control/883954/London-Planning-Awards-winners/
new building, and make links to future opportunities in neighbouring sites such as the Guys Estate. The emphasis therefore is in creating a flexible programme which can utilise a variety of agencies and providers over time as the buildings complete and tenants move in. There is scope to include other organisations in the programme, such as the Guys Hospital who are currently developing proposals for the future of their estate, including a cancer centre. In order to promote flexibility and sustainability within the programme, it is recommended that two key “umbrella” organisations are identified which lead on the provision of training and referral services respectively.

18. In order to secure local training providers and referral agency which can directly link with future tenants of the Shard, and have a presence or access Southwark-wide in the delivery of services, it is recommended that the following two organisations are commissioned to act as lead partners with respective allocations shown.

- Southwark College - £1,900,000
- Southwark Council (including Southwark Works) - £2,400,000

The role of Southwark College (lead provider of vocational education and training)

19. Southwark College is a local education provider with three campuses in Bermondsey, Waterloo and Camberwell. Southwark College exists to provide local training for local people to improve their employment prospects. As a Further Education College it has a statutory duty to contribute to the economic prosperity of its local community and believes that servicing local businesses is core to this mission and responsibility. The developer and council have met with the college on a number of occasions and developed a brief which sets out how section 106 funds can be spent on projects which directly link to creating job opportunities in the completed development.

20. Project managers from the college have met with the developers’ estate management team and future tenants including the Shangri-La hotel and are developing innovative and exciting projects to design tailored courses for Southwark residents to access jobs in the Shard of Glass.

21. The brief for how Southwark college can deliver tailored courses and projects to target jobs in the Shard of Glass focuses on providing effective vocational training, through modern and attractive training programmes, including the construction and refurbishment of “real work environments” (RWE’s).

22. It is projected that investment will have a combined impact on both the numbers of NEETs and the wider group of workless 19-24 year olds through providing for local vocational training, with an immediate impact if invested in time to permit access to SFA grant funding for the college and complete capital works by December, thus having an immediate positive impact on recruitment to the college and ensuring that the first wave of beneficiaries are trained ready for recruitment as occupation of the Shard begins during 2012. The Shard developers have a genuine opportunity to have a quantifiable and significant impact on the local economy.

23. Southwark College is now developing a curriculum that is fit for purpose after a period of substantial change. The college plans have been developed with the council’s 14 to 19 team and support the objectives of our Children and Young People’s Plan. When realised they will provide a facility that meets the needs of many of our learners, particularly those
working at the foundation level. The facility would become a key aspect of our strategy to reduce the number of young people who are not in employment, education or training.

24. The Shard Southwark Vocational Programme project board and steering group will oversee implementation of the £1,900,000 Section 106 budget allocated to the College; and the council will commission Southwark College to deliver a phased programme as the details of the elements of the programme are worked up. The project board will ensure that strong value for money is achieved through ensuring that targets for creating training and job opportunities are contracted to the college by the council and the council will nominate a project manager, assigned to closely monitor the outputs of the programme. The programme will be commissioned and managed by the council.

25. Southwark College has secured match-funding from the Skills Funding Agency (SFA) for the first phase of capital works to provide real work environments; further added value will come in the form of revenue funding secured by the college for the provision of courses designed to fit the profile of jobs in the Shard. Completion of the first phase of capital works is required by the end of 2010 in order to secure the SFA funding. The specific allocation of £500,000 provided in section 8 of appendix 1 to this report will be made to Southwark College in order to secure this SFA grant and meet the SFA’s match funding requirements. The proposed allocation to the college is made following consultations with London South Bank University and continuing dialogue between the college and the university over vocational provision and pathways.

26. Lasting impact will be achieved through this investment through the legacy of real working environments at the college that will continue to be used after the life of this programme, and their use to provide a range of vocational opportunities to match local demand for skills more successfully. The change in college’s vocational provision in the longer term will be supported by ongoing revenue secured by the college for course provision.

The role of the Council and Southwark Works

27. Southwark Works is the council’s brand for a variety of employment and training programmes, deploying a team of specialist employment advisers, who work closely with JobcentrePlus, mainstream agencies and a range of other employment and training related partners and employers. The advisers are located with a variety of service providers, each trying to tackle specific barriers to the labour market and help those furthest from the labour market throughout the borough.

28. Based within services such as community mental health teams, leaving care teams, GPs and welfare rights advisers, the employment advisers provide key guidance and support to help local people overcome these barriers and move towards the employment market. Southwark Works also has dedicated employer liaison officers (ELOs), who engage with employers and match vacancies to individual clients’ needs. The programme also offers work experience across a range of public and private sector organisations.

29. In addition to the range of S106-funded projects successfully managed by the Council, Southwark Works has a strong track record in delivering section 106 projects and employment benefits for the council, including the successful Foot in the Door retail employment project supported by the More London Section 106 agreement.
30. The Shard Southwark Vocational Programme project board and steering group will be established to oversee, manage and support the implementation of the section 106 budget as proposed in this report; this will include allocations to Southwark College, as well as to the council. The council will commission and contract projects to support and deliver a phased and sustainable programme partly through, but not limited to Southwark Works, as the detail of the elements of the programme are designed. This programme will be designed to include existing specialist training provision already able to supply training to match the Shard jobs profile, such as the StArt project which provides training and job brokerage in arts, culture and front of house services. The College will develop programmes with the employers in the Shard (such as Sellar who will retain and manage the building, and Shangri La Hotels). Wherever possible, support and training will be commissioned by the council from local, Southwark-based organisations that can demonstrate specific expertise with particular clients or employment sectors.

31. In order to maximise the capacity of local training providers referral agencies resources, inject creativity and innovation into the referral agency programme, and maximise the level of outreach across the Borough, it is proposed that the programme will include annual subcontracting opportunities managed by the council on behalf of the Shard Southwark Vocational Board to invite organisations across Southwark to tender to work with the council and Southwark Works to create further links and referrals to Shard jobs. A budget of £900,000 (to be phased and budgeted in accordance with need and with the development of a detailed plan for the programme) will be allocated to capacity build and employ local providers to deliver innovation and maximise the ability of residents to access Shard jobs. This programme will be designed to create a sustainable legacy through provision of capacity building to help local providers maximise future S106 opportunities, and to gear their training provision more successfully to the range of job opportunities and skills demand in the north of the borough and in London generally. The profile of jobs within the Shard will be mirrored more widely throughout London, and investment in this provision through the SSVP will thus have wider benefits.

**Community Project Bank**

32. The community project prioritisation process outlined below:

- In July 2009 the council’s Executive (now Cabinet) agreed additional policy guidance for the community project bank to apply a weighting measure and prioritise projects for funding. This provides:
  - A tool for negotiation of Section 106 funds by planners and consideration by the planning committee as part of the planning decision-making process.
  - Guidance for officers in developing and delivering capital projects funded through section 106 and other capital resources.
  - Guidance for those approving allocation of Section 106 funds.

33. The majority of community project bank proposals are for capital projects such as open spaces, public realm, and transport. The only economic development projects relate to retail improvement schemes and there are no capital education projects, or economic employment projects listed. The projects listed in this report are directly associated with the economic development tariff set out in the adopted SPD and will contribute to delivery of the council’s and Southwark Alliance’s economic development strategy.
Resource implications

34. The resource implications are outlined above and summarised in the finance concurrent below. To deliver this programme council costs will be recharged on a project by project basis - the Economic development and strategic partnerships unit requires a programme management contribution of 5% to deliver the above projects and monitor delivery to ensure outcomes are achieved.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

S106 Finance and Monitoring Officer

35. The S106 Agreement for Southwark Towers London Bridge (The Shard), under Schedule 1 provides for a number of distinct S106 contributions related to:

- Training Initiatives £2,500,000 Clause 6 primarily related to vocational training in the development including the construction period
- Commuted Maintenance Sum £2,000,000 for Employment/Training Facilities Clause 7 primarily related to the ongoing costs to staff and maintain a vocational training centre close the development so as to provide ongoing activities related to (a) above, and
- Education Initiatives £500,000 Clause 8 which envisages a contributions to an Educational Establishment in the area e.g. Southwark College

36. The council has received the first 50% of the contributions under (a) i.e. £1,250,000 of which £600,000 has been committed to a scheme for construction industry at the development site leaving a balance of £650,000. The remaining balance of these particular contributions totalling £3,750,000 have not yet been received and are triggered generally upon or 20 days after first occupation (except for the 50% of the Education Initiatives Contribution (£250,000) which was due to be paid upon implementation and is now payable.

37. The proposed project under consideration intends to combine these resources of £4,400,000 into a scheme which provides vocation training and work placement focussed on the employment opportunities that will be generated by the finished development. As part of this scheme it is proposed to engage Southwark Works directly to undertake the work placement activities separately from the vocational focussed Educational and Training activities.

38. Whilst this does not accord strictly with the purposes set out under the S106 Agreement which provides for the Training Initiatives and Commuted Maintenance Sum for Employment/Training Facilities contributions ‘not to be used by the council otherwise than for purposes of establishing and/or improving a centre or centres in the vicinity of the Site for the provision of life-long learning and education/training initiatives’ and ‘for the purposes of meeting future maintenance staffing and administrative costs associated with the facilities’ it does accord with the spirit of the agreement.

39. The agreement provides flexibility under Clause 7.12 that the developer may agree in writing for the council to vary the purpose for which any contribution or part thereof may be applied.
40. To undertake the project and ensure collaboration between the developer, the council and the SSVP participants it has been proposed that a MoU be entered into between the parties to establish and guide the Project and to ensure that there is consensus with the Developer. Under this arrangement specific confirmation in writing is to be issued by the developer for the proposed allocation of the S106 contributions to the various project activities undertaken by the project team. This will accord with the S106 Agreement terms and avoid any doubts as to the application of the various contributions.

41. The council and the Developer also completed a new S106 agreement on 23 August 2010 relating to the creation of a development area referred to as the London Bridge Quarter. This agreement amalgamates the previous S106 agreements for New London Bridge House and London Bridge Place into one document and sets out the provision for the delivery of an efficient public transport interchange at London Bridge involving upgrades to the mainline and underground stations and new bus station.

42. The agreement also makes some minor consequential amendments to the Shard of Glass S106 to reflect the changes in the terminology and programming of particular railway works under the London Bridge Quarter agreement. However this does not amend the contributions specifically noted above which remain to be payable under the Shard of Glass S106.

43. Subject to the following suggested conditions the Community Council may recommend to Planning Committee the approval and reallocation of the referenced contributions totalling £4,400,000 subject to the agreement of the Parties to:

- Enter into a MoU for the planning and direction of the SSVP; and
- The issue of appropriate confirmatory Deed of Variation agreeing to the variation of the legal agreement to permit reallocation and use of any S106 contributions for the respective changed purposes;

44. Legal Services approval of the wording of the MoU and any Deed of variation pursuant to Clause 7.12 of the S106 Shard of Glass Agreement; and

45. Any agreement with the developer as to changes to the S106 Agreement purposes to also include reference to the timing of payment triggers for the relevant sums payable as may prove necessary to enable the S106 contribution payments to match the SSVP requirements. All such funding would need to be secured for the respective stages of the project prior to the council entering into related contractual commitments or undertakings.

**Strategic Director of Communities, Law & Governance**

46. The report recommends that the Bermondsey Community Council recommend to Planning Committee that the sum of £ 4,400,000 section 106 funding from legal agreement 77444 dated 9 May 2003 be reallocated and released and that Planning Committee authorise the reallocation and release of these funds for the purpose of establishing a Programme (the Programme) subject to the following caveats:

47. The execution of a Memorandum of Understanding (MoU) by the Developer and/or the Company and the council (the parties) agreeing to vary the legal agreement to authorise the reallocation of the s106 funding pursuant to Clause 7.12; and
48. The S106 funds being received upon the dates specified within the legal agreement.

49. The report advises that these funds will make a contribution towards the cost of delivering regeneration projects associated with the delivery of the SSVP. Members' are advised that the aim of the SSVP is to maximise the opportunity for residents across the borough to access both job opportunities in the completed development and to access training courses linked to job opportunities with the tenants of the completed building.

50. As advised by the council’s Finance and Monitoring Officer in paragraph 36 above, Schedule 1 of the legal agreement contains a suite of planning obligations to mitigate the impact of the development. The council has received the first 50% of the contributions under (a) i.e. £1,250,000 of which £600,000 has been committed to a scheme for construction industry training into employment at the development site leaving a balance of £650,000. The remaining balance of these particular contributions totalling £3,750,000 have not yet been received and are triggered generally upon or 20 days after first occupation (except for the 50% of the Education Initiatives Contribution (£250.000) which was triggered for payment upon implementation and is now payable.

51. Members' are advised that the contribution towards training initiatives referred to above expressly states that the contribution must be expended by the council upon the establishment or improvement of a local centre or centres for the provision of life-long-learning and education/training initiatives. The establishment of the Programme proposed in the report focuses upon vocation training and employment opportunities that will be generated by the finished development. It therefore includes elements of the proposed expenditure anticipated by the legal agreement but does not fully accord with purposes set out in paragraph 6.2 of Schedule 1 of the legal agreement.

52. The agreement further provides that the Commuted Maintenance Sum for Employment/Training Facilities Contribution ‘must not be used otherwise than for the purposes of meeting future maintenance staffing and administrative costs associated with the facilities to be provided with the contributions payable pursuant to paragraph 6 of Schedule 1’ and is therefore linked to the centres to be funded by the Training Initiatives Contribution. This proposed purpose also does not fully accord with purposes set out in paragraph 7.3 of Schedule 1 of the legal agreement.

53. Members’ will therefore note, that the recommendation could not be approved without the agreement of the developer and would be conditional upon such agreement being formally obtained and the physical receipt of the financial contributions. Schedule 2, paragraph 1.2 expressly states that (Subject to clause 7.12) no financial contributions contained in the agreement can be expended otherwise for the purposes for which they are paid.

54. Clause 7.12 of the agreement provides some flexibility to the Parties in regards to varying any terms of the financial contributions within the legal agreement. This clause states that where any financial contribution is stated to be capable of use only for a particular purpose, the Parties may agree to vary the purpose for which the contribution may be used provided that the proposed variation shall accord with relevant planning policy guidance from time to time.

55. Paragraph 40 of the council’s adopted S106 Supplementary Planning Document states that ‘high levels of unemployment, low incomes and deprivation persist in the borough
because of certain barriers to employment that people experience, most notably the lack of skills that are required in the jobs market. Reducing deprivation is an essential part of developing socially sustainable communities, especially in growing and intensifying communities. Sourcing local labour, and reducing the need to travel is a fundamental part of creating of sustainable communities. When development takes place, the LPA will seek to put in place measures to overcome barriers to employment through initiatives such as the provision of training and job brokerage. The Southwark Plan policy justification for requesting a variation with the developer is therefore established.

56. Further, Schedule 2 paragraph 2, of the agreement requires the council, subject to the provision of clause 7.12, to consult in good faith with the Developer regarding the specific purpose for which any financial contribution payable pursuant to the legal agreement may be used and to have regard to any reasonable representations of the Developer in relation to their use. The report advises that the Parties have been in recent negotiations concerning the reallocation of the respective contributions. Paragraph 9 of the report states that the Parties agreed to execute a MoU to work together to maximise employment opportunities for residents in the completed Shard of Glass building and to commit to setting up a joint Programme at a meeting held on 23 September 2010. This document is currently being negotiated between the Parties but the general consensus to vary the purposes for which the relevant obligations can be expended has been established and is supported by the council’s current policy.

57. Members’ are therefore advised that the recommendation to authorise the reallocation of funds can therefore be approved subject to the agreement of the Parties to enter into an agreed MoU, approved by Legal Services, for the planning and direction of the SSVP. This will include specific confirmation in writing from the Parties to enter into a Deed to vary legal agreement to reflect the reallocation of contributions proposed, pursuant to Clause 7.12.

58. In the event that the Parties cannot reach consensus regarding the council’s request to vary the legal agreement, Clause 12 (pg19) of the agreement sets out a dispute resolution procedure. This states that if agreement cannot be reached within 20 Working Days (unless any shorter period is mentioned in the agreement) on any matters specified as ‘requiring the agreement consent approval or expression of satisfaction of one party to another’ a party may elect the dispute to be referred to and settled by a single arbiter or expert nominated by the Royal Institution of Chartered Surveyors. Members’ are advised that the findings of the expert shall be binding upon the Parties, other than in the case of manifest error. Therefore, it may be deemed unreasonable for the Developer/and or Company not to agree to enter into a Deed of variation following a clear expression of its intention to do so under the terms of the MoU.

59. The legal agreement specifies that the Education Initiatives Contribution ‘shall not be used by the council otherwise than towards the cost of promoting initiatives for links between the Development and Southwark College and/or the Business School at South Bank University (or such other educational establishment as may be agreed between the council and the Developer’ and therefore is considered to fall within the purposes of the Programme proposed by the report. Members’ are advised that the release of the sum of £500,000.00, the balance of £250,000.00 which is due to be paid, can therefore be recommended and approved, subject to the contributions being received.
60. This report is brought to Community Council Members’ in accordance with Part 3H, paragraph 2 of the Constitution under the heading ‘Consultative/ Non Decision Making’ which requires that Members comment on proposed expenditure of funds over £100,000 from section 106 agreements.

61. The decision to approve the expenditure is reserved to Planning Committee in accordance with Part 3F, paragraph 2 under the heading ‘Matters Reserved for a Decision’.

**Children’s Services**

62. Southwark has been very successful in reducing the number of young people who are not in education employment or training. In 2004 there were nearly 900 in this category. Today the number is under 350. This is still too high. In order to meet the diverse needs of these young people we need a broad range of provision that delivers opportunities in a range of settings. Many of these young people feel that they were failed by the normal education system and do not want to return to a classroom like environment. The creation of this range of work place settings will create a new type of learning space that will not have classroom associations and will help the transition from NEET to employment.

63. Southwark College has improved beyond recognition over the past two years. Ofsted are now of the view that the provision is at least satisfactory and that the management team has the capacity to move this provision to good or better. The college is now far more responsive to the needs of both its clients and the local economy and is a key partner in realising our vision for the education of all Southwark young people.

**EQUAL OPPORTUNITIES**

64. Young people aged 16 – 24 are being disproportionately impacted by the recession in terms of rising numbers seeking Jobseekers Allowance compounded by their over representation in the number of residents who have no or low qualifications. This proposal will fund a vocational programme at Southwark College that matches known jobs in the Shard and with its tenants, and will provide a directly route for young people into these jobs which would otherwise have been much harder to access in a highly competitive labour market.

65. In addition, work commissioned by the council through Southwark Works will continue to develop pathways into jobs and training and remove barriers to work for groups that are under-represented in the workforce as well as supporting priority groups facing specific barriers to employment due to health, childcare needs, age and a variety of other factors.

66. Participants in the programme will be recruited borough-wide to maximise opportunities for residents who live in those areas with highest concentrations of worklessness and deprivation, and will make a substantial step in linking our residents across Southwark to the benefits of jobs created by the growth in the north of the borough and the Central Activities Zone.

67. A further measure to address labour market inequalities comes via the proposal to capacity build and commission work from local specialist providers of employment and training; through the commissioning programme opportunities will be on hand to work with residents for referral to and additional support for the core vocational programmes delivered by the college, and therefore to acquire new capacity to deliver training that
closely matches the profile of jobs available more generally in the Central London labour market, in addition to those in the Shard.

BACKGROUND PAPERS

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<tr>
<td>S106 Legal Agreement</td>
<td>Regeneration and Neighbourhoods Department,</td>
<td>D Taylor 020 7525 5450</td>
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APPENDICES

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<td>Appendix 1</td>
<td>Annexes from Signed S106 Agreement</td>
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AUDIT TRAIL

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<tr>
<th>Lead Officer</th>
<th>Anne Lippitt, Strategic Director of Regeneration and Neighbourhoods</th>
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<tbody>
<tr>
<td>Report Author</td>
<td>Dan Taylor, Bankside and London Bridge Development Team Manager</td>
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<tr>
<td>Version</td>
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<td>Dated</td>
<td>8 October 2010</td>
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<td>Key Decision?</td>
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CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER

<table>
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<tr>
<th>Officer Title</th>
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<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>S106 Finance and Monitoring Officer</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Children’s Services</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Date final report sent to Constitutional Support Services</td>
<td>8 October 2010</td>
<td></td>
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Appendix 1

Annexes from the Signed Section 106 agreement

6 Contribution towards Training Initiatives

To pay to the Council the sum of Two million five hundred thousand pounds (£2,500,000.00) on the terms set out below:

6.1 the said contribution shall be payable in the following instalments:

6.1.1 50% within 20 Working Days after the Implementation Date; and

6.1.2 the remaining 50% prior to the date of Occupation of any part of the Development

and:

6.1.3 if the sum referred to in paragraph 6.1.1 is not paid on the due date the Developer and the Company shall not continue with the Implementation until it has been paid; and

6.1.4 no part of the Development shall be Occupied if the sum referred to in paragraph 6.1.2 above is due and remains unpaid

6.2 the said contribution shall not be used by the Council otherwise than for the purposes of establishing and/or improving a centre or centres in the vicinity of the Site for the provision of life-long-learning and education/training initiatives; and

6.3 if any part of the said contribution shall not have been spent or committed to be spent unconditionally by the date 10 years after the date on which it is received by the Council the same shall be repaid forthwith to the Developer together with all accrued interest
7  **Committed Maintenance Sum for Employment/Training Facilities**

To pay to the Council the sum of Two million pounds (£2,000,000.00) on the terms set out below:

7.1 the said contribution shall be paid within 20 Working Days after payment of the last instalment of the contributions referred to in paragraph 6 of this Schedule 1;

7.2 no part of the Development shall be Occupied if any part of the contribution has fallen due and remains unpaid;

7.3 the said contribution shall not be used otherwise than for the purposes of meeting future maintenance staffing and administrative costs associated with the facilities to be provided with the contributions payable pursuant to paragraph 6 of this Schedule 1; and

7.4 if any part of the said contribution shall not have been spent or committed to be spent unconditionally by the date 15 years after the date on which it is received by the Council the same shall be repaid forthwith to the Developer together with all accrued interest.
8 Contribution towards Education Initiatives

To pay to the Council the sum of Five hundred thousand pounds (£500,000.00) on the terms set out below:

8.1 the said contribution shall be payable in the following instalments:

8.1.1 50% within 20 Working Days after the Implementation Date; and

8.1.2 the remaining 50% prior to the date of Occupation of any part of the Development

and:

8.1.3 if the sum referred to in paragraph 8.1.1 is not paid on the due date the Developer and the Company shall not continue with the Implementation until it has been paid; and

8.1.4 no part of the Development shall be Occupied if the sum referred to in paragraph 8.1.2 above is due and remains unpaid

8.2 the said contribution shall not be used by the Council otherwise than towards the cost of promoting initiatives for links between the Development and Southwark College and/or the Business School at South Bank University (or such other educational establishment as may be agreed between the Council and the Developer); and

8.3 if any part of the said contribution shall not have been spent or committed to be spent unconditionally by the date 10 years after the date on which it is received by the Council the same shall be repaid forthwith to the Developer together with all accrued interest