

<b>Item No.</b> 7.	<b>Classification:</b> Open	<b>Date:</b> 31 January 2012	<b>Meeting Name:</b> Planning Committee
<b>Report title:</b>		The release of section 106 monies to deliver the Shard Southwark Vocational Programme (SSVP) from S106 agreement for London Bridge House, 25 London Bridge Street, Three Castle House and Land adj. London Bridge Street, Railway Approach and Joiners Street, SE1 ('The Place'), Agt. No. S106/ 117876, 06/AP/0077 to the value of £1,015,000	
<b>Ward(s) or groups affected:</b>		Riverside	
<b>From:</b>		Deputy Chief Executive	

## RECOMMENDATIONS

1. To authorise the release of funds totalling £1,015,000 from the S106 agreement for London Bridge House, 25 London Bridge Street, Three Castle House and Land adj. London Bridge Street, Railway Approach and Joiners Street, SE1 ('The Place'), Agt. No. S106/ 117876, 06/AP/0077, a/n 190A) for regeneration projects associated with the delivery of the SSVP.
2. To note that £1,015,000 is based upon £315,000 and £100,000 that have been received and a further £600,000 which is due upon occupation of the development. This report only commits the council to £315,000 and £100,000 until such a point that the £600,000 is received and then the commitment is extended to include the £600,000.

## BACKGROUND INFORMATION

3. London Bridge Quarter which comprises the London Bridge Tower also known as the "Shard of Glass" and New London Bridge House also know as "The Place" is driving forward the regeneration of north Southwark. Works on the construction of the Shard project commenced in March 2009, and the Place project in October 2010. When both projects are complete and occupied in 2013 they will provide in excess of 12,000 employment opportunities.
4. The section 106 agreement for The Place project was signed on 2 April 2007 and thus planning permission was granted for the demolition of the existing building and the construction of a mixed use development comprising 41,000 sqm of office space, 1,400sqm of retail and a new bus station and plaza at ground floor level.
5. A further section 106 agreement was signed on 26 August 2010 for the construction of the new bus station and public realm works at London Bridge Quarter. This agreement formed a "portmanteau" agreement which includes further detail of both the Shard and Place section 106 agreements.

6. Since the construction of the Shard of Glass and The Place projects started on site, 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.<sup>1</sup>
7. 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 £3,582,500, 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
  - Contribution towards employment training initiatives (this report)
  - Nursery and childcare facilities (this report)
  - Cycle parking funds
  - Contribution to the Crossrail project
  - Monitoring funds

### **Shard Southwark Vocational Programme Board**

8. 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 London Bridge Quarter through the umbrella a joint Shard Southwark Vocational Programme (SSVP). The MoU has led to the establishment of a joint project board, chaired by the Council, which oversees the set up and management of the SSVP.
9. The planning committee approved a sum of £4,400,000 for the first key phase of funding from the Shard of Glass section 106 agreement for the SSVP on 2 November 2010. Since 2 November, the council and partners have worked hard to establish a training and employment programme 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. The following key outputs have been delivered:
  - a. New cutting-edge “real work environment” facilities has been constructed and opened at Southwark College campuses on the Cut and Keetons Road
  - b. New college courses have been developed and designed with suppliers and clients occupying the London Bridge Quarter, and are tailor-made for future jobs in the developments.
  - c. Local residents have been trained and employed in construction jobs as part of the Shard of Glass project
  - d. Future suppliers and occupiers of the London Bridge Quarter have been approached and are committing to employ graduates of the SSVP

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<sup>1</sup> For more information about section 106 and how it works, please visit [www.southwark.gov.uk/s106](http://www.southwark.gov.uk/s106)

10. This report seeks to deliver three projects from The Place section 106 agreement under the umbrella of the established Shard Southwark Vocational programme, as set out below, seeks to release £1,015,000 to the Council to deliver a programme of projects.

<b>S106 project</b>	<b>Sum</b>
<b>Project 1</b> Construction workplace co-ordinator[s] - Building London Creating Futures	£315,000
<b>Project 2</b> Training and Employment	£600,000
<b>Project 3</b> Nursery and childcare facilities	£100,000
<b>Total</b>	£1,015,000

11. The need to harness employment opportunities both during construction and in the completed development remains pressing. Southwark has a number of areas of high employment deprivation. The most recent figures show 11,400 (5.4%) working age residents claiming jobseekers allowance, of which 2,700 are aged 18-24 (8.6%). Vacancy levels are low, and yet there remains a mismatch between demand for employees and local opportunities to train in vocations such as construction, engineering, service industries, beauty and hairdressing to meet this 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 real working conditions and a clear match to employer skills demands.
12. London Bridge Quarter 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 12,000. Maximising the opportunity for residents in Southwark to access jobs in the London Bridge Quarter 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.

## **KEY ISSUES FOR CONSIDERATION**

### **Project 1 Construction workplace co-ordinator - Building London Creating Futures**

13. The council's Building London Creating Futures (BLCF) programme was established to maximise local employment in construction jobs in new developments. This report seeks to commit £315,000 from The Place legal agreement to fund workplace co-ordinator (WPCs) to work with each sub-contractor to provide outreach support to place locally unemployed residents into jobs at the site. In addition to funding the work of a workplace co-ordinator, the funds will also be used to provide training and

support for employed residents, to ensure they are “job ready,” and that they have access to ongoing support once placed within the construction site.

14. This project will add value to the existing work-place co-ordinator programme in at the Shard of Glass, and would work side-by-side to build on the relationships in place and maximise continuity of employment for local beneficiaries across the sites.
15. The proposed approach will contribute to the strategic objectives of the Southwark Employment Strategy by improving access to employment for Southwark residents by removing barriers to employment and supporting access to construction jobs for under-represented groups. Workplace Co-ordinators provide pre- and post-employment support and can provide assistance with travel, childcare and ‘soft skills’ as well as industry-specific training.
16. Community project bank: The Building London Creating Futures programme is a revenue programme, and therefore falls outside the scope of the Community Project Bank prioritisation process.

## **Project 2: Training and Employment**

17. This report seeks to commit £600,000 from The Place section 106 agreement to contribute to the delivery of the Shard Southwark Vocational Programme. The programme is run by a partnership of Sellar and Southwark Council, and comprises two key elements:
  - The development of vocational training courses
  - The commissioning of referral agencies to link Southwark residents to and prepare them for both training and job opportunities before they arise in the completed development as tenants move in.
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 proposed that the council will use this resource to commission delivery of and progression through outreach, referral, training and qualifications combined with employment support up to the point of recruitment. The council will act as lead partner in the Shard Southwark Vocational Programme with the developer providing access to the employment opportunities brought by tenants and Southwark College as the main provider of tailor-made training and qualifications to meet demand. Local referral work will be commissioned to ensure recruits can access the programme and receive additional support needed to access training and work-readiness.
19. Southwark College has three campuses in Bermondsey, Waterloo and Camberwell. and provides vocational courses and qualifications 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 meeting local employer demand is core to this mission and responsibility. The developer and council engage formally through the SSVP to develop a model for getting our residents into job opportunities in the completed development.

20. 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 and the college will commission projects and recruit beneficiaries through a network of local community and training organisations as the detailed elements of the programme are designed. 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.
21. Community project bank: The employment training is a revenue project, and therefore falls outside the scope of the Community Project Bank prioritisation process which addresses small scale capital schemes. It is however directly associated with the economic development tariff set out in the adopted SPD and will contribute to delivery of the council's employment and skills strategy

### **Project 3: Nursery and Childcare facilities**

22. The agreement also makes provision for improvements to childcare facilities or the provision of additional childcare places for the under fives within the Borough and Bankside, Bermondsey and Elephant and Castle areas. These provisions are detailed in Schedule 1 "*NLBH's Obligations*" of the agreement.
23. Lack of affordable childcare often acts as a barrier to unemployed parents wishing to undertake education, training or enter employment. Prior to 2011/12, support with childcare costs for unemployed residents undertaking training or work experience was available through Working Neighbourhood Fund (WNF) and for some unemployed residents entering work through the London Development Agency's Childcare Affordability Programme (CAP). The WNF ceased at the end of March 2011 and the CAP funding ended December 2010. There is now very little or often no support with childcare costs available to assist unemployed residents wishing to undertake education or training to improve employability skills.
24. The funding will be used to support the many families who are often excluded from mainstream society, empowering parents and children to feel part of the community by removing the barrier quality and affordable childcare often present for lower income families who want to move into employment or up-skill. The aim will be to improve residents' quality of life by improving access to services and reduce gaps in health, employment and education attainment ultimately by tackling worklessness in the borough.
25. The S106 funding allocation of £100,000 will contribute to the facilitating of childcare places for unemployed Southwark residents engaged with Southwark Works programme whilst undertaking education, training or work experience placements. Subject to further discussions, the scheme will be administered by the council's childcare Support Service, which is part of the children's services department.
26. Community project bank: The childcare support is a revenue project, and therefore falls outside the scope of the Community Project Bank prioritisation process which

addresses small scale capital schemes. It is however is directly associated with the economic development tariff set out in the adopted SPD and will contribute to delivery of the councils employment and skills strategy

### **Community Project Bank**

27. At it's meeting on the 22 July 2009, the then executive approved a list of community project bank projects for prioritisation. These priorities should be carefully considered in the case of releasing S106. The issue of addressing the prioritisation has been detailed under each individual project for the sake of simplicity.

### **Resource implications**

28. 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.

### **Community impact statement**

29. Young people aged 16 – 24 have been disproportionately impacted by the recession and face significant barriers in a recession hit and therefore extremely competitive labour market. 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 vocational route for young people into these jobs which would otherwise have been much harder to access.
30. 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.
31. 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.
32. 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.

## **Consultation**

### **Community Council**

33. The comments of the Bermondsey Community Council have not been included in this report as the next meeting is scheduled to hold on 23 January 2012, the day after the deadline for reports to the planning committee. This report has been brought to the committee due to the urgent need to allocate these funds as construction is underway. The comments of the Bermondsey Community Council will be reported in the addendum report which will be tabled at the meeting

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Section 106 Manager**

34. The S106 agreement for London Bridge House, 25 London Bridge Street, Three Castle House and Land adj. London Bridge Street, Railway Approach and Joiners Street, SE1 ('The Place'), Agt. No. S106/ 117876, 06/AP/0077, a/n 190A) secured £3,582,500 S106 contributions amongst other non-financial obligations.
35. £732,500, relating to 50% of the Affordable Housing, Nursery, Cycling and Admin contributions, has been triggered and received. The remaining amounts are due during further triggers of development and include £600,000 for Employment and Training, £250,000 (remaining 50%) for Affordable Housing and £2,000,000 for Crossrail.
36. Of the £1,015,000 covered in this report £315,000 and £100,000 have been received and the £600,000 is due upon occupation of the development. This report only commits the Council to £315,000 and £100,000 until such a point that the £600,000 is received and then the commitment is extended to include the £600,000 for employment and training. The proposed use of the funds for these purposes accord with the wording of the agreement and are acceptable.
37. 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.
38. 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.

### **Strategic Director of Communities Law and Governance**

39. Members of the community councils are being asked to comment to planning committee on the proposed expenditure of a total of £1,015,000 from the legal

agreement relating to New London Bridge House, 25 London Bridge Street, Three Castles House & Land adjoining London Bridge Street, Railway Approach and Joiner Street, London SE1.

40. The S106s monies must be expended in accordance with: -
  - (a) the terms of the specific S106s; and
  - (b) the relevant policy tests set out in Circular 2005/05 and the first three being legal tests below which are now enshrined in Regulation 122(a) of the Community Infrastructure Levy Regulations in that they must be: -
    - (i) relevant to planning purposes;
    - (ii) necessary to make the developments on the respective sites acceptable in planning terms by mitigating adverse impacts;
      - a. directly related to the respective developments;
      - b. fairly and reasonably related in scale and kind to the respective developments; and
      - c. reasonable in all other respects.
41. The legal agreement in Schedule 1, paragraph commits the developer to pay the council a total contribution of £915,000 towards employment initiatives. The sum of £315,000 referred to in the body of the report must be used towards the promotion of employment initiatives with the objective of improving opportunities for local people to secure jobs relating to the development prior to or during its construction in accordance with paragraph 7.1.7 of Schedule 1.
42. Paragraph 7.1.5 of Schedule 1 provides that the sum of £600,000 payable prior to occupation shall not be used otherwise than towards the promotion of employment initiatives with the objective of improving opportunities for local people to secure jobs related to the development subsequently to its completion.
43. Paragraph 10 of Schedule 1 requires the developer to make a contribution of £100,000 towards childcare. Paragraph 10.1.4 provides that such payments will not be used other than for the provision of improvements to childcare facilities or the provision of additional childcare places for the under fives within the Borough and Bankside, West Bermondsey and Elephant and Castle areas of the council's administration area.
44. Members are advised that officers will need to be able to demonstrate that they have only expended the monies for the purposes set out above. Under Schedule 2, paragraph 1.4 the council is required to provide from time to time and upon written request from the developer to provide a breakdown of expenditure from any contribution made under Schedule.
45. In addition Schedule 2 commits the council to consult in good faith with the developer regarding the specific purposes for which any financial contribution payable may be used and to have regard to any reasonable representations of the developer in relation to the use. Officers will therefore need to ensure that this element of the council's obligation is also fulfilled.



## Finance Director

46. This report recommends that Planning Committee release funds totalling £1,015,000 from various S106 agreements for regeneration projects associated with the delivery of the SSVP.
47. The departmental finance manager notes that of the £1,015,000 covered in this report, £415,000 has been received by the council and a further £600,000 is due upon occupation of the development. This report only commits the council to £415,000 until the further £600,000 is received and then the commitment is extended to include the £600,000.
48. To deliver the above projects and monitor delivery to ensure outcomes are achieved the economic development and strategic partnerships unit requires a programme management contribution of 5%.

## BACKGROUND PAPERS

Background Papers	Held At	Contact
Section 106 Legal Agreement	Regeneration Department, Regeneration and Neighbourhoods Department 160 Tooley Street London SE1 2TZ	Dan Taylor 020 7525 5450

## APPENDICES

No.	Title
Appendix 1	Annexes from the Signed Section 106 Agreement

## AUDIT TRAIL

<b>Lead Officer</b>	Graham Sutton, Economic Development Manager	
<b>Report Author</b>	Dan Taylor, Bankside and London Bridge Development Team Manager	
<b>Version</b>	Final	
<b>Dated</b>	8 December 2011	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
S106 Manager	Yes	Yes
<b>Date final report sent to Constitutional Team</b>		20 January 2012

# Appendix 1

## Annexes from the Signed Section 106 Agreement

### 13 Contribution towards employment initiatives

NLBH covenants to pay to the Council the sum of £915,000.00 Indexed on the terms set out below:

- (a) £315,000 shall be paid within 20 Working Days of the Implementation Date;
- (b) the remaining £600,000 shall be paid prior to or on the date of Occupation of any part of the LBP Development;
- (c) if the sum referred to in paragraph 13(a) is not paid on the due date NLBH shall not continue with the Implementation until it has been paid;
- (d) no part of the LBP Development shall be Occupied if any part of the sums referred to in paragraphs 13(a) and (b) have fallen due and remain unpaid;
- (e) £600,000 of the said contribution shall not be used otherwise than towards the promotion of employment initiatives with the objective of improving opportunities for local people to secure jobs related to the LBP Development subsequent to its completion;
- (f) if any part of the said contribution in paragraph 13(a) shall not have been spent or committed to be spent unconditionally by the date ten years after the date on which it is received by the Council the same shall be repaid forthwith to the original payee together with interest;
- (g) £315,000 of the said contribution shall not be used otherwise than towards the promotion of employment initiatives with the objective of improving opportunities for local people to secure jobs relating to the LBP Development prior to or during its construction; and
- (h) if any part of the said contribution in paragraph 13(e) shall not have been spent or committed to be spent unconditionally by the date five years after the date on which it is received by the Council the same shall be repaid forthwith to the original payee together with interest.

15      **Childcare contribution**

NLBH covenants to pay to the Council the sum of £100,000 Indexed on the terms set out below:

- (a) the contribution shall be payable within 20 Working Days after the Implementation Date;
- (b) if the sum referred to in paragraph 15 is not paid on the due date NLBH shall not continue with the Implementation until it has been paid;
- (c) no part of the LBP Development shall be Occupied if the sum referred to in paragraph 15 is due and remains unpaid;
- (d) such payments will not be used other than for the provision of improvements to childcare facilities or the provision of additional childcare places for the under fives within the Borough and Bankside, Bemondsey and Elephant and Castle areas of the Council's administration area; and
- (e) any part of the payment not used within ten years after the date on which it is paid shall forthwith be paid to the original payee together with interest.