RECOMMENDATION

1 That the proposed amendment to the legal agreement is acceptable and that a Deed of Variation is entered into.

BACKGROUND INFORMATION

Site location and description

2 This proposal relates to London Bridge Tower which is now known as the Shard and is situated adjacent to London Bridge station.

Details of proposal

3 The Section 106 (S106) legal agreement currently obligates the developer to provide floorspace within the Shard for the Council to use for employment initiatives. This application seeks to vary the S106 to change the obligation to fund and provide a project within the Shard Management Offices to target unemployed residents to achieve sustained employment within the Shard or Place.

4 The application also seeks to formalise a modification to the purpose of the training initiatives, commuted maintenance sum for employment/training, and education initiatives. However the Planning Committee has already approved the principle of these changes at the 2 November 2010 committee meeting. The purpose of this committee report is to seek approval in relation to the employment floorspace obligation only.

Planning history

5 On 18th November 2003 planning permission was granted for the demolition of the existing Southwark Towers and construction of a mixed-use building totalling
124,242sqm gross, comprising offices, hotel, 14 flats, retail and restaurant uses, health and fitness club and associated servicing and parking.

6 Certificates of Lawful Development have been issued for minor changes, which were considered not to require a planning application, since planning permission was granted and include LPA references: 05-AP-1264, 06-AP-0624, 06-AP-2349, 09-AP-0523, and 10-AP-2854.

7 Planning permission was granted (11-AP-3258) for amendments during construction to planning permission granted 18.11.03 (ref 01-AP-0476) for demolition of the existing Southwark Towers & construction of a mixed use building totalling 124,242sqm gross, comprising offices (Class B1), hotel (Class C1), fourteen apartments (Class C3), retail and restaurant uses (Class A1/A3), health and fitness club and associated servicing and car parking (currently under construction). Amendments included: reconfiguration of floor layouts; remodelling of ground floor elevations; new escalator exit to station concourse; revised layout to retail space and minor facade alterations.

8 The building is now substantially complete.

Planning history of adjoining sites

9 New London Bridge House (07-AP-0815), the Place: planning permission granted for demolition of existing buildings and construction of mixed use building of about 58,800 sq m (GEA) on basement, lower ground, ground and 18 upper floors to provide about 41,000 sq m (net) offices (B1), 1,300 sq m (net) retail and food and drink uses (A1, A3, A4 & A5) and pedestrian concourse and entrance to London Bridge Underground Station at Joiner Street

10 London Bridge Bus Station (10-AP-1062): planning permission granted for redevelopment of bus station to provide 21 bus stands, taxi rank and ancillary facilities

11 London Bridge Rail Station (11-AP-1987): planning permission granted for demolition of listed train shed, part of St Thomas Street wall, 64-84 Tooley Street, and arches together with closure of Weston Street and Stainer Street in order to provide a new station layout including: construction of a new street-level station concourse, new replacement facades on Tooley Street and St Thomas Street, new roof canopies, landscaping and other works associated with the station. Land use is to comprise station concourse, station ancillary space, operational car park, station loading bay, Class 'A' retail uses, and leisure (Class D1, D2 and sui generis uses).

KEY ISSUES FOR CONSIDERATION

Summary of main issues

12 The main issues to be considered in respect of this application are:

   a) the acceptability of changing the obligation from provision of floorspace within the Shard to an employment programme managed from the Shard Management Offices by the applicant.

Planning policy

13 The statutory development plans for the borough comprise the London Plan 2011, the Southwark Core Strategy 2011, and saved policies of The Southwark Plan (2007).

14 The site is located within the:
• Central Activities Zone (CAZ)
• London Bridge Opportunity Area
• Borough, Bermondsey and Rivers Archaeological Priority Zone
• Air Quality Management Area
• London Bridge District Town Centre
• London Bridge Strategic Cultural Area.

Core Strategy 2011

15 Strategic Policy 1 – Sustainable development
   Strategic Policy 3 – Shopping, leisure and entertainment
   Strategic Policy 4 – Places to learn and enjoy
   Strategic Policy 10 – Jobs and businesses
   Strategic Policy 13 – High environmental standards

Southwark Plan 2007 (July) - saved policies

16 Policy 1.1 Access to Employment Opportunities.
   Policy 1.3 Preferred office locations
   Policy 1.7 Development within town and local centres.
   Policy 1.8 Location of developments for retail and other town centre uses.
   Policy 1.11 Arts, culture and tourism uses
   Policy 2.1 Enhancement of community facilities
   Policy 2.5 Planning Obligations.

London Plan 2011

17 Policy 2.5 Sub-regions
   Policy 2.9 Inner London
   Policy 2.10 Central Activities Zone – strategic priorities
   Policy 2.11 Central Activities Zone – strategic functions
   Policy 2.12 Central Activities Zone – predominantly local activities
   Policy 2.13 Opportunity Areas and Intensification Areas
   Policy 2.15 Town Centres
   Policy 3.1 Ensuring equal life chances for all
   Policy 4.1 Developing London's economy
   Policy 4.2 Offices
   Policy 4.7 Retail and town centre development
   Policy 4.8 Supporting a successful and diverse retail sector
   Policy 4.12 Improving opportunities for all
   Policy 8.2 Planning obligations

National Planning Policy Framework (NPPF)

18 The NPPF came into effect on 27 March 2012 and is a material planning consideration.

Planning considerations

19 Section 5 of Clause 1 in the section 106 legal agreement for the Shard obligates the developer:

"Not to Occupy any part of the office floorspace forming part of the Development until the Developer or the Company shall have made available to the Council floorspace within the Development for use as a centre for the provision of employment advice and the promotion of employment initiatives with the objective of improving opportunities for local people to secure jobs related to the Development (whether as
It is understood that the intention at the time of drafting in 2003 was that the Council would occupy and run the employment service from this space rent-free but at its own ongoing cost. However, since that time, further work has been done to determine whether this is the most effective way of job creation and whether an alternative obligation will be more effective.

As part of their detailed design, the applicant has put forward floor plans showing a possible location for the employment initiative space. The terms of the agreement require the space to be between 93 and 140sqm and a space has been proposed on the floor above ground level but below the concourse level within the ticketing area for the public viewing galleries.

The space is of limited amenity having no windows and no 'public presence' to attract clients from the street; in addition, access would be limited to times when the viewing gallery was open and signage would be minimal. As a lessee of the space, the Council would also be subject to the continued fit out, staffing, security, and maintenance requirements of the estate. Of these costs, staffing would be the most significant cost.

Given these costs and constraints, concern was raised as to whether this was the most effective means of delivering employment advice and getting unemployed people into the workforce and, as such, an alternative proposal has been put forward by the developer to help deliver unemployed people into work.

The alternative proposed is for the developer to initiate and fund the Shard Employment Coordinator project, to be located in the Shard management offices within the building. It will target sustained employment for 26 weeks or more for a minimum of 300 unemployed Southwark residents in the Shard, the Place or in other job vacancies negotiated through the agency of the project, of which a minimum of 100 must be jobs located in the Shard or the Place. This project will be based on a budget of £500,000 and will run for 3 years from the project start date.

The employment coordinator project is intended to guarantee direct access to employers in London Bridge Quarter (LBQ), and gain knowledge of their recruitment plans and skills needs that will help to inform the employment support, training and qualifications provided through the Shard Southwark Vocational Programme (SSVP). The SSVP is the programme funded by S106 to help young entrants to the labour market and the longer term unemployed in Southwark to compete for the job opportunities in LBQ, providing pre-employment training and support, qualifications and skills that fit employer needs (a summary of Shard employment contributions in included at Appendix 2).

By appointing an Employment Coordinator who would be located within the development and management team who would enjoy direct access to the facilities managers, tenants, occupiers and management organisations, it will be possible to more readily identify employment and training opportunities to unemployed or training candidates.

Given the proposed relatively inaccessible location and the lack of an active public frontage for the employment space, as well as the ongoing maintenance costs that would fall to a tenant, it is considered a far less useful resource compared with the opportunity of a Shard-based service with direct access to the employers and a ready-made relationship. The LBQ S106 project board therefore considered this proposal to be a more valuable alternative.
As part of the discussion to find the most effective employment obligation, a valuation exercise was carried out on the proposed floorspace with the developer offering £341,000. However, the Council’s valuer considered £500,000 to be a more realistic value for the space and, accordingly, the project is to be delivered to this indicative value.

The employment coordinator programme will be supported by the training and referral provision in the SSVP which means there is a low risk of the targets not being met. However, project management tools, a rigorous monitoring framework and the provisions of the project contract will be used to minimise the risk of under achievement in the life of the project and there will be under performance clauses within the deed of variation.

Other matters

The developer, the Business and Partnership Manager, and the Cabinet Member for Regeneration discussed alternatives to the floorspace provision through the London Bridge Quarter S106 Project Board.

The board considered the alternative proposal and recommended proceeding to make an application for the deed of variation (meeting minutes included at Appendix 1).

Conclusion on planning issues

Should the current obligation stand, it is considered that the space will not achieve the maximum amount of employment opportunities that could be delivered by an alternative obligation and that there will be on-going costs to the Council to manage and maintain the service of its facility. The employment coordinator project results in the developer taking on the role and responsibility of providing the employment service in house within their management offices. This is considered to be a far more effective way of maximising the employment potential for Southwark residents rather than the cost involved to the Council in maintaining a small amount of floorspace within the building. As such, it is recommended that the variation be approved and a deed of variation entered into.

Community impact statement

In line with the Council’s Community Impact Statement the impact of this application has been assessed as part of the application process with regard to local people in respect of their age, disability, faith/religion, gender, race and ethnicity and sexual orientation. Consultation with the community has been undertaken as part of the application process. The impact on local people is set out above.

Human rights implications

This planning application engages certain human rights under the Human Rights Act 2008 (the HRA). The HRA prohibits unlawful interference by public bodies with conventions rights. The term ‘engage’ simply means that human rights may be affected or relevant.

This application has the legitimate aim of providing for a change in planning obligations. The rights potentially engaged by this application, including the right to a fair trial and the right to respect for private and family life are not considered to be unlawfully interfered with by this proposal.
# BACKGROUND DOCUMENTS

<table>
<thead>
<tr>
<th>Background Papers</th>
<th>Held At</th>
<th>Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Site history file: TP/3-28</td>
<td>Deputy Chief Executive's Department</td>
<td>Planning enquiries telephone: 020 7525 5403</td>
</tr>
<tr>
<td>Application file: 11/AP/2679</td>
<td>Department 160 Tooley Street London SE1 2TZ</td>
<td>Planning enquiries email:</td>
</tr>
<tr>
<td>Southwark Local Development Framework and Development Plan Documents</td>
<td></td>
<td><a href="mailto:planning.enquiries@southwark.gov.uk">planning.enquiries@southwark.gov.uk</a></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Case officer telephone: 020 7525 5906</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Council website: <a href="http://www.southwark.gov.uk">www.southwark.gov.uk</a></td>
</tr>
</tbody>
</table>

# APPENDICES

<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appendix 1</td>
<td>Minutes of the Shard Project Board</td>
</tr>
<tr>
<td>Appendix 2</td>
<td>Shard employment and training S106 obligations</td>
</tr>
<tr>
<td>Appendix 3</td>
<td>Potential location for employment space in the Shard</td>
</tr>
</tbody>
</table>

# AUDIT TRAIL

<table>
<thead>
<tr>
<th>Lead Officer</th>
<th>Gary Rice, Head of Development Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Report Author</td>
<td>Gordon Adams, Planning Officer</td>
</tr>
<tr>
<td>Version</td>
<td>Final</td>
</tr>
<tr>
<td>Dated</td>
<td>23 April 2012</td>
</tr>
<tr>
<td>Key Decision</td>
<td>No</td>
</tr>
</tbody>
</table>

## CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER

<table>
<thead>
<tr>
<th>Officer Title</th>
<th>Comments Sought</th>
<th>Comments included</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Director of Communities, Law &amp; Governance</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Strategic Director of Planning</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Strategic Director of Environment and Leisure</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

| Date final report sent to Constitutional Team       | 26 April 2012   |
Minutes of the Shard Project Board

SHARD S106 PROJECT BOARD
Joint board to promote the regeneration benefits of the Shard project

Date & Time
26 January 2012 1000-1200

Location
LBQ Marketing Suite, Fielden House

Present
Board Members:
Cllr Fiona Colley, Cabinet Member for Regeneration & Corporate Strategy, LBS
Graeme Gordon, Director of Corporate Strategy, LBS
James Sellar, Sellar Property Group

Working Group Members:
Hamish McKenzie, Development Director, Sellar
Ruth Gilbert, Principal & Chief Executive, Southwark College
Maxine Room, Principal & Chief Executive, Lewisham College
Graham Sutton, Economic Development Manager, LBS

Apologies
Dan Taylor, London Bridge & Bankside Project Manager, LBS

<table>
<thead>
<tr>
<th>Item</th>
<th>Agenda</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Minutes of last meeting</td>
<td>Minutes of the meeting on 13 July 2011 were agreed as a correct record.</td>
</tr>
<tr>
<td>2.</td>
<td>Shard S106 Performance report</td>
<td>The performance report had been circulated prior to the meeting.</td>
</tr>
</tbody>
</table>

- **Construction Jobs**
  
  Achievements to date noted, including 58 people having sustained jobs for 6 months through the Mace S106 funded activity. Gaps between output targets and achievements were noted, particularly a relatively low success rate in delivering CSCS cards; RG emphasised the college’s potential to help raise performance through existing partnership with Mace in the college’s construction forum. Agreed GS to report back on improvement measures to next board following the next monitoring visit to Mace.

- **Southwark College / Real Work Environments**

  Highlights: Over 600 learners have used the 5 new curriculum areas funded through the Shard S106 agreement both for teaching and learning and work experience (forecast to rise to over 1,000 by the end of the academic year in July).

  Work placements: RG noted that no direct funding was received for
work experience placements. It was noted that Sellar had stipulated to bidders for service contracts in the Shard that 75% of all candidates proposed by Southwark College should be interviewed for posts.

RG announced the college’s job fair in February and activities taking place as part of National Apprentice Week. The college’s report on partnership with the Brigade restaurant social enterprise for catering & hospitality students was welcomed.

- **Lewisham College**

MR and RG commented on forthcoming merger proposals between Southwark & Lewisham Colleges.

MR reported on important achievements and plans for provision at Lewisham, highlighting:

The college’s “Skills People” who engage directly with employers to address skills needs;
Delivery of 600 apprenticeships in the 2011-12;
The college’s centres of excellence and close links with Southwark College;
Lewisham’s high proportion of Southwark residents, and the importance of localism in student recruitment and course delivery;
Secondment of Lewisham’s deputy principal and other staff to Southwark to plan for smooth transition and continuity;
Branding options and opportunities for the new college (and the additional opportunities offered by partnership with Sellar/LBQ);
Ambitions to grow in Southwark through the new partnership and extend recruitment and coverage to the south of the borough, backed by community outreach;
The new shape of colleges over the next 3 to 5 years, driven by employer demand;
Plans for offsite curriculum delivery through closer collaboration with employers.

RG noted that new governors were to be appointed at Southwark College to assist with overseeing the transition.

3. **London Bridge Interchange project**

Performance report received for information

4 **St. Thomas Street project**

Performance report received for information

5 **Shard Southwark Vocational Programme**

- **Construction Jobs**

Performance report received for information

- **Southwark College / Real Work Environments**

Performance report received for information

- **Employment in the completed development**
Performance report received for information

- Employment floorspace in the Shard of Glass

The proposal for an employment opportunities co-ordinator to be employed by Sellar was brought to the meeting for consideration as an alternative to the current obligation in the S106 agreement to provide an employment space in the Shard.

In discussion, it was noted that the primary function was to ensure access to job opportunities with Shard tenants by building a familiar, reliable service and a gateway to help to match the training provision and the qualifications supplied by the other elements of the SSVP with job opportunities.

HM noted that he was keen to pilot the proposal.

Noted that formal agreement to this option needs to be secured through a deed of variation to the S106 agreement.

**Agreed** jointly by board to bring the proposal forward for agreement through a deed of variation; LBS officers to progress this with planning officers.

GS & DT

JS informed the meeting of his contacts with an organisation called Good People, a new social enterprise about to be launched with the aim of providing a bridging role for assisting people into employment. GS agreed to meet with Richard Tyrie from Good People to assess what they might bring to the SSVP.

**Agreed** to have wider discussions of SSVP employment initiatives at the next meeting of the project board.

GS

**Construction management and co-ordination**
Report received for information.

**Communications**
Communications schedule noted for information.

**Next meetings**

**Agreed** to hold future meetings as follows:
- Wednesday 28 Mar 12 1200
- Wednesday 25 Jul 12 1200
- Wednesday 28 Nov 12 1200
## Shard employment and training S106 obligations

<table>
<thead>
<tr>
<th>Training Initiatives Contribution</th>
<th>Contribution £</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,500,000.00</td>
<td>£1,900,000</td>
<td>Pre-employment and employment support and outreach to assist residents into work and training through the Council programmes (including “Southwark Works”), and those local providers sub-contracted within the programme</td>
</tr>
<tr>
<td></td>
<td>£600,000</td>
<td>to be expended on the provision of support to unemployed residents to access construction employment skills and learning, and a brokerage service</td>
</tr>
<tr>
<td>Commuted Maintenance Sum</td>
<td>2,000,000.00</td>
<td>£1,400,000 to be expended on designing and delivering training programmes through Southwark College and/or other providers of vocational training and education tailored to the job and career opportunities the Shard Development will provide</td>
</tr>
<tr>
<td></td>
<td></td>
<td>£600,000 to be expended on pre-employment and employment support, and outreach to assist clients into work and training through the Council’s programmes (including “Southwark Works”), and those local providers sub-contracted within the programme</td>
</tr>
<tr>
<td>Education Initiatives</td>
<td>500,000.00</td>
<td>Education and training initiatives at Southwark College</td>
</tr>
</tbody>
</table>

APPENDIX 2