

<b>Item No.</b> 7.	<b>Classification:</b> Open	<b>Date:</b> 26 January 2011	<b>Meeting Name:</b> Borough and Bankside Community Council
<b>Report title:</b>		To release section 106 monies to deliver £228,342 of employment and training projects associated with three major developments in Bankside	
<b>Ward(s) or groups affected:</b>		Cathedrals	
<b>From:</b>		Strategic Director of Regeneration & Neighbourhoods	

## RECOMMENDATIONS

### Recommendation for the Borough and Bankside Community Council

1. To note the recommendation that funds totalling £228,342 from three sites known as Citizen M Hotel, Moonraker, and the Harlequin building be released to deliver employment and training projects associated with the sites, and make any comments to the Planning Committee.

### Recommendation for the Planning Committee

2. To authorise the release of funds totalling £228,342 from Legal Agreements for Land bounded by 61-63 Great Suffolk Street associated with Moonraker Alley Limited, 65 Southwark Street associated with Rockspring Limited, and 20 Lavington Street associated with CitizenM Limited as contributions to the cost of delivering regeneration projects associated with the sites, including employment and training initiatives

## BACKGROUND INFORMATION

3. Planning obligations are used to address the impacts caused by development and contribute to providing infrastructure and facilities necessary to achieve sustainable communities. The council can enter into a legal agreement with a developer whereby the developer agree to provide planning contributions.
4. Bankside is undergoing considerable change, as developers build out schemes to deliver the vision of the London Plan "Opportunity Area" at Bankside and London Bridge. The city blocks between Great Suffolk Street, Great Guildford Street, Southwark Street and Southwark Bridge Road are being comprehensively redeveloped, and a number of key sites have secured permissions for re-development which will dramatically transform the character and appearance of the area.
5. Section 106 funds are released to projects and programmes as new developments come forward for implementation which triggers the payment of sums to the council. The council has recently prepared two reports for approval by members to release sums associated with the Bankside Mix development (also known as St Christopher's House), and from a number of agreements to deliver a programme of environmental and social projects in the Borough. This report seeks to deal specifically with a cluster of developments and

associated projects in the city blocks which extend from Southwark Street to Southwark Bridge Road. This report seeks to draw down funding from section 106 agreement associated with the following three sites:

<b>Agreement site</b>	<b>Moonraker Alley</b>	<b>Harlequin Building</b>	<b>Citizen M Hotel</b>
Project Address	61-63 Great Suffolk Street	65 Southwark Street	Surrey House 20 Lavington Street
Planning application no	10-AP-1255	10-AP-2016	09-AP-2320
Section 106 planning obligation reference	481	504	566
Summary of the development	Demolition of an existing warehouse building and redevelopment to provide two mixed use buildings comprising 2230sqm of commercial space and 671 student bedrooms	Refurbishment of an existing office block and addition of a two storey extension	Erection of a six storey hotel development with 191 bedrooms and a ground floor retail / cafe unit

- The sites have signed section 106 agreements which include a number of payments in line with the adopted Section 106 Supplementary Planning Document (SPD). The sites for which the payments are required to mitigate the impact of development are described in appendix 1.

## **KEY ISSUES FOR CONSIDERATION**

### **Projects to mitigate the impact of the developments**

- Section 106 payments are secured as part of the planning permissions for the above sites in order to mitigate the impact of large new developments on the Bankside opportunity area, and provide the infrastructure and services to support large new developments. A number of projects have been identified which can deliver new infrastructure and services in the environs of three neighbouring sites in the Bankside regeneration area (the terms of the legal agreements are attached in appendix 1).

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

- 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 council seeks

to put in place measures to overcome barriers to employment through initiatives such as the provision of training and job brokerage.

9. The three sites listed in this report are all required to make payments to the council to deliver initiatives to ensure a targeted number of local residents are employed in the construction of each development. The three projects are currently under construction, and this report seeks to approve the expenditure of the secured section 106 sums to employ locally unemployed residents in each of the live projects.

10. Budget £149,276 from:

<b>Agreement site</b>	<b>Moonraker Alley</b>	<b>Harlequin Building</b>	<b>Citizen M Hotel</b>	<b>Total</b>
<b>Project Address</b>	<b>61-63 Great Suffolk Street</b>	<b>65 Southwark Street</b>	<b>Surrey House 20 Lavington Street</b>	
<b>Construction workplace co-ordinator[s]</b>	£98,753	£28,206		£126,959
<b>Construction management fee</b>	£13,902	£2,287	£6,119	£22,308

11. The Council has established the Building London Creating Futures (BLCF) programme to deliver employment initiatives in the construction industry, BLCF is a partnership with a variety of private, public and voluntary organisations committed to identifying construction recruitment needs. The project aims to find long term employment for local people in London, placing long term unemployed people in the local area into jobs in the construction industry. This report seeks to commit £149,267 from the three legal agreements to fund workplace co-ordinators (WPCs) to work with each project contractors 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.

12. The legal agreements for Moonraker Alley, Harlequin Building, and Citizen M hotel all include a proscribed management fee to be paid to the council for the management and monitoring of the employment programme. The total sum from these developments is £22,308, and this sum will be expended on the commissioning process for appointing, coordinating, and monitoring the work-place coordinator projects.

13. 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. 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. The approach proposed will also closely link to the priorities identified in the Mayor’s Economic Development Strategy and the London Skills and Employment Board Strategy.

- 14. 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.
- 15. This project will be commissioned by the Economic Development team.

**Project 2 Training and Employment**

- 16. The council requires a contribution of the equivalent cost of providing a workplace coordinator to assist in the placement of unemployed jobseekers from the local area into jobs within the final development. The three developments under construction will provide valuable local employment opportunities in two new internationally branded hotels, a large commercial project which is likely to be occupied by a single business, and a 2500 sqm commercial ground floor which includes an affordable workspace unit.
- 17. A total of £79,075 funded through these agreements will support residents to overcome barriers to employment and support their transition to employment in accordance with Southwark's Employment Strategy. Examples of support provided to project beneficiaries include careers information advice and guidance, workplace skills development, childcare support, access to specialist support services and support with cvs, application forms and interviews.
- 18. Budget £79,075 from:

<b>Agreement site</b>	<b>Moonraker Alley</b>	<b>Harlequin Building</b>	<b>Citizen M Hotel</b>	<b>Total</b>
<b>Project Address</b>	<b>61-63 Great Suffolk Street</b>	<b>65 Southwark Street</b>	<b>Surrey House 20 Lavington Street</b>	
<b>Training and Employment</b>	£29,387	£26,277	£23,411	£79,075

- 19. Projects to be funded will be contracted by the Economic Development Team in accordance with council Contract Standing Orders. It is recommended that the targeted employment is delivered through the Southwark Works programme. 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.
- 20. 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.

21. 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. There is scope to match-fund the delivery of this programme with European Social Fund (ESF) funding to further maximise the impact and benefits to local people.
22. 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

### **Community project bank concurrent**

23. At its 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**

24. The resource implications are outlined above and summarised in the S106 manager 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.

### **Community impact statement**

25. All projects will be designed to be fully accessible to all, without prejudice or discrimination.

### **Sustainable development implications**

26. As part of the Bankside Urban Forest project, as many existing materials as possible will be re-cycled and re-used within the design. Careful selection of method statements for the cleaning will be chosen to ensure existing brickwork and structures are not damaged.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **S106 Manager**

27. The referenced agreements above have been checked and the stated funds have been received by the council and have not been committed. The proposed use complies with the purposes set out under the respective S106 agreements. The following amounts may therefore be approved for the abovementioned projects.
28. The table below lists the agreements with a total section 106 payable of £228,342.

29. Subject to the proposed project expenditure complying with terms of the terms of the agreement the requested sums may be approved.

<b>Project</b>	<b>Moonraker Alley</b>	<b>Harlequin Building</b>	<b>Citizen M Hotel</b>	<b>Total</b>
<b>Address</b>	<b>61-63 Great Suffolk Street</b>	<b>65 Southwark Street</b>	<b>Surrey House 20 Lavington Street</b>	
<b>Section 106 planning obligation reference</b>	481	504	566	
<b>Construction workplace co-ordinator[s]</b>	£98,753	£28,206		
<b>Construction Management fee</b>	£13,902	£2,287	£6,119	
<b>Training and Employment</b>	£29,387	£26,277	£23,411	
<b>Total</b>	<b>£142,042</b>	<b>£56,770</b>	<b>£29,530</b>	<b>£228,342</b>

### **Strategic Director of Communities, Law & Governance (NS09122011)**

1. Members of the community councils are being asked to comment to Planning Committee on the proposed expenditure of a total of £228,342 from three legal agreements namely:-
  - a. 61-63 Great Suffolk Street dated 9 August 2011;
  - b. 65 Southwark Street dated 1 November 2010; and
  - c. 20 Lavington Street dated 30 December 2010
  
2. 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;
    - (iii) directly related to the respective developments;
    - (iv) fairly and reasonably related in scale and kind to the respective developments; and
    - (v) reasonable in all other respects.

3. Under Schedule 3 of the **Great Suffolk Street** section 106, the developer is required to make a contribution of £29,387 towards training and employment, £98,753 towards a workplace coordinator and an employment contribution and £13,902 for a workplace coordinator management fee. In accordance with Schedule 2, paragraph 5.3 the contribution towards the workplace coordinator and employment contribution of £98,753 only becomes due where the developer has failed to appoint a workplace coordinator before the Implementation date. Under schedule 4, paragraph 1.2 the council is obliged to expend the contributions for the purposes specified. Upon written request by the developer, the council is also required to confirm expenditure of the sums under the agreement.
4. Under Schedule 3 of the **Southwark Street** section 106 the developer is required to make a contribution of £28,206 towards a construction workplace coordinator, £26, 277 towards employment in the development to be expended by the council on the provision of an employment workplace coordinator to assist in the placement of unemployed job seekers in the local area and £2,287 for construction workplace coordinator management to cover the programme management and monitoring costs of the workplace coordinator scheme. Schedule 4, paragraph 4.2 requires the council to only expend and apply the contributions for the purposes specified.
5. Under Schedule 3 of the **Lavington Street** section 106 agreement the developer is required to pay the Employment contribution of £23,411 and the Construction Workplace and Employment Contribution of £6,119. Under Schedule 4, paragraph 1.2.4 of the agreement the council must expend the construction workplace and employment management contribution for the programme management and monitoring costs of the construction workplace coordinator scheme. The employment contribution must be expended by the council for the provision of employment initiatives in the development.
6. In accordance with Part 3H, paragraph 3 it is the role of the community council to provide comments on the proposed expenditure of funds over £100,000 secured through legal agreements.

#### **Finance Director (NR/F&R/29/11/11)**

30. This report recommends the release of various S106 monies to deliver employment and training projects and as contributions to the cost of delivering associated regeneration projects, including employment and training initiatives.
31. The Finance Director notes the application of S106 monies that have been received by the council and are currently uncommitted.

#### **BACKGROUND DOCUMENTS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
s106 Legal Agreement	Regeneration Department, 160 Tooley Street, London, SE1	Dan Taylor 020 7525 5450
Project Brief	Regeneration Department, 160 Tooley Street, London, SE1	Dan Taylor 020 7525 5450

## APPENDICES

No.	Title
Appendix 1	Excerpts of S106 legal agreements

## AUDIT TRAIL

<b>Lead Officer</b>	Alistair Huggett, Framework and Implementation Team Manager	
<b>Report Author</b>	Dan Taylor, Principal Project Officer, Framework and Implementation Team	
<b>Version</b>	Final	
<b>Dated</b>	13 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
<b>Date final report sent to Constitutional Team</b>		16 January 2012



## APPENDIX 1

### Excerpts of S106 legal agreements

<b>Project</b>	<b>Moonraker Alley</b>	<b>Harlequin Building</b>	<b>Citizen M Hotel</b>
<b>Address</b>	<b>61-63 Great Suffolk Street</b>	<b>65 Southwark Street</b>	<b>Surrey House 20 Lavington Street</b>

#### CITIZEN M

"Construction Workplace Default Contribution"      The sum of £75,467 Index Linked payable in accordance with Paragraph 1 of Schedule 3.

"Construction Workplace and Employment Management Contribution"      The sum of £6,119 Index Linked (being 7.5% of the Construction Workplace Co-ordinator Contribution and the Employment Contribution)

### SCHEDULE 3

#### 1. FINANCIAL CONTRIBUTIONS

- 1.1 Prior to the carrying out of any works of Demolition on the Site or any part of the Site the Owner covenants to pay the Archaeology Contribution to the Council.
- 1.2 The Owner covenants not to Demolish any building or part of any building upon the Site until such time as the Council has received the Archaeology Contribution in full.
- 1.3 Prior to the Implementation Date the Owner shall pay:
- 1.3.1 the Employment Contribution;
  - 1.3.2 the Public Realm Contribution;
  - 1.3.3 the Public Open Space Contribution;
  - 1.3.4 the Site Specific Transport Contribution;
  - 1.3.5 the Sports Development Contribution;
  - 1.3.6 the Strategic Transport Contribution.
- 1.4 The Owner shall not Implement the Development until the Council has received the Contributions referred to in Paragraph 1.3 of this Schedule 3 in full.
- 1.5 The Construction Workplace Default Contribution shall only become payable by the Owner in the event of the circumstances set out in Paragraphs 2.3 and 2.4 of Schedule 2 arising.

#### HARLEQUIN

<b>“Communities Facilities Contribution”</b>	The sum of £7,369 to be paid by the Developer to the Council in accordance with paragraph 1 of Schedule 3 ;
<b>“Construction Workplace Coordinator[s] Contribution”</b>	The payment of £28,206 during the construction of the Development payable in accordance with paragraph 1 of Schedule 3 below;

**“Employment in the Development Contribution”**      The sum of £26,277 Index Linked to be paid by the Owner to the Council and to be expended by the Council on the provision of an Employment Workplace Co-ordinator to assist in the placement of unemployed job seekers in the local area;

### SCHEDULE 3

#### 3. FINANCIAL CONTRIBUTIONS

- 3.1 Prior to the carrying out of any works of demolition on the Site or any part of the Site the Developer covenants to pay the Archaeology Contribution to the Council.
- 3.2 the Developer covenants not to demolish any building or part of any building upon the Site until such time as the Council has received the Archaeology Contribution in full.
- 3.3 Prior to the Implementation Date the Developer shall pay:
- 3.1.1 the Community Facilities Contribution;
  - 3.1.2 the Construction Workplace Co-ordinator Contribution;
  - 3.1.3 the Construction Workplace Co-ordinator Management Contribution;
  - 3.1.4 the Crossrail Contribution;
  - 3.1.5 the Public Realm Contribution;
  - 3.1.6 the Site Specific Transport Contribution;
  - 3.1.7 the Strategic Transport Contribution;
  - 3.1.8 the Training and Employment Contribution;
  - 3.1.9 the Archaeology Contribution;
  - 3.1.10 the Employment in the Development Contribution;
- 3.4 The Developer shall not Implement the Development until the Council has received the contributions referred to in paragraph 1.3 above in full.

## MOONRAKER ALLEY

**“Grotto Podiums Park”**      The public open space owned by the Council known as Grotto Podiums Park where subject to the provisions of Paragraph 8 of Schedule 3 the Developer shall carry out the Public Realm Improvement Works and which is shown for identification purposes only edged blue on Plan 3;

the Public Realm Improvements whether or not such costs exceed this amount of £119,500;

**“Training and Employment Contribution”**

The sum of £29,387 (twenty nine thousand three hundred and eighty seven pounds) Index Linked to be paid by the Developer to the Council and to be expended by the Council on one or more of the Council's training and employment initiatives;

**Workplace Coordinator and Employment Contribution**

The sum of £98,753 (ninety eight thousand seven hundred and fifty three pounds) Index Linked which if payable shall be paid by the Developer to the Council in accordance with Paragraphs 5.2 and 5.3 of Schedule 2 of this Deed ;

**“Workplace Co-ordinator Management Fee”**

The sum of £13,902 (thirteen thousand nine hundred and two pounds) Index Linked to be paid by the Developer to the Council in accordance with Paragraphs 5.2 and 5.3 of Schedule 2 of this Deed;

5. **EMPLOYMENT DURING CONSTRUCTION AND WORKPLACE COORDINATION**

- 5.1 Prior to the Implementation Date, the Developer shall appoint a Workplace Co-ordinator who within a budget equivalent to the Workplace Co-ordinator and Employment Contribution (the "Budget") will provide training and support to facilitate access to construction jobs on the Site during the construction phase of the Development for a minimum 12-month period.
- 5.2 The Developer shall (whether itself or through its contractor):
- 5.2.1 maintain the Workplace Co-ordinator role within its organisation throughout the construction phase of the Development;
- 5.2.2 create the role of the Workplace Co-ordinator to include the following duties to the extent reasonable and practicable within the Budget:
- (i) to identify employment vacancies on Site;
  - (ii) to encourage applications from suitable candidates resident in the Borough by liaising with the local Jobcentre Plus, employment service providers, voluntary and community sector, training providers and careers service providers, including Southwark Works and the Southwark Education Business Alliance;
  - (iii) to commission customised training (including where reasonably required training that is not currently delivered through mainstream courses) and where reasonably practicable to identify other revenue funds to deliver appropriate construction training;
  - (iv) to provide basic skills and site safety training to suitable candidates; and
  - (v) to work with new employees and their employers including those recruited as part of the Building London Creating Futures programme with the objective of ensuring an effective transition into work;
- 5.2.3 use all reasonable endeavours to: -

- (i) place a minimum of 46 workless Borough residents into sustainable construction jobs created by the Development;
- (ii) train a minimum of 20 workless Borough residents using short courses;
- (iii) provide a minimum of 46 Construction Skills Certification training opportunities to those Borough residents employed on the Site during the construction phase of the Development; and
- (iv) to provide a number of NVQ-level Qualifications to be agreed with the Council's Economic Development Team;

5.2.4 place the Workplace Co-ordinator with the contractor team during the building programme to work on the Site; and

5.2.5 produce written reports to the Council regarding the delivery and outcomes of the project on a quarterly basis the first report to be produced on the date 3 calendar months after the Implementation Date.

5.3 If the Developer fails to appoint the Workplace Co-ordinator by the Implementation Date, the Developer shall be required to pay the Workplace Co-ordinator and Employment Contribution within 28 days of receiving a written notice from the Council requesting payment PROVIDED THAT the Workplace Co-ordinator and Employment Contribution shall not be payable if the Developer subsequently appoints a Workplace Co-ordinator within 28 days following service of the Council's written notice and FOR THE AVOIDANCE OF DOUBT if the Council appoint the Workplace Co-ordinator the obligations contained in paragraphs 5.2.2 to 5.2.4 (inclusive) shall still apply to the extent that the Developer shall use all reasonable endeavours (but excluding any financial outgoings beyond payment of the Workplace Co-ordinator and Employment Contribution) to assist the Workplace Co-ordinator in carrying out its role and duties.

5.4 In the event of Significant Under Performance by the Developer, the Council reserves the right to demand the Workplace Coordinator and Employment Contribution less a fair and reasonable proportion of the sums reasonably expended by the Developer from the Budget at the date of the written demand

by the Council. The Developer will have a period of not less than 28 days to address any Significant Under-Performance from the date of any such written demand by the Council prior to making the said payment and if within those 28 days delivery rises to 50 per cent or more of the total outputs specified in Paragraphs 5.2.2 and 5.2.3, the Workplace Coordinator and Employment Contribution or any part thereof will not be payable by the Developer and the request for payment will be withdrawn by the Council.