



## **1. Introduction**

- 1.1 The Draft Revised Planning Obligations Supplementary Planning Document (the SPD) is to be considered by Cabinet on 8<sup>th</sup> April 2015 and is seeking approval for public consultation. The SPD is attached to the Cabinet Report as Appendix 1.
- 1.2 The SPD sets out the Council's approach to securing planning obligations and the differences between the Community Infrastructure Levy (CIL), Planning Obligation agreements and other relevant legal agreements.

## **2. Purpose of Addendum**

- 2.1 Officers have recently been made aware of two matters that require an amendment to the SPD document itself. These amendments are required prior to securing Cabinet approval, in order that they are able to be consulted upon. These matters and the required changes to the SPD will be detailed in this Addendum.
- 2.2 Officers have noticed an amendment is required to the Cabinet Report. Paragraph 11.1, the Efficiency Statement, in the Cabinet Report, should have "agreement signed" replaced with "substantive head of terms".

## **3. Matters Requiring Amendment of the SPD**

### Employment, Skills, Training and Enterprise

- 3.1 Amendments are required to the Employment, Skills, Training and Enterprise section of the SPD (pages 17-20). It is proposed that this section of the SPD is replaced with the text included as Annex 1 to this Addendum. The new text will include a number of minor changes to the text summarised as follows:
  - To update the formulae for calculating contributions towards: Construction Phase Skills and Training; and End User Phase Skills and Training. This will ensure that the formulae reflect the latest evidence available and are consistent with the approach taken by other London Authorities.
  - To ensure that 20% of total jobs are advertised exclusively to local residents.
  - To add the requirement for the submission of a Programme of Works by a developer, to assist in the forecasting of training needs by the Council.
  - To add further detail to the requirements of apprenticeships and work placements.
  - To add the requirement for the submission of a Tender Event Schedule and associated Enterprise Monitoring by a developer, in order to assist the Council in monitoring the engagement of local businesses.

### Threshold for Securing Planning Obligations

- 3.2 On the 28/11/14 the Government updated the National Planning Policy Guidance (NPPG) to state that planning obligations “*should not be sought from developments of 10-units or less, and which have a maximum combined gross floorspace of no more than 1000sqm (gross internal area)*”.
- 3.3 The SPD currently states that planning obligations will be sought for “*all major residential developments*”, which is defined as being when the number of dwellinghouses to be provided is 10 or more.
- 3.4 The result is that the SPD currently proposes that planning obligations are required for developments of exactly 10 units, which is contrary to the NPPG. To rectify this issue, it is therefore intended to replace reference in the SPD to “*all major residential developments*” with reference to “*residential developments of more than 10 units or with a combined gross floorspace of 1,000 sqm (gross internal area) or more*”.

## **4. Action Required**

- 4.1 Cabinet is asked to approve the Draft Revised Planning Obligations SPD as per the Cabinet Report recommendation, as amended by this Addendum.

## **Annex 1:**

### **Employment, Skills, Training and Enterprise**

- 5.9 Tower Hamlets is in a unique position with regards to its economy. The borough hosts a significant financial services sector and also a large number of small and medium enterprises (SMEs). The employment opportunities arising from local development should be accessible to local residents to combat issues of social exclusion and skills miss-match. To ensure a healthy economy for Tower Hamlets, a wide mix of enterprise and commercial spaces must be supported and retained.
- 5.10 Tower Hamlets has an above average unemployment level within Greater London, with a very low proportion of Tower Hamlets' residents finding employment within the borough. Currently, only 15%<sup>1</sup> of residents are working within Tower Hamlets. There is also a skills miss-match, with new employment opportunities requiring skills which are not widely available within the borough's current residential population. Employment opportunities should be provided through new development to local residents, with training made available to up-skill residents to compete for jobs within the borough.
- 5.11 For all new development in the borough the construction phase provides opportunities for local employment, apprenticeships and work experience placements. Commercial developments within the borough also bring new employment, apprenticeship and work-experience opportunities for residents during the end-user phase. This adds increased pressure on the Council to provide access for residents to appropriate employment and skills training. Apprenticeships and work experience placements will enable residents to develop an appropriate skill-set for existing and future employment opportunities within the borough, from an early age. The Developer will be required to supply employment monitoring forms in an agreed format.
- 5.12 The Council will seek to ensure that jobs are provided for local people, both in the construction phase of development and by the end-users, where appropriate. To enable local people to benefit from development growth the Council, with partners, has introduced a number of programmes to support job brokerage, employer-led training, construction skill training and apprenticeships, and traineeship and work experience placements.

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<sup>1</sup> The percentage of working age residents in Tower Hamlets employed within the borough according to the 2011 Census, NOMIS.

## Employment and Skills Training

### Threshold and Contribution Requirements

Planning obligations relating to Employment and Skills Training will be sought for:

- All major residential developments
- All major commercial developments

### Job Brokerage

The Council will seek to secure a minimum of 20%<sup>2</sup> of the total jobs, created by the construction and end-user phases of new development above the set threshold, to be advertised exclusively to local residents through the Council's job-brokerage services for a specified minimum period. It is expected that all reasonable endeavors be used to ensure that a target of 20% employment of local residents is achieved in both the construction and end-user phases.

The Developer will be required to supply the Programme of Works for the scheme to allow the employment team to forecast the training needs of residents, to be work ready as the development progresses through the various construction phases.

### Formula – Construction Phase Skills and Training

For all major developments the Council will also seek to secure training opportunities for residents. A financial contribution will be sought to support and provide the training and skills needs of local residents in accessing the new job opportunities in the construction phase of all new development. This contribution will be used by the Council to provide and procure the support necessary for local people who have been out of employment and/or do not have the skills set required for the jobs created.

$\text{£}4^3 \times \text{sqm of the total development (GIA)} = \text{Required Financial Contribution}$

For example: When applying the formula to a Development consisting of total 7099.8 Sq.m (GIA) -  $\text{£}4 \times \text{sqm (7099.8)} = \text{£}28,399.2$  is obtained in contributions.

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<sup>2</sup> Tower Hamlets currently has an overall 68% employment rate from which 15% are working within the borough. An aspirational target of 20% local labour has been set in order to create an achievable uplift in these figures.

<sup>3</sup> The £4.00 per square metre is based upon an average construction training placement of £3,500 which takes into account the need for both soft skills training and accredited training; the average training cost is then divided by the minimum threshold of 1000sqm, i.e. (£3500/1000sqm).

Where appropriate the Council may consider whether a developer's in-house training programme can be utilised in lieu of the construction phase skills and training contribution, on the basis that the local residents achieve a minimum requirement as secured through an in-kind obligation. The appropriateness of the in-house training will be assessed by the Council on a case by case basis.

### **Formula – End User Phase Skills and Training**

For the end-user phase of commercial developments the Council will also seek to secure a financial contribution to support and provide the training and skills needs of local residents in accessing the new job opportunities created by the development. This contribution will be used by the Council to provide and procure the support necessary for local people who have been out of employment and/or do not have the skills set required for the jobs created.

Employee yield of the development<sup>4</sup>

X

Tower Hamlets aspirational local labour target (20%)

X

Cost of training and support per person (£2,040)<sup>5</sup>

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= Required Financial Contribution

### **Apprenticeships and Work Placements**

For the construction phase of all new development and the end-user phase of commercial development, the Council will seek to ensure that a proportion of the jobs secured for local residents provide apprenticeships where appropriate. Apprenticeships are jobs with an accompanying skills development programme designed by employers in the relevant sector to allow the apprentice to gain technical knowledge and practical experience along with functional and personal skills required for their immediate job and future career. Skills are acquired through a mix of learning in the workplace and formal offsite training. Apprentices are given the opportunity to practice and embed new skills in a real work context. Skills and qualifications gained should be equivalent to those offered in apprenticeships facilitated by the National Apprenticeships Service or trade specific accreditation bodies. Work experience placements for local residents, for a minimum of two weeks per placement, will also be sought from these developments where appropriate. Public liability insurance may need to be amended to reflect this.

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<sup>4</sup> Calculated using the HCA Employment Densities Guide. 2nd Edition 2010 or subsequent updated document.

<sup>5</sup> Average cost per unit of NVQ Level 2 Framework = £1,700 + 20% overheads.

## **Local Enterprise**

- 5.13 In order to support local businesses to benefit from new development within the borough, the Council will require a commitment from developments to engage local businesses through the supply chain. This will allow local businesses to compete in the local market and also encourage sustainable supply systems.
- 5.14 The Developer is required to submit to the Economic Development team their Tender Event Schedule (T.E.S) detailing the list of packages being offered for competitive tender including time frames, values of packages and framework agreements in the supply chain. Any additional health & safety requirements are to be detailed in the T.E.S.
- 5.15 Enterprise monitoring information will be required to be submitted each time a package is awarded, detailing the list of tenderers per package, identifying the successful tenderer with values of packages secured and postcodes. The developer will be required to submit the official order of any package secured locally which can be quantified by value and quantity.
- 5.16 The monitoring will allow the principal contractor to track their performance against the enterprise commitment and gauge performance against any targets, as well as capturing the developer's "endeavours" to engage with local suppliers.
- 5.17 All information supplied to the council's Economic Development Team will be treated as private & confidential and not passed to any third parties.

### **Threshold and Contribution Requirements**

Planning obligations relating to Local Enterprise will be sought for:

- All major residential developments
- All major commercial development

The Council will seek to secure a minimum 20% of the total value of contracts, which procure goods and services during the construction phase of the development, to be achieved using firms located within the borough. This will be subject to competition rules. The developer will be expected to work with the Council and organisations<sup>6</sup> it may choose to nominate, in order to maximise the opportunities for local firms to win contracts through established procurement procedures.

The Council will seek to secure the provision of flexible workspace within commercial developments, to mitigate the loss of such space through the development process and to support new and existing SMEs within the borough.

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<sup>6</sup> For example, Construction Line and East London Business Place (ELBP)