

Cabinet **5 February 2018**

Report title: Lambeth Employment and Skills Supplementary Planning Document

Wards: All

Report Authorised by: Sue Foster, Strategic Director for Neighbourhoods and Growth

Portfolio: Councillor Matthew Bennett, Cabinet Member for Planning, Regeneration and Jobs

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Report summary

The Final Draft Employment and Skills Supplementary Planning Document (SPD) sets out an approach to securing appropriate contributions through Section 106 (S106) agreements towards employment and skills initiatives. The S106 Planning Obligations SPD (covering a range of topics) was adopted in 2012. Public consultation took place on proposed revisions to that document during 2013. The content of the 2012 S106 Planning Obligations SPD was largely overtaken by the introduction of the Lambeth Community Infrastructure Levy in 2014 and the adoption of the Lambeth Local Plan in 2015. An officer review of the approach to seeking planning obligations relating to employment and skills initiatives has been undertaken in light of planning policy changes, responses to consultation on other policy initiatives and the current state of the local labour market. As a result of that review, the Council has consulted on a revised approach to securing planning obligations relating to employment and skills initiatives.

The Draft Employment and Skills SPD was published for a first stage of consultation from 12 December 2016 to 13 February 2017. A further round of consultation took place from 6 November to 4 December 2017 on a Revised Draft SPD.

Consideration of both sets of representations is set out in the Consultation Statement included in Appendix One of this report. Changes have been made to the wording of the emerging SPD at various stages and this is explained in the Consultation Statement.

Cabinet are asked, in light of the consultation responses, to adopt the Final Draft Employment and Skills SPD as set out in Appendix Three.

Finance summary

Costs associated with the adoption of the Employment and Skills SPD will be funded from existing general fund budgets of the Growth, Planning and Employment division.

Recommendations

- (1) To note the representations received in response to public consultation on the Draft Employment and Skills SPD and subsequent Revised Draft Employment and Skills SPD; and to note officers' assessment of the representations set out in the Consultation Statement in Appendix One.
- (2) To adopt the Final Draft Employment and Skills SPD as set out in Appendix Three.
- (3) To instruct officers to take the necessary steps to publicise its decision in the event that Cabinet resolves to adopt the Final Draft Employment and Skills SPD.

1. Context

- 1.1 Lambeth continues to be an attractive borough for investors and developers. This is reflected in the significant scale of residential and commercial development taking place in the borough. The Council welcomes this economic growth to bring new homes, jobs and businesses to the borough but we are clear that it should benefit local people.
- 1.2 Lambeth has seen significant growth in the number of jobs in the borough in the last decade, growing by around 30% since 2005. This growth is forecast to continue with trends suggesting a at least a further 12.5% growth in the number of jobs over the next two decades. This employment is likely to be even higher given the scale of developments taking place at Waterloo and Nine Elms Vauxhall opportunity areas, where 22,000 jobs will be created by 2031.
- 1.3 Alongside this there has been a significant improvement in the employment rate of Lambeth residents. In the last five years the employment rate has increased from 71.6% in 2012 to 83.1% in 2017, the highest employment rate Lambeth has ever seen. Similarly the unemployment rate has fallen drastically, reducing by half from 9.8% in 2012 to 5.0% in 2017.
- 1.4 This growth is driven to a large extent by the growth of the London economy, but we want to shape it for the benefit of local residents and businesses. We know that some people feel excluded from the growth and regeneration that has taken place so far. In the Borough Plan 2016-21, the priorities to reduce inequality and drive inclusive growth commit the Council to linking economic growth more explicitly with benefits to local communities.
- 1.5 The Council responds to the impact of new development in the borough in a number of different ways. Since October 2014 the Council has been operating the Lambeth Community Infrastructure Levy (CIL), which operates alongside the charge for Mayoral CIL. CIL provides a mechanism to raise financial contributions towards the provision of infrastructure.
- 1.6 Many of the financial contributions that were previously collected through planning obligations to help pay for facilities and infrastructure are now covered by CIL payments. Planning obligations differ from CIL in that planning obligations are tailored to a specific development and must satisfy the requirements contained in regulation 122 of the CIL Regulations 2010 (which are that the obligation is necessary to make the development acceptable in planning terms, directly related to the development and fairly and reasonably related in scale and kind to the development).
- 1.7 Lambeth continues to be an attractive borough for investors and developers. This is reflected in the significant scale of residential and commercial development taking place in the borough. The Council welcomes this economic growth to bring new homes, jobs and businesses to the borough but the Council is also clear that it should benefit local people. This is reflected in the Investment and Opportunity Strategy which was approved by Cabinet in June 2015 (report 22/15-16), and more recently the Borough Plan 2016-2021.
- 1.8 The Lambeth Local Plan was adopted in September 2015. Policy D4 of the Lambeth Local Plan sets out the Council's policy for seeking planning obligations. Policy ED14 of the Lambeth Local Plan sets out the Council's policy in relation to employment and training. Together the Lambeth Local Plan 2015 and London Plan 2016 constitute the statutory development plan for the borough of Lambeth. Planning legislation requires planning applications to be determined in accordance with the development plan unless material considerations indicate otherwise. Supplementary Planning Documents (SPDs) to the Lambeth Local Plan are material considerations in the determination of planning applications.

- 1.9 An Employment and Skills SPD has been produced to provide additional guidance for the implementation of Policies D4 and ED14 of the Local Plan. For clarity, the full titles of the different versions of the SPD at different stages of its preparation are set out in the table below, along with the corresponding shortened titles used throughout this report.

Stage of preparation	Full document title	Shortened title
First stage consultation	Draft Employment and Skills SPD (November 2016)	Draft SPD
Second stage consultation	Draft Employment and Skills SPD (October 2017)	Revised Draft SPD
Adoption	Draft Employment and Skills SPD (February 2018)	Final Draft SPD

2. Proposal and Reasons

- 2.1 The Council adopted a S106 Planning Obligations SPD in July 2008 and a revised version was adopted in April 2012. The Council's adopted SPD set out the Council's planning policies in respect of a range of obligations that sought to address the impact of development, including in relation to employment and skills. In July 2013 a draft S106 Planning Obligations SPD was approved for consultation by Cabinet and this was subsequently published for public comment. Regard has been given to the adopted and draft SPDs in the determination of planning applications.
- 2.2 Subsequent to the preparation of the July 2013 draft SPD, the Council has begun operating the Lambeth CIL (October 2014) and has adopted the Lambeth Local Plan (September 2015). Employment and skills initiatives are not considered to be 'infrastructure' in the context of CIL. Employment and skills initiatives may properly be the subject of planning obligations under s106 of the Town and Country Planning Act 1990. For the majority of types of planning obligation that continue to be sought following the introduction of the Lambeth CIL, the Council's approach to calculating contributions is set out in Annex 10 of the Lambeth Local Plan. For those planning obligations that are not covered by Annex 10, which includes those relating to employment and skills, the Council's current approach in planning policy terms is as set out above. Assessment of the impact of development, and the corresponding need for particular planning obligations, is carried out as part of the consideration of individual planning applications.
- 2.1 Section 106 obligations have been important in securing jobs and training for Lambeth residents, with positive relationships having been developed between the Council and developers. In 2016-18 through Section 106 funded employment and skills activities, 400 residents were supported into employment and a further 129 were supported with training and qualifications, latterly with the focus being on supporting more disadvantaged residents in response to the Borough focus on addressing inequality. Additionally Section 106 obligations provided pre-employment training courses, job-specific health and safety courses and worked to establish relationships between employers and local employment and training providers.
- 2.2 In preparing the Draft SPD, officers gathered research from a number of sources. This included the latest local economic data relating to levels of employment, unemployment and skills; feedback on the current approach to employment and skills related planning obligations from developers and council officers; and an analysis of the current approaches of comparable

boroughs – Southwark, Wandsworth, Hackney and Tower Hamlets. The findings of the review were that:

- the labour market has changed in Lambeth in the last four years. Unemployment is lower, but employers continue to report problems in finding employees with the skills they need and some residents have low levels of qualifications;
- the current emphasis on securing jobs during the construction phase was not always feasible, due to the nature of the work and the skills of the local workforce, and therefore access to end-use jobs would provide better prospects for local residents; and
- a more flexible approach could be taken to allow the Council and developers to agree a set of employment and skills planning obligations that reflects the individual circumstances of the development (i.e. not just the scale of the development but also the industrial sectors of any jobs created, the ability of the developer to deliver their own obligations, the current level of skills provision in the borough for that sector etc).

2.3 A Draft SPD was therefore developed to reflect the changed economic circumstances, the adopted Lambeth Local Plan and the review findings summarised in 2.4.

2.4 On 9 December 2016, the Deputy Leader of the Council (Investment and Partnerships) approved the Draft SPD for a first round of public consultation and noted the process for considering consultation responses and preparing a consultation statement. This first stage consultation took place for eight weeks from 12 December 2016 to 13 February 2017.

2.5 A subsequent decision by the Cabinet Member for Planning and Regeneration on 27 October 2017 approved a second round of public consultation which included the publishing of a Revised Draft SPD and Consultation Statement from the first stage of consultation. This second stage of consultation took place from 6 November 2017 to 4 December 2017.

Response to first stage consultation on the Draft SPD

2.6 A total of nineteen (19) separate responses to the consultation were received. These came from a range of organisations, including statutory bodies, developers, and training providers.

Respondent Type	Number of responses
Training providers	3
Developer/agent	6
Statutory/public body	10
Total	19

2.7 Each representation was considered by officers and in some cases amendments to the wording of the Draft SPD were proposed to address the points raised. In other cases no amendment to the wording of the Draft SPD was considered necessary. The representations, officers' assessment of them and resulting amendments to the wording of the Draft SPD are set out in full in section 2 of the Consultation Statement included in Appendix One of this report.

2.8 All of the feedback received related to Section 6 of the Draft SPD, which outlines the planning obligations being sought. The responses can be broadly summarised as follows:

- a. Concern about the impact of the obligations on development viability
- b. Concern about how end-use job opportunities can be included by developers when they are uncertain about future tenants/owners

- c. Questioning the reason Employment Support Allowance figures are used in calculating costs of supporting unemployed residents
- d. Suggestion of continuing to use construction value, rather than floorspace/number of residential units, as the basis for calculating obligations
- e. Interest from employment and training providers about how they can access funding or ensure the funding supports their priority groups
- f. Suggestions of where the document could be clearer in expectations

2.9 The Consultation Statement included in Appendix One details all of the changes that were made to the Draft SPD as a result of the first stage consultation feedback. A number of points were clarified to provide greater clarity in the document. The changes made to the Draft SPD as a result of the consultation feedback can be summarised as follows:

- a. A definition of a Lambeth resident has been provided, namely a person of working age living in the London Borough of Lambeth, and that this applies at the time they start employment (i.e. they are considered a Lambeth resident if they are living in Lambeth at the time they begin employment and this is not affected if they subsequently move out of the borough during the course of their employment).
- b. Clarification that the Council will have regard to evidence on employment densities of end-users (where the end-user is not known at the planning application stage) using standard employment density benchmarks for the planning use class being applied for.
- c. Clarification that benchmarks relating to floorspace will be considered on the basis of Gross Internal Area (GIA)
- d. References to “unemployed” residents replaced with “out-of-work” residents in paragraph 6.9 of the draft SPD to provide clarity for the reason the Council has included the particular cost of training and support for a resident to find a job which has been used in the draft SPD.
- e. Amendment to wording in paragraph 6.8 to be clear that the monetary contributions sought in paragraph 6.8 are in addition to those obligations sought in paragraphs 6.1-6.7.
- f. Amendment to wording in paragraph 6.9 to show that the example is not “fully worked” and is just an example.

2.10 A further change was made to Appendix One of the Draft SPD in relation to the financial contributions expected in lieu of Employment and Skills Plan obligations. The costs associated with engaging with schools and young people were amended. It was felt that the costs included previously did not adequately reflect the scale of activity required for the Council or schools to deliver these activities in place of the developer and so the proposed calculation has been changed, although still using the same source of evidence for the costs.

Response to second stage consultation on the Revised Draft SPD

2.11 A total of twelve (12) separate responses to the second stage consultation were received. Of these, six were from people or organisations who made responses during the first stage consultation. The responses came from a range of organisations, including statutory bodies, developers, and training providers.

Respondent Type	Number of responses
Training providers	1
Developer/agent	5
Statutory/public body	5
Individual resident	1
Total	12

2.12 The second stage representations and officers' assessment of those representations are set out in full in section 3 of the Consultation Statement included in Appendix One of this report.

2.13 The responses to the second stage of consultation can be broadly summarised into the seven main issues set out below. In each case officers' assessment of the issues arising is set out.

a. Suggestions that the Council should be flexible and use discretion given the specific circumstances of individual planning proposals

The Council encourages developers to engage with officers at the earliest opportunity to discuss the specific circumstances of schemes. The existing process for consideration of individual planning proposals, including planning applications, is considered to afford appropriate flexibility. No change has been made to the Revised Draft SPD in this respect.

b. Concern that the obligations would have a negative impact on development viability

Lambeth Council's recently adopted Development Viability SPD (October 2017) sets out the context in which development viability falls to be considered in the planning process and provides additional guidance on the approach to assessing viability. No change has been made to the Revised Draft SPD in this respect.

c. Questioning the application of the SPD to all major developments

The reference to major developments comes from Lambeth Local Plan policy ED14 which states that obligations will be sought from all major developments. No change has been made to the Revised Draft SPD in this respect.

d. Questioning the definition of a local resident as being a resident of the London Borough of Lambeth, especially for developments close to the borough boundary

The target is for 25% of all jobs created by the development to be secured by local residents. This target is calculated from the existing number of people who both live and work in Lambeth (i.e. Lambeth residents whose employment is also based in the borough of Lambeth). It is therefore considered a realistic target. While, the Council will expect the developer to make "all reasonable endeavours" to meet the obligations set out at para 6.4 of the Revised Draft SPD, if the developer can demonstrate to the satisfaction of the Council that there are circumstances specific to the scheme, then the Council will take this into consideration. The Council encourages developers to engage with officers at the earliest opportunity to discuss the specific circumstances of schemes. No change has been made to the Revised Draft SPD in this respect.

- e. *Concern at the reference to payments needing to be made at the implementation stage of a development*

The Revised Draft SPD states “Payment of planning obligations relating to employment and skills will normally first fall due on the implementation of planning permission; a Section 106 agreement will set out the detailed arrangements for the timing of payments in individual cases”. Officers therefore considers that this provides sufficient flexibility to agree payment schedules according to the individual circumstances of each scheme. Payment for employment and skills obligations has normally been sought from the implementation stage to support employment and training opportunities during the construction phase; also that training relevant to the end-use occupancy can be put in place so that there is a ready pool of candidates for when occupiers are hiring staff. No change has been made to the Revised Draft SPD in this respect.

- f. *Questioning how employment and training activities should be designed, specifically whether young people could be involved*

There is nothing in the Revised Draft SPD that would prevent developers from choosing to engage young people in the design of the training or employment support. This could be detailed in the Employment and Skills Plan. No change has been made to the Revised Draft SPD in this respect.

- g. *Questioning why specific targets for local employment are not included*

Paragraph 6.4a of the Revised Draft SPD states that the Council will seek to secure a minimum of 25% of all jobs created by the development for local residents. This is based on evidence from the most recent Census which showed 25% of Lambeth residents who are in employment have a job in the borough. It is not possible for jobs to be allocated to local people. This would be contrary to employment law. No change has been made to the Revised Draft SPD in this respect.

2.14 Having considered the feedback to the second stage of consultation, no changes have been made to the Revised Draft SPD.

2.15 One minor change has been made to paragraph 4.8 of the Revised Draft SPD. The wording previously read “Promoting employment and training opportunities for local people will *generate local employment opportunities* and reduce the need to travel...” and it now states “Promoting employment and training opportunities for local people will *enable more people to work in the borough* and reduce the need to travel...”.

2.16 A Final Draft SPD is included in Appendix Three which reflects the one minor change detailed in paragraph 2.15 above. Cabinet are asked, in light of the consultation feedback and officer responses, to adopt the Final Draft SPD.

3. Finance

3.1 The cost of the adoption of the Final Draft Employment and Skills SPD will be funded within existing budgets from the Growth, Planning and Employment division.

3.2 The work will be completed using existing staff resources.

4. Legal and Democracy

- 4.1 The relevant statutory framework that governs the form and content of supplementary planning documents, as well as the process required to be followed in their preparation, is located chiefly in the Town and Country Planning (Local Planning) (England) Regulations 2012. The 2012 Regulations require that an SPD contains a reasoned justification of the policies within it and stipulate that it must not conflict with adopted development plan policies. The National Planning Policy Framework and the associated Planning Practice Guidance sets out national policy about the circumstances in which SPDs should be prepared.
- 4.2 The 2012 Regulations have to be interpreted as requiring a two stage process of consultation in relation to the preparation of a proposed supplementary planning document. In accordance with the Regulations, a consultation statement was prepared after the first stage consultation. This set out who was consulted on the Draft SPD, officers' assessment of the representations received and resulting amendments made to the Draft SPD, and a summary of the main issues raised. This consultation statement was published and consulted on alongside the Revised Draft SPD for a four week period. Following this second stage consultation, the consultation statement was updated to include assessment of the second stage representations received and resulting amendments made to the Revised Draft SPD. The updated consultation statement is set out in Appendix One.
- 4.3 If adopted, the Council must make a copy of the SPD and adoption statement available at Phoenix House during normal office hours and on the Council's website. A copy of the adoption statement must also be sent to anyone who has asked to be notified that the SPD has been adopted. The adoption statement in accordance with the 2012 Regulations, must set out the date on which the SPD was adopted and must specify that anyone with sufficient interest in the decision may apply to the High Court for permission to apply for a judicial review of the decision. This application must be made promptly and no later than 3 months after the date on which the SPD was adopted.
- 4.4 This proposed key decision was entered in the Forward Plan on 22 December 2017 and the necessary 28 clear days' notice has been given. In addition, the Council's Constitution requires the report to be published on the website for five clear days before the proposed decision is approved. Any representations received during this period must be considered by the decision-maker before the decision is taken. A further period of five clear days – the call-in period – must then elapse before the decision is enacted. If the decision is called-in during this period, it cannot be enacted until the call-in has been considered and resolved.

5. Consultation and co-production

- 5.1 The SPD has been subject to two rounds of consultation, in accordance with the Town and Country Planning (Local Planning) (England) Regulations 2012. The consultation methods used reflect those outlined in the Council's Statement of Community Involvement, as approved by Council in September 2015 (report 62/15-16).
- 5.2 The following methods of consultation were used for both the first and second stage consultations:
1. Copies made available on the Council's consultation and the planning policy – supplementary planning documents and other planning guidance webpages

2. Notification of the consultation to those on the planning policy consultation database (including businesses, community groups, amenity societies, residents, developers, landowners and individuals who have asked to be kept informed)
3. Notification of the consultation to neighbouring boroughs and the Greater London Authority
4. Copies of the Draft SPD (first round) and Revised Draft SPD (second round) were made available at Phoenix House and all of Lambeth libraries
5. A press release

5.3 The outcome of these consultations is set out in section 2 of this report and in the Consultation Statement included in Appendix One.

6. Risk management

6.1 The Council is adhering to the statutory requirements for preparing an SPD. The process requires the Council to undertake consultation as explained in this report.

6.2 The subject matter of the report does not give rise to the need for any particular risk management measures because the process for preparation of an SPD is governed by legislative provisions.

6.3 Adoption of the SPD is subject to a three month period during which legal challenges can be made.

7. Equalities impact assessment

7.1 An Equalities Impact Assessment was carried out on the Draft SPD and reported to the Deputy Leader (Investment and Partnerships) to inform the decision to begin the first round of consultation in December 2016. It highlighted the potential positive impact that the draft SPD and its implementation could have on reducing inequality within Lambeth's communities.

7.2 The Equalities Impact Assessment has been reviewed and updated to reflect the outcome of the two rounds of public consultation and resulting amendments to the Draft and Revised Draft SPD and is included in Appendix Two of this report. The assessment continues to demonstrate the potential positive equalities impact of providing employment and training opportunities for Lambeth residents.

8. Community safety

8.1 There are no community safety implications arising from this report.

9. Organisational implications

9.1 Environmental

In accordance with the Environmental Assessment of Plans and Programmes Regulations 2004, an initial Strategic Environmental Assessment (SEA) screening assessment of the Draft SPD was carried out in November 2016 and the views of the three statutory bodies were sought (Environment Agency, Historic England and Natural England). The initial screening assessment concluded that the Draft SPD would not have any significant environmental effects so a full SEA would not be required. The three statutory bodies agreed with this conclusion.

9.2 The initial SEA screening assessment has been updated to take account of the amendments made to the Draft SPD. The conclusion to the screening process, which is unchanged from the initial screening assessment, is that there would be no significant environmental effects. The views of the three statutory bodies on the updated screening assessment were sought: they agreed with the conclusion of the updated assessment. The SEA screening assessments (initial and updated) have been published on the Council's website.

9.2 Staffing and accommodation
None

9.3 Procurement
None

9.4 Health
None

10. Timetable for implementation

10.1 Subject to Cabinet approval of the recommendations set out in this report, within one week an adoption statement will be prepared and made available, along with the SPD, on the Council's website and at Phoenix House during normal office hours.

If adopted, it is proposed that the SPD will be implemented following the expiry of the one week period for call-in of Cabinet decisions, that is, from 12 February 2018.

Audit Trail

Consultation				
Name/Position	Lambeth directorate/department or partner	Date Sent	Date Received	Comments in para:
Sue Foster	Strategic Director for Neighbourhoods and Growth	09/01/18	10/01/18	
Sandra Roebuck	Director, Growth, Planning and Employment	04/01/18	09/01/18	
Rob Bristow	Assistant Director Planning, Transport and Development	04/01/18	17/01/18	
Dawn Redpath	Head of Economic Inclusion	04/01/18	11/01/18	
Andrew Ramsden	Finance	22/12/17	25/01/18	
Susan Boucher	Legal Services	22/12/17	16/01/18	Throughout
Henry Langford	Democratic Services	22/12/17	16/01/18	
Councillor Matthew Bennett	Cabinet Member: Planning, Regeneration and Jobs	12/01/18	17/01/18	
Councillor Clair Wilcox	Chair Planning Applications Committee	12/01/18	17/01/18	

Report History

Original discussion with Cabinet Member	14.12.17
Part II Exempt from Disclosure/confidential accompanying report?	No
Key decision report	Yes
Date first appeared on forward plan	22.12.17
Key decision reasons	Meets community impact test
Background information	Lambeth Local Plan 2015 National Planning Practice Guidance Town and Country Planning (Local Planning) (England) Regulations 2012 Environmental Assessment of Plans and Programmes Regulations 2004 SEA screening assessment of the Final Draft Employment and Skills SPD Employment and Skills Supplementary Planning Document – first round of consultation Draft Employment and Skills Supplementary Planning Document – Consultation (second round)
Appendices	1. Consultation Statement 2. Equalities Impact Assessment 3. Final Draft Employment and Skills SPD