Employment and Skills Planning Obligations

Supplementary Planning Document

Contents
1. Purpose and Status of the Document ................................................................. iii
2. Context ................................................................................................................ iv
3. Policy background................................................................................................ vi
4. Justification........................................................................................................... viii
5. Securing employment and skills activity arising from development .................. x
6. Employment and skills planning obligations ...................................................... xi
   Employment and Skills Plan ................................................................................ xi
   Monetary obligations ............................................................................................. xiii
7. Monitoring and payments..................................................................................... xv

Appendix One – Financial contributions in lieu of Employment and Skills Plan commitments.... xvi
1. **Purpose and Status of the Document**

1.1. This is a Supplementary Planning Document (SPD) to the Lambeth Local Plan 2015. It is a material consideration in the determination of planning applications.

1.2. The purpose of this document is to set out the obligations which will be sought from developers at the construction and end user phases of development to contribute towards a range of employment and training measures to mitigate the impacts of development and to ensure that local people can better access job opportunities arising from new development.

1.3. This SPD provides guidance on the implementation of Lambeth Local Plan 2015 Strategic Objective B3 and Policy D4 (a) (viii). The SPD also provides guidance on the implementation of Local Plan Policy ED14 (a) (b) and (c): *Employment and Training*, which sets out the Council’s expectations from major development in relation to employment and training.

1.4. Policy ED14 (d) of the Lambeth Local Plan is not covered in this document. Policy ED14 (d) seeks to ensure that small and medium sized local enterprises have access to tender opportunities for the procurement of goods and services generated by the development. In appropriate individual cases, it may be that provision for local tendering opportunities will nonetheless form part of an agreed planning obligation, but it is not considered that there remains sufficient justification for the inclusion of this item at the level of SPD policy.

1.5. This SPD will replace section G of the S106 Planning Obligations SPD (April 2012), and sections 5.B.1 and 5.B.2 of the Draft Revised S106 Planning Obligations SPD (July 2013) which currently guide the Council’s approach to securing planning obligations relating to employment and skills. 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.
2. Context

2.1. Lambeth is a borough that is changing - and growing - fast, as more and more people choose to come to the borough to live, work and study.

2.2. Lambeth is facing a period of unprecedented opportunity, and many residents have benefited from the economic recovery through rising asset prices and a strong labour market.\(^1\) However, the proportion of Lambeth residents claiming out-of-work benefits remains significantly above the London and national averages. By far the largest group of out-of-work benefits claimants are claiming for health reasons, with 13,510 Lambeth residents on Employment Support Allowance or Incapacity Benefits in May 2015.\(^2\)

2.3. 17.8% of working age residents lacked NVQ Level 2 qualifications (i.e. basic skills) in 2015. There is also evidence of Lambeth employers facing skills shortages in the local labour pool: 25% of the job vacancies in Lambeth in 2015 were hard-to-fill due to skill-shortages – above both the London (21%) and England (23%) averages.\(^3\)

2.4. Young people leaving education can face specific challenges in accessing employment.\(^4\) The rate of youth unemployment is above the London average in Lambeth, and with a smaller proportion of jobs requiring low levels of qualifications or experience, competition for entry level jobs in London is particularly fierce.\(^5\)

2.5. The jobs being created in London are increasingly requiring higher levels of skills, placing an ever greater emphasis on the need for high levels of qualifications amongst Lambeth residents.\(^6\) High competition for jobs makes it particularly difficult for residents with low or no qualifications to find work.\(^7\) The Lambeth Growth Strategy Evidence base (2015) concludes that: “it is very clear that future employment opportunities will be overwhelmingly in high skilled occupations”, and therefore: “supporting residents in deprived areas to attain better qualifications so that they can access these opportunities must be a key priority for the Council”.\(^8\)

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\(^1\) 78.5% of working age (16-64) residents in Lambeth were in employment in the year to December 2015, compared to 73.6% nationally and 72.9% across London – source: ONS (2015) Annual Population Survey

\(^2\) DWP (2015) benefit claimants - working age client group (Note: the number of ESA/IB claimants has remained consistent in recent years, while the vast majority have been claiming for more than a year).

\(^3\) UKCES (2016) Employer Skills Survey 2015

\(^4\) With 735 or 2.6% of 18-24 year olds claiming JSA in January 2016, the borough’s youth unemployment rate was above the London average (1.9%). Source: ONS (2016) Jobseeker’s Allowance by age and duration with proportions

\(^5\) Work Foundation (2014) London: addressing the youth employment challenge

\(^6\) For example, the GLA estimate that 50.2% of jobs in London require degree level or equivalent qualifications in 2014, expected to rise to 60% by 2036. Source: ONS Annual Population Survey (number of jobs); GLA Economics (2013) London labour market projections

\(^7\) Only 41.9% of the Lambeth residents qualified at NVQ1 or below (only) were in employment in 2014, compared to 91.5% of those with qualifications at NVQ4 or above. Source: ONS (2015) Annual Population Survey

\(^8\) Shared Intelligence (2015) Lambeth Growth Strategy Evidence Base
2.6. An inability to improve local skills levels will inhibit economic growth. Significant predicted jobs growth locally and sub regionally presents the opportunity to maximise skills development and employment opportunities for local people through securing contributions from developers. This is to mitigate against developments contributing to Lambeth’s current skills shortages and ‘skills mismatch’.

2.7. A better, appropriately skilled local workforce can provide a pool of talent to both developers and end occupiers. This will also reduce the need to import skills, and in doing so reduce congestion and unsustainable travel to work journeys and reduce carbon emissions.
3. Policy background

3.1. The National Planning Policy Framework (CLG, 2012) sets out the Government’s planning policies for England and how these are expected to be applied. With regard to business needs it states that “Local planning authorities [LPAs] should have a clear understanding of business needs within the economic markets operating in and across their area”. This includes “…working closely with the business community to understand their changing needs and identify and address barriers to investment”\(^9\). Included within the areas which LPAs should assess, using their evidence base, are “locations of deprivation which may benefit from planned remedial action,\(^{10}\)

3.2. “Future Lambeth: Our borough plan 2016-21” identifies three strategic priorities that the Council and partners will work towards:

- Creating inclusive growth
- Reducing inequality
- Building strong and sustainable neighbourhoods

3.3. One of the challenges highlighted is the need to improve education, employment and skills outcomes. The Plan identifies that “Our people, location, character and assets make Lambeth a great place to invest. We will encourage investment and regeneration and make sure that it benefits all... We will use the opportunities and proceeds of growth, regeneration and housing to reduce inequality.”

3.4. Lambeth’s “Investment and Opportunity Strategy” summarises the key priorities emerging from a local economic assessment (2015). It identifies improving skills as key to tackling increasing inequalities in the local population and ensuring the continued delivery of economic growth. Under Priority Two: Develop skills provision to meet employer needs, one of the key outcomes is to: “raise the quality, quantity and profile of vocational provision in Lambeth”, and ensuring that skills provision is “employer-led, reflecting local priorities and skills needs”. Under Priority 3: Equip young people for the economy of the future, the strategy sets out an aim to: “significantly increase employer engagement, facilitating relationships with schools and training providers”.

3.5. The Lambeth Local Plan adopted in September 2015 reflects the priorities of the Council in its strategic objectives and policies. This SPD directly relates to the following objectives and policies in the Lambeth Local Plan.

\(^9\) National Planning Policy Framework, paragraph 160
\(^{10}\) National Planning Policy Framework, paragraph 161
- **Strategic Objective B3:** Increase the number and variety of job opportunities for local people by protecting land for commercial use within neighbourhoods and seeking contributions to employment and skills support programmes.

- **Policy D4(viii): Planning Obligations:** Section 106 planning obligations will be sought to:
  
  b) ensure that development proposals provide or fund local improvements to mitigate the impact of the development and/or additional facilities and requirements made necessary by the development. This may include:

  viii) access to employment opportunities created by the development by securing employment premises and learning and skills initiatives;

- **Policy ED14: Employment and Training:**

  a) The council will support employment and training schemes to maximise local employment opportunities and help address skills deficits in the local population.

  b) In major developments, planning obligations will be used as necessary to ensure that job opportunities and apprenticeships are notified to the council or appropriate nominated agencies so that suitable local people can be given the opportunity to fill these vacancies.

  c) The council, working with local training providers, will aim to ensure that local residents are given access to the right skills training so that they can take advantage of opportunities created by new development. This includes jobs both during the construction phase and in the completed development.
4. **Justification**

4.1. The Community Infrastructure Levy (CIL) Regulations and the National Planning Policy Framework (CLG, 2012) state that planning obligations should only be sought where they meet all of the following tests:

- 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.

4.2. Policy ED14 (a) of Lambeth’s Local Plan states that the Council will: “support employment and training schemes to maximise local employment opportunities and help address skills deficits in the local population”.

4.3. As well as a lack of basic skills there is also evidence of a shortage of skills in specific sectors from within Lambeth’s working age population, which will affect residents’ ability to access new employment opportunities being created. New development and employment growth will exacerbate existing skill shortages.

4.4. This will lead to a greater proportion of the labour supply being sourced from outside of the borough which contributes to unsustainable commuting or added pressure on housing. In addition there is the need to expand the local labour market in line with growth of employment from new development, to avoid detrimental impacts on other local employers from increased competition for those employees with suitable skills and qualifications.

4.5. Seeking planning obligations to maximise the potential of the current Lambeth population to compete for the jobs being created, whether during the construction phase or end user phase, through improving their skills levels, is necessary to ensure that future development is economically and socially sustainable, and that barriers to employment for those marginalised from the workforce are removed. It is important the economic benefits of new development in terms of improved local skills and employment outcomes are realised.

4.6. Skills levels are a key determinant of a sustainable local economy, but they also have an impact on employment opportunities and thus an individual’s economic prosperity. Improving the skills of the local labour force will be key to maintaining its economic competitiveness. Securing obligations for employment training of local people will help to ensure that local

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11 UKCES Employer Skills Survey 2015
12 Planning Practice Guidance, Housing and Economic Development Needs Assessments, paragraph 018
13 Investment and Opportunity Strategy, 4.2 Develop skills to meet employer needs
residents are given access to the right skills training so they can take advantage of opportunities created by new development.

4.7. In order to improve the prospects for young people in Lambeth, and ensure that local businesses are able to attract an appropriately qualified workforce, there is a need to better integrate the education system with the labour market and to expand the range of vocational routes into work.\textsuperscript{14}

4.8. Promoting employment and training opportunities for local people will enable more people to work in the borough and reduce the need to travel, which will contribute to sustainable economic development. Focusing activities mainly on those most marginalised from the workforce, including those that lack the skills required by employers, will help to reduce deprivation and inequalities and improve social inclusion.

\textsuperscript{14} Work Foundation (2014) London: addressing the youth employment challenge
5. **Securing employment and skills planning obligations**

5.1. As stated in Policy ED14 (a), (b) and (c) of the Lambeth Local Plan, the Council will support employment and training schemes to maximise local employment opportunities and help address skills deficits in the local population. In major developments job opportunities and apprenticeships should be notified to the Council or appropriate nominated agencies so that suitable local people can be given the opportunity to fill these vacancies. The Council, working with local training providers, will aim to ensure that local residents are given access to the right skills training so that they can take advantage of opportunities created by the new development. This includes jobs both during the construction phase and in the completed development (referred to as “end-use”).

5.2. Planning obligations will be sought to help deliver these policy aims in the case of all major developments. A major development is defined in the Lambeth Local Plan (page 268) as development involving any one or more of the following:

a) the winning and working of minerals or the use of land for mineral-working deposits;

b) waste development;

c) the provision of dwelling-houses where:
   
i. the number of dwelling-houses to be provided is 10 or more; or
   
ii. the development is to be carried out on a site having an area of 0.5 hectares or more and it is not known whether the development falls within paragraph (c)(i);

d) the provision of a building or buildings where the floor space to be created by the development is 1,000 square metres or more; or

e) development carried out on a site having an area of 1 hectare or more.

5.3. The employment and skills obligations to be sought from major developments are set out in more detail in Section 6 of this SPD.
6. Employment and skills planning obligations

Deliver of commitments contained in an Employment and Skills Plan

6.1. Developments that meet the threshold criteria above (paragraph 5.2) will be expected to produce a site specific Employment and Skills Plan (ESP).

6.2. Developers are encouraged to contact the Council’s Employment team at the pre-application stage in the development process, so that the content of a proposed ESP can be discussed before a planning application is submitted. Funding to deliver activities contained in the ESP will be the responsibility of the developer.

6.3. The developer will be expected to agree to deliver the commitments secured in the ESP. The ESP itself will need to have been approved by the Council by an agreed point in the development process (typically, prior to implementation, although exact timescales will need to be agreed as part of the detail of the planning obligations in individual cases).

6.4. The ESP should as a minimum address, in detail, how the developer intends to deliver the requirements set out at (a) and (b) below. For each of (a) and (b), more detailed guidance is given below about the various ways in which the developer may seek to meet those requirements.

a. The Council will seek to secure a minimum of 25%\(^{15}\) of all jobs created by the development (in both the construction phase and for the first 2 years of end-use occupation of the development) for local residents\(^ {16}\). The ESP will need to contain realistic estimates of the numbers and types of jobs the developer envisages being created by the construction and end-use phases, and actual figures will need to be supplied through 6-monthly monitoring reports (see section 7 of this SPD). In assessing expected levels of employment generation the Council will have regard to evidence on employment densities of end uses based upon standard employment density benchmarks. For example, the Homes & Communities Agency Employment Densities Guide 2015.

It is expected that the developer will work with the Council or its nominated agent and use all reasonable endeavours to achieve the 25% target through one or more of the following measures\(^ {17}\):

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\(^{15}\) According to the 2011 Census there were 138,200 jobs in Lambeth, of which 34,700 were people living and working in Lambeth. This represents just over 25% of the total number of jobs in Lambeth being taken by Lambeth residents.

\(^{16}\) A local resident is defined as any person of working age living in the London Borough of Lambeth (at the time they begin employment).

\(^{17}\) Whether the requirements at (a) are satisfied by only one of the measures set out at (i) to (iv), or by a combination of more than one of these, will be addressed as part of the process of preparing and approving the ESP. The same approach will be taken to the example measures set out at requirement (b).
i. Provision of apprenticeships for Lambeth residents aged under 25\(^\text{18}\). The Council expects that ordinarily, one new apprenticeship would be capable of being generated by every 1,000 sqm of development or every 10 residential units provided\(^\text{19}\). Apprenticeships can be from the construction or end-use phase, or a combination of the two. These apprenticeships will need to be open to candidates nominated by the Council (or another agency as agreed by the Council) who are seeking recognised Level 2 or above NVQ qualifications.

ii. Provision of employment opportunities in the end-user phase which have appropriate support to make them suitable for long-term unemployed Lambeth residents\(^\text{20}\) (i.e. those who have been out of work for at least two years). The Council would expect every 2,500 sqm of development to be capable of generating at least one paid job placement lasting for a minimum of six months. These supported employment opportunities will need to be open to candidates nominated by the Council (or another agency as agreed by the Council).

iii. Provision for notification of job vacancies, arising from both the construction and end-use occupation, to the Council or any other agency nominated by the Council.

iv. Provision for delivery of bespoke pre-employment and skills training for Lambeth residents that will provide them with the skills to access the jobs that are being created.

b. The Council will expect developers to engage with local schools and colleges and support them to promote amongst young people aged 11 to 19 the achievement of the skills and qualifications needed for employment in the commercial sectors of the end-use occupiers in place during the first two years of the development. The ESP will need to contain a detailed programme for the initiatives to be delivered. Examples of the activities that developers (or agents that they may nominate to act on their behalf, which could include end-use occupiers) may be expected to undertake are:

- Career inspiration: speakers provided to schools, role models to inspire and encourage career progression, work ‘taster’ events.
- Employability: mentoring and support for specific cohorts of young people (e.g. under-achievers, high achievers, young people from particular areas or

\(^{18}\) Aiming to encourage more young people into apprenticeships, in response to relatively high rates of youth unemployment in the borough.

\(^{19}\) The Government has set a target of 3 million apprenticeships in England by 2020, which spread evenly would mean 750,000 apprenticeship starts per year. This equates to 2.6% of the total number of jobs. Based on standard employment densities, 2.6% would represent 1 or 2 people per 1,000 sqm, depending on the use class and sector.

\(^{20}\) This can also be referred to as “supported employment”. Supported employment refers to a personalised approach to working with people with complex needs, including individuals with disabilities, to access and retain open employment.
estate), sessions on employer expectations, mock interviews and interview preparation.

- Curriculum support: advice on curriculum design to bring employer relevance into lessons.

- Work-based learning: workplace visits to complement curriculum, work experience placements.

6.5. The Council will expect the developer to make all reasonable endeavours to meet the obligations set out at (a) and (b) above.

6.6. The obligations set out at (a) and (b) above envisage that developers will make, or will bring about, the necessary provision. However, if the developer can demonstrate to the satisfaction of the Council that there are circumstances specific to the scheme such that either direct provision is not operationally feasible, or that an alternative means of delivery would result in a more effective outcome because of the particular circumstances of the scheme, then the Council may consider a financial contribution in lieu. Examples of scheme specific circumstances that may justify such an approach could include where highly specialised labour requirements are likely to be required by the end-users of the development, or where there are demonstrable links with other developments, or with existing initiatives in the local area, relating to employment and skills programmes. The Council encourages developers to engage with Council officers at the earliest opportunity to discuss the specific circumstances of the scheme.

6.7. Where it is agreed that a financial contribution in lieu will enable the most effective delivery of employment and skills initiatives, the amount of the contribution will be based on the calculations in Appendix One below. The calculations are indicative of the costs to the Council of delivering the relevant obligations. The final amount of any in lieu contribution will be assessed as part of the detailed assessment of the scheme.

**Monetary obligations**

6.8. In addition to the obligations set out in paragraph 6.1 to 6.7, developments that meet the threshold criteria above (paragraph 5.2) will be expected to make financial contributions to help support those sections of the Lambeth workforce that are furthest from employment, having been out of work for a long period of time and/or having low levels of skills. The financial contributions will be used by the Council to fund training and support to enable access to newly created employment opportunities arising from development for those who may struggle to access the opportunities without extra support, in particular the long-term unemployed and young people.

6.9. The following approach will be used to calculate the level of financial contributions towards employment and training activities:
Residential developments and residential elements of a mixed-use development: a monetary contribution of £6,500 towards the cost of vocational training and employment support will be required by the Council for every 1,000sqm of development (Gross Internal Area) or every 10 residential units provided.

Commercial developments and commercial elements of a mixed-use development: a monetary contribution will be calculated on the basis of an assumption about the level of net additional employment generated by a development. An example for B1 office space is set out below:

- B1 (net) Gross Internal Area (GIA) / 12sqm per full full-time equivalent job (based on standard general office density)\(^{22}\)
  \[\times\]
- 25% of Lambeth residents expected to be employed as part of the workforce\(^{23}\)
  \[\times\]
- 17.8% of Lambeth residents with qualifications equivalent to or less than NVQ1 requiring training and/or support\(^{24}\)
  \[\times\]
- £6,500 average cost for an out-of-work Lambeth resident in terms of support and training to obtain access to a skilled job\(^{25}\)

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\(^{21}\) £6,500 is the cost of training, preparing and placing an unemployed person claiming Employment Support Allowance into sustainable employment paid by the DWP to its suppliers.


\(^{23}\) According to the 2011 Census there were 138,200 jobs in Lambeth, of which 34,700 were people living and working in Lambeth. This represents just over 25% of the total number of jobs in Lambeth being taken by Lambeth residents.

\(^{24}\) 17.8% is the proportion of Lambeth residents who have qualifications equivalent to or less than NVQ1 as measured by the ONS Annual Population Survey (Jan-Dec 2015) (82.2% of working age residents in Lambeth have qualifications equivalent to or more than NVQ2)

\(^{25}\) £6,500 is the cost of training, preparing and placing an unemployed person claiming Employment Support Allowance into sustainable employment paid by the DWP to its suppliers.

7. Monitoring employment and skills obligations and timing of payments

7.1. Applicants will be required to provide monitoring reports on the implementation of their Employment and Skills Plans once every six months to enable the Council to fulfil its monitoring obligations.

7.2. 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.

7.3. Completed planning agreements will also provide for a monitoring fee linked to the overall package of obligations, reflective of the fact that the Council incurs costs in securing compliance with planning obligations generally.
## Appendix One – Financial contributions in lieu of Employment and Skills Plan commitments

<table>
<thead>
<tr>
<th>Obligation (paragraph 6.2)</th>
<th>Rate/means of calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) i) Apprenticeships for Lambeth residents aged under 25[^26]</td>
<td>Shortfall against target number of apprenticeship starts (target: 1 new apprenticeship for every 1,000 sqm of development [GIA] or every 10 residential units provided) X £26,000 average net cost to employers in delivering an apprenticeship at Level 2 and 3[^27]</td>
</tr>
<tr>
<td>a) ii) Supported employment opportunities[^28] in the end-user phase for long-term unemployed Lambeth residents</td>
<td>Shortfall against target number of supported employment opportunities (target: 1 paid job placement for every 2,500sqm of development) X £8,217 average cost per paid job outcome for employment support services for people with learning disabilities and/or mental health problems[^29]</td>
</tr>
<tr>
<td>a) iii) Notification of job vacancies, arising from both the construction and end-use occupation</td>
<td>The same method of calculation will be used for both obligations a) iii) and a) iv): Number of jobs estimated to be created during the construction[^30] and end-use development during the first two years[^31]</td>
</tr>
<tr>
<td>a) iv) Work with the Council in the design and delivery of bespoke pre-employment and skills training for Lambeth residents</td>
<td></td>
</tr>
</tbody>
</table>

[^26]: Aiming to encourage more young people into apprenticeships, in response to relatively high rates of youth unemployment in the borough.


[^28]: Supported employment means a personalised approach to working with people with complex needs, including individuals with disabilities, to access and retain open employment.

[^29]: National Development Team for Inclusion, The Cost Effectiveness of Employment Support for People with Disabilities


### 25% of Lambeth residents expected to be employed as part of the workforce

- 17.8% of Lambeth residents with qualifications equivalent to or less than NVQ1 requiring training and/or support
- £6,500 average cost for Lambeth unemployed resident in terms of support and training to obtain access to a skilled job

### b) Engagement with young people aged 11 to 19 through local schools and colleges to promote relevant skills and qualifications

- Half of the number of apprenticeships expected to be created as set out in paragraph 6.4 a) i)
- £14,951 average cost of arranging 1 meaningful encounter (£2,001) and 1 workplace experience (£12,950) for every pupil by the end of Year 11

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32 According to the 2011 Census there were 138,200 jobs in Lambeth, of which 34,700 were people living and working in Lambeth. This represents just over 25% of the total number of jobs in Lambeth being taken by Lambeth residents.

33 17.8% is the proportion of Lambeth residents who have qualifications equivalent to or less than NVQ1 as measured by the ONS Annual Population Survey (Jan-Dec 2015) (82.2% of working age residents in Lambeth have qualifications equivalent to or more than NVQ2)

34 £6,500 is the cost of training, preparing and placing an unemployed person claiming Employment Support Allowance into sustainable employment paid by the DWP to its suppliers.

35 PWC, Assessing Benchmarks of Good Practice in School Career Guidance (Appendix 3, using School B estimated costs as this best reflects the average profile of a Lambeth secondary school)