

INCLUSIVE LOCAL ECONOMY & EMPLOYMENT



City of Westminster

Introduction from Cllr Richard Beddoe, Cabinet Member for Place Shaping and Planning

Our City for All vision sets out that we want people from all backgrounds to be empowered to make choices that make their lives better and where they have the opportunity to build their lives and raise their families.

That is why we have put delivering more affordable homes at the heart of all our thinking and this absolute commitment will not change. But in addition to seeing more homes built in the city, we also want to make sure our residents have the best life chances and opportunities to improve that living in the centre of a world city should offer.

Whilst Westminster has the highest number of jobs of any London borough, it relies heavily on skilled workers commuting in. Removing barriers to employment for local residents improves their life chances and helps support continued business growth.

That is why our current policy sets out that, where appropriate, new developments will also contribute towards initiatives that provide employment, training and skills development for residents and ensure that local people and communities benefit.

But whilst we have an existing policy to support this vital agenda, we have never had the mechanism to implement it. That is why we are publishing this Inclusive Local Economy and Employment Draft Guidance Note to remedy this as we further develop this policy as part of our comprehensive City Plan refresh.

From May 2019, council officers will start negotiating developer contributions to support skills and training as well as affordable housing, using the formula set out in this document as a way of testing and refining our approach. This will then be included in the final City Plan and expected Supplementary Planning Document (SPD) on developer contributions.

We now look forward to working with the local community and developers to make sure that as many people as possible are able to access skills and training opportunities so they can fulfil their potential and make the best of themselves in a true City for All.

Purpose of this guidance note

This guidance note clarifies the council's position in respect of the implementation of the current adopted City Plan policy Inclusive Local Economy and Employment (Policy S19)

This note will serve as interim guidance until the adoption of the council's revised City Plan, and the subsequent publication of a Supplementary Planning Document (SPD) on developer contributions, anticipated at the end of 2019.

1. Summary of this guidance and requirements

This guidance introduces a more effective way to deliver local benefit aligning to Policy 19 through:

- A single, simple guidance note which replaces past requirements and formula set out in the Westminster Code of Construction Practice
- Broadening the ways in which a development can contribute to local benefit
- Reducing the number of specific target measures, which had limited correlation to local need
- Financial contributions as part of a scheme's overall s106 and employment and skills commitments.

Requirements set out in this note will depend on the size of the development and in summary the requirements are:

Developments including between 1,000 – 9,999 Sq m net additional commercial floorspace or 50 or more residential units will make a financial commitment as set out below. There is no requirement to produce an Employment and Skills Plan.

Developments of 10,000 Sq m or more (net additional commercial floorspace and/ or changes of use to a new commercial use) will make a financial contribution as set out below and will also submit an Employment and Skills Plan.

2. Policy Context

The current adopted Westminster City Plan contains Policy S19 Inclusive Local Economy and Employment. This policy states that:

Where appropriate, new development will contribute towards initiatives that provide employment, training and skills development for local residents and ensure that local people and communities benefit from opportunities which are generated from development.

3. Previous Implementation of Policy S19

Prior to this updated guidance note, implementation arrangements have been through the Westminster Code of Construction Practice. A review of the effectiveness of this mechanism suggest that implementation could be more effective and that updated guidance needs to reflect the following issues:

- **There is insufficient local interest in construction jobs and apprenticeships.** Less than 5% of construction jobs and apprenticeships committed to local people through the current process are being filled by Westminster residents. Central London also has the lowest per capita number of applicants for apprenticeships in the UK.
- **Reducing the number of separate targets for developers.** The Code of Construction Practice required developers to set out commitment across 15 separate target areas. The review of the target areas highlighted that a number of target areas were immaterial to the Policy objective and delivering local benefit. In the new requirement for Employment and Skills Plans, the number of separate target areas is 4.
- **Employment and skills plans agreed with developers focus on the construction phase of the development.** With low demand and local interest in construction roles, the approach needs to change in order for the objectives of the Policy to be met and to give greater consideration to the end uses and opportunities.

Therefore, the opportunity is to look at alternative ways of delivering local benefit, ensuring that local residents are able to benefit throughout the lifetime of development and not just during the construction phases.

4. New implementation of Policy S19

The new mechanism for delivering Policy S19 is set out below. It includes simplifying the requirements for **Employment & Skills Plans** and a clearer mechanism for **financial contributions** to support the delivery of a developer's commitments.

4.1 Financial contributions - ensuring local people and communities' benefit from development

Policy S19 contains scope for financial contributions collected through Section 106 (s106) agreements to be used to secure the aims of the policy. Financial contributions will be used to support the Westminster Employment Service and will address the limitations highlighted above by:

- Helping residents access a wide range of career development opportunities in a range of employment sectors connected to a development and its use.
- Supports developers to deliver their agreed targets through a service – the Westminster Employment Services – which has a proven track record. In the past 2 years the Westminster Employment Service has delivered over 1500 jobs for Westminster residents.

4.2 Financial contributions – implementation

All development proposals over 50 residential units or development including a net uplift of 1,000sqm or more of commercial floorspace (i.e. floorspace falling within the 'Commercial Use' definition within the City Plan, but excluding Class D1 and D2 uses) will now be expected to make a financial contribution towards initiatives that provide employment, training and skills development for local residents in order to comply with Policy S19.

Contributions will be negotiated as part of an s106 agreement and will be set out in the s106 deed. They will be based on the benchmark rates per Sq m identified above, which can then be index linked using standard inflationary measures.

Financial contributions will be based on the formula set out at Appendix 1.

Contributions received will support the **Westminster Employment Service**, which help developers and end use occupiers meet their recruitment needs.

The Service also works with job seekers to prepare them for work through work coaches based in the community. A worked example of the approach to financial contributions is set out below.

Example: Mixed use development including office and 285 residential units

Type of Floorspace	Existing Floorspace (Sq m)	Proposed Floorspace (Sq m)	Net Floorspace (Sq m) (apportioned)	£/Sq m requirements	Contributions required
Residential (C3)	Nil	39,056	8,804	£ 4.88	£ 42,974
Commercial (B1)	Nil	33,609	7,571	£ 32.41	£ 245,387
Other Uses (D1 &D2)	60,455	5,397	1,232	Nil	Nil
TOTAL	60,455	78,062	17,607	-	£ 288,361

4.3 Employment & Skills Plans

Developers of Level 1 schemes, namely developments including over 100 new residential units or development including a net uplift of 10,000 Sq m or more of commercial floorspace and/ or a change of use of 10,000 Sq m of floorspace to a new commercial use (as defined in the City Plan, but excluding Class D1 and D2 uses), are required to submit an Employment and Skills Plan (ESP).

The Plan sets out a method for agreeing targets with developers and summarises the approach agreed between the developer and the council for delivering targets, including during the demolition and development phases, as well as the end use.

Where appropriate, the plan will connect into existing, successful employment and skills initiatives operated by the developer / supply chain. Targets set in the plan will incorporate the expected impact of financial contributions, as set out above.

Further information regarding Employment and Skills Plans is set out at Appendix 1.

APPENDIX 1 – Calculating Financial Contributions

The formula below is used to establish the required level of contribution for developments of more than 50 residential units or more than 1,000 Sq m of commercial floorspace/ a change of use of more than 10,000 Sq m of floorspace to a new commercial use.

The amount of the contributions sought will be on the basis of a formula establishing a reasonable relationship between the level of contribution and the scale and type of the development.

The formula is based on occupancy levels of these developments, measures of economically inactive people in Westminster seeking employment, and the cost of providing sustained work placements.

The formula will be used to agree financial contributions in combination with other planning obligations secured under Section 106 agreement.

Occupancy Level x Worklessness Rate x Cost of Placement

Occupancy Level is the average occupancy for the development type (commercial or residential), measured in persons per Sq m.

Worklessness rate is the percentage of Westminster's resident population claiming Job Seeker's Allowance (JSA) and those that are economically inactive that want to work.

Cost of Placement is the average cost to the Westminster Employment Service to place an individual into sustained employment. The figure below is based on the average cost in the period 2017-2019.

The figures used to calculate this are as follows:

Development	Occupancy Level	Worklessness rate ¹	Cost of Placement	Indicative s106 contribution per Sq m (GIA)
Commercial	0.083	0.071	£5,500	£32.41
Residential	0.0125	0.071	£5,500	£4.88

¹ The Jobseekers Allowance Rate for Jan 2019 is 0.7% (NOMIS); the economically inactive rate (for those who want to work) is 6.4%. Therefore, the worklessness rate is 7.1% (0.7 + 6.4).

APPENDIX 2 – Employment and Skills Plans

Westminster City Council seeks to promote the provision of employment, training and skills development for local residents through construction projects. It sees this as an important part of supporting the long-term unemployed and other priority groups into sustainable employment while also helping the construction sector secure the workforce it needs. Additional potential benefits of employing local people on construction sites include reduced traffic movements and ensuring that regeneration benefits are felt locally.

The developer/ contractor/ consultants will employ staff with appropriate skills, qualifications and experience appropriate to the needs of the works to be carried out during construction. Where appropriate, they will identify training needs for the construction workforce and will ensure that appropriate training requirements are fulfilled. Site briefings and toolbox talks will be carried out on a regular basis to ensure the construction workforce have a level of knowledge on environmental topics and community relations, and can effectively follow environmental control procedures.

EMPLOYMENT AND SKILLS PLAN (LEVEL 1 SCHEMES ONLY)

Developers of Level 1 schemes (i.e. developments of over 100 new residential units or creation/change of use of 10,000 Sq m) are required to submit an Employment and Skills Plan (ESP) setting out how outcomes will be achieved.

Further information to guide Employment and Skills Plans is set out below.

- **Template for the Employment and Skills Plan** Please go to https://www.westminster.gov.uk/sites/default/files/employment_and_skills_plan_template.pdf for the template which will need to be completed for all Level 1 schemes. The template includes further information on terms and definitions reference in this guidance note. Please submit your completed Plan to Soyful Alom salom@westminster.gov.uk

- **Best Endeavours** - The developer must ensure that best endeavours are made to achieve employment targets. This should include early engagement with principal contractors and sub-contractors and evidence that all parties have tried throughout the duration of the Employment and Skills Plan to source local candidates from Westminster.

- **Opportunities within scope of the Employment and Skills Plan** – It can include opportunities during demolition, construction and end use. Opportunities can be wide ranging and there is no requirement for roles / vacancies to be restricted to site roles.

For example, administration and back office roles as well as end use roles are within scope of the Employment and Skills Plan.

- **Local residents** - “Local” in the context of the ESP means the boundaries of Westminster as a priority, followed by the boroughs involved in the Construction Careers Program, which include the City of London, Camden, Islington, Southwark, Lambeth, Wandsworth and Kensington and Chelsea.

- **Targets** - A minimum of one apprenticeship/job/graduate start must be provided for every £3 million in contract value. Targets for curriculum support and work experience is also set out at Appendix 1 and follows the CITB guidelines.

- **Referral and support agencies** - To facilitate the engagement of potential local employees/ apprenticeships/ graduates, the developer should engage with in the first instance the Council’s Economy team (Soyful Alom - salom@westminster.gov.uk) to be signposted to relevant employment and skills project leads. Following this introduction, the developer will be expected to set up and maintain working referral relationships with designated project leads to ensure the engagement and recruitment of the “local workforce” target.

The developer may also engage with other appropriate organisations to meet the ESP target.

- **Notification of vacancies** - The Council should be alerted of every vacancy on site, including those with sub-contractors. The Council will use its Westminster Employment Service and connections with local charities, colleges and the Jobcentre to promote vacancies to local residents.

- **Recruitment plan** - This should be set out in the Employment and Skills Plan together with a Works Schedule. The Recruitment Plan should outline forecasted vacancies over the period of construction at least 2 months ahead of demolition works commencing with a breakdown by trade/occupation.

- **Monitoring of Employment and Skills Plans** - Monitoring and verification will be undertaken by the City Council's Economy team every 3 months. The developer's nominated representative will be required to provide the Council with a performance review update in templates provided by the Council.

If ESP targets are missed for two consecutive quarters the Council would expect a meeting between the developer, principal contractor and the Council to address concerns and implement appropriate strategies to achieve the required targets.

SUPPORT FROM THE CITY COUNCIL

The Council can provide advice in the creation of an employment and skills plan and can assist contractors and enterprises working on site in developing partnerships with local organisations and recruiting employees from the local area.

Please contact Soyful Alom – salom@westminster.gov.uk for more information on the support available.

The inclusion of employment and skills requirements does not comprise or imply any promise on the part of the Council or their agents to provide suitable candidates or labour. Any action taken by these bodies or their agents to broker relationships with local individuals/ firms/ agencies does not imply that they or their agents consider the individual/ firm/ agency as suitable engagement by the contractor.

All recruitment, supervision and discipline responsibilities rest with the developer/contractor/sub-contractor/ consultant. Within this context the Council will work with local agencies to help facilitate the achievement of the employment and skills requirements.

APPENDIX 3 – Benchmarks

Employment & Skills Area	£1m-3.5m	£3.5m-6m	£6m-10m	£10m-20m	£20m-30m	£30m-40m	£40m-50m	£50m-60m	£60m-70m	£70m-80m	£80m-90m	£90m-100m	£100m +
Work Experience (14-19)	1	1	2	3	3	4	4	5	5	6	6	7	8
Work Experience (19+)	3	5	7	9	11	13	16	18	19	20	20	21	21
Curriculum Support Activities – Individual Engagement	1	2	4	5	6	7	9	10	11	12	12	13	14
Apprentices and Local Employment	One new entrant (via apprenticeship or employment opportunity) from Westminster as a priority then from boroughs involved in the CLF Construction Careers Program for every £3m of project spend - e.g. A project spend of £200m equates to 67 new entrants from Westminster OR boroughs involved in the CLF Construction Careers program over the duration of a scheme (this should also include end use where appropriate).												
Existing Apprentices	2	3	4	5	6	7	8	9	10	11	12	13	14
Apprentice Completions	0	1	2	3	4	5	5	6	6	7	8	9	10

