



Proposed Residential-led Development at 551-557 Finchley Road

Employment and Skills Plan

On behalf of **Hampstead Properties Ltd C/O Delta Properties**

Project Ref: 49837/001 | Rev: FINAL | Date: November 2020

Registered Office: Buckingham Court Kingsmead Business Park, London Road, High Wycombe, Buckinghamshire, HP11 1JU
Office Address: 5th Floor, Lomond House, 9 George Square, Glasgow G2 1DYG
T: +44 (0)141 352 2360 E: info.Glasgow@stantec.com

Document Control Sheet

Project Name: 551-557 Finchley Road, London

Project Ref: 49837

Report Title: Employment and Skills Plan

Doc Ref: 49837/002

Date: November 2020

	Name	Position	Signature	Date
Prepared by:	Taylor Klinefelter	Economist	TK	Sep 2020
Reviewed by:	Duncan Smart	Associate Planner	DS	Sep 2020
Approved by:	Nick Skelton	Director: Strategic Planning & Economics	NS	Sep 2020
For and on behalf of Stantec UK Limited				

Revision	Date	Description	Prepared	Reviewed	Approved
01	Nov 2020	Revised costs/floorspace	TK	JW	NS

This report has been prepared by Stantec UK Limited ('Stantec') on behalf of its client to whom this report is addressed ('Client') in connection with the project described in this report and takes into account the Client's particular instructions and requirements. This report was prepared in accordance with the professional services appointment under which Stantec was appointed by its Client. This report is not intended for and should not be relied on by any third party (i.e. parties other than the Client). Stantec accepts no duty or responsibility (including in negligence) to any party other than the Client and disclaims all liability of any nature whatsoever to any such party in respect of this report.

Contents

1	Introduction.....	1
1.1	Background	1
1.2	Purpose and Objectives	1
2	Approach	3
2.2	Employment.....	3
2.3	Opportunities for Local Socio-economic Benefits	5
3	Employment Impacts	6
4	Added Value	7
4.1	Local Procurement	7
4.2	Reporting & Monitoring.....	7
4.3	Post Completion	7

Tables

Table 1.1: Employment and Skills Plan Topics	1
Table 2.1: Construction Phase Additionality Assumptions	4
Table 2.2: Operational Phase Additionality Assumptions	5

This page is intentionally blank

1 Introduction

1.1 Background

- 1.1.1 This Employment and Skills Plan (ESP) has been prepared by Stantec UK Ltd to accompany an application for planning permission submitted to Camden Borough Council (CBC) for the erection of a proposed residential-led development ('the proposed development') on land at 551-557 Finchley Road, London ('the site'). The planning application has been submitted by Hampstead Properties Ltd C/O Delta Properties ('the Applicant').

1.2 Purpose and Objectives

- 1.2.1 This ESP has been prepared to fulfil the validation requirement of CBC for all applications for major developments to be supported by an ESP. In line with the Council's planning validation guidance¹, the objectives of the ESP will establish a framework to achieve the following:
- Support the local labour economy to meet future recruitment needs;
 - Ensure the impact from procurement activities benefit the local economy;
 - Where appropriate, deliver employment, training, and apprenticeship opportunities for key demographic groups within the CBC area²;
 - Contribute towards tackling worklessness and local unemployment; and,
 - Developing links between construction activities and the education sector at all levels.
- 1.2.2 Whilst the proposals within the planning application constitute a major development for consenting purposes³ and thus requires an ESP, the development is limited in both scale and mix of land uses. Opportunities to generate local employment and skills benefits are therefore relatively limited in scope, although this ESP demonstrates that the proposed development would nevertheless generate local socio-economic benefits and make a proportionate and meaningful contribution to addressing CBC's priorities. These factors must be taken into account in the determination of the planning application for the proposed development.
- 1.2.3 The structure of this ESP responds to CBC's planning guidance stated within Camden's Local Area Requirements for Planning Applications (2018) regarding the information which should be contained within an ESP. The ESP is target-driven and will include an overview of the following:

Table 1.1: Employment and Skills Plan Topics

Topic	Section
Construction Phase	
Employment initiatives and opportunities	Section 3.1
Initiatives to include training and ensure sustainable job outcomes	Section 3.1

¹ CBC employment and training strategy in planning applications: <https://www.camden.gov.uk/employment-and-training-strategy>

² Including long-term unemployed, young people not in education, employment or training, lone parents with dependent children, or other disadvantaged persons.

³ CBC define a major development as residential developments of 10 or more new units and/or developments with a capacity of greater than 1000m². As the proposed development involves the provision of 15 residential units and additional commercial units, it meets Camden's criteria as being a major development and therefore requires an ESP.

Topic	Section
Construction Phase	
Target for recruitment of employees within CBC	Section 3.1; section 4.1
Timing and arrangements of implementation	Section 2.1
Monitoring mechanism	Section 4.2
Reporting process	Section 4.2
Operational Phase	
Advertise job opportunities within CBC	Section 4.1
Promote job opportunities to CBC residents	Section 4.3
Engage with local employment services	Section 4.3

Project Overview

1.2.4 The proposed development comprises:

1.2.5 *“Part change of use from Use Class E and F1 and remodelling of the existing building to provide residential apartments (C3) along with flexible commercial (Class E)/pub/wine bar/drinking establishments/pub with expanded food provision (Sui Generis) uses, alterations including partial demolition and extensions at the rear at lower ground, ground and first floor levels, extension to provide an additional storey at roof level, levelling of the lower ground floor level, remodelling and restoration of front façade, amenity space, cycle parking and all associated works (Site does not include 1st to 3rd floor of 551 Finchley Road).”*

1.2.6 The effect of the proposed development will be to remodel existing buildings within the site to provide new residential units, commercial floorspace (with restored ground floor facades and improved kerb appeal), amenity space, and associated infrastructure. The residential element will deliver the following:

- 1-bedroom flats x 7
- 2-bedroom flats x 6
- 3-bedroom flats x 2

Project Phasing

1.2.7 Subject to the expeditious determination of the planning application for the proposed development, construction is anticipated to commence on site in 2021 and involve an 18-month programme. As an urban development project, key elements of the construction programme are likely to comprise the following, each of which represents a specific economic activity:

- Renovation and redevelopment of the building to accommodate 15 residential units, including construction of a secondary mansard roof
- Restoration of ornamental dormer window header
- Replacement of the external ground floor façade
- Renovation and reconfiguration of the commercial space

2 Approach

2.1.1 CBC's guidance for the development of an ESP states that the strategy should highlight opportunities that will be delivered and demonstrate how Employment and Training requirements will be achieved both during and after construction. Employment and Training Strategies set out the steps that will be taken to deliver on agreements including:

- Construction apprenticeships
- Local employment during the construction phase
- Construction work experience opportunities
- End use apprenticeships
- Local procurement opportunities

2.1.2 The implementation of the ESP will begin before the commencement of construction works, estimated to start in 2021. The Applicant will work with their sub-contractors, local employment agencies and jobs centres to advertise job opportunities to local residents. Additionally, the Applicant will, where appropriate, ensure that sub-contractors offer exclusivity periods giving local residents first opportunity to apply for advertised roles and will encourage the consideration of all applications from local residents who meet the essential requirements of the role.

2.1.3 The Applicant will also work closely with sub-contractors to identify opportunities for apprenticeship positions and ensure these are advertised locally, with consideration to be given to local services such as King's Cross Construction Skills Centre, King's Cross Recruit, and Camden Apprenticeships brokerage services.

2.1.4 Working in partnership with local employment agencies and jobs centres will enable sector specific job brokerage and business support to ensure local employment and skills development opportunities arise from the construction activity at 551-557 Finchley Road.

2.2 Employment

Construction Employment

2.2.1 In order to assess construction employment supported by the investment in the project, cost estimates provided by Academy Consulting for "Refurbishment and Extension to create Apartments and White Box Finish Commercial Areas at 551-557 Finchley Road, Hampstead, London" have been used in this ESP.

2.2.2 The analysis of employment impacts is focused on quantifying local employment opportunities in the context of the existing labour market. Accordingly, Gross construction employment has been estimated in standard fashion by dividing the estimated total capital investment by the turnover required to support one construction worker in the London labour market, resulting in an estimate of the total number of full-time equivalent employment positions supported by the project for the duration of the construction programme.

Operational Employment

2.2.3 To understand the longer-term operational employment impacts of the project, an estimate of the commercial jobs supported on site has been calculated. To derive gross operational employment numbers, Employment Density Guide⁴ figures were applied to the commercial

⁴ Homes and Communities Agency. Employment Density Guide (3rd Edition). November 2015.

floorspace delivered on site to estimate the number of jobs which could be supported within the premises at full capacity.

Additionality

2.2.4 To assess the scale of additional jobs likely to be generated or supported by the proposed development, additionality factors based on appropriate economic appraisal guidance and professional judgment have been applied to gross employment figures:

- **Deadweight:** Deadweight is a measure of the economic activity which is expected to occur in absence of the proposed project going forward.
- **Leakage:** Leakage is a measure of the level of the economic activity which is expected to be taken up by people living outside of the local area, i.e. the proportion of jobs which are not filled by local residents.
- **Displacement:** Displacement is a measure of the amount of economic activity attributable to the proposed project which results from a corresponding decrease in economic activity elsewhere
- **Multiplier:** A type II economic multiplier is a scalar which is applied to account for the direct impacts of the investment in the project, as well as capturing the indirect and induced supply chain effects such as increased spending in the local economy resulting from the expenditure of the workers in the local area and stimulated spending down the supply chain.

2.2.5 Calculated gross employment impacts have been adjusted by these additionality factors to provide more robust estimates of net impacts which account for interactions within the labour market and in the context of local economic conditions. The additionality assumptions applied to the proposed development and their rationale are detailed below.

Table 2.1: Construction Phase Additionality Assumptions

Construction Phase Additionality	Value	Rationale
Deadweight	10%	It is anticipated that some alterations may be made to the existing building even in absence of the proposed project in order to deliver necessary upgrades or alterations to suit the businesses occupying the commercial space
Local Leakage	45%	It is expected that a substantial proportion of the construction labour will be sourced from the Greater London area, which may include firms and employees based outside the administrative boundaries of CBC
Displacement	5%	Given the high degree of overall economic activity which occurs in London and within the CBC area, the dedication of labour and resources to this project would likely result in only a negligible decrease in activity at other project sites
Multiplier (Employment) ⁵	1.81	Value obtained from the Office for National Statistics estimate of employment multiplier value for the construction industry, consistent with UK National Accounts Blue Book and UK Balance of Payments Pink Book data

⁵ National employment multiplier of 2.48 adjusted by the leakage factor to estimate supply chain impacts specific to Camden Borough Council

Table 2.2: Operational Phase Additionality Assumptions

Operational Phase Additionality	Value	Rationale
Deadweight	25%	Even without the proposed project going forward, the buildings support a level of commercial activity which is likely to persist
Leakage	10%	Given the nature of the space, it is likely that the non-residential space will be occupied by local commercial and amenity establishments which will source labour from the local area, with only a small fraction expected to come from outwith Camden to take up potential employment opportunities
Displacement	10%	Given the nature of the commercial or amenity establishments which are likely to occupy the non-residential space of the development, it is unlikely that they will replace similar establishments elsewhere within Camden
Multiplier (employment) ⁶	1.39	Value obtained from the Office for National Statistics estimate of the type II employment multiplier for commercial trade, consistent with UK National Accounts Blue Book and UK Balance of Payments Pink Book data

2.3 Opportunities for Local Socio-economic Benefits

- 2.3.1 In preparing this ESP, opportunities for local socio-economic benefits have been considered in a number of dimensions over short, medium, and long-term timeframes. Due to the scale and nature of the proposed development, the scope of opportunities will however be limited.
- 2.3.2 In the short term, construction employment opportunities will deliver socio-economic benefits for CBC.
- 2.3.3 In the medium and long-term, commercial employment opportunities will result in socio-economic benefits for residents of CBC by providing new permanent jobs in the labour market.
- 2.3.4 In the medium and long-term, the attractive restoration of the building façade and ornamentation will result in amenity benefits by integrating with the surrounding built environment and contributed to enhanced placemaking.

⁶ National employment multiplier of 1.44 scaled by the leakage factor to estimate supply chain effects specific to Camden Borough Council

3 Employment Impacts

Construction Employment

- 3.1.1 The proposed development entails the remodelling of existing buildings to deliver new residences and commercial space. A preliminary indication of cost provided on behalf of The Applicant by Academy Consulting of £4.75 million represents the most up-to-date estimate for total scheme cost as of November 2020. Data from the Office for National Statistics (ONS) provides estimates for the level of turnover within the construction sector which is required to support a single worker. Within London's construction sector, some £294,000 of turnover is required to support a single full-time equivalent job.
- 3.1.2 With these figures established, it is estimated that the capital expenditure required to deliver the project will support up to 16 full-time equivalent gross construction jobs for the duration of the construction programme. This figure reflects on-site employment only and does not include wider supply chain impacts. Taking the additionality impacts into consideration results in the proposed development supporting an estimated 14 local net full-time equivalent construction jobs for the duration of the construction programme. Assuming an 18-month construction programme, this level of local net additional employment would generate an estimated £1.6m in net present value GVA for the local economy.

Operational Employment

- 3.1.3 The commercial floorspace delivered with the project, totalling 227 sqm, is assessed to be have the capacity to support up to 13 full-time equivalent gross employment positions at full capacity, based on employment densities guidance⁷. Applying the additionality assumptions to the gross operational employment, it is estimated that the proposed project will support 11 local full-time equivalent jobs with full utilisation of the space. This level of local net additional employment would generate an estimated £2.4m in net present value GVA over a 10-year period.
- 3.1.4 It is considered to be likely that the majority of employment opportunities associated with this floorspace will be taken up by residents local to CBC. As the commercial space will focus on local goods and services, it is not expected that any specialised skills will be required for these positions and therefore it is anticipated that very few, if any, jobs will be taken up by people living outside of Camden.

⁷ Homes & Communities Agency (2015)

4 Added Value

4.1 Local Procurement

- 4.1.1 The Applicant will work in line with CBC's planning guidance to ensure responsible procurement throughout the construction phase. The Applicant will undertake regular review of progress against objectives and coordinate with sub-contractors who are non-compliant.
- 4.1.2 Obligations to the supply chain will be established in sub-contract documents which will be underpinned by a commitment to be "SME friendly" in procurement by giving consideration to:
- Use of appropriate payment terms
 - Establish programme level 'Good Practice' standards, i.e. paying suppliers on time, cascading good practice, etc
 - Ensuring the complexity of the procurement process is proportionate to the size and scope of the project
 - Establish feedback arrangements to unsuccessful SME's
- 4.1.3 The Applicant will encourage their supply chain to use SME's where possible to ensure consistent employment and the realisation of benefits with the local economy.

4.2 Reporting & Monitoring

- 4.2.1 The Applicant will develop key socio-economic performance indicators in line with Camden Borough Council's Section 106 reporting and monitoring requirements. These indicators will be monitored and be reported to CBC in line with the Construction Sustainability Requirements for the proposed development, with the overall performance against the ESP forming part of the project's review and evaluation process. Evaluation will include:
- A review of the contractor's achievements against the goals outlined in this ESP
 - Their commitment to achieving the goals
 - Any additional value-added contribution that the contractor was able to deliver as an enhancement to the ESP

4.3 Post Completion

- 4.3.1 The marketing strategy for the commercial space and lease agreements for the tenants of the non-residential units will address any obligations set out in a S106 with relation to end user employment. Any proposed or required obligations will be discussed with CBC's Economic Development Local Procurement Team prior to completion to ensure consistency with the Council's economic and employment policies.

5 Conclusions

- 5.1.1 This Employment and Skills Plan (ESP) responds to Camden Borough Council's guidance within Camden's Local Area Requirements for Planning Applications (2018).
- 5.1.2 The ESP establishes a framework which to achieve strategic economic objectives of CBC including:
- Supporting the local economy to meet future recruitment needs
 - Ensuring the impacts from procurement activities benefit the local economy
 - Delivering employment, training, and apprenticeship opportunities for key demographic groups within the CBC area, where appropriate
 - Contributing towards tackling worklessness and local unemployment
 - Developing links between construction activities and the education sector at all levels.
- 5.1.3 By adhering to these objectives, the proposed development will support local employment across both the construction and operational phases.
- 5.1.4 The estimated £4.75 million investment required to deliver the proposed development will support 14 net temporary construction jobs during the construction phase. The Applicant will work closely with sub-contractors and project partners to identify opportunities for apprenticeship positions and ensure these are advertised locally, with consideration to be given to local employment services and applicants wherever possible and practical.
- 5.1.5 The retail floorspace delivered as part of the proposed development will support 11 net operational retail/commercial jobs at full capacity. The marketing strategy and lease agreements for the retail units will address any obligations related to S106 regulations. In order to ensure consistency with CBC's economic development and employment policies, any proposed or required S106 obligations will be discussed with CBC's Economic Development Local Procurement Team.

