# INTEGRATING SOCIAL VALUE INTO PLANNING

THE SOCIAL VALUE PORTAL

"If done well the Social Value Act has the potential to unlock an **additional £15bn value** for our communities across the UK every year by integrating it into the planning process"

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Briefing Note
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## OVERVIEW

DeltaPlanning

The Public Services (Social Value) Act 2012 was implemented in January 2013 and is presently being widely used within public sector procurement to build stronger and deeper relationships with suppliers in order to deliver more local jobs, provide new skills & training to residents, build community resilience and protect our environment.

Despite its emerging success within the procurement function, the Act is not being used within the planning process as planners are unsure how the Act should be applied and whether developers and occupiers would be prepared to engage in a meaningful way beyond the minimum requirements to gain planning approval. As a result, communities are missing out on the broader opportunities that could arise.

On the 1st March 2017, a selected group of practitioners representing organisations from across the industry met at Prologis UK. Attendees included planners, councillors, developers, local and central government and procurement officers, for a ½ day workshop designed to understand the opportunity, identify the barriers and develop a path for *Integrating Social Value into Planning*.

This technical note follows on from this event and has been prepared by Delta Planning, the Social Value Portal and Prologis UK Ltd.

## RECOMMENDATIONS

Integrating social value into the planning system could benefit everyone involved in regeneration. For local authorities, it will lead to a better understanding of the wider benefits that arise from a development. For developers, it will allow them to focus their interventions where communities have the greatest need and value and for asset owners it will ultimately lead to higher property values as the local community grows in strength and prospers.

**RECOMMENDATION 1:** Councils should ensure that there is a direct and explicit link (i.e. a golden thread) between the Council's Social Value policies and the operation of the planning system as well as procurement.

**RECOMMENDATION 2:** Councils should ensure that Social Value is referenced within the local plan policy to ensure that the wider community and social aspects of a development can be considered. This should include a social value policy that is explicitly linked to new development. Councils should also consider how they can expand their 'Supplementary Planning Guidance' to secure adherence to their local social value policies by requiring a 'Social Value Statement' as a pre-requisite of the validation of major applications.

**RECOMMENDATION 3:** Developers should consider how they may expand their basic 'Planning and Sustainability Statements' on larger applications to set out their commitment to delivering Social Value including a jobs and local skills plan, a plan for training and apprenticeships, a commitment to supporting local education, initiatives to help local people access the opportunities being created alongside practical support for wider community cohesion initiatives.

**RECOMMENDATION 4:** Developers should submit a Social Value Framework that calculates the equivalent financial gain created by a development and that is designed to help the local planners and council members better understand its potential wider socio-economic benefits whilst negotiating better outcomes for local communities.

**RECOMMENDATION 5:** Asset Owners should commit to support ongoing community engagement to identify changing needs and to continually improve the economic, social and environmental well-being of the community within which the development is to occur. Where appropriate, occupiers should be encouraged to develop their own community programmes in support.

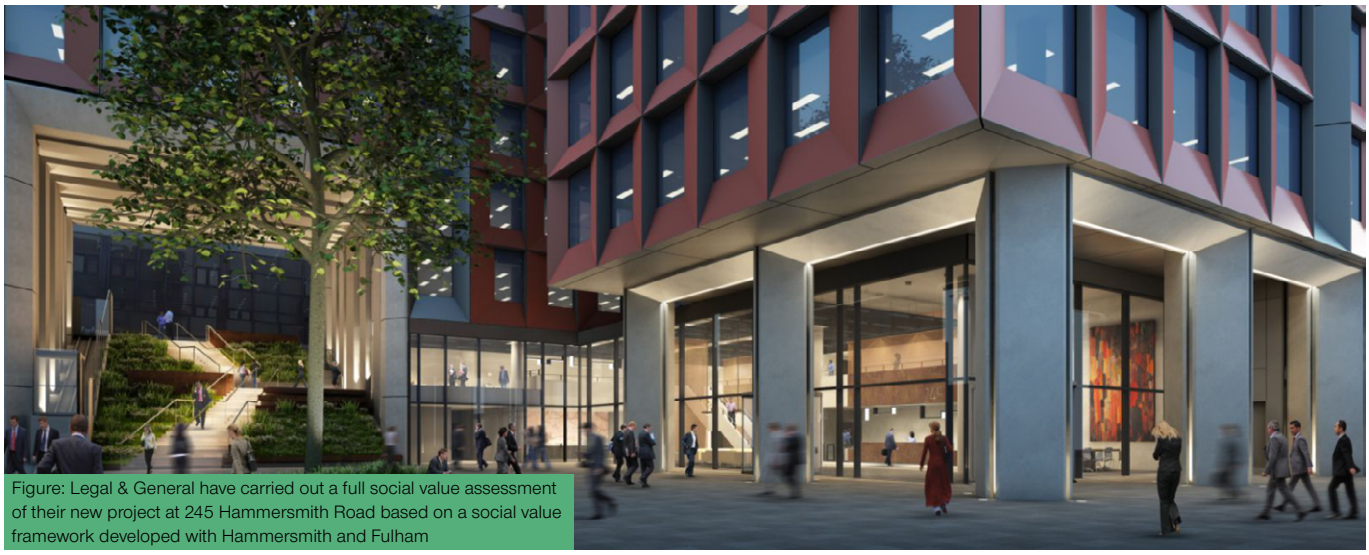

Figure: Legal & General have carried out a full social value assessment of their new project at 245 Hammersmith Road based on a social value framework developed with Hammersmith and Fulham

# INTEGRATING SOCIAL VALUE INTO PLANNING

## INTRODUCTION

The Public Services (Social Value) Act 2012 requires those in public procurement roles to consider how they can secure wider social, economic and environmental benefits from their activities. The Act makes no direct reference to the operation of the town and county planning system but clearly the operation and administration of the planning system by public authorities involves significant levels of public spending. This is both direct from public budgets but also indirectly through the spending of monies received from developments by way of planning obligations (s106) and Community Infrastructure Levy (CIL).

PLANNING SHOULD TAKE ACCOUNT OF AND SUPPORT LOCAL STRATEGIES TO IMPROVE HEALTH, SOCIAL AND CULTURAL WELLBEING FOR ALL, AND DELIVER SUFFICIENT COMMUNITY AND CULTURALFACILITIES AND SERVICES TO MEET LOCAL NEEDS.

The planning system provides a major opportunity in which the broader aims behind the Social Value Act can be secured indirectly. This note considers this indirect application of the aims behind the Act.

## PLANNING POLICY

The generation of Social Value is already at the heart of the planning system which is fundamentally about the planning and regulation of land to secure the houses and work places a society requires, and as such, operates in the wider public good rather than that of the private individual.

At a policy making level Social Value is already integrated within national guidance and this filters through to local authorities through the National Planning Policy Framework (NPPF) which has been a part of National Policy since 2012 and puts the achievement of Sustainable Development as a golden thread running throughout the operation of the planning system. The NPPF sets out three core dimensions of what constitutes Sustainable Development and these are completely aligned with the aims behind the Social Value Act:

- **Economic** – building a strong, responsive and competitive economy, by ensuring that sufficient land of the right type is available in the right places and at the right time to support growth and innovation;
- **Social** – supporting strong, vibrant and healthy communities, by providing the supply of housing required to meet the needs of present and future generations; and by creating a high quality built environment, with accessible local services that reflect the community's needs and support its health, social and cultural well-being;
- **Environmental** – contributing to protecting and enhancing the natural, built and historic environments; the prudent use of natural resources, the minimisation of waste and pollution, and adapting to a low carbon economy.

Importantly, the NPPF notes that these three dimensions are mutually dependent. Economic growth for example can secure higher social and environmental standards, and well-designed buildings and places can improve the lives of people and communities. Therefore, to achieve sustainable development, economic, social and environmental gains are to be sought

jointly and simultaneously through the planning system. It is clear that 'Social Value' runs through the heart of this. The NPPF sets out 12 'Core Planning Principles' to build on the above. Of particular note is that; ''Planning should take account of and support local strategies to improve health, social and cultural wellbeing for all, and deliver sufficient community and cultural facilities and services to meet local needs.'' At a policy making level it is therefore clear from the above that Social Value is already integrated within national guidance and that this filters through into local authority development plans through an explicit requirement for Sustainable Development.

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# DECISION MAKING WITHIN THE PLANNING PROCESS

The day to day management of development is undertaken through the system of development control and the main component of this process is that of determining planning applications.

The determination of planning applications is highly regulated to ensure fairness and transparency, and to avoid abuse and the perception that planning permission can be 'bought'.

The impacts of developments are managed through the planning application process by ensuring good design and further controlled through the use of Planning Conditions and/or Planning Obligations.

The guidance on the use of Planning Conditions states that they can enhance the quality of a development and enable proposals to proceed where it would otherwise have been necessary to refuse permission, by mitigating the adverse effects of the development. Conditions do however have to be fair and reasonable and should not take into account matters that are not needed to make the development acceptable.

Planning Obligations (Section 106) exist to assist in mitigating the impact of unacceptable development and to make it acceptable in planning terms. Planning Obligations may only constitute a reason for granting planning permission if they meet the tests that they are necessary to make the development acceptable in planning terms, are directly related to the development, and are fairly and reasonably related in scale and kind. These tests are set out as statutory tests in the Community Infrastructure Levy (CIL) regulations. which was introduced to try and simplify the s106 process and make it more transparent. Whilst this note does not cover the detail of CIL, in summary it is a non-negotiable tariff that can be pooled to secure mitigation across a number of proposals or areas. It has not completely replaced s106 however and the two are currently running in parallel.

What is clear from the above is that the ability to introduce aspects to a development that go 'above and beyond' what is reasonably related to the development and needed to make it acceptable in planning terms is limited by law and policy. There is case law (albeit pre-dating the 2012 Social Value Act) which deals with situations where developers have sought to offer community benefits that go beyond what is strictly necessary by way of s106 and which has resulted in planning permissions being quashed by the courts.

**Introducing requirements for added social value into a s106 agreement that cannot be justified in planning terms introduces the risk of challenge. Planning authorities should therefore ensure a local plan policy is in place against which the wider community and social aspects of a development can be considered." This should include a social value policy that is explicitly linked to new development.**

''FOR THE PURPOSES OF CLARITY, LOCAL AUTHORITIES SHOULD ENSURE THAT THEIR SOCIAL VALUE POLICY IS EXPLICITLY LINKED TO NEW DEVELOPMENT''

# CURRENT PRACTICE

Taking the three dimensions of sustainable development and Social Value in turn, there already exists plenty of good current practice where aspects of Social Value are already integrated into the planning system and which set a good precedent.

**ENVIRONMENTAL:** The protection and enhancement of the natural environment, the use of sustainable 'low carbon' construction techniques, and the promotion of energy efficient buildings/ renewable energy sources is already fully engrained within planning policy and planning decision making. Such issues are core planning considerations and the use of planning conditions requiring energy efficient building and/or the use of renewable energy are commonplace across the UK. In many cases this has simply resulted in the setting of BREEAM targets in Planning Conditions for commercial buildings and, up until recently,

A bustling community space at Kings Cross developed by Argent LLP. Photo © John Sturrock

Code for Sustainable Homes targets for residential developments (the latter now being defunct following the latest building regulations). Many Council's operate local policies to secure such matters and have **'Supplementary Planning Guidance'** on sustainable design. Many also require an 'Energy Statement' as a pre-requisite of the validation of applications.

Sustainable travel is also fully engrained into the planning system. The use of Conditions and/or s106 agreements to secure Occupier Travel Plans on major schemes is almost universally accepted and applied and requirements to sign up to local authority travel schemes is also common. Birmingham City Council, for example has imposed a Planning Condition requiring that major occupiers sign up to the City's 'Travelwise' scheme for some years.

**ECONOMIC:** For a number of years, some planning authorities have sought to capture higher Social Value arising from developments approved in their areas by seeking to secure high levels of 'local employment' or training through both the construction and operational phase of a project including a requirement for 'skills plans' or employment of job brokers within the local authority.

**SOCIAL:** The inclusion of social benefits from developments has historically been largely limited to mitigating direct impacts and providing mandatory matters such as affordable housing and funding for local schools, health facilities, leisure facilities, libraries and other community assets. Much of this, although not all (particularly affordable housing), is expected to be wrapped up through CIL in future although the current Government review of CIL could change things yet again. Because additional social benefits are often not easy to link to the impacts of commercial development this area has been primarily the focus of residential developments.

In theory, at least, it could be possible to include support for community activities rather than just physical interventions as part of a package of measures. This would be particularly relevant where impacts on social cohesion have been identified, such as in cases where a community is facing significant change to the social fabric of an area as a result of major new development. For example, a large settlement expansion or a new commercial development that the balance of people living and working in an area. In such cases, it may be possible for a developer to include and/or the local planning authority to require, measures to help build or maintain the social cohesion of the community through 'softer' supporting activities rather than just physical interventions.

WHERE A NEW DEVELOPMENT RESULTS IN A SERIOUS AND DETRIMENTAL IMPACT ON COMMUNITY COHESION, IT MAY BE POSSIBLE TO INCLUDE SUPPORT FOR COMMUNITY ACTIVITIES RATHER THAN JUST PHYSICAL INTERVENTIONS AS PART OF A PACKAGE OF MEASURES.

# CASE STUDIES

**BLACK COUNTRY CORE STRATEGY (2011) - Policy EMP5 (Improving Access to the Labour Market) –** This long-standing policy which operates across the Black County has a stated purpose of seeking to ensure that the jobs created by economic development in the area are made available to as many existing residents as possible. The policy states it will be done by negotiating s106 obligations with developers to secure initiatives and/or contributions towards the training of local people, particularly disadvantaged groups. In practice, the operation of the Policy is not being imposed 'stick like' through s106 but rather in a more 'carrot' like fashion through the use of Planning Conditions seeking the submission of Local Employment and Training Strategies at the outset of development proposals.

**BIRMINGHAM DEVELOPMENT PLAN (2017) - Policy TP26 (Local employment) –** This very recently adopted policy seeks to implement a similar process in use within the Black Country. The policy states that the Council will seek to work closely with developers to identify and promote job training opportunities for local people and encourage the use of a local supply chain, and states that developers will be encouraged to sign up to targets to meet these aims. It notes that the implementation of the policy will be through s106/planning conditions but there is no suggestion of punitive measures being used or financial obligations.

"NO DEVELOPMENT SHALL COMMENCE UNTIL AN ECONOMIC AND COMMUNITY DEVELOPMENT STATEMENT HAS BEEN SUBMITTED AND APPROVED BY THE LPA. THE STATEMENT SHALL ADDRESS AS A MINIMUM, MEASURES TO INCREASE THE NUMBER OF JOBS OPEN TO LOCAL PEOPLE AND THE DEVELOPMENT OF INITIATIVES THAT SUPPORT ACTIVITIES TO UPSKILL UNEMPLOYED PEOPLE".

**Extract from the Black Country Core Strategy'**

**NORTH WARWICKSHIRE CORE STRATEGY (2014) - Policy NW22 (Infrastructure) –** A new policy adopted that is a more broadly based and relates to the types of infrastructure that may be sought by the Council in granting planning permission. It states that the Council will seek to work in constructive partnership with funding agencies and service providers in order to secure a number of priorities, one of which includes the provision of training and upskilling opportunities. In practice the operation of the policy has been used recently in relation to two major employment developments in the District whereby s106 commuted sums have been required to help fund a programme of careers advice and employer engagement aimed at NEET's (Young people not in employment, education or training).

**NEWHAM LOCAL PLAN (2012/16) – Policies J3 and J4 (Skills and Access to Employment) -** Newham Council operates a detailed policy approach to improving educational attainment, skills and training and access to jobs in order to secure a corporate target from major developments that 30% of jobs in construction and 50% overall should be taken by local residents. The policy approach states that all major developments will be required to help ensure that more Newham residents access work. It is implemented through contributions sought through s106 for jobs and skills training and a commitment to work with the Council's brokerage

Over 10 years the total potential additional Social Value (£SVA) contribution arising from the development could be as high as £70m over 10 years.

organisation 'Workplace' which works with developers to identify their skill requirements and match them with local people.

**KINGS CROSS CENTRAL PLANNING PERMISSION (2006) –** This permission is perhaps one of most extensive and wide ranging examples of a Council securing Social Value through development. This scheme is vast and consists of nearly 8 million sq ft of development including 25 large office buildings, 20 new streets, 10 new public spaces, the restoration and refurbishment of 20 historic buildings and structures, and up to 2,000 new homes. The s106 associated with the planning permission required the developers, Argent LLP, to provide a whole array of community infrastructure including the provision of a 600 sq.m on site Construction Training Centre, a 250 sq.m post occupation Skills and Recruitment Centre, significant financial contributions to the operation of these centres and an aspirational target for 30% of all future employees within the development to be from a defined local catchment area.

# OPTIONS FOR FURTHER INTEGRATION OF SOCIAL VALUE INTO PLANNING

**At a policy level, there is clearly the potential for the Government and local planning authorities to make a more direct reference to Social Value when making or amending planning policy, or through supplementary planning guidance.**

Opportunities for the integration of Social Value into the planning approval process itself will always have to be seen in the context of the legal restrictions of what can be included within s106 agreements or in the planning conditions. However, it seems clear that given the policy context there is nothing to stop the willing developer setting out as part of any application for development how a certain proposal can provide additional Social Value above and beyond basic development mitigation, and for a planning authority to take this into account in the balancing act of making a planning decision.

The ability for planning authorities to secure or enforce some of these benefits may be limited but that does not prevent the offer being made so that communities, and local politicians in particular, can make more informed choices about the impacts of differing development proposals, and the ways in which communities can be both protected and supported through development in their area.

# CONCLUSIONS

Done well, integrating social value into the planning process will deliver better outcomes for everyone, especially the local community

- Council Members will better understand the link between their social value policies and development
- Planners will be able to negotiate with developers to ensure social value is considered and the wider community needs are taken into account
- Developers will have a recognised framework against which they will be able to demonstrate the value they bring to the local community
- Occupiers will benefit from an increasing local skills base and more vibrant economy; and
- Asset owners will benefit from in increasing asset value over the long-term

And of course, if successful, the local community will be the key beneficiaries from any initiatives gaining from more jobs, support with training, community investment and a cleaner, greener place to live.

This note demonstrates that many of the requirements to integrate social value into planning are already in place in the form of the **National Planning Policy Framework** (NPPF) which since 2012, has placed the achievement of sustainable development as a *golden thread* running through the operation of the planning system *and* where **sustainable development** is defined in exactly the same manner as **social value** within the Social Value Act 2012 (i.e. social, economic and environmental benefits).

In this regard, developers can submit and planners and members of the planning committee may take into account, the broader social value generated by a development when considering whether consent for a particular project or development should be given.

Where authorities wish to make this a requirement, Supplementary Planning Guidance could include a requirement for the submission of a 'Social Value Statement' alongside existing requirements. This would be most effective where there is a clear link between a Council's social value policy and planning (i.e. the local plan) as well as a Council's procurement strategy.

It is also clear that introducing items of added Social Value into a s106 agreement that cannot be justified in planning terms must be carefully considered and to be legitimate, planning authorities should at the very least have in place a local plan policy against which wider community and social aspects of a development

can be considered. Likewise, developers should not presume that s106 contributions may be necessarily offset by broader social value contributions, rather social value should be seen as an additional benefit that will ease the burden of a development upon a community and ultimately lead to greater community resilience and wellbeing.

# ABOUT THE AUTHORS


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The Social Value Portal works across both the public and private sectors and is focused on embedding the delivery social value into every day business practices.

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