

## Regeneration Committee – 7 December 2016

### Transcript of Item 7 – The Future of Regeneration Funding

**Navin Shah AM (Chair):** If we can move on to item 7, which is the future of regeneration funding, and therefore welcome our guests. If I can introduce, we have Debbie Jackson, who is the Assistant Director of Regeneration at the Greater London Authority (GLA); Alex Conway, who is the European Programmes Director at the GLA; we have Richard Simpson, who is the Executive Director of Resources of London Borough of Croydon; and last but not least, Cath Shaw, who is the Deputy Chief Executive of London Borough of Barnet. Thank you very much for coming along to this session.

If we can start with Debbie, overall what are the lessons GLA has learnt from the outcomes of the main regeneration programme?

**Debbie Jackson (Assistant Director, Regeneration, GLA):** Thank you, Chair. We have had a Regeneration Team in City Hall since 2012 and have run funding programmes since before that within the London Development Agency (LDA) and transferred across in the GLA. Over the course of that time, we have always made sure that the regeneration programmes that we deliver go through evaluation processes which are independent so that we can learn from them. What I will not do is take you through each of the programmes and the learnings relevant to each of the programmes, but I will try to draw some themes from across our learning that I think are relevant to the discussion today.

Just to recap on how we distribute our funding, in the main we distribute our funding by putting out calls for projects, historically to other public sector bodies, but more recently drawing in other organisations as well. Our funding is distributed through a competitive process. Also, it is just worth knowing as well that the majority of our funding is capital, so that does have an impact on our lessons learnt because capital money is spent in a particular way on particular kinds of projects.

Some of the lessons that we have learnt: the first one that I would talk about is about taking a realistic approach to programme and project delivery. The nature of a competitive programme is that people will want to win, and they will obviously set out their stall in terms of what can be delivered. We, as a team, have learnt that, firstly, people do that, but also to work with delivery partners to make sure that outcomes and objectives are realistic and that they can be delivered over the life of the project. We have learnt that for a range of very good reasons sometimes projects will change, reduce or stop, and as a result, in the interests of continuing to deliver the overall objectives of the programme, it is in our interests to hold projects in reserve. We do not just set off with exactly the amount that we have, but we have projects in reserve for when things change and funding gets released.

On a similar note, we have learnt that it is important in our approvals to build in flexibility to enable us to respond to changing circumstances as well, so that we are not held up from doing good things by the need to get approval on points of relative detail.

We have learnt - and we spoke about this at the last Regeneration Committee [on 13 October 2016] - the importance of working with our target market, if you like, in the development of proposals and ideas, and the importance of making sure that that is a process that as broad a spectrum of potential bidders as possible can engage with.

We have worked hard to innovate and iterate our programmes so we are not doing the same now as we were five years ago. We are looking around at the context, looking at what is available to us in terms of the tools and the ideas within London and beyond. We have tried to apply that learning.

Streamlining processes. We are very aware that dealing with the public sector can feel like a barrier to engaging with us, and we have worked very hard to be proportionate in our processes and to try to streamline and tailor them in a way that is proportionate to the funding that we are offering. I have already spoken about supporting the application stage. I will leave it at that in terms of cross-cutting lessons learnt.

**Navin Shah AM (Chair):** Do you think that current approaches are top-down or bottom-up?

**Debbie Jackson (Assistant Director, Regeneration, GLA):** We have a range of programmes that we have offered. We spoke at length about the crowdfunding programme at the last Committee, and that is a very intentional effort to be bottom-up, to generate ideas from London and to work with Londoners. Clearly, that is a targeted attempt to try to engage Londoners from the broadest spectrum, from a bottom-up perspective. In our work with local authorities, we do have a degree of top-down-ness insofar as when we put a prospectus out, we set out a range of outcomes we are looking to achieve, but what we do not do is tell them how to achieve them. The local authorities are the best people to understand their local context. We describe the broad outcomes that funding may be trying to achieve, but what we really want is to hear the ideas from the local stakeholders and the delivery partners. I do not think it is particularly top-down. We could be an awful lot more top-down, and we do not think that is the right thing to do. We want to use our funding to deliver the broad outcomes, but to harness the ideas and the expertise where the expertise best lies, if that makes sense.

**Navin Shah AM (Chair):** Moving on, what do you think will be different in the Mayor's approach to new funding programmes?

**Debbie Jackson (Assistant Director, Regeneration, GLA):** There is a limit to what I can say, and we will come on to talk about funding, but I do not want to prejudge the outcome of the budget-setting process. I will have to talk in fairly broad terms. In particular, looking at the manifesto and *A City for all Londoners*, what we know is that there is a strong priority on social impact and social outcomes. We are doing some work at the moment to understand how our programmes deliver on social outcomes because it is not something that we really measured to any great degree under the former administration. We are doing some work particularly in respect to high streets, to understand the role that high streets play in London's social fabric, if you like, and to understand how our funding can improve social impact and outcomes for local people. We are also doing some work to understand what kind of metrics we may be able to use in order to respond to the Mayor's priorities. It is difficult for me to talk in any more detail about the direction the funding programmes may take while we are waiting for budgets to be confirmed.

**Tony Devenish AM:** Debbie, I do not disagree with anything that you have said, but it is all quite general. Have you done almost a secret shopper survey of chief executives, council leaders, developers and other major stakeholders to be blunt with you and tell you what you do well and what you do not do well? That is what they tell me. It is those very blunt messages: "You did this really well. You did that really badly". I will give you an example. I will not name the body or the type of person, but I got feedback a couple of years ago where literally you guys were busy, the team - I will not say if it is a developer or a council team - came in to see you on a key project, and most of your team were not there on that particular day. The feedback came back to me and others which was, "We put all this effort into doing X, Y and Z, and they did not engage". I am

sure you engaged subsequently, but it is that blunt feedback from chief executive officers, council leaders and developers. Do you get that?

**Debbie Jackson (Assistant Director, Regeneration, GLA):** It would be interesting to have the views of the local authorities at the table, but we carry out evaluations and we do not do them. Whichever body we engage to do those evaluations goes and speaks to the boroughs without us in the room. Of course we then receive that feedback, and of course the boroughs know we have appointed them, so it is not quite secret shopper in the pure sense of the word, but it is an independent evaluation. We do have some quite robust discussions with them. For example, Regeneris have done some of our evaluations. We have some discussions with them about what they are hearing back, and it is a very honest and open discussion.

Generally speaking - and I would say this - I would say we have a very positive relationship with local authorities, built up very carefully over the last five years. That has gone faster in some places than others, and we will be very interested to hear the local authorities speaking but we feel we have a good relationship. Of course I would want to respond to individual instances of feedback - by all means tell me about that one - but we do carry out evaluation work that is independent. It is not just us asking people.

**Fiona Twycross AM:** Particularly if you are going to have a shift on focus to social outcomes, people in the past may have bid for money or tried to secure funding from the GLA. Will you be going back to some of the people who have bid in the past, who may have been put off going through the process again, to just revisit whether they would change it slightly or if they were to put a subsequent bid in for a similar or slightly different project, that there might be scope? My concern is, particularly if you think about the subject of the meeting on crowdfunding, there were a lot of projects. There were not a lot from outer London, or there were quite a lot from outer London that had been rejected where bids had gone in. Would you be revisiting those groups and talking to them about it a bit more as part of your relaunching of the work your team is doing?

**Debbie Jackson (Assistant Director, Regeneration, GLA):** Yes and no, insofar as when we have to give bidders the unfortunate news that they have not been successful, we always do that with feedback at the time. I suppose, in our view, that is the best time to do it because it is fresh in your mind and it gives you an opportunity to develop it further. In fact, in some cases we are still working with people on bids that were not successful for whatever reason, but in some cases they are not successful because they are just not ready. That does not mean that they will not be ready at some point. We do continue relationships, and we have relationships with all of the London boroughs. Some of those discussions are around funded programmes, and lots of them are not. We do continue that dialogue with local authorities.

As far as the crowdfunding is concerned, one of the interesting things after I met you last time is that the mapping that I think you had in front of you at that meeting did not have our Round 3 on. If you look at that, as time goes on, we are seeing a better representation of other communities. I have to be mindful of resource within my team, and crowdfunding in particular is a lot of projects and a lot of discussions. There is a limit to what we can supply to those organisations, but we do have other tools at our disposal, such as the Specialist Assistance Team, which perhaps I will talk about a bit later. We are also doing our best to facilitate networking between projects as well, because some of the best learning is project-to-project, rather than us going to the projects and telling them what we think. We are doing the best we can to facilitate that.

**Fiona Twycross AM:** Thank you.

**Navin Shah AM (Chair):** The current Mayor has a somewhat different approach to regeneration. For example, he sees culture and the creative industries as a means to regenerate. Given that sort of approach, do you think that the new programmes will be different in their scope as well as scale to the current ones?

**Debbie Jackson (Assistant Director, Regeneration, GLA):** I think we will see differences. The culture and creative industries have always been a very strong thread through our programmes. We did a piece of work on culture in the high street and we did a network event around that and produced a publication around that. Our most recent funds on affordable workspace have funded a number of creative affordable workspaces, but it has not been as strong a theme and as strong a priority as it is now. I think we will see, subject to getting some confirmation of budgets, a strong emphasis on culture and creative industries.

Other areas. Again, if we look at the manifesto and *A City for all Londoners*, there are clear priorities for the Mayor. The wording in the manifesto is around the character of high streets, and I am clear in discussion with the mayoral team that that is a broad interpretation of character around the social, civic and economic role of high streets, rather than a narrow heritage definition. Affordable workspace I have already mentioned as well, and obviously culture as well.

In terms of the scale, until I get my budgets confirmed, it is very difficult for me to answer that question.

**Navin Shah AM (Chair):** My final question. This is very important for the Committee. What further support will be given to boroughs that are not currently benefiting from major regeneration investments?

**Debbie Jackson (Assistant Director, Regeneration, GLA):** The way my team is organised, this particular part of my team is on an area basis. Every local authority has a named officer that they have a working relationship with, so that officer is there to work with the local authority's regeneration team, as I said, both on funded and unfunded regeneration projects and programmes. We also have the Specialist Assistance Team, which is the pre-procured panel of experts, who are available for local authorities to draw upon in a very modest way, but to bring expertise to a particular regeneration project at the point it needs it. To describe what that feels like, you can be in a discussion with a local authority and a project may reach a point where they think, "Do you know what? We could really do with just a little bit of expert help on - I do not know - our engagement strategy", for example. Instead of having to write a brief, work out who you want to invite and go through all of that month-long process, we have already done that procurement and we have a modest budget available for local authorities to be able to draw on that help to come and support projects that are there for them. That is trying to remove the barrier of procurement and provide some modest funding in order to help regeneration projects move forward, overcome barriers and be as good as they can be as well.

We also put a lot of effort into producing guidance or best practice where we feel there are particular challenges. We have done it before on affordable workspace, on meanwhile uses, for example, and we also run a range of networking events. As it becomes clear what the business plan looks like for next year, we will design a range of engagement and collaboration opportunities that bring together peers across the regeneration field to discuss ideas and develop their projects as well.

**Navin Shah AM (Chair):** Thank you.

**Shaun Bailey AM (Deputy Chair):** I just want to speak to the boroughs, mainly, and ask questions. From a borough perspective, what would you like to see as the Mayor's focus in terms of delivery for future regeneration projects?

**Richard Simpson (Executive Director of Resources, London Borough of Croydon):** Thanks for the question, and thanks for inviting me. I will touch on the question from earlier at this point as well, about the borough's perspective on work to date. Most of my work with the team here has been around the more strategic projects like the growth zone, which is our Tax Incremental Financing (TIF)-like model for infrastructure investment in Croydon, which we might get on to later in the agenda.

As Debbie [Jackson] said, where it has worked best for us is there has been real flexibility. Although we have had plans agreed and it can be a two-or three-year programme, towards the end of those two or three years,

local priorities have maybe changed or opportunities have come along, and sometimes it has been the smaller investments that have made a real difference. The GLA and Debbie's team have been really up for those as they come along. We had an investment in turning a council building into a technology hub for small and medium enterprises, for example, which was not on the agenda when we first bid for money, but at the point it came along made a lot of sense. It made sense to both parties. The private sector was interested, and that has now gone in and is one of the biggest successes, but it is probably only about 5% of the total programmes. There is definitely that flexibility there. With my experience - because I worked in Lambeth probably ten or 12 years ago, earlier in my career - working with TfL and doing grant claims, it was a very different environment there in terms of flexibility or lack of flexibility. You could not carry money over between you. Both sides have come a long way since then in terms of working together in a completely different way and having much more flexibility.

We have had a lot of support in the last few years, which has been great for Croydon. Where we would like to see the attention going further in policy terms, selfishly for Croydon, is around more of an outer London focus, I think, on the programme, and seeing outer London as potentially an economic driver for London and not just dealing with issues and problems that inner London maybe cannot tackle. A real focus for how you can have hubs in outer London that can really deliver the economic growth and the jobs and homes that London needs. That is our wish. We are making that pitch and having that dialogue, but that is where we would like to see the focus of the investment going.

**Cath Shaw (Deputy Chief Executive, London Borough of Barnet):** You have invited London's two largest-population boroughs, both of which are outer London boroughs, to talk to you, so I suppose we should take heart from that that you do see that outer London is a huge opportunity for delivering economic growth and housing growth and regeneration. Obviously, I would absolutely endorse that; please do continue to focus on outer London.

One of the couple of things I would pick up on terms of going forward is a continued emphasis on town centres. I would say for perhaps some of the first rounds of outer London fund we were all learning and it was a little bit hit-and-miss, but over the years, since then, I think Debbie's [Jackson] team has developed some real expertise in how you can really target that town centre investment to make it stick and make the biggest impact. We would certainly want to see the continuation of those schemes because it is a constant cycle of refreshing and needing to invest in those town centres. Some of the ones that got the early outer London funding are now coming back to us and saying, "We need another push at this". We would say that.

It is slightly outside of the GLA, but it is fantastic news that TfL has really now got the message that it needs to play its role in housing delivery. I do not think there is a borough in London that is not pleased that it has come to that party. There is a bit of a worry that it is very numbers-focused at the moment, and there is a risk that it will be creating the regeneration challenges of the future if we do not see a little bit more emphasis on quality place-making from TfL colleagues. The headline message is that it is great that they are around the

table now, but we would definitely want to see a regeneration focus as well as a pure housing delivery and housing numbers focus.

An issue for the London Plan would be industrial space. We have seen a lot more industrial space to be released for housing at a much quicker rate than we expected. Again, housing is clearly such a huge challenge facing the city, that is right, but we do now need to be thinking about how we preserve, protect and get the most benefit out of our industrial space.

The final thing is that I have not heard a great deal from the Mayor, and it may be the way the public presentation is coming across. I realise I am on slightly controversial territory perhaps with Mr [Andrew] Dismore here, but we have not heard a great deal from the Mayor about estate regeneration and his approach to estates. That is something that we need not to lose sight of because there are still estates within London that are in need of investment. We, as local boroughs, are continuing to look at that. It is not to say that the Mayor is not committed to it, but I have not heard as much from City Hall about that as about some other issues. That would be my other issue to flag.

**Tony Devenish AM:** Is there one specific project from Barnet and Croydon that you would say is the project where the GLA really helped you get it shovel-ready, and what specifically did they do?

**Cath Shaw (Deputy Chief Executive, London Borough of Barnet):** Brent Cross is the obvious one, and I know it is referenced in your papers. The support we had from Fiona [Fletcher-Smith] and her team on that and from David Gallie [Assistant Director, Group Finance] within the finance side of the organisation was fantastic. It was absolutely fundamental in terms of securing Government support, but the council and the City Hall were standing absolutely shoulder to shoulder. We did a lot of work in terms of the case, but we also did a lot of work on lobbying. To be able to have the City Hall team at officer level, official level, the City Hall team at political level and the borough at political and officer level all co-ordinating their message to Government was hugely powerful. That would be the one --

**Tony Devenish AM:** Just to be specific, they helped in putting the financial case together, they were their experts, and they helped with the political lobbying. Is that what you are saying?

**Cath Shaw (Deputy Chief Executive, London Borough of Barnet):** No, no. The council put the financial case together. I would say that David [Gallie] and his team provided very useful, critical-framed challenge, made sure that it was a really robust case, but we did the hard yards on building the case. What was very helpful was the help in lobbying the Government in a co-ordinated way and being clear that this was a project that was important to London, not just a project that was important to Barnet.

**Richard Simpson (Executive Director of Resources, London Borough of Croydon):** In that same space, the Croydon growth zone is a similar financial model to the Brent Cross model. Therefore, being able to piggyback on that in terms of the knowledge from the Finance Team at the GLA and also the knowledge of who to speak to in terms of the Department for Communities and Local Government and the Department for Business, Innovation and Skills (BIS) and getting us at the table was really important for us. In that sense, the GLA were also giving up their business rates to support that model, which is hugely important because the model will not work without it. It felt like a real partnership with shared objectives around that one.

The one I touched on before, which was about an £800,000 investment in a council building to turn the ground floor into a café and the first floor into space for local technology businesses, has had a real impact and made a real difference. It was not in the original programme. We had to negotiate with the GLA. It was their

flexibility to redirect funds into something that they believed in - in that case quite quickly - in order for us to procure the partner. That is now open and working really well. That one was agility to deliver what worked at that time.

**Tony Devenish AM:** Can I just ask a follow-up question? Do you have the feeling that certainly I am getting from this current administration, that it is going to be housing, housing and more housing, bluntly? Particularly on delivering your affordable units, are you getting that drive that that is what you are going to be particularly focused on, working with the GLA going forward?

**Richard Simpson (Executive Director of Resources, London Borough of Croydon):** That is something that we are very focused on locally from the administration in Croydon as well. We have our own development company on housing and we have a 50% affordable housing target. Anyway, that is one of the main focuses of our regeneration. The other big focus of working with the GLA will be on deciding exactly where the £300 million of investment in the growth zone is spent and what the priorities are, so that probably separates us from lots of other London boroughs in having that piece with the GLA as well.

**Debbie Jackson (Assistant Director, Regeneration, GLA):** If you do not mind me jumping in, it is worth making the point that the two of you are not mutually exclusive, because the whole point of the growth zone investment is in order to unlock growth. That is what these funding models exist to do. All of our work goes to the overall priorities of unlocking growth, but the growth zone in particular is based on the premise that that growth can only be delivered if the infrastructure investment happens, so they are related.

**Fiona Twycross AM:** Mine is a question for Debbie. Could you update the Committee about the likely new funding programmes arising from the autumn statement?

**Debbie Jackson (Assistant Director, Regeneration, GLA):** I would love to, but I cannot. I can tell you what I do know, what has been announced. This is Growth Deal 3. Just by way of background, the Growth Deal is the means by which we have had funding to deliver the investment programme in the college estate, the further education estate, and also the London Regeneration Fund, which is currently delivering, and the crowdfund at the moment. That was Growth Deals 1 and 2. Growth Deal 3, Government confirmed £1.8 billion. We were invited to bid in for £1.8 billion funding, of which half was for transport which was not available to London because we have different arrangements for transport funding in London. We bid into that, and in the autumn statement Government confirmed £492 million for London and the south east. What we are waiting for is an announcement on the London allocation of that.

In terms of regeneration, the key area that we bid for was a programme called Supporting London's Local Economies, which is where we would look to to fund some of the programmes I have talked about today around high streets, around affordable workspace, and around the crowdfunding as well, but we are waiting for that to be announced.

**Fiona Twycross AM:** What is the timescale for that?

**Debbie Jackson (Assistant Director, Regeneration, GLA):** We understand before Christmas.

**Fiona Twycross AM:** OK.

**Tony Devenish AM:** I think I am also asking a bit of a crystal ball question to Debbie. What is the Mayor's thinking in terms of his priorities for regeneration funding for the remainder of this term, and how might the Mayor refocus the London Enterprise Panel (LEP), please?

**Debbie Jackson (Assistant Director, Regeneration, GLA):** Taking those slightly in turn, I have touched on this a little bit, and I am very happy to come back at a future meeting with more detail when the business plan for next year is confirmed. Looking at the manifesto and *A City for all Londoners*, the priorities I believe are going to be around culture and the role of culture in regeneration. Indeed, we are working extremely closely with the culture team on some of their work as well, protecting the character of high streets, the importance of affordable workspace. There are also commitments in the manifesto around world-class public spaces, inclusion and engagement. I cannot give you specifics about the funding programmes, but in terms of the themes that will underpin them, I think it will be along those kinds of themes. I should also add to that that I anticipate we will retain the capital funding programme around the college estate, so the further education estate as well. It is also worth adding that the Growing Places Fund is a revolving fund, so we will also see funding coming back in from that as well, hopefully.

In terms of the LEP, the Mayor has reconstituted the LEP, reducing the membership from 22 down to 16, and wants to make it more representative of London's business community. A key point is that small businesses are intended to play a much greater role. I believe an announcement on the membership of the LEP is imminent - maybe that is another Christmas present - within the next few days even, and then the LEP will hopefully fairly quickly move into its first meetings so it can decide for itself its strategic priorities. The LEP has responsibility for the Growth Deal funding I just talked about and also the Royal Docks Enterprise Zone as well. They also have responsibility for delivering the London Growth Hub, which is the LEP's online business support portal. We know, broadly speaking, the tools it will have in its toolbox, but in terms of the LEP's priorities, that will be for discussion with the LEP when it forms early in the New Year.

**Tony Devenish AM:** Can I follow up? Is there anything from adjoining LEPs around London that you have looked at and thought, "That is quite a good idea. We should look at that"? I am trying to get more into specifics, rather than into generalities, which I know is difficult at this time in the cycle.

**Debbie Jackson (Assistant Director, Regeneration, GLA):** There are a couple of discussions there. We do talk very much through Croydon about the relationship down south and with Coast to Capital and others. We have been involved in some discussions in particular around transport - being a south Londoner, I feel this very keenly - and the weaknesses in the transport infrastructure. I know that certainly Croydon feels that that is one of the big threats to Croydon's growth. That is a strategic discussion. That is not just a London discussion. It is beyond. That is a discussion that we have been involved with.

The other key discussion that I would tell you about is east London and out to the Thames Estuary linking into the commission [Thames Estuary 2050 Growth Commission] that is taking place at the moment. Under the Culture Team's work, they have been talking about - and we are working on - a Thames Gateway production corridor, which looks at the role of east London and the Thames Gateway in terms of production in a broad sense of the word, in terms of making, in terms of supporting the creative industries. That is very much a discussion that has taken place with the LEPs outside London as well.

**Tony Devenish AM:** Thank you.

**Navin Shah AM (Chair):** Can I ask whether there is likely to be renewed focus on outer London boroughs? I entirely agree with our guests' comments about the importance of outer London boroughs and that they need

that additional capacity and focus when it comes to regeneration, including estate regeneration as well. Is this something the Mayor is likely to focus upon strongly?

**Debbie Jackson (Assistant Director, Regeneration, GLA):** I do not think it is a discussion that we have had explicitly about outer and inner London. If you look at the priorities that are emerging around the things that I have discussed, around affordable workspace, around town centres and high streets, logic dictates that a lot of those projects lie and the opportunities and the needs lie in outer London. Whether the business plan for next year will explicitly target outer London or whether the outcomes will result in a natural focus on outer London I cannot say, but it has always been the case with our work that we have done a lot of work with outer London and certainly less in super-central London. I know there is inner-outer or outer-inner London, which we have perhaps had a lot of activity with. It is difficult for me to say at the moment but I think we will naturally support a lot of activity in outer London.

**Navin Shah AM (Chair):** It is just that as an elected Member representing outer London boroughs, from my experience and knowledge, there are two issues there that we need to target. One is the gaps in regeneration activities and capacity-building.

**Debbie Jackson (Assistant Director, Regeneration, GLA):** Yes.

**Navin Shah AM (Chair):** Having said that, can we move on to three questions that I believe Andrew has?

**Andrew Dismore AM:** They are on the estate regeneration issue. Cath [Shaw] will not be surprised if I do. One of the issues in Barnet - and Cath will no doubt disagree - has been, to my mind, the very low proportion of social rented who have lost social rented and affordable as a result of regeneration. The other is the lack of the infrastructure that goes with it. This is not just estate regeneration. Also, if we take the example I gave earlier of Millbrook Park up in Mill Hill, we have 2,500, 2,300 - or something like that in round terms - properties coming but there is no infrastructure to support it. We have Mill Hill East Tube Station, which is a basket case already given the volume of traffic, which is going to get even worse with all the regeneration is going on.

Two things from outer London. Is the Mayor going to be looking at this in terms of supporting estate regeneration, with a view to the 50% affordable housing target, and secondly to make sure that these projects are properly sustainable with the infrastructure they need? Including, in particular transport but also a whole lot of other bits that go with it, such as retail so they have somewhere to go shopping, social facilities and so on.

**Debbie Jackson (Assistant Director, Regeneration, GLA):** We are outside my area but I will make one comment, if I can. Genuinely, a combination of housing and planning officers are the better people to respond to that, but I will make one comment in terms of infrastructure. It is very useful to have Croydon here because one of the things that we were both very keen on is the growth zone.

The growth zone is underpinned by a Development Infrastructure Funding Study that looks at the range of infrastructure that is required to support growth. We very intentionally made sure that that was not just the obvious infrastructure, not just transport, utilities and things like that. It includes social infrastructure as well. That is an acknowledgment of the importance of social infrastructure. That social infrastructure in itself is quite broad, from the perhaps more obvious things like schools through to playgrounds and childcare facilities, the range of things a community needs to be a sustainable and positive community. That exercise, the Development Infrastructure Funding Study, has been repeated in a number of strategic locations. We will be

doing one shortly on Old Kent Road as well. In terms of perhaps smaller-scale and more site-based or development scheme-based considerations, that really is outside my area.

**Andrew Dismore AM:** I would be happy if you just had the obvious stuff, never mind all the cuddly, feely stuff as well, which is important. The other point I was going to ask about is in relation to high streets and the importance of high street regeneration. One of the issues when we looked at this in the Economy Committee years ago was the problem of the huge diversity of ownership on a high street. It was very difficult to get anything done because you have 100 shops and they are owned by 95 different people. That is the sort of problem that needs to be overcome. Are you going to look at some more radical solutions to try to tackle some of these things?

If you look at high streets, why does Regent Street work? Because it is all owned by the Crown Estate. Why do some of the other high streets not work? Because you just cannot get anything done. Nobody can agree on anything, if you can find the owners in the first place. Most of them are overseas.

**Debbie Jackson (Assistant Director, Regeneration, GLA):** Yes. One of the projects that we are involved with - and we put a small amount of funding towards as part of the London Reservation Fund - is a partnership with the British Property Federation, I am pretty sure, and other partners, looking at a Town Centre Investment Management model that looks at exactly this challenge. One of the barriers to successful high streets and enabling growth in high streets is the range of ownership. That project took a number of pilot locations across the country - there is one in London - and modelled what it would look like in order to try to address that, in order to try to pool ownerships, curate the town centre and unlock growth. That is a discussion that is very live at the moment. It is something that we will talk to you about in future. We are acutely aware of that.

**Andrew Dismore AM:** Does that include things like compulsory purchase orders?

**Debbie Jackson (Assistant Director, Regeneration, GLA):** That is one possible route to achieving that.

**Cath Shaw (Deputy Chief Executive, London Borough of Barnet):** Can I just comment on that? The Policy and Resources Committee of Barnet Council last week approved unanimously a proposal to trial a very similar approach in North Finchley High Street, looking at working with a well-funded private partner to work alongside those landlords who are present and engaged and buy out those landlords who are remote or disengaged. We have a live experiment.

**Debbie Jackson (Assistant Director, Regeneration, GLA):** They have been in to talk to us as well. I did not mention it because I was not sure it was public.

**Cath Shaw (Deputy Chief Executive, London Borough of Barnet):** No, it is in the public domain now.

**Debbie Jackson (Assistant Director, Regeneration, GLA):** OK. That is another example.

**Andrew Dismore AM:** You can talk to me too.

**Debbie Jackson (Assistant Director, Regeneration, GLA):** We all know who we are talking about, though.

**Andrew Dismore AM:** I will carry on to my main question, which is not about that. Alex has been sitting there very patiently. It is about the European Union (EU), a broad question. How does the EU support regeneration in London?

**Alex Conway (European Programmes Director, GLA):** Basically there are three main ways worth highlighting. The first is loans from the European Investment Bank (EIB), the EU's bank. They have loaned a few billion to TfL for Crossrail projects. They have boosted utilities to boroughs for some new housing, and green infrastructure as well on the projects for which I am responsible.

**Andrew Dismore AM:** OK. Hold that thought. Do you have an idea of how many billions --

**Alex Conway (European Programmes Director, GLA):** We can get the information. Last time we got a list from the EIB, in the last ten years it was £6 billion or £7 billion, from memory. We can get you that.

**Andrew Dismore AM:** It would be useful to actually know.

**Alex Conway (European Programmes Director, GLA):** We do know, I just do not have it with me, sorry.

**Andrew Dismore AM:** I will not ask you the terms of the loan. The next question that follows on from that, before we move on to the other stuff, is: if we leave the EU, does that make it difficult for us to borrow from the EIB or not?

**Alex Conway (European Programmes Director, GLA):** They do lend to people outside the EU. It is one of those things that would be negotiable as part of Brexit negotiations, I surmise. It is reasonable to suggest that they are probably less likely to lend in such quantum as they do at present.

**Andrew Dismore AM:** OK. It has to be part of the Brexit negotiations.

**Alex Conway (European Programmes Director, GLA):** The second way is our participation in transnational programmes. That is where organisations bid direct to Brussels, usually as part of a consortium of transnational partners. It can be nine or ten. A well-known example is the Horizon 2020 programme. Some London universities are going to benefit to the tune of several hundreds of millions of pounds.

**Andrew Dismore AM:** We do not know how many hundreds of millions?

**Alex Conway (European Programmes Director, GLA):** It is all on the EU's website. The likes of Imperial College London, King's College London and University College London have had programmes in operation over the last few years that have been quite successful.

**Andrew Dismore AM:** If you could track that number down as well, that would also be helpful.

**Alex Conway (European Programmes Director, GLA):** We can dig that out. They are clearly very concerned. Again, just following on, might we participate in those programmes post-Brexit? It is still to be determined. I think the Mayor's and others' view would be that a programme like Horizon 2020 would certainly be something we would want to argue for.

**Andrew Dismore AM:** Yes. Switzerland got thrown out.

**Alex Conway (European Programmes Director, GLA):** Yes. The third part of the programme for which I am directly responsible are the European Structural and Investment Funds. They form the largest part of the EU's seven-year, trillion-euro budget, along with the European Social Fund (ESF) programmes and the European Regional Development Fund (ERDF). The way this funding works, all 28 member states get it. The poorest get the most, the wealthiest get the least. The poorest can use it in more flexible ways. We have to use it in certain ways. The ERDF in London, which is probably of most interest to this Committee, goes towards job creation, help for small businesses and green infrastructure programmes. The ESF, which is a big fund, is around skills and getting people not in employment, education or training into employment, education or training.

In terms of directly supporting regeneration, certainly it was the case in the days of the LDA that quite a lot of European money went on remediating land in the Thames Gateway area that now has things built on it, places like the Albert Basin. The funding is more revenue than capital. There was a project just last week that the Mayor opened in Lewisham, a workspace project. The capital funding came from the LEP but there is revenue funding to come, providing business support in the next couple of years. It is a nice little example there of capital and revenue.

**Andrew Dismore AM:** That is the ERDF, not the ESF?

**Alex Conway (European Programmes Director, GLA):** The ESF is all skills and employment funding. It is several hundred million pounds over the next seven years.

**Andrew Dismore AM:** About £685 million between the two?

**Alex Conway (European Programmes Director, GLA):** Yes.

**Andrew Dismore AM:** Right. We have that number, anyway.

**Alex Conway (European Programmes Director, GLA):** It is €745 million, actually, so it depends on the exchange rate, and it is a notional allocation.

**Andrew Dismore AM:** The way the exchange rate is going, that is helpful.

**Alex Conway (European Programmes Director, GLA):** It is helpful, but also it is notional. It is at the Government's whim. It is different from in the past, when London had a set allocation you could not change. The way we give out most ESF funding is through co-financing organisations. The National Offender Management Service --

**Andrew Dismore AM:** You say it is Government-linked? "At the whim of?"

**Alex Conway (European Programmes Director, GLA):** Yes.

**Andrew Dismore AM:** OK. Has London had that money committed to us or is that still up for grabs?

**Alex Conway (European Programmes Director, GLA):** It is the way the Government has chosen to manage the ERDF and the ESF this time round. In the past there were separate regional ERDF programmes. Now we have a single English ESF programme and a single English ERDF programme. Within those single

programmes, notional allocations have been given to each of what I think are now the 38 local enterprise partnership areas. There is no sign the Government is intending to change those notional allocations as of yet. If you were to compare how we are committing our funding in comparison with other LEP areas, you would see we have committed a good deal more funding than most other areas.

**Andrew Dismore AM:** We have a figure of 85%. Is that right?

**Alex Conway (European Programmes Director, GLA):** That is right for ERDF, yes.

**Andrew Dismore AM:** Right, OK. That is 85% of the ERDF. The ERDF is 25% of the total whole?

**Alex Conway (European Programmes Director, GLA):** Yes.

**Andrew Dismore AM:** Right. The other 75% has not --

**Alex Conway (European Programmes Director, GLA):** Again, you cannot commit that all in one go, even if you wanted to, because it works in three-year cycles. We have committed the half of the programme that we set out to commit. We intend to commit the other half. That will depend, as we might come on to, on how Brexit negotiations play out.

**Andrew Dismore AM:** Right. That is the next question. What happens to all this money post-Brexit?

**Alex Conway (European Programmes Director, GLA):** Post-Brexit. The story is that after the referendum, the Government did not overtly announce anything but put a stop to it. We were told not to issue further funding agreements while they had a think about what came next. The Mayor was very quick to write to the then-Chancellor to say that this pause needed to be lifted as soon as possible because we were still members of the EU. That is not going to change any time soon. Therefore, it was important that we were able to commit funding.

We got a stop-gap announcement in August, though we did not know it was a stop-gap at the time. The announcement in August said, "Continue to sign funding agreements, but you have to sign them by the autumn statement". We felt that was a little silly because the autumn statement is an arbitrary deadline that bears no relation to European programmes, but that was what we were given so we worked with it and pushed to get as many funding agreements signed as we could.

Everyone was caught on the hop in early October when, during an announcement made as part of the Conservative Party Conference Week, the Chancellor said, "Never mind the autumn statement deadline. We are confirming now that we will permit funding to be committed to any European project up until the point of Brexit. Furthermore, for any projects that are entered into, the Government will honour those commitments post-Brexit". That is very much what we had been arguing for all along. It gives us a longer, sensible timescale to use. All the Government has said is that projects will not be disadvantaged. We can carry on reclaiming European money, which will be replaced with domestic funding.

**Andrew Dismore AM:** Until the end of the project?

**Alex Conway (European Programmes Director, GLA):** Yes.

**Andrew Dismore AM:** Or Brexit, whichever comes last.

**Alex Conway (European Programmes Director, GLA):** Yes. We have a way forward for the next couple of years which should, if there are no further changes, allow us to commit all our remaining funds.

**Andrew Dismore AM:** We still have funds potentially to commit that we have not committed so far?

**Alex Conway (European Programmes Director, GLA):** Yes.

**Andrew Dismore AM:** Right. That is 15% of one and about half of the other?

**Alex Conway (European Programmes Director, GLA):** Yes. We are awaiting this week - another Christmas present - for the Government to confirm. There have not been any calls, open competitive bids, permitted since the referendum. We understand that that is going to change in the next week or so and we will be able to open up a call, which should enable us to commit our remaining ERDF funds, hopefully next week.

**Andrew Dismore AM:** OK. This programme that we are in the middle of now lasts three years, did you say?

**Alex Conway (European Programmes Director, GLA):** It is rather confusing with EU funds. We talk about the 2014 - 2020 programmes but actually you have until 2023 to spend the money. Clearly Brexit calls into question whether that will happen.

**Andrew Dismore AM:** That is the next question. The projects you are committing to now are for how long?

**Alex Conway (European Programmes Director, GLA):** Typically three years.

**Andrew Dismore AM:** Typically three years. From around now?

**Alex Conway (European Programmes Director, GLA):** Now, yes.

**Andrew Dismore AM:** That takes us from now to 2019 in round terms. Post-2019, if Brexit has happened by then - one presumes it is going to happen by then given the Government's present timetable, subject to the Supreme Court and everybody else - we do not know what is going to happen to all these various projects?

**Alex Conway (European Programmes Director, GLA):** You could assume that for the next couple of years we will be able to commit funds but we do not know what is coming after that.

**Andrew Dismore AM:** The Government will continue the funds that you have committed up until, effectively, 2019.

**Alex Conway (European Programmes Director, GLA):** We could go beyond. We could theoretically be signing projects in 2019 that will go on to 2022. They would be honoured, under what the Government has said.

**Andrew Dismore AM:** Assuming the Government agrees to that happening. They may decide that is not such a good --

**Alex Conway (European Programmes Director, GLA):** They have said for now that they will but it is such a febrile world at the moment that you cannot take anything for granted.

**Andrew Dismore AM:** It is a known unknown.

**Alex Conway (European Programmes Director, GLA):** We have a deal on the table, put down by the Chancellor, which we should stick with. The bigger risk, and certainly the risk that we are apprising the Mayor of, is, "What does come next?" Some of you may recall that before the referendum there were some pro-Brexit voices saying, "It is good to get out of all this stuff because we will be able to use the money that is freed up to do our own thing". If that actually happened, of course that would be great. If we have devolved domestic funding to spend free of the current restrictions that come with EU funding --

**Andrew Dismore AM:** A bit like giving £365 million a week to the National Health Service?

**Alex Conway (European Programmes Director, GLA):** That would be a good thing. We do not know at the moment whether that is going to happen or not and the discussions are just starting in Whitehall about what the successor funding might look like, if indeed there is successor funding. To me, that is the big issue.

**Andrew Dismore AM:** Yes. At the moment, you are not envisaging a shortfall on anything we are committed to?

**Alex Conway (European Programmes Director, GLA):** No.

**Andrew Dismore AM:** No, right. The question is what happens when all this unwinds.

**Alex Conway (European Programmes Director, GLA):** Yes.

**Andrew Dismore AM:** Right, OK. Turning to the boroughs, Cath [Shaw] and Richard [Simpson], have you used EU funding for regeneration projects? If so, how?

**Richard Simpson, Executive Director of Resources, London Borough of Croydon):** The first category of the EIB is probably the biggest area that we have tapped into. We have been doing some regeneration for our school places programmes. It was of a scale, at a local borough level, that the EIB would be interested in.

**Andrew Dismore AM:** How much did you borrow?

**Richard Simpson, Executive Director of Resources, London Borough of Croydon):** £100 million, about 12 months ago. The rate compared to the Public Works Loan Board (PWLB) was about 1% better. It was a 20-year loan at about 2.5%, compared to PWLB, who had it at 3.5%. Roughly £1 million a year for 20 years.

**Alex Conway (European Programmes Director, GLA):** I do not know why it is better but it is.

**Richard Simpson, Executive Director of Resources, London Borough of Croydon):** It has not always been better. The cycle at that time was that it was significantly better, and still is. It is a similar tale in terms of our growth zone, which we have discussed with them as well. That is another big piece of infrastructure. They are still talking to us but they are not --

**Andrew Dismore AM:** Not as enthusiastic?

**Richard Simpson, Executive Director of Resources, London Borough of Croydon):** Not as enthusiastic as they were a year ago, no. There has not been much on any of the other programmes for us.

**Cath Shaw (Deputy Chief Executive, London Borough of Barnet):** I am not sighted on our Treasury Management Strategy so I could not categorically say we have not used the EIB for something like schools capital. I do not know. In terms of my world, regeneration, we have not used Europe for physical regeneration. We have used ESF for employment programmes. We have a multi-agency team in Burnt Oak, which is our most deprived ward, and that has some input from the ESF. We did bid for some money for a business hub as well but that was unsuccessful in terms of coming through.

**Andrew Dismore AM:** How much have they put into Burnt Oak?

**Cath Shaw (Deputy Chief Executive, London Borough of Barnet):** I cannot recall off the top of my head. It is a few hundred thousand.

**Andrew Dismore AM:** Could you let us know?

**Cath Shaw (Deputy Chief Executive, London Borough of Barnet):** Yes, of course.

**Andrew Dismore AM:** Could you let us know if in fact you have had Richard's [Simpson] good fortune, borrowing at a cheaper rate?

**Cath Shaw (Deputy Chief Executive, London Borough of Barnet):** Yes, of course. Yes, that is fine.

**Tony Arbour AM:** It is good to hear that things are going well with all the European funding. We are all happy. That is good to know.

**Shaun Bailey AM (Deputy Chair):** Sorry. Obviously in this European conversation there is an awful lot of speculation. As a net contributor, is there not a possibility that we ultimately could get more funding with less strings that is easier to apply for and more directed?

**Tony Arbour AM:** A positive question.

**Shaun Bailey AM (Deputy Chair):** Obviously it comes from Europe and it has its own --

**Tony Arbour AM:** You are a 'glass half full' person, Shaun.

**Shaun Bailey AM (Deputy Chair):** Absolutely.

**Alex Conway (European Programmes Director, GLA):** That was what I was referring to earlier. If you believe that the Government will now fully replace European funding with the same amount of domestic funding that is devolved to the Mayor or not controlled centrally, that would be great. That is exactly what we should be lobbying for. I am not entirely personally optimistic that we will get that because there are going to be an awful lot of other commitments.

**Tony Arbour AM:** Cynicism.

**Alex Conway (European Programmes Director, GLA):** Let us see. In terms of what the Mayor is going to be asking for, it is exactly that.

**Fiona Twycross AM:** Conservative Members will no doubt be lobbying the Government for that.

**Tony Arbour AM:** We will be lobbying our side.

**Fiona Twycross AM:** Absolutely.

**Alex Conway (European Programmes Director, GLA):** We are all on the same side here.

**Navin Shah AM (Chair):** Let us move on to the last question, against any speculation.

**Tony Arbour AM:** Last question. You have four minutes to answer it, please. Why have you chosen to use the TIF model? What are the strengths and weaknesses of the model? Did you consider any other mechanism to raise the regeneration finance? How do you deal with the risk, and do you have any contingency plans? Shall we start with Barnet and then work our way down?

**Cath Shaw (Deputy Chief Executive, London Borough of Barnet):** I have one of those four minutes, have I? Brent Cross is not a classic TIF in that it is the business rates from the shopping centre expansion that are funding the train station that unlocks the housing, whereas with a classic TIF you are borrowing against rates that are delivered by the bit of infrastructure you are building. You are always taking a bit of a punt that the bit of infrastructure will appear and then pay you back. We are predicating our borrowing on the income from the shopping centre and we are running on a parallel track with them. We will not commit to the station funding until they have committed to the investment in the shopping centre. That takes out a lot of the risk relative to a pure TIF, where there is an element of hoping that the offices or whatever it is will come on-stream afterwards. It was less risky for us.

I should probably say, just for the record, that the impression in your briefing note is that the GLA is undertaking borrowing to support the delivery of the train station. That is not the case. The council is undertaking all the borrowing but the GLA's share of the business rates will be used to repay that borrowing. I did not want you to think that the GLA was borrowing money that you were unsuspected on. It is not.

We did not have a contingency plan. The scheme had a viability gap on the south side, which is the housing and commercial element, and the only way that we could come up with to meet that gap was to bring the delivery of the train station right to the front. Then the obvious way to fund the train station was with the business rates from the housing. One thing I would add, which is perhaps slightly outside the terms of your question, is that I think the devolution of business rates to local government - obviously we do not know what 'local' means in terms of London versus boroughs in this context yet - does mean that I think this will be an increasingly important mechanism for us to use. We had to get the Treasury's consent and permission for it and it will be within our gift going forward, in theory in least.

**Richard Simpson, Executive Director of Resources, London Borough of Croydon):** We chose it because it has a clear income stream that can repay the debt. Other options would be getting a grant from someone else - the scale was too big for that - or borrowing ourselves, which places huge pressure on a reducing budget for the Council at the same time. There is a clear income stream to repay it. There are some risks in that and I will touch on that in a second.

One of the weaknesses is that it takes out a big chunk of growth that might be otherwise used to fund other services and pressures that the council has. There is a choice about saying, "This is hugely important to the long-term future of the borough. Therefore, we need to ring-fence it to pay back the debt". Again, a strength is that in normal local government finance, five years in, that would go off to Durham or wherever. It would get redistributed to somewhere else in the country that may need that money more than Croydon at that point. Selfishly, it allows investment in the borough.

In terms of contingency, ours is reliant on two major developments, one being the retail centre in Croydon and one being some commercial next to East Croydon Station. There is a contingency about certain triggers from the developments happening before we commit to the debt and the investment. You could scale Croydon's growth zone down and do it at a different pace. We would make those decisions in partnership with the GLA, about priorities and those kinds of things. There are contingencies in that sense of not borrowing £300 million before you understand that the income is more certain.

**Tony Arbour AM:** Were you both helped by the GLA? I have done the Westminster City Council ones and these things are very complex. It is worse than a Private Finance Initiative in many ways. Did you get support from Debbie's [Jackson] team?

**Richard Simpson, Executive Director of Resources, London Borough of Croydon):** You mentioned David Gallie before, did you not? I think he has worked on the Northern line extension piece as well, which is on a bigger scale but with some similar risks around the system and things to include. That was really helpful for us.

**Tony Arbour AM:** Debbie, are you pushing TIFs around London now? Are you saying to local authorities, "This is the model that you should have a look at"? It is a very complex model.

**Debbie Jackson (Assistant Director, Regeneration, GLA):** It is a very complex model. You picked up on Westminster and we have been talking to them as well. It is interesting, I am not sure anyone can say what a 'traditional' TIF is anymore because they are all so different. The Westminster one is equally different. We are working with areas where it is appropriate. I certainly would not say we are pushing TIFs everywhere because there is always a judgement call about the benefit of, in effect, ring-fencing funding to an area versus the benefit of that being available on a wider geography. It is horses for courses. The ones that have gone through so far, we have worked very hard on to make sure that it makes sense in that location. I do not think it will be a right answer for everywhere.

**Tony Arbour AM:** There are half a dozen or a dozen going through elsewhere, or something like that.

**Debbie Jackson (Assistant Director, Regeneration, GLA):** There are the ones at the table, there is the Royal Docks Enterprise Zone, obviously, which is a similar principle, and then there is Westminster and the Northern line extension, of course, as well.

**Cath Shaw (Deputy Chief Executive, London Borough of Barnet):** If I may, Chair, in the ten seconds we have left, one of the reasons why it was a very obvious choice for Brent Cross is that the planning consent is structured so that the shopping centre cannot expand unless it is part of a comprehensive development, including the housing. If the housing remained unviable, there would be no business rates arising from the growth of the shopping centre. We were not diverting that money from any other area or any other project within Barnet because it simply would not have existed if we did not deliver the housing. You are not choosing

between priorities. You either generate the business rates, in which case it makes sense to invest them in doing it, or you do not generate the business rates and they are not there at all.

**Debbie Jackson (Assistant Director, Regeneration, GLA):** Sorry, I know you want to finish. A really important point around TIFs is that they only work in commercial locations. Given the housing growth agenda, in an area which foresees significant housing growth with only ancillary commercial, if you like, there is no TIF model. Then we have to look at other funding models. That is why there has always been a discussion about financial devolution and what the Finance Commission wants.

**Navin Shah AM (Chair):** Thank you. That concludes our discussion on regeneration funds. On behalf of the Committee, I would like to thank all of our four guests for sparing your time and for the invaluable input that you have given to the Committee. If there is anything you would like to add, please feel free to write in. Once again, thank you for coming along today.