

GREATER LONDON AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD2229

Title: Croydon Growth Zone Delivery Programme

Executive Summary:

Under MD2024 (27 October 2016), the Mayor endorsed the creation of what is now known as the Croydon Growth Zone: an area designated by the Secretary of State which will allow the London Borough of Croydon to retain 50 per cent of the growth in business rate income locally for a period of up to 16 years, with an option for a 3-year extension if required, and ring fenced from any resets within the business rates retention system applied nationally. This will finance and repay the £309m of borrowing the London Borough of Croydon will be undertaking to finance its proposed contribution to the design and construction costs of the infrastructure investment required for redevelopment in the Croydon Opportunity Area. The GLA's share of business rates will go directly towards funding the critical infrastructure costs, resulting in the GLA forgoing an estimated 20 per cent of any growth flowing from the Growth Zone under the business rates retention scheme.

The Mayor delegated the agreement of the detailed terms of this commitment, and the associated legal and funding arrangements, in consultation with the London Borough of Croydon and the Ministry of Housing, Communities and Local Government, to the Executive Director of Development, Enterprise and Environment and the Executive Director of Resources, acting jointly or severally.

The Executive Director is requested to approve the Growth Zone Delivery Plan of 46 infrastructure projects, of which up to £309.9m of the costs will be funded from the Croydon Growth Zone, and Growth Zone expenditure of up to £4m for project activities in 2018-19.

Decision:

That the Executive Director of Resources approves:

1. the Croydon Growth Zone Delivery Plan of 46 infrastructure projects as set out in Appendix 1 of which up to £309.9m of the costs will be funded from the Croydon Growth Zone;
2. Croydon Growth Zone expenditure of up to £4m for project activities in 2018-19 as set out in this report.

AUTHORISING DIRECTOR

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: Martin Clarke

Position: Executive Director of Resources

Signature:



Date:

19.4.18

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

Town centre regeneration

- 1.1. The new draft London Plan defines Opportunity Areas as London's most significant locations with development capacity to accommodate new housing, commercial development and infrastructure (of all types), linked to existing or potential improvements in public transport connectivity and capacity. The strategic objective of the Croydon Growth Zone is to secure the delivery of a package of critical infrastructure projects to enable the next stage of the regeneration of the Croydon Opportunity Area (COA), thereby fulfilling its potential for housing and economic growth. The delivery of the critical infrastructure will build on the work already delivered as part of previous regeneration programmes for Croydon, in particular those elements which formed part of the 'Connected Croydon' integrated transport and public realm strategy, thereby encouraging mode shift towards walking and cycling and making the metropolitan centre a more people friendly, accessible and inclusive environment in line with the Mayor's Healthy Streets agenda.
- 1.2. The development by Croydon Limited Partnership, a joint venture between Hammerson PLC and the Westfield Corporation, of the Whitgift Shopping Centre is a key project that will provide a critical mass of new retail and commercial space that will generate significant uplift in business rates. A revised outline planning permission has been approved by the London Borough of Croydon (LB Croydon) in December 2018. These latest plans for the development continue to be a major mixed use, retail led regeneration of a large area of the town centre providing additional retail and leisure floorspace along with up to 1,000 residential units of mixed tenure, offices and community facilities.
- 1.3. Other approved key major applications within the Croydon Opportunity Area include One Lansdowne Road and Taberner House. Schemes which are either under consideration or in pre-application include Mondial House, College Green and the Royal Mail site. The Ruskin Square and Menta developments are already under construction.

Croydon Growth Zone model

- 1.4. Under MD2024, the Mayor endorsed the creation of the Croydon Growth Zone: an area designated by the Secretary of State for Housing, Communities and Local Government which will allow LB Croydon to retain 50 per cent of the growth in business rate income locally for a period of up to 16 years, with an option for a 3-year extension if required, and ring fenced from any resets within the business rates retention system applied nationally. This will finance and repay the £309m of borrowing the LB Croydon will be undertaking to finance its proposed contribution to the design and construction costs of the infrastructure investment required for the redevelopment in the Croydon Opportunity Area. The GLA's share of business rates will go directly towards funding the critical infrastructure costs, resulting in the GLA foregoing an estimated 20 per cent of any growth flowing from the Growth Zone under the business rates retention scheme.
- 1.5. The Government has established the Croydon Growth Zone, a designated area using the Secretary of State's powers under Schedule 7B of the Local Government Finance Act 1988. This designation permits LB Croydon to retain 50 per cent of the share of business rate uplift for at least 16 years from 1 April 2018 - ring fenced from any resets within the business rates retention system applied nationally - to support borrowing to deliver infrastructure to fulfil Croydon's potential for new homes and economic growth.

Growth Zone Delivery Plan

- 1.6. Following adoption of the Opportunity Area Planning Framework (OAPF) it was clear that a more detailed understanding of the infrastructure needs for growth was required. It also became apparent that there are opportunities to accelerate the regeneration of the Metropolitan Centre and deliver significantly more new homes and jobs than originally set out in the OAPF. LB Croydon have identified a minimum of 10,000 new homes and 23,500 jobs which would be directly influenced by the Growth Zone and its infrastructure.
- 1.7. In 2014 LB Croydon, the GLA and Transport for London (TfL) jointly commissioned a Development Infrastructure Funding Study for the COA to understand infrastructure requirements and costs. This study identified a long list of 92 infrastructure projects with a funding gap of £805m. LB Croydon undertook further work to prioritise the infrastructure projects, review cost information and assess delivery mechanisms. This exercise concluded in September 2015 with a consolidated list of 39 critical infrastructure projects with a value of £500m that have been agreed with the GLA, TfL and key developers in the area.
- 1.8. To ensure all projects contribute to good growth and can be delivered on time and within the estimated budget, LB Croydon appointed multi-disciplinary consultancy PBA in November 2016 to prepare a delivery plan for the Growth Zone. Outline business cases have been developed for each project and further liaison with stakeholders with the focus being on the next five years to align with major developments. The business cases include an assessment of the projects contribution to growth and business rate uplift in the COA.
- 1.9. During the process of developing the programme, a number of new project areas have been included which were not in the original list of 39 schemes. These are: Fiveways Junction, walking and cycling improvements, East Croydon station, Brighton Mainline Upgrade, transport corridor improvement schemes and the Smart Cities programme. Not all these require funding from the Growth Zone but are expected to have a positive effect on growth in the COA and therefore are included for completeness.
- 1.10. The Croydon Growth Zone Delivery Plan of 46 infrastructure projects with a total cost of £519.128m is shown in Appendix 1. The Croydon Growth Zone will be partly funded with a £309m borrowing facility which LB Croydon have entered into. The remaining funding comprises of £5m capital GLA funding towards the Dingwall Road Loop project as previously approved under MD1508 (10 August 2015), and other funding from TfL and LB Croydon capital funding, planning obligations and other third-party contributions to make up the remaining funding required.
- 1.11. The projects include those that mitigate against the impact of development and those that provide and enable growth. Many projects have a dependency on one another e.g. public realm projects would be implemented after utility works have been undertaken so the programme is subject to change, particularly for those where further feasibility and community engagement is yet to occur. Adjustments to the timescales will be managed by the programme team and reported regularly to the Steering Group which consists of LB Croydon, GLA and TfL officers and is jointly chaired by the LB Croydon Executive Director of Place and the GLA's Assistant Director for Regeneration. The Steering Group meets quarterly to monitor performance, coordinate activities across the programme and identify any delivery issues.
- 1.12. The Croydon Growth Zone Delivery Plan includes the funding required to support the delivery of the Public Infrastructure Measures (PIMs) associated with the Whitgift Centre development. An estimated £56 million from the Growth Zone is required to deliver 15 PIMs.

Growth Zone delivery in 2018-19

- 1.13. The financial model used to support the Croydon Growth Zone provides information on cash flow which dictates how much of the loan can be spent each year. The model reinforces the importance of the Whitgift redevelopment with regard to achieving business rate uplift and as such the loan cannot be drawn down until further progress is made with the development.
- 1.14. In 2018/19 a limit of £4million has been set which will be recharged to the LB Croydon loan once drawn down or from the £7m grant from central Government should the development not proceed. The £4million is recommended to be broken down as follows:

Workstream	Growth Zone funding 2018-19 (£000's)
Public Realm and Culture	1,200
Transport	1,000
Construction Logistics	400
Parking	400
Energy	50
Smart Cities	700
Social Infrastructure	250
Total	4,000

2. Objectives and expected outcomes

- 2.1. The strategic objective of the Croydon Growth Zone is to deliver the critical infrastructure projects to enable the next stage of the regeneration of the Croydon Opportunity Area thereby fulfilling its potential for housing and economic growth. This will deliver:
- 23,500 new jobs;
 - a further 5,000 jobs during the construction phase;
 - at least 10,000 new homes;
 - the wholesale redevelopment of the retail core ensuring the metropolitan centre as an attractive place to live, work and invest in.
- 2.2. The proposed activities for the Growth Zone in 2018-19 are organised in seven thematic workstreams and include the development of the following projects and initiatives:

Workstream	Project / initiative
Public Realm and Culture development and delivery of short, medium and long-term projects, improvements and programmes for the public spaces	<ul style="list-style-type: none">• Culture and meanwhile programme• Mid Croydon Masterplan components (design and early implementation)• High Street pedestrianisation
Transport development and delivery of tram, bus, rail, walking, cycling and highway	<ul style="list-style-type: none">• Trams: Dingwall Loop• Rail: West Croydon Station redevelopment• Fiveways• Walking & Cycling programme

schemes	<ul style="list-style-type: none"> • A232 Chepstow Road / Addiscombe Road • Brighton Rd/London Rd/Mitcham Rd corridors
Construction Logistics minimising the impact of the construction activity in the town centre and on adjoining roads	<ul style="list-style-type: none"> • Highways impact electronic monitoring and co-ordination systems • Utility Co-ordination • Travel demand management • HGV emission control and monitoring • HGV holding areas
Parking assessing current and future demand for parking and ensuring the provision of a balanced and accessible parking arrangement in the COA	<ul style="list-style-type: none"> • Comprehensive assessments of existing & potential Controlled Parking Zones • CPZ: digital mapping of TMOs
Energy development of a Croydon Metropolitan Centre District Energy scheme	<ul style="list-style-type: none"> • Development of business case and procurement approach
Smart Cities identifying opportunities to use technology and innovation in the delivery of the programme	<ul style="list-style-type: none"> • Digital connectivity • Open data platform • Internet of Things • CCTV • Smart mobility
Social Infrastructure Delivering longer term solutions to create a vibrant and sustainable community	<ul style="list-style-type: none"> • Education facilities • Health facilities • Community Space • Play space

3. Equality comments

- 3.1. Under section 149 of the Equality Act 2010 (the "Equality Act"), as a public authority, the GLA must have due regard to the need to eliminate unlawful discrimination, harassment and victimisation, and to advance equality of opportunity and foster good relations between people who share a relevant protected characteristic and those who do not. Relevant protected characteristics for section 149 comprise age, disability, gender re-assignment, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.
- 3.2. The designs for new developments and infrastructure should accommodate and reflect the needs of the existing community and those that will live in, work in and visit the Croydon Opportunity Area. This includes housing and public realm design for those with physical disabilities and mental health problems and older persons.

- 3.3. A key priority for the LB Croydon is to work with partners to make Croydon a stronger and fairer place for all its communities. Croydon's Opportunity and Fairness Plan 2016-20 outlines action to tackle inequalities such as educational attainment, health, homelessness, unemployment, crime and social isolation, particularly in the borough's six most deprived wards. It is expected that successful delivery of the Croydon Growth Zone proposals outlined in this report will create more opportunities for residents and contribute towards greater equality, fairness and better outcomes for all.
- 3.4. LB Croydon will initiate an Equalities Analysis, and this will be developed as the Growth Zone programme evolves and in particular as detailed feasibility work and detailed business cases are prepared. The assessment of equalities impact will be kept under review and where necessary action will be taken to mitigate any negative impact.
- 3.5. This decision is not expected to have any negative impact on persons with a protected characteristic under the Equality Act.

4. Other considerations

Key risks and issues

- 4.1. There is a risk that the quality of the delivered projects fails to meet the standard and integration required to deliver transformational change in the Metropolitan Centre. It is planned that officers from LB Croydon, GLA, TfL and key stakeholders will work collaboratively at project level to review all projects at key stages: feasibility/business case, concept design, detail design and during construction, and the scoping of briefs, procurement, design development and delivery phase. The GLA Regeneration team leads for the GLA on the implementation of the Croydon Growth Zone through a strategic, place-specific and collaborative approach that maintains a focus on outcomes, therefore ensuring that the GLA investment supports the overall vision for the Croydon Opportunity Area and represents value for money.
- 4.2. To provide further risk management and mitigation in the delivery of the critical infrastructure projects, LB Croydon will commission more detailed feasibility for each project. This will allow a thorough examination of all delivery issues, including risks, long-term revenue costs and whole life costing.

Links to Mayoral strategies and priorities

- 4.3. The Mayor has carried out a London-wide Strategic Housing Market Assessment (SHMA) and Strategic Housing Land Availability Assessment (SHLAA). The SHMA has identified need for 66,000 additional homes per year. The draft new London Plan identifies the Croydon metropolitan centre as an Opportunity Area, and the Croydon Growth Zone programme is intended to support the Mayor's commitment to realising the potential of the area.
- 4.4. The draft Mayor's Transport Strategy promotes the creation of streets and street networks that encourage walking, cycling and public transport use to unlock growth and reduce car dependency and the health problems it creates.
- 4.5. The Croydon Growth Zone programme supports the delivery of the Mayoral commitment to deliver good growth by:
- driving up home building by long-term planning for new and affordable homes tied in with new transport infrastructure;
 - prioritising the improvement of high streets, squares and public space across the city including outer London.

Impact assessments and consultations

- 4.6. This Croydon Growth Zone delivery programme builds upon the extensive consultation that was part of the OAPF preparation that set out the vision, policies and guidance for the Croydon Opportunity Area. LB Croydon worked in close partnership with the GLA and TfL in the preparation of the list of 46 critical infrastructure projects for the Croydon Growth Zone delivery programme, in consultation with the Ministry for Housing, Communities and Local Government (MHCLG). Additional consultation was undertaken with the GLA and MHCLG to agree the business rates baseline for the Croydon Growth Zone. Landowners, developers and other bodies including the NHS and Croydon University Hospital have also been consulted with to ensure the delivery programme aligns with their activities.
- 4.7. As further feasibility and business case work is undertaken for each of the critical infrastructure projects, specific project based consultation will be undertaken to ensure projects are prepared that are fit for purpose and integrate with partners' delivery plans and optimise funding arrangements. For each of the projects further statutory consultation will be undertaken through the planning and consent process.

5. Financial comments

- 5.1. This DD recommends that £4m be drawn down from the £309m borrowing facility LB Croydon have entered into to help finance the Growth Zone. The risk that this borrowing is not repaid from the business rates growth anticipated lies with the Borough, not the GLA.

6. Legal comments

- 6.1 Sections 1 to 4 of this report indicate that the decisions requested of the Executive Director (in accordance with the GLA's Contracts and Funding Code) concern the exercise of the GLA's general powers, falling within the GLA's statutory powers to do such things considered to further (or which are facilitative of, conducive or incidental to) the promotion of economic development, wealth creation, social development or the promotion of the improvement of the environment in Greater London; and in formulating the proposals in respect of which a decision is sought officers have complied with the GLA's related statutory duties to:
- pay due regard to the principle that there should be equality of opportunity for all people;
 - consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
 - consult with appropriate bodies.
- 6.2 In taking the decisions requested, the Executive Director must have due regard to the Public Sector Equality Duty; namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity between persons who share a relevant protected characteristic (race, disability, sex, age, sexual orientation, religion or belief, gender re-assignment, pregnancy and maternity) and those who do not share it, and to foster good relations between persons who share a relevant protected characteristic and persons who do not share it (section 149 of the Equality Act 2010). To this end, the Executive Director should have particular regard to section 3 (above) of this report.

7. Planned delivery approach and next steps

- 7.1. The Growth Zone has established governance arrangements in place. Each of the five themes noted in this report have a separate sub-group overseeing project development and delivery supported by a central programme management team.
- 7.2. In addition, a new sub-group will be formed comprising officers from LB Croydon, TfL and GLA to ensure delivery of the Public Infrastructure Measures associated with the Whitgift Centre development by dates set out in the planning consent.
- 7.3. The sub-groups report to a Steering Group joint chaired by the LB Croydon Executive Director of Place and the GLA's Assistant Director for Regeneration. A Board co-chaired by the Leader of the LB Croydon and the Deputy Mayor for Planning, Regeneration and Skills oversees the programme. The Steering Group will prioritise the infrastructure projects and ensure these are aligned with each other to deliver a cohesive package of works. The Steering Group will meet regularly to monitor project performance and identify any delivery issues early on.
- 7.4. MHCLG will be updated annually on delivery progress.

Activity	Timeline
Growth Zone business rate retention commences	April 2018
Delivery of first phase of infrastructure projects complete	2022
Delivery of infrastructure projects complete	2027
Growth Zone business rate retention assumed to end assuming an April 2018 start	2034

Appendices and supporting papers:

Appendix 1 – Croydon Growth Zone Baseline Programme

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Note: This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:**Is the publication of Part 1 of this approval to be deferred? NO**

If YES, for what reason:

Until what date: (a date is required if deferring)

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to
confirm the
following (✓)

Drafting officer:

Tim Rettler has drafted this report in accordance with GLA procedures and confirms that:

✓

Assistant Director/Head of Service:

Debbie Jackson has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Financial and Legal advice:

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

Corporate Investment Board:

The Corporate Investment Board reviewed this proposal on 16 April 2018.

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

M. D. Allen

Date

17.4.18

