

REQUEST FOR DIRECTOR DECISION – DD1226

Title: London Borough of Ealing - Dine in Southall

Executive Summary:

The purpose of this paper is to seek approval to release funds (£770,000) for the London Borough of Ealing's Dine in Southall project subsequent to MD895 and MD1092 and the decision of the Director of Development, Enterprise and Environment following Investment and Performance Board approval of the Stage 2 Investment Decision.

The Dine in Southall project seeks to revitalise a neglected area in Southall by bringing back Southall Manor House into active use by converting it into a multi-functional education space, delivering a training and employment programme addressing skills shortage in the hospitality sector in the wider area.

Decision:

That the director approves capital expenditure of up to £770,000 of Mayor's Regeneration Funding as a contribution to the London Borough of Ealing's costs of the delivery of its Dine in Southall project.

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: Fiona Fletcher-Smith

Position: Executive Director of Development, Enterprise and Environment

Signature:

Date: 30 July 2014

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1 Following the public order disturbances in August 2011, the Mayor announced a fund of £70m to invest in the long term regeneration of some of the worst affected boroughs. MD895 and MD1092 approve the overall Mayor's Regeneration Fund (MRF) programme budget of £70m and give delegated authority on the detailed allocation of the programme budget, individual project budgets and any further resources required to the Director for Development, Enterprise and Environment.
- 1.2 London Borough of Ealing ("the Council") was identified as a recipient of Mayor's Regeneration Fund (MRF) funding on the basis of the level of damage and impact on businesses in the local area, and were invited alongside the other boroughs to submit a Mayor's Regeneration Fund (MRF) proposal which would be prioritised on the basis of deliverability, value for money and contribution to economic growth.
- 1.3 DD968 approved the award of MRF grant funding of up to £3.5m capital funding to the Council as a contribution to the costs of the delivery of its Shaping Southall project, which centres on a major programme of work to revitalise Southall's high streets. This project is in delivery.
- 1.4 The Dine in Southall (DISH) project is the second element put forward by the Council to the Mayor's Regeneration Fund. The Regeneration Investment Group (RIG) on 6 June 2012 gave approval for capital funding of up to £755,000 for the project, funded from the Mayor's Regeneration Fund (MRF), subject to the findings of a feasibility study. DD1017 approved the expenditure of up to £95,000 on the commissioning of services required to undertake a detailed feasibility study and develop a business model for the project, of which £79,680 has been committed.
- 1.5 The DISH project seeks to address the identified skills shortage in the local economy and improve the quality and relevance of Southall as a destination for visitors. It is proposed that the DISH project is delivered at Southall Manor House, a grade II* listed building in a deprived part of the borough. Discussions with the Council and partners in Higher Education and Further Education indicate that a 'finishing school' could form the basis for an integrated project for catering, hospitality and management students to widen their skills and put theory into practice. This offer would be complemented with a programme of commercial, training and community support including event, training and meeting space for hire and facilities and services to support local business growth – e.g. accredited training, business incubator space, pop-up test trading and potentially food growing in the Manor House grounds. The detailed feasibility study has confirmed the viability of placing the DISH project in Southall Manor House.
- 1.6 The DISH project will include capital works to fit out of the Manor House and construct a new-build kitchen/dining wing to the rear, serving the finishing restaurant while unlocking the public-facing historic kitchen wing to community-run educational and enterprise support activities, such as a café for test-traders and a demonstration kitchen. It is planned that the multi-functional space will also be used for events and banqueting to generate additional revenue streams.
- 1.7 The proposed package of activities has been developed in consultation with key stakeholders including Ealing Council, the University of West London, Ealing Hammersmith and West London College and local businesses, with the aim to situate the project as an aspirational and inspiring facility capable of growing local capacities and skills, and broadening career pathways.

2. Objectives and expected outcomes

2.1 The investment will support economic development in Southall and maximise training and employment opportunities in the hospitality sector. In particular it will have the following impact:

- 690 sq. metres of floor space for commercial, educational and community use;
- Up to 25 new jobs created;
- Up to 48 apprenticeships starts;
- Improved perceptions of Southall as a place to live, work and invest in.

3. Equality comments

3.1 Through their existing public sector duties and via the requirements which will be set out in the funding agreement, the Council must ensure that they give due regard to the requirements of the Public Sector Equality Duty: eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out this project.

3.2 The above outlined project activities will take place in a location that is accessible and can be used by a diverse representation of Londoners. Access requirements have been incorporated in the concept proposals for the Manor House refurbishment and extension and will form part of the brief for the detail design and delivery stages. The Council will be required to monitor the project against the equality duty.

4. Other considerations

a) Key risks and issues

| | Risk description | Mitigation / Risk response | Current probability (1-4) | Current impact (1-4) | RAG rating | GLA risk owner |
|---|--|--|---------------------------|----------------------|------------|----------------|
| 1 | Lack of sufficient public support, including from the local business community | The Southall Big Plan has established channels for Ealing Council, the Local Strategic Partnership and the GLA to engage with the community and key stakeholders. It is planned to involve key stakeholders in the detailed development of the project and in the future management of the facilities themselves. This should ensure that the local community take active ownership over the process and will see the works as a co-produced intervention. | 2 | 2 | Green | TR |
| 2 | Costs exceed the total funding available | A detailed feasibility study has been commissioned to establish capital costs. Tight financial controls will be applied during the delivery phase and contingency allowances have been built into the cost plan. The Council has identified potential additional sources of funding. | 2 | 3 | Amber | TR |
| 3 | Delivery is delayed and/or of poor quality | A phased approach to the capital works at Southall Manor House will be sought to enable early delivery of outputs. Engagement with the planning department and English Heritage will be sought early | 2 | 3 | Amber | TR |

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|----------|---|--|----------|----------|--------------|-----------|
| | | on to ensure the designs are fully compliant and sympathetic to the build context. The detailed proposals will be subject to review by the Mayor's Design Advisory Group. Quality of works will be monitored frequently by Council staff with contract measures in place to ensure delivery to high quality standards. | | | | |
| 4 | Failure to generate sufficient revenue for project to be self-sustainable | Feasibility work has been undertaken to estimate revenue streams and ongoing running costs of DISH at the Manor House. Engagement with businesses will continue to ensure a commercially viable solution. | 2 | 3 | Amber | TR |

- 4.1 The project will be delivered by the Council. As with all GLA grants, payments will be made on the basis of completed milestones and activities therefore funding will only be released on completion of agreed activities. Any project overspend will be the responsibility of the Council, not the GLA. Any underspend against the grant agreement outputs will be reclaimed from the Council. The project team will seek to find solutions to any issues or delays which arise during delivery.
- 4.2 The project will establish a social enterprise company (or similar not for profit vehicle) to operate and manage the destination restaurant and any events, products and services delivered from the Southall Manor House site. This company will operate on a commercial basis vehicle covering the costs of running the restaurant through sales to customers. Any surplus revenue (profit) generated will be re-invested in the business and used to support training and employment services. The most suitable arrangements for the 'company vehicle' and its governance will be developed as part of the business planning process over the next 6 months. Public sector partners, including the Council, will retain appropriate levels of influence and control over the company, but the company will have sufficient freedoms to allow it to trade, develop and be entrepreneurial.
- 4.3 The project aims to secure additional resources from sponsorship (e.g. industry sponsors and suppliers benefiting from an association with the project), funding streams secured by other key strategic and delivery partners, and the Council, and private sector investment from key businesses involved in delivering the project.
- 4.4 The grant agreement will define clear and unambiguous project objectives in relation to the creation of jobs and apprenticeships. It is proposed to monitor the creation of new jobs and apprenticeships over a period of two years from the opening of the DISH project at Southall Manor House to ensure the project targets are met after completion of the capital works. The project will be closed down once all milestones have been achieved and an evaluation has been completed.

b) Links to Mayoral strategies and priorities

- 4.5 The project will support the manifesto commitment to regenerate town centres and drive investment. The project will also support the objectives set out in the Mayor's 2020 Vision and the Mayor's Economic Development Strategy to create new jobs in the Southall Opportunity Area.

c) Impact assessments and consultations

- 4.6 As part of the wider programme of regeneration activities, Ealing's Local Strategic Partnership (LSP) have supported a major process of consultation and engagement, entitled the Southall Big Conversation. This Big Conversation provides a single process of engagement across the different projects underway in Southall. This process builds on previous work with partners to engage the community, businesses and stakeholders in identifying the issues and priorities for the town centre.

- 4.7 Consultation of the local community and partners in Higher and Further Education confirmed a broad support of the Dine in Southall concept in the Manor House. To date, business engagement has been through the Council's Economic Regeneration team and via Ward Members. Business consultation will continue to take place through the Southall Big Conversation process. There is interest from leading local businesses to become involved with the project.
- 4.8 Through the Southall Big Conversation process it is intended to continue to engage with the local community and restaurants, caterers and other hospitality sector businesses. The project aims to act as a catalyst to develop the quality and viability of the whole sector. As part of the project development it is planned to establish a 'restaurant business group' to be a mechanism for engagement, representation and wider involvement of businesses in the project.
- 4.9 In addition, the Southall Big Plan Programme Board provides an overall strategic steer toward the delivery of new jobs and homes and includes the Council, GLA, Transport for London, Crossrail and Network Rail. Regular reporting to the board will ensure that the project objectives are fully aligned with the strategic aims and coordinated with all other activities in the area.
- 4.10 The DISH project will also build upon best practice and lessons learnt from other similar projects and the growing body of work on developing the 'curry college' concept as promoted by DCLG. One example is the Hoxton Apprentice. Training for Life, one of the co-founders of the Hoxton Apprentice is part of the Southall Big Conversation team and the Council has ready access to this live example of a training led commercial restaurant.

5. Financial comments

- 5.1 Approval is being sought to grant fund up to £770,000 to the London Borough of Ealing in 2014/15 as a contribution to its costs of delivering the Dine in Southall project (to be governed by funding agreement).
- 5.2 The capital cost of up to £770,000 will be funded from the Mayors Regeneration Fund (MRF) as follows :
- | | |
|-----------|----------|
| • revenue | £15,000 |
| • capital | £755,000 |
- 5.3 DD1017 approved up to £95,000 MRF revenue spend on a feasibility study for this project, of which £41,225 has been spent in 2013/14. It is proposed that £15,000 of the revenue underspend is used to fund the capital grant, which will increase the overall over-commitment of revenue expenditure within MRF.
- 5.4 The proposed funding of £770,000 will be match-funded by £330,000 from LB Ealing.
- 5.5 All requisite budget adjustments will be made.
- 5.6 As the proposed funding above is to be governed via funding agreement, officers are reminded to ensure that they liaise with both the Legal and Finance Teams in the preparation and execution of the funding agreements. In addition, the monitoring of the funding and associated payments must be line with the Authority's Funding Agreement Toolkit. Officers will be responsible for assessing LB Ealing's grant claims against the funding agreement and taking any remedial action should output and costs vary from the agreement. The funding agreement should clearly state milestones to be met in order to claim funding.

Officers should also ensure that the requirements relating to the Authority's Contracts and Funding Code are met.

- 5.7 Any changes to this proposal must be subject to further approval via the Authority's decision-making process.
- 5.8 The Regeneration Team within the Development, Enterprise and Environment Directorate will be responsible for managing this project and associated funding agreement.

6. Legal comments

- 6.1 The foregoing sections of this report indicate that:
 - 6.1.1 the decisions requested of the Director fall within the statutory powers, acting on behalf of the Authority (pursuant to her delegated authority granted under MD895), to promote economic development and wealth creation, to promote social development, to promote the improvement of the environment, and/or to do anything which is facilitative of or conducive or incidental to the promotion of those purposes, in Greater London; and
 - 6.1.2 in formulating the proposals in respect of which a decision is sought officers have complied with the Authority's related statutory duties to:
 - (a) pay due regard to the principle that there should be equality of opportunity for all people;
 - (b) 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
 - (c) consult with appropriate bodies.
- 6.2 The Director (having delegated authority via MD895 pursuant to section 38 of the Greater London Authority Act 1999) may approve the proposed award of grant funding and entry into corresponding funding agreements if satisfied with the content of this report.
- 6.3 Officers have indicated in sections 1 to 4 of this report that the contribution of funding to the London Borough of Ealing will amount to the provision of funding and not a payment for services rendered and must ensure therefore that:
 - 6.3.1 Authority Funding is disbursed fairly, transparently, and which are considered to afford value for money;
 - 6.3.2 Authority funding is not used for any activities or overheads incurred in respect of activities for which any recipients charge and a clear operational limit is placed on their use of funds for the administration of the project in this regard;
 - 6.3.3 the London Borough of Ealing are required to have a separate account for the receipt and use of Authority funding, or if this is not possible, that they show the funding and related expenditure as a restricted fund in their accounts under a clear identifier, e.g. "MRF Funding"; and
 - 6.3.4 any award by the London Borough of Ealing of funding to sub-recipients (if permitted) under the funded projects are made in accordance with EU "de minimis" principles; and

- 6.3.5 an appropriate funding agreement is put in place and executed by the London Borough of Ealing and Authority before any commitment is made to the grant of funding.

7. Planned delivery approach and next steps

The project will commence in Q1 of 2014-15 and complete in Q3 of 2015-16. The project has been designed so that MRF funding would be utilised by the end of Q4 of 2014-15, and match funding for the remaining project period.

| Activity | Timeline |
|--|-------------------|
| Entry into funding agreement with LB Ealing | June 2014 |
| Delivery Start Date | June 2014 |
| Completion of capital works and opening of DISH at the Manor House | September 2015 |
| Monitoring of jobs and apprenticeships outputs | September 2015-17 |
| Evaluation and project closure | December 2017 |

Appendices and supporting papers:

Stage 1: Strategic Case – Mayor’s Regeneration Fund – Dine in Southall

Stage 2: Investment Decision – Mayor’s Regeneration Fund – Dine in Southall

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.

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

Date