

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD895

**Title: Regeneration Interventions Post Riots – Funding streams, Delegations and Governance Proposals**

### Executive Summary:

This MD provides background and updates on the work being undertaken to progress regeneration interventions post the public disorder in August 2011, and to clarify the funding streams for the different interventions. It sets out decisions on how the funding will be managed and proposals for delegations to ensure economic benefit is maximised, and outcomes are achieved as quickly as possible.

### Decision:

- To approve the funding streams for the post riots regeneration interventions
- To approve the overall programme budget of £70m
- To approve the initial resourcing plan, with posts in place for 12 months or less
- To delegate decisions on the detailed allocation of the programme budget, approval for individual projects, and any further resources required to the Director of Development and Environment, following advice from the Regeneration Investment Group
- To note the proposed governance arrangements
- To authorise the Executive Director of Resources to make all necessary budget adjustments associated with the application and management of the London Enterprise Fund and Rebuilding London Fund
- To approve the removal of the (£105,000) limit on programme related expenditure set in MD 840 on the Outer London Fund (OLF), in order to support the links between the OLF and the post riots work, and for decisions on this expenditure to be delegated to the Director of Development and Environment.
- To note the changes in programme responsibilities to support the links between the OLF and the post riots work, and to accordingly change the delegations in MD840 from the Executive Director – Housing and Regeneration to the Executive Director of Development and Environment.

### Mayor of London

The above request has my approval.

Signature



Date

21/10/11

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR**

### **Decision required – supporting report**

#### **1. Introduction and background**

- a) Unprecedented levels of public disorder in a range of locations across London have prompted the release of significant regeneration funds and highlighted the need to develop a targeted multi-agency approach to physical regeneration. The Mayor has written to the boroughs announcing funds of up to £70m, from a combination of GLA and Government funding, stating that the GLA will prioritise those areas worst affected by the riots.
- b) The £70m funding has been made available by £20m of DCLG funding, the London Enterprise Fund, which is ring-fenced for Tottenham and Croydon and £50m from the GLA, the Mayor's Regeneration Fund. The £50m Mayor's Regeneration Fund is funded from a number of different sources, including prudential borrowing. The detailed breakdown and phasing of this funding is provided, for approval, in the financial comments section below. The funds will be available over the years 2011/12; 2012/13 and 2013/14.
- c) Work has already been carried out to prioritise the boroughs and areas in need of support. Analysis was carried out to identify the areas both most effected by the riots and which the highest growth potential from investment. The Regeneration Investment Group (RIG) has agreed this analysis and prioritisation (12<sup>th</sup> September 2011). Discussions and early planning meetings have already taken place with these boroughs in order to start receiving plans and proposals for interventions.
- d) The next phase, once initial proposals have been received, is to carry out economic impact assessments in order to assess the economic benefit of individual projects, and to make investment decisions accordingly.

#### **Governance – GLA**

- e) RIG will be the key governance body, and will make the decisions in principle on funding and investment decisions individual projects. It will also receive performance reports on the projects on an on going basis. Any decisions made and issues of importance will be reported to the Investment Programme Management Board (IPB) as part of the regular GLA reporting cycle.
- f) It is proposed that the formalised decision making on all expenditure is delegated to the Director of Development and Environment, Fiona Fletcher-Smith. Decisions will be formalised via director decision forms.
- g) RIG will be informed by the post riot recovery and investment programme and central steering group. This is led by Sir Peter Rogers, Mayoral Advisor. This Steering Group will include the involvement, assistance and challenge of one or more senior business champions to provide a commercial overview of emerging propositions in terms of attractiveness for business and investment in the area; to provide external credibility to investors that propositions are workable and supported by the locality; to provide external networks and contacts to exploit the opportunities created in the areas; and to act as a figurehead in these areas to raise the profile in terms of the regeneration and rebuilding activities that will happen over the coming years.
- h) The steering group will provide guidance and advice on: project funding; delivery plans with boroughs; regular performance reports; and alterations to already agreed delivery plans.
- i) These processes will be supported by a central team of officers, combining the Economic and Business Policy and Capital Projects and Design teams, lead by Fiona Fletcher Smith. The central team will also include Planning, TfL, communications and HCA support. An officer team will also be in place for Tottenham, Croydon and the other priority boroughs. They will have named lead officers

and will bring together a seconded team of officers with the appropriate levels of skills and knowledge appropriate to the nature of the delivery programme in each area. The central team will also include project management and finance resources.

### **Governance – Borough Level**

- j) In order to ensure that plans and interventions are developed with local people and local business as well as local councils, it is proposed that in each key borough (Haringey, Enfield, Croydon, Southwark, Ealing, Lewisham), a Riot Recovery and Investment Steering Group will be established under the chairmanship of the Borough Leader.
- k) The group will bring together local business representation, community representatives from the Local Strategic Partnership, the borough Chief Executive and / or Director of Regeneration; the GLA will be represented by the Executive Director of Development and Environment. Depending on the emerging priorities, a specialist from a transport body, a housing provider or a particular commercial sector may be appropriate.
- l) The Executive Director will feedback to the Central Steering Group chaired by Sir Peter and the Regeneration Investment Group and periodic meetings will be held between the Mayoral Advisors, Leader of the Council, Chief Executive to review and update progress.
- m) The purpose of this group will be to agree a proposition and delivery plan, through the establishment of inclusive and challenging (using the support of the major business figure) processes that will sense check and ensure local buy-in to delivery; resource delivery, in collaboration with the GLA; ensuring delivery, influencing local agendas and removing local blockages, flagging up strategic or other wider blockages to the GLA group.
- n) The Borough group will also be charged with ensuring ongoing and meaningful engagement with local residents and businesses, ensuring that the delivery plan is linked into other initiatives within the borough, maximising the impact of the investment.

### **Links to the Outer London Fund**

- o) On 28 March 2011, the Mayor announced the Outer London Fund. The objective of this fund is to strengthen the vibrancy and boost economic activity on London's often struggling high streets and their environs, ranging from local parades of shops to major town centres.
- p) To ensure that resources were available for early delivery the Mayor has already approved (under MD 840) the OLF programme and mechanics of its operation; procurement of specialist advisory services required for the programme (up to £105K); and delegated authority to the Executive Director to approve related matters including award of grant funding under the scheme and use of programme funds to support the delivery of the initiative.
- q) It is intended to consider Round Two of the OLF alongside the London Recovery Fund and the Enterprise Funds as part of the evolving regeneration strategy for London, and to ensure that we make the best use of the various funds available to us. As part of this, we are encouraging boroughs to submit bids to us through a number of routes and we will advise them if another fund is more appropriate. We may, therefore, receive a number of additional bids.
- r) As such, and following a recent consultation with the boroughs it is also now planned to use more of the funding to help support applicants and for the development of bids. This will also ensure the bids we receive have a good business case and we can quickly assess them to ensure we chose the projects which will provide the maximum benefits,

- s) In order for OLF funds to be utilised in this way this MD seeks the removal of the (£105,000) limit on programme related expenditure set in MD 840 and for this expenditure to be at the discretion of the Executive Director. It is proposed that up to £200,000 will be spent on programme expenditure, and that this will be carefully monitored and kept to a minimum by the Executive Director.
- t) In addition, in order to support the links between the OLF and the post riots work, the programme responsibilities for the Outer London Fund are being taken on a day to day basis by the Executive Director of Development and Environment. As such it is proposed that the delegations agreed in MD840 are amended from the Executive Director – Housing and Regeneration to the Executive Director of Development and Environment.

## **Resourcing plan**

- u) It is important that the interventions already being discussed are implemented quickly and effectively, but they also need to be managed carefully to ensure they deliver the maximum benefits. As such, additional resources are required to manage the programme. These are required both centrally to manage the overall programme and embedded in the boroughs to ensure effective delivery. It is proposed that these resources are required for 12 months at the maximum, in order to ensure the projects are set up properly and the boroughs are given the initial resources and support required to ensure they are a success.
- v) The total cost for resources is proposed as c.£550,000. The structure of this is detailed in appendix A below. It is proposed that this cost is funded from the £20m London Enterprise Fund where costs relate to Croydon and Totttenham, and the remaining from the £50m Rebuilding London fund.
- w) In addition, it is proposed that the £70m is top-sliced by £150,000 in order to fund any specialist support required (e.g. for consultancy to carry out a parking study for Croydon), and to support engagement and consultation events in boroughs and the GLA's communications strategy. The actual costs for resourcing will be approved via the governance arrangements detailed above, and charged to the appropriate fund dependent on which borough it is supporting.

## **2. Issues for consideration**

### **a) Links to strategies and Strategic Plan**

The proposed programme is not mentioned in the strategic plan directly, as it is a response to the unforeseen exceptional incidents of August 2011. However, the programme overall, and the individual projects currently being scoped link closely to 3 of the Mayor's priority themes: improving Londoners' quality of life; investing in young Londoners; and making London safer. Individual projects will be subject to a business case which will show the links to strategy and highlight the benefits for London and Londoners.

### **b) Impact assessments and Consultation**

A number of in depth consultation meetings have been held with the priority boroughs in order to identify potential opportunities and to highlight levels of support and interest in various proposals. All effected boroughs will be visited over the next few weeks to explain the process and to discuss opportunities. As part of the overall programme, governance arrangements (see above) are being put in place to ensure consultation and engagement with local businesses and communities. Individual projects will carry out their own impact assessments and consultations as required, which will form part of the investment decisions. Officers advise that further consultation about the decisions the Mayor is asked to make with stakeholders and the public is not necessary.

c) Risk

The programme has its own risk register, and the key issues are highlighted below. Key risks and their control measures will be reported to RIG and the steering group as part of the regular updates and performance management

5	The investment does not produce effective outcomes and return on investment leading to complaints of ineffective spending of public monies	Medium	High	Red	Detailed economic impact assessments carried out by GLA Economics as part of investment decisions. Robust performance management, reported to RIG for scrutiny
6	Resources not available in boroughs to deliver the projects effectively, leading to delays in delivery, and potentially issues with funding, and therefore delays in benefits being realised	High	High	Red	GLA providing resources to sit in borough teams to enable delivery is successful. Central management by the GLA to highlight and resolve issues early.

In addition, each individual project will have its own risk register, which will be reported to RIG and the steering group as part of regular performance management.

### 3. Financial Comments

As noted above, the funding for this programme is coming from two sources. £20m is a grant from government, via DCLG, and the remaining £50m is being funded directly by the GLA. The expected expenditure profile is set out in the table below:

	2011-12	2012-13	2013-14	Total
	£	£	£	£
London Enterprise Fund	10	5	5	20
Rebuilding London Fund	-	25	25	50
<b>Total</b>	<b>10</b>	<b>30</b>	<b>30</b>	<b>70</b>

It is expected that the London Enterprise Fund grant will be able to support both capital and revenue expenditure as necessary.

The Rebuilding London Fund will be mostly capital expenditure and the present financial planning assumptions are that the £50m will be financed by:

- (i) prudential borrowing by the GLA of £46.2m;
- (ii) optimising capital financing decisions between the LDA and GLA, saving £2.8m in 2011-12; and
- (iii) an anticipated underspend by the GLA of £1m in 2011-12.

The financing costs arising from the proposed prudential borrowing are estimated to be £4.07 million on an on-going basis. However, the management of debt for the Rebuilding London Fund will be combined with that for the Outer London Fund to optimise funding decisions within the GLA's contingency provision for prudential borrowing. Borough Chief Finance Officers will be required to certify that expenditure charged to capital is in accordance with regulation and proper practice and how this will be reflected in their own accounts. The funding strategy and budget implications will be kept under review as the projects and programmes are developed, and therefore may be subject to change.

There are additional staffing costs of approximately £550,000 on the basis that this staff resource is required for a period of 12 months. It is expected that £415,000 of this cost will be funded from the

London Enterprise Fund since these relate to Croydon and Tottenham and £134,000 from the revenue element of the Rebuilding London Fund. The £150,000 revenue top slice required for any specialist support will be funded as relevant from each fund e.g a parking study for Croydon would be funded from the London Enterprise Fund. The profile of this revenue expenditure is to be determined, but will be split between 2011-12 and 2012-13.

Additional financial, legal and procurement resources may be required to support this work. Any additional staffing and its budgetary impact will be subject to the necessary approval process.

All necessary budget adjustments will be made.

#### **4. Legal Comments**

Under section 30 of the GLA Act 1999 the Mayor may do anything that promotes the economic development and wealth creation in, and social and environmental improvement of, Greater London. The activities set out above to be funded by the GLA fall within this power. (It should be noted that until the Localism Bill becomes law the GLA is precluded by section 31 from incurring expenditure on matters such as housing, and social services, educational services and health services.) Before exercising the power under section 30 the Mayor must consider whether further consultation with potential stakeholders described in section 32(3)<sup>1</sup> is appropriate. Officers advise that such consultation is not necessary.

The Mayor is able to delegate to members of GLA staff under section 38 of the GLA Act.

#### **5. Background/supporting papers**

Appendix A – Resourcing Plan

Supporting paper – Paper to RIG – “Regeneration Interventions Post Riots”, September 12 2011

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<sup>1</sup> Section 32(3) covers voluntary bodies, those representing the interests of different racial, ethnic or national groups, those representing the interests of different religious groups, and bodies representing the interests of persons carrying on business in Greater London.

## Appendix A – Regeneration Interventions Post Riots Resourcing Proposals

### Central Team

This team will bring together the leads for each of the area based teams, together with members of the LDA's Capital Projects and Design and Land and Development teams, the GLA teams (Economic Development and Business Unit, Intelligence, Planning and Communications) and officers from Transport for London and the Homes and Communities Agency, as required. It's important to stress that this is a Project Team and while there will be some full time members who will work to the Lead Director, resources will also be pulled in from existing teams on an as-needed basis. A suggested approach to the Area Teams is outlined below; this will evolve as the needs of each area become clear.

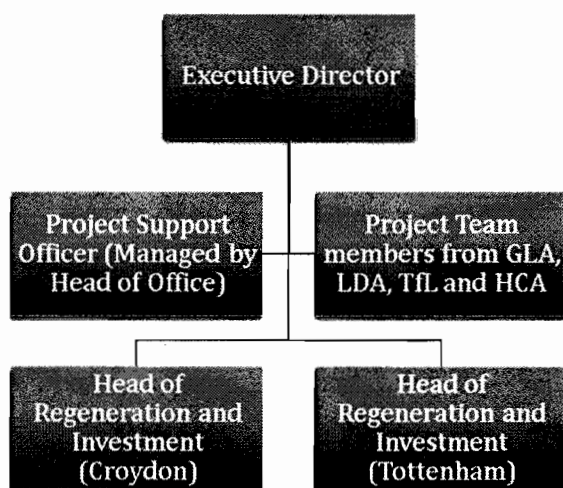
The structure of these teams will need to be reviewed as the LDA staff and projects are transferred to the GLA and the future of regeneration and housing functions becomes clear over the coming months.

The Team will be lead by the Executive Director of Development and Environment and will have the following initial membership:

Fiona Fletcher Smith: Lead Director, GLA  
Debbie Jackson: Director of Capital Projects & Design, LDA  
Mark Klienman: Assistant Director, EDBU, GLA  
Andrew Collinge: Assistant Director Intelligence  
Comms Officer : (To be nominated)  
Head of Regeneration and Investment (Croydon): (To be recruited)  
Head of Regeneration and Investment (Tottenham): (To be recruited)  
Project Support Officer: (To be recruited)  
Finance Officer: (To be nominated)

GLA Economics, LDA Land and Property, Legal and Procurement expertise other resources may be used by or join the team, as required.

### Structure for Central Team



### Croydon

Working very closely with the Borough officers, this team will be responsible for the development of a Delivery Plan of projects for the Croydon Town Centre area that focus on rebuilding Croydon as a retail centre.

The Head of Regeneration and Investment will also sit as part of the Central team, agreeing priorities, reporting progress and issues and ensuring good relationships with the Borough, local businesses, investors and the wider community.

The team will initially consist of:

Head of Regeneration and Investment	(To be recruited)
Snr Project Officer x 2	(To be recruited)
Planning Officer	Mike Mulhern, GLA
TfL Officer	Colin Mann, TfL
EBDU Officer	(To be nominated)
Design for London Officer	(To be nominated)
Economist (6 months)	(To be recruited)
Project Support Officer	(To be recruited)

Transport for London and the Assistant Director of Planning at the GLA will retain line management for both Mick and Colin but, in relation to the day to day working of the project, they will be answerable to the Head of Regeneration and Investment. There will be recognition in both organisations that the work of this team will take priority.

### **Tottenham**

Working closely with the both Haringey and Enfield, the team will be responsible for the development and delivery of a programme of projects to regenerate Tottenham, focusing on work with Tottenham Hotspurs football club to redevelop the Northumberland Park and High Road areas, with Waltham Forest to deliver transport infrastructure projects to support regeneration in the area.

The Head of Regeneration and Investment will also sit as part of the Central team, agreeing priorities, reporting progress and issues and ensuring good relationships with the Borough, local businesses, investors and the wider community.

Head of Regeneration and Investment	(To be recruited)
Snr Project Officer x 2	(To be recruited)
Planning Officer	Kim Hoffman, GLA
TfL Officer	(To be nominated), TfL
HCA officer	(To be nominated)
Design for London Officer	(To be nominated)
EDBSU Officer	(To be nominated)
Project Support Officer	(To be recruited)

Transport for London and the Assistant Director of Planning at the GLA will retain line management for both their respective officers, but in relation to the day to day working of the project they will be answerable to the Lead Officer. There will be a recognition in both organisations that the work of this Taskforce will take priority.

### **Other Boroughs**

A number of other boroughs have been affected by the riots and are in discussions with the GLA about support they need to build economic growth and development in their areas.

Additional resource will need to be added to both the Croydon and Tottenham teams to allow them to also support the work of other boroughs. The proposal is that one senior project officer supports the work of other boroughs. It is proposed that the Croydon and Tottenham teams are bolstered rather than new teams created in order to make the most efficient use of resource, and to maintain synergies where proposals are being looked at across boundaries or are adjacent.

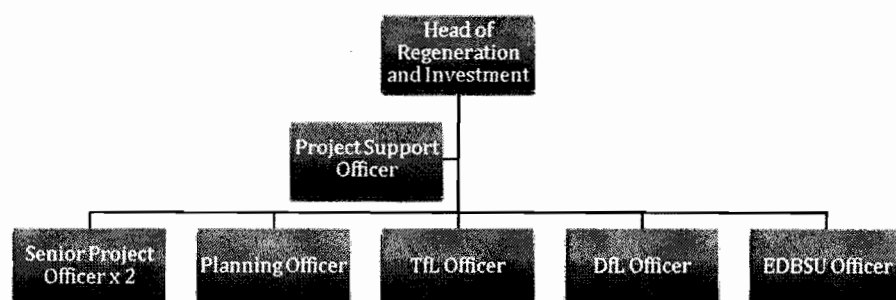


This team will focus on projects funded from the £50m Fund but will need to maintain a close relationship for the Outer London Fund team which resides within Design for London as there will be some inevitable interchangeability between the Funds.

This work will require an additional resource as follows:

Snr Project Officer x2	(To be recruited – part of the teams noted above for Croydon and Tottenham)
TfL Officer	(To be nominated)
Planning Officer	(To be nominated)
Design for London Officer	(To be nominated)

#### Area Team Structure:



#### Budget

It is assumed that the cost of new team members will be paid for from either the £20m London Enterprise Fund (where the work is specifically to support Tottenham and Croydon) and the remainder from the £50m Enterprise and Growth Fund. Salary grades and costs for the officers to be recruited are assumed to be as follows:

Role	Grade	Cost exc oncosts*	Cost inc oncosts**	Number	Total
Lead Officer	13	£76,000	£96,000	2	£192,000
Snr Project Officer	8	£41,945	£52,400	4	£209,600
Project Support Officer	6	£31,621	£39,500	3	£118,500
Economist (6 months)	9	£23,230	£29,000	1	£29,000
<b>Total</b>					<b>£549,100</b>

\* mid-point of grade, not including on-costs

\*\* mid-point of grade, including of on-costs

However, as secondments will be sought from other organisations, it will be assumed that officers will retain the current salary levels of their home organisation. A final budget forecast cannot be finalised until recruitment has been completed but the overall budget is likely to be in the region of £550,000 (see above).

In addition to staffing, there will need to ensure a top-slicing of the budget to allow for additional consultancy and / or specialist support (for example, to carry out a parking study for Croydon and to assist the economic evaluation of the ideas coming forward). This is likely to be in the region of £100k. A figure of £25k will also be set aside to support engagement and consultation events in boroughs and £25k to fund our communications strategy.

**Public access to information**

Information in this form is subject to the Freedom of Information Act 2000 (FOI Act) and other legislation. Part 1 of this form will be made available on the GLA website within 1 working day of approval. Any facts and advice that should not be made automatically available on request should not be included in Part 1 but instead on the separate Part 2 form. Deferment is only applicable where release before that date would compromise the implementation of the decision being approved.

Is the publication of this approval to be deferred? NO

If yes, for what reason:

Until what date:

Is there a part 2 form - NO

**ORIGINATING OFFICER DECLARATION:**

*Tick to indicate  
approval (✓)*

**Sponsoring Director:**

Fiona Fletcher Smith has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

**Mayoral Advisor:**

Peter Rogers has been consulted about the proposal and agrees the recommendations.

✓

**Legal Advice:**

The Public Law team have commented on this proposal.

✓

**Financial Advice:**

The link accountant for Development and Environment has commented on this proposal on behalf of the Assistant Director of GLA Finance.

✓

**OFFICER APPROVAL****Executive Director, Resources**

I have been consulted about the proposal and confirm that financial and legal advice have been taken into account in the preparation of this report.

Signature

*M. J. Allen*

Date

*13.12.11*

**Chief of Staff**

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

*E. H. I.*

Date

*16 / 10 / 2011*