

REQUEST FOR MAYORAL DECISION – MD1092

Title: Mayor's Regeneration Fund Programme

Executive Summary:

This MD updates MD 895 which established the Mayor's Regeneration Fund (MRF) Programme. It updates the funding period for the programme, governance arrangements and decision making structures. It also provides an overview of the decision making process on project variations.

Decision:

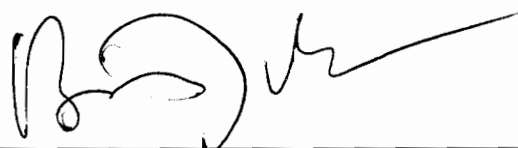
- To approve the revised funding profile of the Mayor's Regeneration Fund Programme up to a value of £70m from 2011/12 to 2015/16
- To delegate decisions on the allocation of the programme budget, approval for individual projects, entry into funding agreements, variations to projects and any further resources required within the above funding period to the Director of Development and Environment following advice from the Investment & Performance Board and Mayor's Regeneration Fund Programme Board as appropriate
- To delegate decisions on funding up to and including 2016/17 to the Director of Development and Environment following advice from the Investment and Performance Board.

Mayor of London

I confirm that I do not have any Disclosable Pecuniary Interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature



Date

14. 11. 12

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

Decision required – supporting report

1. Introduction and background

Unprecedented levels of public disorder in a range of locations across London in August 2011 prompted the subsequent release of significant regeneration funds and highlighted the need to develop a targeted multi-agency approach to physical regeneration.

A £70m fund was made available by the Mayor from a combination of GLA and Government funding which has been prioritised for investment in the areas worst affected by the riots. £20m of funding has been provided from the Department for Communities and Local Government for investment in Tottenham and Croydon, and an additional £50m has been provided from the Mayor's funds. This funding will be provided to boroughs in the form of funding agreements. A number of boroughs have been identified for funding, including but not limited to London Borough of Haringey, London Borough of Croydon, London Borough of Camden, London Borough of Hackney, London Borough of Ealing, London Borough of Southwark and London Borough of Enfield.

Work has been carried out to prioritise the boroughs and projects in need of support. Recipients of Mayor's Regeneration Fund (MRF) funding have been selected on the basis of the level of damage suffered during the civil disturbances and impact on businesses in the local area. The worst affected London boroughs were invited to submit proposals for MRF funding which were prioritised on the basis of some key criteria. This criteria included an assessment of economic impact, deliverability, market failure, consistency with the Mayor's Economic Development Strategy, value for money and robustness of the analysis undertaken. This assessment then provided an overall assessment which was presented to the Regeneration Investment Group for in principle agreement. As projects have developed full business case endorsement has been sought from the Regeneration Investment Group / Investment and Performance Board.

This programme of activity relates to the Mayor's powers under section 30 of the GLA Act 1999, under this section the Mayor may do anything that promotes the economic development and wealth creation in, and social and environmental improvement of, Greater London. The activities within the MRF Programme to be funded by the GLA fall within this power.

The original MD (MD895) completed at the start of the programme established the proposed delegations, resourcing plan and governance structures. As the programme has developed it is now necessary to update this MD to reflect the current position of the programme and structures as the programme enters the delivery stage.

As well as an update to the funding period and indicative profile of spend, this MD also presents an updated governance and decision making structure and resourcing plan for the Mayor's Regeneration Fund Programme

Financial profile

MD895 stated that the funds would be available over the three financial years 2011/12; 2012/13 and 2013/14.

Now that the full programme has been allocated to projects, it is apparent that a number of the projects proposed by boroughs will require funding beyond this originally agreed period and hence beyond the period of the existing delegation.

For most projects funding will be required between 2012/13 and 2014/15 however, there are some cases where due to the scale and complexity of the schemes, funding will extend into 2015/16 and beyond.

All funding agreements should be finalised by the end of the 2012/13 financial year except in exceptional circumstances, these circumstances will need to be agreed by the Investment and Performance Board. After Stage 2 approval from the Investment and Performance Board it is proposed that all decisions related to the profile of spend are delegated to the Executive Director, Development and Environment for the period 2012/13 to 2015/16. Where projects require funding beyond 2015/16 decisions will be delegated to the Executive Director Development and Environment up to and including 2016/17 following endorsement from the Investment and Performance Board. Any changes or approvals beyond 2016/17 will be subject to the GLA's standard decision making procedures.

Governance and decision making

As stated in MD 895, decision making on all expenditure is delegated to the Director of Development and Environment with decisions formalised via Director Decision Forms. For clarity, this delegation will include decision making on variations to projects (not limited to a percentage or total amount), as long as this does not affect the overall programme budget. It will include extensions to individual projects where appropriate up to 2015/16.

Where funding is required beyond this date endorsement must be sought from the Investment and Performance Board at Stage 2 of before the decision to vary or extend the project is approved by Director Decision.

Director Decisions within the Programme period (2011/12 to 2015/16) will be processed following endorsement of the investment decision from the Investment and Performance Board, with any minor changes or variations agreed by the Mayor's Regeneration Fund Programme Board.

The Mayor's Regeneration Fund Programme Board has been established to:

- oversee delivery of the Programme;
- provide a challenge to the MRF team to implement the programme effectively;
- manage programme risk;
- monitor overall spending;
- agree variations to projects, review papers and recommend for consideration by IPB; and
- oversee communications and marketing activity.

The Board meets monthly and is chaired by the Executive Director Development and Environment with representation from the MRF team, the Assistant Director for Capital Projects and Design, Assistant Director Finance, Senior Manager Capital Projects, Senior Manager Design for London and Senior Performance Manager.

All project variations and extensions will be discussed and agreed by the MRF Programme Board before a formal Director Decision is taken and regular updates will be provided to the Investment and Performance Board. All new investment decisions or significant changes (as determined by the Chair of the MRF Programme Board) to projects will be presented to the Investment and Performance Board for endorsement. All financial and other decisions within the programme will be formalised by a Director Decision.

Resourcing plan

MD 895 provided a resourcing plan for the first year of the programme. A £700,000 top slice was identified for resourcing staffing and any other specialist support required. This resourcing plan will run to early 2013. Resources beyond this period of the programme will be considered as part of the 2013-14 budget process.

2. Issues for consideration

a) Links to strategies and Mayoral and corporate priorities

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.

b) Impact assessments and Consultation

In developing the MRF Programme a number of in depth consultation meetings have been held with the priority boroughs to identify specific projects and funding opportunities. As part of the ongoing programme management arrangements have been put in place at a project specific level to engage with local residents, communities and businesses. These consultation plans have been reported to the Regeneration Investment Group and Investment and Performance Board as part of the individual Stage 2 Project Appraisals.

c) Risk

The Programme has a risk register which is reported monthly to the MRF Programme Board. Top issues are presented below.

Risk #	Risk description and impact	Inherent risk assessment			Control measures/Actions
		Prob.	Impact	Overall	
		[1-4]	[1-4]	[1-16]	
1	Projects fail to deliver agreed outputs and outcomes	3	4	12	Detailed economic impact assessments carried out by GLA Economics as part of the investment decisions. Ensure monthly monitoring with each borough works effectively in order to identify early on if project is not going to deliver, and agree changes to the project or funding as relevant to maintain value for money.
2	Programme runs beyond the agreed three years	4	3	12	Establish where this is the case as soon as possible. If possible seek approval at Stage 2 and DD to carry funds forwards. Ensure that through the monthly monitoring process, boroughs provide accurate monthly forecasts to allow for variations to be sought as soon as possible. Ensure that appropriate delegations are in place where funding needs to be extended.
3	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.	3	4	12	GLA providing resources to sit in borough teams to enable successful delivery. Central management by the GLA through programme and project management structures to highlight and resolve issues early.

3. Financial Comments

- 3.1 MD895 gave approval for the £70 million overall programme budget for the post-riots interventions £50m of this budget is for Mayors Regeneration Funding (MRF) from 2012-13 to 2013-14 with the remaining £20m grant funding from DCLG for London Enterprise Fund (LEF) that is ring-fenced for Tottenham and Croydon.
- 3.2 This Mayoral Decision seeks to update MD 895 where the funding period for the programme, is extended for an additional 2 years and beyond for some projects. It also discusses the governance arrangements and decision making structures and process on project variations
- 3.3 Since MD 895 was approved the overall level of funding from the GLA remains unchanged however the spend has been re-profiled as the tables below show. Any additional monitoring and support staff costs from the extension of project lifetimes should be contained within the funding envelope for the programme mentioned under Resourcing Plan in section 1 above, decisions on which will be considered as part of the 2013-14 budget process.

Original funding profile stated in MD895

	2011-12	2012-13	2013-14	Total
LEF	£10m	£5m	£5m	£20m
MRF		£25m	£25m	£50m

Revised indicative profile

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	Total
LEF	£0.2m	£5.5m	£9.8m	£4.5m	0		£20m
MRF		£6.5m	£13.5m	£20m	£9.4m	£0.6m*	£50m

*this funding relates to the London Borough of Haringey's Accessibility and Parking project for which approval to enter into future financial years has already been sought through the Regeneration Investment Group.

Note: Of the £20m LEF funding £10m is revenue and of £50m MRF funding £3.8m is revenue.

- 3.4 Any changes to the above proposals will be subject to further approval via the Authority's decision-making process as necessary within the overall budget for these interventions.
- 3.5 The Mayor's Regeneration Fund team within the Development & Environment Directorate will be responsible for managing this budget proposal.
- 3.6 All necessary budget adjustments will be made

4. Legal Comments

4.1 Sections 1-3 of this report indicate that:

4.1.1 the proposals in respect of which the Mayor's approval is sought relate and may be considered to fall within the GLA's powers to do such things as are facilitative of or conducive to the promotion of the improvement of the environment and the promotion of social and economic development in Greater London;

4.1.2 in formulating the proposals in respect of which a decision is sought officers have complied with the GLA'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 health of persons, health inequalities between persons and to contribute towards achievement of sustainable development in the United Kingdom; and

(c) consult with appropriate bodies.

4.2 Officers have indicated in sections 1 and 2 of this report that the contribution of funding to the proposed recipients will amount to the provision of funding and not a payment for services rendered. Officers must ensure that funding is distributed and managed fairly, transparently, and in accordance with the GLA's Contracts and Funding Code.

4.3 Officers must ensure that appropriate funding agreements are put in place and executed by proposed recipients and the GLA before any commitment to fund the recipients.

4.4 The Mayor is able to delegate decisions under section 38 (1) of the Greater London Authority Act 1999 to the Director of Development and Environment.

5. Investment & Performance Board

This MD was discussed at the Investment and Performance Board meeting on 25th September 2012. The minutes from the meeting state that the proposed Mayoral Decision Form (MD) for the MRF Programme be endorsed, for onward approval.

6. Background/supporting papers

MD 895

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 (✓)

Drafting officer:

Alison Murray has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

Assistant Director/Head of Service:

Joanna Rowelle has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for 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 Adviser:

Kit Malthouse has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

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. D. Allen

Date

6.11.12

Chief of Staff

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

Signature

Edmund H. -

Date

09/11/2012

