

# GREATER LONDON AUTHORITY

## REQUEST FOR DIRECTOR DECISION – DD2207

### Title: Ilford Station Southern Entrance, London Borough of Redbridge

#### Executive Summary:

In MD1545, signed in November 2015, the Mayor designated an area within London Borough of Redbridge (LBR) as a Housing Zone and agreed to indicatively allocate GLA funding to fund interventions for the purposes of unlocking or accelerating the delivery of housing within the zone. The funding was approved subject to the outcome of legal and financial due diligence on the proposed interventions.

This Director Decision seeks approval to contractually commit up to £1,115,000 of grant funding to LBR for Ilford Station Southern Entrance works within Redbridge Housing Zone. The director is being asked to take the decision in light of the due diligence that has now been undertaken and to agree also changes to the profile of housing outputs and adjustments to the funding allocation and associated timetable.

#### Decision:

That the Executive Director – Housing and Land and the Executive Director for Resources approve:

- In light of the due diligence detailed in Part 2, entering into a contractual commitment to provide grant funding of up to £1,115,000 to the London Borough of Redbridge to fund Ilford Station Southern Entrance works;
- The re-profiled start on site and completion dates for the delivery of housing outputs, as well as adjustments to the funding allocation and funding drawdown timetables, as detailed in the report below, for the Redbridge Housing Zone.

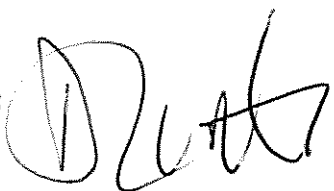
#### AUTHORISING DIRECTOR

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:** David Lunts

**Position:** Executive Director Housing and Land

**Signature:**



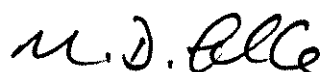
**Date:**

07/02/18

**Name:** Martin Clarke

**Position:** Executive Director Resources

**Signature:**



**Date:**

29.1.15

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE**

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

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

- 1.1. In MD1545 signed in November 2015 the Mayor designated an area within London Borough of Redbridge (LBR) as a Housing Zone and agreed to indicatively allocate GLA funding to fund interventions for the purposes of unlocking or accelerating the delivery of housing within the zone. The funding was approved subject to the outcome of legal and financial due diligence on the proposed interventions. An Overarching Borough Agreement was entered into between LBR and the GLA on 22 December 2015 to record the indicative allocation of this funding.
- 1.2. Due diligence has been undertaken in respect of the Ilford Station Southern Entrance intervention within the Redbridge Housing Zone.
- 1.3. The conclusions of this due diligence are set out below and in Part 2 of this Director Decision.
- 1.4. The indicative grant allocation for the Ilford Station Southern Entrance intervention is £1,115,000. In addition, LBR will provide funding of £635,000 through its CIL and TfL is providing £750,000 from its Growth Fund. The total project cost is £2,500,000.
- 1.5. The GLA is proposing to enter into a Borough Intervention Agreement (BIA) with LBR for this intervention.
- 1.6. The intervention will not only improve the access to Ilford Station by creating a new Southern Entrance, it will unlock and/or accelerate two residential development sites at Broadway Chambers and at Ilford Island. These housing sites will achieve a total of 534 new homes with a minimum of 35% affordable (187 homes).

#### **2. Summary of proposed intervention**

- 2.1. The £1,115,000 grant funding will contribute to a new Southern Entrance to Ilford Station located on Ilford Hill. The works will support better station access for the increasing passenger numbers owing to the arrival of Crossrail in 2019 and an increase in population with new residents living in the area from several large housing developments in Ilford Town Centre. The intervention will enable the provision of a pedestrian gateway to the station running directly between two residential development sites being developed by Swan Housing Association and U&I from the main road at Ilford Hill and will benefit other Housing Zone and third-party sites constructed around the Ilford Hill area.
- 2.2. The Ilford Station Southern Entrance intervention will unlock 534 housing units by March 2025.

#### **3. Ilford Station improvements**

- 3.1. **Proposition** – It is proposed that the GLA provides £1,115,000 of grant to fund capital works to Ilford Station. This intervention will help to unlock two key residential sites close to Ilford Station and accelerate the delivery of housing in the Ilford Town Centre area. TfL will carry out the works to the station at the same time as undertaking other improvements, generating cost savings for the public sector. The works have been identified as important in the regeneration of the station and include interior and exterior works that will increase the efficiency of the station and assist in accommodating increased capacity.
- 3.2. Under the Ilford Station Southern Entrance BIA, LBR must use reasonable endeavours to ensure that 534 housing units are delivered with a minimum of 35% affordable (187 units). LBR will not deliver the

housing units itself, but will work with local landowners, developers and Registered Providers who will bring the sites forward. If there is a failure to deliver all or some of the 187 affordable homes by 31 March 2025, the GLA shall be entitled to recover all or a proportion of the £1,115,000 grant corresponding to the proportion of affordable housing units which have not been delivered.

- 3.3. **Funding** – £1,115,000 Housing Zone grant funding has been requested for the Ilford Station Southern Entrance works. This equates to a grant rate of £2,088 per housing unit.
- 3.4. **Stakeholders** – LBR will receive the grant funding to deliver the station works in partnership with TfL with which it has been working closely. It is also working closely with Rail for London, Network Rail, Crossrail, local landowners, developers and Registered Providers to bring forward housing sites.
- 3.5. **Appraisal** – The proposed intervention is expected to unlock at least 534 housing units in the Redbridge Housing Zone. The GLA instructed property consultants Cushman Wakefield to appraise the Ilford Station Southern Entrance intervention. The level and purpose of the Housing Zone grant requested appeared reasonable and it has been recommended that there is sufficient justification for what the grant will deliver and how it will contribute to unlocking additional housing units. The consultants stated the additional entrance to the station will support future housing provision in the area and the density achievable in planning terms by de-risking current planning pre-applications and strengthening the pipeline of high density schemes around the station. This intervention has the potential to maximise the benefits of Crossrail and therefore drive a greater overall build out rate.
- 3.6. The request for funding, which equates to £2,088 per housing unit, is considered reasonable when viewed across the whole scheme.
- 3.7. **Dependencies** – The delivery of the scheme relies on: securing Housing Zone grant; achieving the relevant planning permissions and building control permissions; and LBR and TfL entering into an agreement for the Ilford Station Southern Entrance works.
- 3.8. Similarly, delivery of this intervention has a direct impact on increased delivery of housing units and the speed of their delivery in the immediate vicinity of Ilford Station.
- 3.9. **Project Milestones** –
- January 2018 – BIA between GLA and LBR
  - January 2018 – LBR and TfL Funding Agreement
  - January 2018 – LBR Cabinet
  - May 2018 – Planning application
  - August 2018 – Planning Consent
  - October 2018 – Start of Works
  - April 2019 – Completion of Works

### 3.10. Risks and Issues

#### Planning

- 3.11. There are planning risks associated with an intervention of this kind as it relies on the planning authority to grant consent for future housing schemes. However, the sites are designated for housing development and this is clearly set out in LBR's recent Ilford Manifesto.

- 3.12. Initial indications from Redbridge are positive and the borough has started engaging with other landowners on sites near to Ilford Station. Additionally, LBR has shown its commitment to the delivery of this scheme which it sees as having a positive impact, providing new affordable housing and an improvement to the station and public realm for the Borough. The Borough Intervention Agreement also allows for the GLA to recover its grant in the event that affordable housing outputs are not delivered.

Timing/scope of works

- 3.13. Redbridge has provided high-level cost estimates for the station works through its consultants Landolt Brown with a significant contingency included in the overall budget of £2.5m.
- 3.14. This risk is largely mitigated through close working between the GLA, LBR, Rail for London, Crossrail and TfL to ensure timetables align. In addition, LBR must provide the GLA with a copy of the specification for the works and its costings in order that the GLA can assess the works against the grant amount and check that it is satisfied with this prior to draw down of the grant.
- 3.15. **Governance** – The Borough has established a programme management structure (the Ilford Regeneration Board) to manage the regeneration of the area and the Housing Zone projects within it. The Strategic Regeneration Team is involved at pre-application and full planning application stage of all developments. As part of this intervention LBR will create a delivery board for the wider station area to co-ordinate housing delivery. There is also the Southern Station Entrance stakeholder team comprising LBR, TfL, Rail for London, Crossrail, U&I and Swan HA which is managed by the borough.
- 3.16. **Environmental Considerations** – The scale of the Housing Zones programme presents significant opportunities for innovative building design, to reduce resource costs and unlock investment connecting new developments to necessary utility and social infrastructure assets. Such assets include low-carbon decentralised energy and water networks, green infrastructure, waste and recycling collection infrastructure, low emission transport hubs, as well as parks and open spaces. Boroughs and other counterparties to Housing Zone designation should look for opportunities to address environmental and wider regeneration where viable, improving quality of life and place making benefits, which could unlock investment in line with the policy ambitions set out in the London Plan. GLA support can be made available to help identify environmental opportunities in specific locations.
- 3.17. **Conclusion** – It is considered that the outcome of due diligence, as detailed above and in Part 2, demonstrates it is appropriate for the GLA to contractually commit the funding in respect of the Ilford Station Southern Entrance works. GLA investment of £1,115,000 will unlock the development of adjacent housing sites. The intervention will help to achieve the delivery of 534 new homes by March 2025.

#### **4. Objectives and expected outcomes**

- 4.1. Delivery of a new Ilford Station Southern Entrance by April 2019.
- 4.2. Delivery of 347 private homes and 187 affordable homes by 31 March 2025.

#### **5. Equality comments**

- 5.1. In September 2017, the Mayor published the draft London Housing Strategy and in November 2017 he published the new draft London Plan for consultation. The Housing Strategy proposes the Housing Zone programme should continue to increase the pace and scale of housing delivery, including the proportion of affordable homes. The new draft London Plan, in policy H5, makes it clear that delivering

more affordable housing is a key strategic priority for the Mayor. The Housing Strategy, which included reference to the Housing Zone programme, was the subject of a detailed equalities impact assessment.

- 5.2. Under section 149 of the Equality Act 2010, as public authorities, the Mayor and the GLA are subject to a public sector equality duty and must have 'due regard' to the need to (i) eliminate unlawful discrimination, harassment and victimisation; (ii) advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and (iii) foster good relations between people who share a relevant protected characteristic and those who do not. Protected characteristics under section 149 of the Equality Act are age, disability, gender re-assignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage or civil partnership status.
- 5.3. This intervention will contribute towards the ambitions set out in the draft Mayor's Vision for a Diverse and Inclusive City (June 2017), in particular building more genuinely affordable accessible decent homes for Londoners (Priority Outcome 1.1).
- 5.4. The designation of a HZ within an area is designed to identify a site or sites as an area for housing growth and delivery within London, often partnered with a series of funding streams and non-financial assistance to deliver these new homes and, therefore, this decision will facilitate these goals and ultimately ensure that the needs of different groups are taken into account in the design and development of housing.
- 5.5. In order to access this funding LB Redbridge will be required to enter a contract with the GLA to deliver the intervention specified in this DD. This places the following obligations on LB Redbridge in respect of the Equality Act 2010:
  - LB Redbridge will comply in all material respects with all relevant legislation, including but not limited to legislation relating to health and safety, welfare at work and equality and diversity and will use reasonable endeavours to procure that all Grant Recipient Parties do likewise.
  - LB Redbridge confirms that it has, and is in full compliance with, a policy covering equal opportunities designed to ensure that discrimination prohibited by the Equality Act 2010 is avoided at all times and will provide a copy of that policy and evidence of the actual implementation of that policy upon request by the GLA.

## **6. Financial comments**

- 6.1. This decision requests approval for the GLA to contractually commit up-to £1.115m of (non-recoverable) grant funding to the London Borough of Redbridge (LBR) to fund the Ilford Station Southern Entrance works intervention specified within the Redbridge Housing Zone. GLA obtained a satisfactory due diligence result prior to reaching this decision (per findings set out in Part 2).
- 6.2. Total estimated project cost is £2.5m of which the GLA is providing £1.115m, with the remaining balance to be covered by LBR funding through CIL (£635k) and TfL from its Growth Fund (£750k).
- 6.3. As it is a non-recoverable grant allocation, it represents a financial risk to the GLA, which is mitigated through contractual obligation from LBR to repay the funding in the event of non-delivery (see Section 3.2 above for further details).
- 6.4. The total indicative allocation for the Redbridge Housing Zone is £1.115m and this commitment will utilise the allocation in full.
- 6.5. Grant/Recoverable Grant funding profile at £400m is currently over forecast by £24m. It should be noted, however, that only £188.6m (exclusive of the current commitment) has actually been committed on twelve interventions.

## 7. Legal comments

- 7.1. Under section 30(1) of the Greater London Authority Act 1999 (as amended) ("GLA Act"), the GLA has the power to provide the funding for the proposed intervention providing it considers that doing so will further one or more of its principal purposes of: promoting economic development and wealth creation, social development, and the improvement of the environment in Greater London.
- 7.2. The intervention will unlock the delivery of housing and affordable housing, and it is open to the GLA to take the view that funding it will promote both social and economic development, and is therefore within its power, contained in section 30(1) of the GLA Act.
- 7.3. In exercising the power contained in section 30(1) of the GLA Act, the GLA must have regard to the matters set out in sections 30(3-5) and 33 of the GLA Act, and also the Public Sector Equality Duty in section 149 of the Equality Act 2010 As set out above.
- 7.4. The GLA has engaged with LBR in relation to this intervention which is the subject of this Director Decision. It is not considered necessary or appropriate for the GLA to consult with any other persons or bodies including those specified in section 32(2) of the GLA Act for the purposes of this Director Decision.
- 7.5. External lawyers have been instructed to prepare and negotiate the funding contract for the GLA, including the incorporation of any provisions required to ensure compliance with State Aid rules. No funding is to be paid out unless, amongst other requirements, LBR's solicitor has either provided an opinion (satisfactory to the GLA) as to the State Aid treatment of the intervention or undertaken to meet the GLA's reasonable legal costs in procuring an opinion from the GLA's solicitors as to the same matter. Further, if there is found to have been any unlawful State Aid, and the intervention cannot be restructured to be compliant, LBR must repay the unlawful State Aid following a written demand for repayment by the GLA.

## 8. Planned delivery approach and next steps

Activity	Timeline
Borough Intervention Agreement for Station works signed	January 2018
Planning consent for station works	August 2018
Station works start on site	October 2018
Station works complete	April 2019
Housing outputs start on site	March 2020
Housing outputs complete	March 2025

### Appendices and supporting papers:

N/A

**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**

**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 – YES**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to  
confirm the  
following (✓)

**Drafting officer:**

John Walsh has drafted this report in accordance with GLA procedures and confirms that:

✓

**Assistant Director/Head of Service:**

Fiona Duncan 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 29 January 2018.

**EXECUTIVE DIRECTOR, RESOURCES:**

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

**Signature**

*M. J. Bell*

**Date**

*29.1.18*

