

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD1651

Title: Old North Woolwich Station

Executive Summary:

This MD seeks additional funds (£285,000 capital funding) for the restoration of the Grade II listed Old North Woolwich Station as a public workspace for artists, local residents and creative businesses. These funds would come from previously unallocated regeneration funds.

Subject to receiving additional funding, the project would;

- Secure the long-term future of an important heritage asset within an area about to undergo substantial change
- Provide a valuable new cultural and workspace amenity in an area with very little existing cultural infrastructure.
- Create 525 square metres of new commercial space to be used as artists' studios
- Repurpose 3,450sqm of derelict former railway line into a communal garden and growing space

The decision will need to be signed by the current Mayor in order to secure a lease for the station building, and to ensure that the project can be delivered within the 2 years of the London Regeneration Fund.

Given that the proposed expenditure relates to a project extending beyond the current mayoral term officers will observe the principle that an incumbent administration should not unreasonably fetter the discretion of any future administration, ensuring that the project is managed in manner, including (without limitation) the inclusion in the grant funding agreement of break clauses, which enables the GLA to terminate the project (or elements thereof) at any point for convenience and milestones and payments should be structured so as to minimise the impact of the exercise of such termination rights.

Decision:

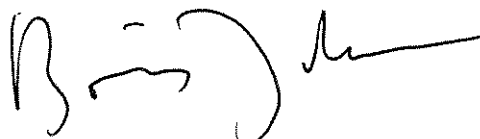
The Mayor approves additional expenditure of £285,000 capital grant funding to the London Borough of Newham to deliver the Old North Woolwich Station Project as part of the London Regeneration Fundtaking GLA grant funding for the project to a total of £648,000 (and sourced from previously unallocated regeneration funds drawn from the High Street Fund, and the Mayor's Fund).

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:

30.4.2016

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

Decision required – supporting report

1. Introduction and background

- 1.1 The proposed project will establish new and productive uses for the Grade II listed Old North Woolwich Station, vacant since 2009, as a public workspace for artists, local residents and creative businesses.
- 1.2 North Woolwich is an area about to undergo major physical and economic change brought about by the arrival of Crossrail. However, despite the many opportunities afforded, the area faces a number of challenges. Recent studies by LB Newham show that the area has some of the highest levels of resident dissatisfaction in the borough. As well as safeguarding a local landmark building, this project will create a significant new cultural and workspace amenity in an area with very little existing cultural infrastructure.
- 1.3 The project has already been allocated £363,000 London Regeneration Funds by the Greater London Authority (see Appendix to MD1596) which in turn unlocks funding earmarked by Crossrail of £150,000. This sits alongside a minimum of 10 years of significant in-kind support from Create and Open School East.
- 1.4 The building is currently owned by the River Lea Tidal Mill Trust which has, subject to GLA funding, approved a preliminary affordable lease of 20 years for the building and outside space, with a view to extending this significantly with an option to purchase the building after the first 10 years. This effectively establishes a permanent project in the area.
- 1.5 The project was recently awarded £363,000 (Capital) from the London Regeneration Fund (LRF). Unfortunately there was a discrepancy in the application paperwork which wasn't picked up in the LRF appraisal. The funding and milestones table in the application form was set out incorrectly and was in variance to the correct figure elsewhere in the application. Unfortunately GLA staff didn't spot the discrepancy and the recommended the incorrect lower figure for approval.
- 1.6 This means that the project has not been allocated the required levels of funding for it to progress and cannot proceed unless additional funds are identified to begin to address the current shortfall of £436,000. Furthermore due to the nature of the forthcoming lease if the project doesn't proceed immediately the opportunity will be lost.
- 1.7 The additional £285,000 in grant funding will be taken from previously unallocated regeneration funds drawn from the High Street Fund, and the Mayor's Fund. This will include a capital and revenue swap of £23,500 between the High Street Fund (HSF) and the London Regeneration Fund (LRF) Crowdfunding Programme.
- 1.8 Due to this projects location, exemplary nature, strength of partnerships, track record of both Create and Open School East and cross cutting outcomes there is considerable appetite from across the GLA and partner agencies to proceed with the project not least as it can help spearhead the economic and cultural aspirations of the wider Royal Docks regeneration and place making strategies.

2. Objectives and expected outcomes

- 2.1. The building will provide around 26 high quality studio workspaces (525 square metres of new commercial space with additional outside studio buildings), for creative businesses and artists. This will help create eight new jobs, four construction jobs and safeguard a further seven. The project will

bring back to life an important local landmark with the fit out sensitive to the existing building, which is Grade II listed, as well as running a rigorous programme of training and education.

- 2.2. In addition to new high quality workspace, the project will develop 3,450 square metres of adjacent derelict land into a space for outdoor workspaces and studios and a new community garden and food growing space open to all. Create will involve the community in the development and maintenance of new growing spaces, allotments and outdoor projects. Partners such as Active Newham Get Growing, Growing Communities and Organic Lea will be invited to participate in this programme. This will provide a vital new community resource with which to support a wide range of activities, and will ensure that this former public space remains publically accessible.
- 2.3. As well as drawing in new creative businesses and professionals into the area, the project will look to forge new links between the creative businesses, resident artists and hard-to-reach members of the existing community through a series of ongoing events and intensive engagement sessions (50 cultural events and engagement sessions annually). These will be managed by Open School East, a free artists study programme with a commitment to foster cultural, intellectual and social exchanges between artists and the broader public. 16 local traders and nearby creative businesses will also be supported to grow and thrive through the creation of the hub and will benefit indirectly through the new customers the project will bring. They will also benefit from a series of marketing and business support workshops that Create and partners will provide.
- 2.4. This project will help deliver the aspirations of the Royal Docks Economic Vision, providing opportunities for local residents to develop new skills and for North Woolwich to become a more distinctive and prosperous area. It is recognised by the Strategic Project and Property team in Housing and Land that Create's Old North Woolwich Station project would bring huge regeneration benefits to North Woolwich and the wider Royal Docks, stimulating new activity in the area, improving the skills of local people and opportunities for their inclusion in the neighbouring area's future development. It will also seed a creative workspace network in the Royal Docks, alongside other LRF projects such as the Carlsberg Tetley building, at a time when workspace provision is becoming an issue for London as a whole.
- 2.5. The project is also considered a strategic priority for the Culture Team, aligning with the Royal Docks Culture Vision. The North Woolwich Station Project will bring together affordable artistic production space, with a successful and proven skills programme, as well as a community focal point for the area. Of 300 creative workspace buildings in London, only 5 are owned and over 30% of affordable workspace is under threat. The project makes a significant and long term commitment to affordable space, creating additional opportunities for further space as part of the development of the area.
- 2.6. Create have confirmed that they could proceed with the project immediately if this level of funding is made available. They believe that the remaining funding gap of £151,000 is an amount that can be delivered through fundraising over the period of the capital works (18 months).
- 2.7. The additional grant funding will be used to pay for the restoration of the Grade II listed building. This includes the capital costs associated with basic restoration and remediation works, as well as internal fit out of the building as a new workspace. Revenue costs for the ongoing management of the building will be covered by Create London and Open School East.
- 2.8. As securing this final amount of funding cannot be guaranteed this option will see the potential for a short-term reduction to the scope of the project, with a corresponding drop in outputs. By reducing the budget by £151,000, a number of modifications to the project will need to be put in place until the remainder of the funding is secured:
 - Removal of 10 outdoor studio buildings and 10% of outdoor space improvements. This could equate to a loss of £45,000 (matched funding) across the first 3 years;
 - Scaling back a number of the improvements to the external areas of the site including repairs to: fencing; boundary walls; outbuilding; gates; external features of the building; and the

external render;

- Reduce the budget for several interior improvements including internal finishings and furniture; and
- These elements would have an impact on the project and the standard to which it is completed, however, with fundraising in place, the work can be finished as a second phase to the capital project

3. Equality comments

- 3.1 The project partners are supported to ensure development and delivery of the project is in compliance with relevant Codes of Practice and in line with the requirements of the public sector equality duty.
- 3.2 Operational Policies: the operation of the future building has been assessed in terms of accessibility to ensure the minimisation of disadvantages suffered by people who share a protected characteristic: age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, sexual orientation.
- 3.3 Documents and publications: all documents to be produced have been encouraged to comply with Mayor of London branding guidelines, it being based on guidance from the Royal National Institute of Blind People. Where possible accessible formats will be available.
- 3.4 Events: all project consultations and events have been strongly encouraged to be open to all and, where possible, partners will encourage people who share a protected characteristic to participate in any activity in which their participation is disproportionately low.
- 3.5 The tenant/operator will liaise with all sub-tenants and support recipients to ensure they share the public sector equality duty. This will be re-confirmed in future grant award arrangements to ensure delegation is clear.

4. Other considerations

- 4.1. Whilst the Project has been re-scoped to take advantage of available funds – there remains a risk that the full project funding cannot be achieved. There is of course a further risk that the current and future tenant/operators are unable to operate a sustainable financial model. To mitigate against both of these issues project partners including the tenant/operator will operate an open book accounting whereby the GLA project manager will be able to keep abreast of financial performance alongside operational performance on a monthly basis. The GLA and the project board will advise on changes to scope, and on possible funding opportunities to keep operations within budget. The current tenant/operator has already successfully commenced fund raising to insulate the project from this.
- 4.2. A further risk remains regarding the potential for costs associated with building repairs. This is mitigated by the preparatory studies that have been undertaken to identify project costs. The tenant/operator will also be asked to build a surplus to be used on the building fabric although this is not guaranteed.

5. Financial comments

- 5.1 There is sufficient head room within the Mayor's Regeneration Fund (MRF) and High Street Fund (HSF) to support this proposal. The proposed grant of £285,000 will be wholly capital and will be funded as follows:

MRF	£182,000
HSF	£79,500
LRF	£23,500
Total	£285,000

- 5.2 With regards to the LRF Crowdfunding allocation to this proposal (£23,500); this will be funded essentially by swapping revenue funding available from the MRF programme with the capital funding available to the LRF programme. The swap will enable the proposed capital grant to proceed and thus making some additional revenue funding available to the LRF Crowdfunding Programme.
- 5.3 There is currently a funding gap of £151,000 in the business plan for the proposed project, which is anticipated will be met through fundraising, along with a further risk concerning the sustainability of the project financial model. In the event that additional funding is not secured, the project will need to be scaled back appropriately as there will be no further GLA funding for this project.
- 5.4 Any changes to the scope of this proposal will be subject to further approval via the Authority's decision-making process. All appropriate budget adjustments will be made.

6. Legal comments

- 6.1. Under section 30 of the Greater London Authority Act 1999 (the 'Act') the Mayor, acting on behalf of the GLA, is entitled to do anything that he considers will further the promotion, within Greater London, of economic development and wealth creation, social development, and improvement of the environment.
- 6.2 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.
- 6.3 Where any payments are to be made to third parties as grant funding, the GLA must ensure that the funding is distributed fairly, transparently, and in accordance with the GLA's equalities obligations. The GLA must also demonstrate value for money in the allocation of the funding and relevant funding agreements should be put in place between the GLA and the recipient before any payment is made.
- 6.4 Any procurement required and authorised should be undertaken in accordance with the GLA's Contracts and Funding Code and in consultation with Transport for London Procurement, who will determine the procurement strategy.
- 6.5 Officers must ensure that appropriate contract documentation is put in place and executed by the successful bidder and the GLA before the commencement of the services.
- 6.6 Given that the proposed expenditure relates to a project extending beyond the current mayoral term officers must also observe the principle that an incumbent administration should not unreasonably fetter the discretion of any future administration, ensuring that the project is managed in manner, including (without limitation) the inclusion in the grant funding agreement of break clauses, which enables the GLA to terminate the project (or elements thereof) at any point for convenience and

milestones and payments should be structured so as to minimise the impact of the exercise of such termination rights.

7. Investment & Performance Board

- 7.1 The Board received the report which set out the additional funding request to Create to deliver the North Woolwich project. The Assistant Director, Regeneration, highlighted how the revised project had been carefully reassessed against the criteria and the process through which officers ensured continued value for money.

DECISION:

- 7.2. That grant funding of £285,000 (capital funding) of previously unallocated regeneration funds drawn from the High Street Fund, and the Mayor's Fund to secure and deliver the Old North Woolwich Station Project be approved in principle. This will include a capital and revenue swap £23,500 between the High Street Fund and the London Regeneration Fund Crowdfunding Programme.

8. Planned delivery approach and next steps

Activity	Timeline
Any subsequent approvals i.e. MD or DD [if applicable]	April 2016
Complete feasibility study	June 2016
Delivery Start Date [for project proposals]	November 2016
Final evaluation start and finish (self/external)	September 2017 – September 2018
Delivery End Date [for project proposals]	March 2018
Project Closure: [for project proposals]	September 2018

Appendices and supporting papers:

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:

Alex Marsh 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:

Debbie Jackson 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:

Sir Edward Lister has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

Date

28.4.16

CHIEF OF STAFF:

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

Signature

Date

29:04:2016

