

GREATER **LONDON** AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD1403

Title: Growing Places Fund –Southall project

Executive Summary:

This paper sets out to update the project drawdown profile to show how funds will be paid to The London Borough of Ealing (LB Ealing) from the Growing Places Fund (GPF) Programme. Up to £6,775,000 capital expenditure from the GPF Programme was approved under cover of DD1213 for the Southall project. This funding will assist the LB Ealing in undertaking key junction improvements and will bring forward the development of sites adjacent to Southall Crossrail station.

The details of the project remain as per DD1213 however approval is sought for a new drawdown profile and programme which reflects slight slippage to project delivery and the need for budgets to reflect the actual payment of funds to the LB Ealing, rather than project expenditure.

Decision:

That the Executive Director approves the variation of the GLA's current agreement with the London Borough of Ealing concerning the provision of financial assistance in respect of its Southall Growing Places Fund project to reflect agreed changes to the project programme and funding profile.

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 & Environment

Signature:



Date: 21.9.2015

PART I – NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1 The Southall project is a package of interventions to unlock development and increase investment in Southall. This project will deliver key junction improvements to Beaconsfield Road and Merrick Road to relieve congestion and support development, a new foot and cycle bridge and bring forward the development of key sites adjacent to Southall Crossrail station (specifically at Southall Gateway). The investment in this project would support the delivery of more than 1,000 new homes, 5,500m² of new retail space and 4,000m² of new commercial space.
- 1.2 In June 2013, and after a competitive bidding round, the London Enterprise Panel (LEP) approved in principle the application from London Borough of Ealing for £6.775m from the Growing Places Fund.
- 1.3 Stage 1 endorsement was agreed at the Investment and Performance Board meeting in February 2014 and Stage 2 endorsement was agreed in April 2014.
- 1.4 In May 2014, approval was granted by Director Decision (DD1213) for expenditure of up to £6.775m capital funding from the Growing Places Fund Programme (by way of a loan) for investment in the Southall project (in accordance with the delegation set out in MD940).
- 1.5 An agreement was put in place between the GLA and London Borough of Ealing in November 2014 which set out the terms of the draw down and repayment of funding. The delivery of the programme was due to commence in quarter 1 of 2014 /15 (however it commenced in quarter 3 of 2014 /15) and will be completed in quarter 3 2019/20 and repayment will commence in 2019/20 and complete in 2022/23. Total funding of up to £5.775m was awarded for four of the five project work streams below. With the remaining £1m was subject to Ealing Council securing the additional funding required to complete the foot and cycle bridge work stream by Q1 2015/16.
- 1.6 The London Borough of Ealing confirmed match funding in July 2015 for the ‘foot and cycle bridge’ project work stream below, which enabled approval for the remaining £1m GPF Programme funding. A Deed of Variation (and a corresponding revised Schedule 9) was approved in September 2015 for a total funding for this Southall project of £6.775m by both the London Borough of Ealing and the GLA. This Deed of Variation also reflects the carry forward £983.5k due to a delay in spend in the 2014/15 financial year against the Schedule 9 agreed within the Funding Agreement. Through DD1213, the funding was scheduled to be drawn down between 2014/15 and 2018/19 as per the following: £1m in 2014/15, £3.762m in 2015/16, £1.173m in 2016/17, £773k in 2017/18 and £67k in 2018/19. However, a new funding profile has been agreed in the Deed of Variation (July 2015) as follows: £62.5k in 2014-15, £1.5065m in 2015/16, £4.156m in 2016/17, £983k in 2017/18 and £67k in 2018/19.
- 1.7 The project incorporates five project work streams for which GPF funding will be utilised which are set out below:
 1. **Beaconsfield Road:** the project will deliver enhanced capacity to the junction at South Road and Park Avenue, the junction improvements will support the development at Southall Gasworks and the Southall Gateway site. This project enables 400 new homes and 5,500m² retail, 4,000m² commercial and 2250m² community space at Southall Gateway.

2. **Merrick Road:** this project will deliver increased capacity at the junction of Merrick Road and South Road to enhance traffic flow and improve the pedestrian environment in advance of the opening of the new Crossrail station. This project will enhance traffic capacity, reduce congestion and enable consent of 800-1000 homes at Southall East.
3. **Foot and cycle bridge:** delivery of a new foot and cycle bridge across the railway to create a new crossing point and two new urban public spaces at either side of the bridge. This will provide an improved and more attractive access from Southall East to the Crossrail station and Southall Gateway site and supports the encouragement of a modal shift towards increased pedestrian and cycle usage. Funding is subject to Ealing Council securing the additional funds required to complete the project by Q1 2015/16.
4. **Grand Union Avenue Junctions:** the project will deliver two junctions to a new road which is required to enable development at Southall East. The junction will provide a linkage to the new foot and cycle bridge unlocking a site with capacity of up to 100 new homes, providing a link to the north of the Havelock Estate (230 net new homes) and connecting these two key development opportunities in Southall East to Southall station and the Middlesex Business Centre. This project enables planning consents for 800-1000 new homes and 9,400m² of new commercial space.
5. **Southall Gateway:** site assembly to bring forward the northern sites of Southall Gateway to enable development of 400 new homes and 5,500m² new retail, leisure and public realm. This will create a new arrival point at Southall following the opening of Crossrail and creates a significantly enhanced public realm and environment stimulating wider investment.

2. Objectives and expected outcomes

Objectives

2.1 Project objectives:

- Deliver junction improvements to Merrick Road and Beaconsfield Road junctions to increase capacity and enable development.
- Deliver key infrastructure improvements to enable development at Southall East (Grand Union Junctions and installation of a Foot and Cycle bridge).
- Enable development of the Southall Gateway site.

Commissioned outcomes

2.2 The programme will bring together a number of investments to improve perceptions, and the attractiveness of Southall and to directly deliver 400 new homes, 5,500m² of new retail space, 4,000m² of new commercial space as well as to enable growth of a further 800-1000 new homes at Southall East. The benefits of each project are set out in the table below.

Project	New Homes enabled	New Homes supported	Other benefits
Beaconsfield Road	146-270 (Gateway) 375 (gasworks)	126 (CLR) 750 (gasworks)	<ul style="list-style-type: none"> • Increased junction capacity and reduced journey times • Enables 5,500m² retail, 4,000m² commercial and 2,250m² community space at Southall Gateway.
Merrick Road	375 (gasworks)	261 (the Arches and corner site plus Featherstone Terrace Car park) 750 (gasworks)	<ul style="list-style-type: none"> • Net neutral road capacity • Enables more direct crossing opportunities and increase safety • Improving the look and feel of the area, linking the town centre and providing a better platform for investment.

Pedestrian and cycle bridge	0	1757	<ul style="list-style-type: none"> Improved safety for pedestrians and cyclists Supports development of 'quietway' network Increases permeability and shortens journeys north / south for pedestrians and cyclists Increases catchment area to local school and park north of railway line
GU Ave junctions	980 (East Southall)	230 (Havelock)	<ul style="list-style-type: none"> Provides additional network capacity, resilience to the network, reduced journey times from Havelock and improved accessibility for business and residential users, provide new public realm and support movement around the base of the pedestrian and cycle bridge The new road potentially unlocks a new relief road to the East, needed to support further long term growth in the area.
Land assembly	146-270 (Gateway)	126 (CLR)	<ul style="list-style-type: none"> Creates a better platform for investment. Creates 5,500m² retail, 4,000m² commercial and 2,250m² community space at Southall Gateway

2.3 The total cost of delivering the Southall project is £11.3m. This figure is lower than the total cost quoted in DD1213 of £12.1m as designers identified a cheaper option for the foot and cycle bridge which reduced overall project costs. These £11.3m costs will be met by the GPF of £6.775m, a loan contribution from Ealing Council of £1m (which will also be repaid), £2.5m grant funding for the foot and cycle bridge and developer contributions of £1.025m. Repayments will be made by Ealing Council funded by developer contributions of £2.775m.

Costs

2.4 The total cost of delivering the Southall project is £11.3m. This figure is lower than the total cost quoted in DD1213 of £12.1m as designers identified a £800k cheaper option for the foot and cycle bridge which reduced overall project costs. The original cost of the cycle bridge was thought to be £4.3m but has now been revised down to £3.5m following detailed technical work. The match funding contribution from LB Ealing decreased to reflect this £800k cheaper option in that they secured £2.5m match funding instead of £3.3m.

2.5 DD1213 stated that the £1m earmarked against the foot and cycle bridge would only be released if an additional funding of £3.3m was identified by LB Ealing. This £3.3m figure was based on a bid that LB Ealing had in with TfL at the time which, subsequently, was not successful. During this time, a more detailed design for the cycle bridge has come in at £800k less. As a result of not securing this TfL funding, LB Ealing have pulled together match funding from a range of sources, resulting in all of the match funding being sourced from LB Ealing funds. Therefore given LB Ealing's overall contribution has increased significantly to enable the foot and cycle bridge to be delivered, despite the project achieving a cost saving, and that LB Ealing have accepted the risk of increased costs to the project as a whole, LB Ealing are keeping the benefit of the cost reduction of £800k. LB Ealing has therefore successfully pulled together £2.5m funding for the foot and cycle bridge instead of £3.3m.

2.6 The £11.3m costs will be met by the GPF of £6.775m, a loan contribution from Ealing Council of £1m (which will also be repaid), £2.5m grant funding from Ealing Council for the foot and cycle bridge and developer contributions of £1.025m. Repayment of the GPF to the GLA and the LB Ealing loan is to be secured from: £5m land receipt from the Gateway site and £2.875m developer contributions from the section 106 agreements for the Southall Gas Works development and Southall East development. The GPF will be repaid in superiority to the Ealing loan of £1m. And £2.775m of the £2.875m developer contributions will be allocated to repayment of the GPF to the GLA.

- 2.7 The Funding Agreement put in place between the GLA and LB Ealing in November 2014 for the award of up to £5.775m loan funding for four of the five project work streams. The remaining £1m was subject to Ealing Council securing match funding required to complete the projects foot and cycle bridge work stream. LB Ealing confirmed in July 2015 that they secured £2.5m grant funding from Ealing Council for the foot and cycle bridge which is being formalised through a Deed of Variation and will enable approval for the remaining £1m GPF Programme funding. This takes the total amount to £6.775m which is being formalised through a Deed of Variation.
- 2.8 The Funding Agreement set out the drawdown profile and the delivery of the programme was due to commence in quarter 1 of 2014 /15. However, due to a slight delay in signing the funding agreement and slight slippage of the project, delivery commenced in quarter 3 of 2014 /15. Due to this delay in spend £983.5k has been carried forward; we have agreed a new funding profile to reflect this. The new funding profile is being formalised through the Deed of Variation as follows: £62.5k in 2014-15, £1.5065m in 2015/16, £4.156m in 2016/17, £983k in 2017/18 and £67k in 2018/19. The new funding profile also reflects the actual payment of loan funds to the LB Ealing, rather than solely project expenditure.

2.9 The new drawdown profile which reflects slight slippage to project delivery and the need for budgets to reflect the actual payment of loan funds to the LB Ealing, rather than project expenditure, is set out below:

Milestones	GLA		2014/15				2015/16				2016/17				2017/18				2018/19			
	Cap	Rev	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total - Expenditure																						
Total - Actual receipt of GPF loan funds (drawdown)																						
	£6,775,000	0	£0	£0	£16,500	£45,953	£115,759	£105,000	£205,000	£1,080,873	£180,915	£390,000	£3,485,000	£100,000	£542,000	£428,000	£0	£13,000	£0	£67,000	£0	£0
			£0	£0	£0	£16,500	£45,953	£115,759	£105,000	£205,000	£1,080,873	£390,000	£3,485,000	£100,000	£542,000	£428,000	£228,000	£0	£13,000	£0	£67,000	£0

2.10 The total cost of delivering the full programme of planned activities is £11.3m. The expenditure profile (in line with the Deed of Variation) is set out for each funding partner below.

	2014/15	2015/16	2016/17	2017/18	2018/19	Total
GLA Expenditure	£62,453	£1,506,632	£4,155,915	£983,000	£67,000	£6,775,000
LB Ealing Expenditure	£100,000	£400,000	£2,850,000	£150,000		£3,500,000
Developer contributions	£0	£60,000	£20,000	£645,000	£300,000	£1,025,000
Annual total	£162,453	£1,966,632	£7,025,915	£1,778,000	£367,000	£11,300,000

2.11 LB Ealing will be responsible for repaying the GLA in accordance with the profile set out below. Repayment shall complete by 2022/23. This revised repayment schedule reflects the £1m that is being drawn down for the foot and cycle bridge stream of the project.

Revised repayment schedule:

	2019/20	2020/21	2021/22	2022/23	Total
Repayment to GLA	£1,575,000	£3,075,000	£2,075,000	£50,000	£6,775,000

Original repayment profile from Funding Agreement:

	2019/20	2020/21	2021/22	2022/23	Total
Repayment to GLA	£1,575,000	£2,575,000	£1,575,000	£50,000	£5,775,000

3. Equality comments

Through their existing public sector duties and via the requirements set out in the funding agreement, the LB Ealing 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. The LB Ealing is committed to promoting this duty and indeed has placed 'fairness' and 'accessibility' at the heart of its Corporate Plan 2014-2018 as two of just 6 key objectives for the Council. All road and public realm schemes will be designed so as to offer 'inclusive' access for disabled persons wherever possible (i.e. no special separate access arrangements); if this is not possible due to the specific site constraints, all new infrastructure will be DDA compliant. Southall is an ethnically diverse part of London, comprising many different races and faiths. The community will be consulted on plans so as to help engage the existing residents in the changes happening to their local area.

4. Other considerations

These five projects have been identified as priorities for intervention in Southall through consultation with key stakeholders including Crossrail and Transport for London and are consistent with the Ealing 2026 Local Development Framework and the draft Southall Opportunity Area Planning Framework (OAPF). The OAPF has been informed by a detailed masterplanning exercise for the Gateway area for the area around the station. The OAPF also identified Southall East as a priority area to deliver the significant housing growth, and secure long-term regeneration benefits of the Havelock estate renewal.

These projects also all form part of the Southall Charter, which was developed following a year-long Southall Big Conversation which was a process of dialogue which established a shared Vision for the future of Southall. The Big Conversation included engagement with community, civic leaders, businesses and public sector partners. Provision has been made within the programme timetable for required consultations and impact assessments.

5. Risk

The key risks to delivery of the programme are set out in the table below the proposed mitigation strategy for each.

	Risk description	Mitigation / Risk response	RAG rating
1	Additional funding is not identified for the foot and cycle bridge	A deadline of Q1 2015/16 has been agreed for LB Ealing to identify an alternative source of this funding. LB Ealing has confirmed they have secured funding, which has been reflected through a Deed of Variation.	G
2	Costs exceed the total funding available	Time and funding has been built into each project within the programme to undertake detailed design and costing assessments. Costs will therefore be established firmly before implementation commences. For the Southall Gateway component of the scheme feasibility work is underway, and the GLA will monitor closely the viability of the scheme as it develops. Continuing GLA support will be conditional on demonstration of a viable and deliverable scheme which meets the agreed outcomes. In principle,	G

		additional funding to support this scheme has been secured as part of the GLA's 'Housing Zone' intervention.	
3	Junction design does not align with wider public realm plans and stakeholder aspirations	New Steering group established to ensure all work streams are joined up. Attendees include GLA, TfL, Cross Rail, LB Ealing.	A

6. Financial comments

- 6.1 There is no change to the total amount of funding of up to £6.755 million to LB Ealing for the project which is being funded from the Growing Places Fund. The decision in DD1213 was on the basis that £1 million of the funding to Ealing could only be drawn down if match funding for the foot and cycle bridge was in place and agreement has now been reached on this and the changes in costs for this element of the project.
- 6.2 The revised profile of GLA expenditure on the project has been updated to reflect the estimated drawdowns of loan funding to Ealing. There are no changes to the repayment period from 2019-20 to 2022-23 except the repayment of the £1 million relating to the bridge is added in 2020-21 and 2021-22. Cost overrun risk or shortfall in income will rest with Ealing, but the project will need to continue to be monitored closely.

7. Legal comments

- 7.1 The foregoing sections of this report indicate that:
- 7.1.1 the decisions requested of the director fall within the statutory powers of the GLA to do such things as may be considered to further, and or be facilitative of or conducive or incidental to the furthering of, the promotion of economic development and wealth creation in Greater London - including the provision of financial assistance which might be provided by Transport for London where it is for the purposes of, or relates to regeneration; and
- 7.1.2 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 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.
- 7.2 If the director is minded to approve the recommendations in respect of which decisions are sought officers must ensure that the GLA's current agreement with LB Ealing is varied and executed by both parties in accordance with the relevant provisions of that agreement before any commitment is made to the new programme and funding profile.
- 7.3 In taking the decisions requested, the director must have due regard to the Public Sector Equality Duty; namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it and foster good relations between persons who share a relevant protected characteristic and persons

who do not share it (section 149 of the Equality Act 2010). To this end, the director should have particular regard to section 3 above.

8. Planned delivery approach and next steps

The project will be delivered by the LB Ealing.

Activity	Timeline
Entry into funding agreement	Q3 2014/15
Commencement of design and feasibility	Q4 2014/15
Implementation start date	From Q1 2015/16
Final evaluation start and finish (self):	Q1 2020/21 to Q1 2021/22
Delivery End Date (retention payments)	Q3 2019/20
Project Closure: End of repayment period	2022/23

Appendices and supporting papers:

None

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:

Sarah Hayward 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

M. J. Allen

Date

18.9.15