

REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD400

Title: Barking Riverside Gateways – Revenue Funding

Executive Summary:

To provide funding to the London Borough of Barking and Dagenham to assist them to undertake valuation, master-planning and development appraisal work to support the Barking Riverside Gateways Housing Zone.

Decision:

The Assistant Director approves:

- Revenue expenditure of £50,000 in the form of a grant to LB Barking and Dagenham for valuation, master-planning and development appraisal work at Barking Riverside Gateways.

AUTHORISING ASSISTANT DIRECTOR/HEAD OF UNIT:

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: Jamie Ratcliff

Position: Assistant Director – Programme, Policy and Services

Signature:



Date:

13 APRIL 2016

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

Barking Riverside

- 1.1. Barking Riverside is a brownfield site of over 170 hectares situated on the north bank of the Thames at the heart of the Mayor's London Riverside Opportunity Area. The site is owned by Barking Riverside Limited (BRL); a joint venture (JV) company, owned by GLA Land and Property Limited (GLAP) and London & Quadrant New Homes. The purpose of the JV is to prepare the Barking Riverside site for redevelopment, providing serviced development plots for house builders and essential physical infrastructure, including highways, utilities, public realm and community facilities.
- 1.2. In 2007 BRL secured an outline planning consent for 10,800 homes, as well as health, education, shopping, community and leisure facilities. Detailed planning consent for the first two stages was secured in 2009. To date, a local centre (the Rivergate Centre), as well as 697 homes have been completed and occupied, with a further 461 homes due to complete by March 2017.
- 1.3. BRL has been working closely with the GLA, HM Treasury, Transport for London and private sector funding partners to finalise funding arrangements for the extension of the Gospel Oak to Barking London Overground line to the site, which will see a significant change in the strategic direction of the project; unlocking the full potential of the whole site for 10,800 homes and 65,500sqm of commercial, retail and leisure development.
- 1.4. In MD1565, the Mayor approved the provision of funding by GLAP to contribute towards the costs of the railway extension and in MD1594, the Mayor directed Transport for London (TfL) to enter into a funding agreement and a land and works agreement with BRL, to enable the delivery of the Barking Riverside Extension by 2021. The agreements were completed in March 2016.
- 1.5. As a consequence of the new rail strategy, BRL has prepared a revised masterplan which was submitted as a section 73 planning application in January 2016.

Gateway Sites

- 1.6. The sites described in this report as the 'Gateway sites' are three areas which surround the Barking Riverside development, which are highlighted in Appendix 1- Intervention Areas, namely:
 - 1) Thames Road
 - 2) River Road (northern part)
 - 3) Creekmouth
- 1.7. The three areas present a very poor route into Barking Riverside, which detracts from the high quality design of the new development and has a negative impact on values and therefore development viability. The current industrial uses also separate Barking Riverside from the recent development at Thames View East, as well as the Housing Zone at Barking Town Centre, to which the GLA has allocated £42million to deliver 2,295 homes. Residential-led development of the Gateway sites would facilitate better connections between Barking Riverside and Barking Town Centre and also integrate Thames View East into the wider residential community.
- 1.8. Thames Road and Creekmouth are currently designated as Strategic Industrial Land (SIL), and part of the River Road area is a locally significant industrial site. The London Riverside Opportunity Area Planning Framework (adopted September 2015) recognises that the Thames Road and Creekmouth

areas could be released from SIL and re-designated for housing use (see Appendix 2 – OAPF diagram showing the potential release of industrial land). The London Borough of Barking & Dagenham (LBBD) plans to de-designate the areas as part of their Local Plan review, which is currently underway. Initial estimates suggest that the three areas have the potential for 6,000 new homes.

- 1.9 Given the development constraints in these areas, it is unlikely that a change in planning policy will provide a sufficient incentive for the private sector to deliver the transformation required without further interventions from the public sector. The site constraints include flood risk, remediation requirements and fragmented land ownerships (there are around sixty separate ownerships in these areas); meaning that the land values for residential use are comparable to or less than the existing use value, depending on individual site constraints.
- 1.10 The preferred solution is a comprehensive, planned approach to the regeneration of the area to secure new homes, high quality public realm, and to maximise the speed of delivery. This paper seeks approval for the GLA to support LBBD to lead this work through co-funding valuation, high level master-planning and development appraisal work.
- 1.11 Capital funding for land acquisition in this area will be made available to LBBD as part of the second Housing Zones programme; MD1632 designated 'Barking Riverside Gateways' a Housing Zone and allocated £30m of funding to contribute towards land acquisition. This revenue funding will complement this capital funding and enable comprehensive, high quality development.

2 Objectives and expected outcomes

- 2.1 This paper seeks approval for the GLA to contribute half of the costs (to a maximum of £50,000) of valuation, master-planning and development appraisal work in relation to the Barking Riverside Gateways sites. The remainder will be funded by LBBD. This expenditure will be incurred during 2016-17 and will be funded through underspend on the Barking Riverside JV project. This has been approved in principle by the Assistant Director of Strategic Projects & Property.
- 2.2 LBBD has already begun some of the feasibility work: land registry title information for all the relevant titles has been collated and Gleny has been engaged to provide valuation advice. Gleny has extensive experience of this type of advice, as well as wide-ranging local knowledge.
- 2.3 A Senior Strategic Planner for the GLA will produce high-level development capacity work and LBBD has engaged a planning consultant to produce development appraisals informed by the valuation and development capacity work. This initial work should facilitate the production of a land acquisition strategy which will identify the key sites where Housing Zone investment should be focused. It is likely, however, that further master-planning work and appraisal work outside of these original instructions may be required before the sites can be acquired.
- 2.4 Once sites are acquired, LBBD and GLA would seek to procure one or more development partners to develop the sites for predominantly housing use. It may also be possible to work with some existing owners to procure development partners, rather than acquiring the land.
- 2.5 LBBD's December Asset and Capital Board approved the development and submission of a Housing Zone proposal for the Barking Riverside Gateways area and a further report will be presented at a later Cabinet seeking approval for the land acquisition strategy. This report will include a request for CPO powers to be used on these sites if necessary.
- 2.6 In addition, the GLA is exploring the option of acquiring sites to deliver shared ownership homes at scale, using funding from the First Steps Challenge Fund. Sites within the Barking Riverside

Gateways area could be suitable for this. December Housing Investment Group (HIG) considered the option to acquire sites through the First Steps Challenge Fund, and a further paper will be brought to a later HIG containing a modelled proposal for direct land purchase, which may feature sites in these areas.

3 Equality comments

- 3.1 No adverse impacts on those with protected characteristics have been identified at this stage, and the needs of those with protected characteristics will be considered as master-planning work progresses. This funding will facilitate the delivery of housing (including affordable housing) on these sites.

4 Other considerations

Key risks and issues

- 4.1 The main risk is that this funding is insufficient and an increase in expenditure is necessary to complete valuation, master-planning and development appraisal work for these sites. This is not a financial risk to the GLA as the GLA's funding contribution is capped at £50,000 and LBBD will cover any cost overruns. If it is deemed that further expenditure on these sites would be beneficial in order to better facilitate development, a further decision will be sought from the GLA.
- 4.2 At present, it is estimated that the project budget will be sufficient; savings have already been made as the initial master-planning work has been undertaken by a Senior Strategic Planner at the GLA.

Links to Mayoral strategies and priorities

- 4.3 This funding will contribute to the following key Mayoral strategies and priorities:

The London Plan

- Promote growth in east London
- Deliver the objectives of the London Riverside Opportunity Area Planning Framework
- Deliver housing of high design quality

Mayor's Housing Strategy

- Contribute to housing delivery in London, including affordable housing

Mayor's Economic Development Strategy

- Regenerate a deprived area of London

- 4.4 This funding is aligned to the Barking Riverside Gateways Housing Zone. LBBD submitted a Housing Zone vision document and details of the financial interventions required and the housing units to be delivered through interventions in this area. This proposal was assessed against pre-published criteria and, having demonstrated a need for regeneration which will unlock housing delivery, Barking Riverside Gateways was designated a Housing Zone in MD1632.

Impact assessments and consultations

- 4.5 Planning applications submitted on these sites will include an Equalities Impact Assessment, where appropriate. The London Riverside Opportunity Area Planning Framework (adopted September 2015) recognises that the Thames Road and Creekmouth areas could be released from SIL and re-designated for housing use. Opportunity Areas are identified in the London Plan, which has been subject to an Equality Impact Assessment which is available on the GLA website.

5 Financial comments

- 5.1 The decision is being sought for revenue expenditure to a maximum of £50,000 towards the provision of funding to the London Borough of Barking and Dagenham (LBBD) to assist in valuation, master-planning and development appraisal works to enable the delivery of a Barking Riverside Gateways Housing Zone. The remainder of the costs will be funded by LBBD as well as any cost overruns, as GLA's funding contribution is capped at £50,000.
- 5.2 The expenditure will be allocated from Barking Riverside – JV project budget, which incurred spend to date of £164k against the designated budget for 15/16 financial year of £238k. The expenditure will be incurred in 16/17 financial year and all the required budget adjustments will be made to account for any underspend.

6 Legal comments

Power to Undertake the Requested Decision

- 5.1 Under section 30 of the Greater London Authority Act 1999 (the 'Act') the GLA, after appropriate consultation, is entitled to do anything that will further the promotion, within Greater London, of economic development and wealth creation, social development and the improvement of the environment.
- 5.2 Furthermore, section 34 of the Act allows the GLA to do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of any functions of the GLA. In this case, the GLA wishes to provide funding to LBBD to help support valuation, high level master-planning and development appraisal work in relation to the regeneration of Barking Riverside Gateways. Accordingly, the funding may be viewed as being calculated to facilitate and conducive and incidental to the promotion of economic and social development within Greater London.

Funding

- 5.3 The proposed grant of up to £50,000 to LBBD may be viewed as a conditional gift rather than a contract for services and supplies. Paragraph 6.4 of the GLA's Contracts and Funding Code requires that the funding be distributed fairly, transparently and in accordance with the GLA's obligations regarding equality of opportunities. To this end, the officers have set out in paragraph 4.4 above how they have met the said requirements. Furthermore, the officers must ensure that an appropriate funding agreement is put in place between the GLA and LBBD before any commitment to the funding be made.

7. Planned delivery approach and next steps

| Activity | Timeline |
|--|-----------|
| LBBD Cabinet approves land acquisition strategy and CPO powers | June 2016 |

Appendices and supporting papers:

Appendix 1 – Barking Riverside Gateways Intervention Areas

Appendix 2 – OAPF diagram showing the potential release of industrial land

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:

Elinor Savage has drafted this report in accordance with GLA procedures and confirms that the Finance and Legal teams have commented on this proposal as required, and this decision reflects their comments.

✓

HEAD OF GOVERNANCE AND RESILIENCE:

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

Signature



Date

13.04.16