

REQUEST FOR DIRECTOR DECISION – DD1215

Title: Kidbrooke Regeneration – additional budget to meet existing commitment

Executive Summary:

This approval seeks to increase the capital budget for Kidbrooke Regeneration by £85,000 for 2014/15.

The additional budget will be met from savings identified within the Land and Property Programme as identified as part of the 2014-15 budget setting process.

Decision:

That the Executive Director approves additional expenditure of £85,000 for Kidbrooke Regeneration to ensure the GLA's contractual commitment of £44.761m can be met.

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: 4 July 2014

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1. Kidbrooke Regeneration is a project that is delivering the estate renewal of the former Ferrier Estate with a new Kidbrooke Village that will provide over 4,000 new homes (increase of 2,000) and commercial space.
- 1.2. The GLA is committed to investing £44.761m gap funding in the project, and is party to a funding agreement with the Royal Borough of Greenwich (RBG) who are the landowner and the developer Berkeley Homes (BH).
- 1.3. All payments by the GLA are made to RBG as, under the Construction (Design & Management) Regulations 2007, they are the accountable body for the project. The funding is then attributed to the Kidbrooke Regeneration project. All payments are subject to certification that the primary infrastructure works have been completed and this is signed off by EC Harris.
- 1.4. The GLA budget for the project in 2014/15 is £5.286m, a shortfall of £85k against the contractual commitment of £5.371m. This shortfall has arisen because between September 2005 and July 2009 fees in relation to professional advice on the project were incorrectly charged against the project's capital budget. This decision therefore seeks to rectify this issue and ensure the budget matches the GLA's obligations under the supplementary agreement.

2. Objectives and expected outcomes

- 2.1 The objective of the project is to create an exemplary sustainable suburb in the form of a new village for London, with new homes, shops, schools, squares and parks. To date the project has achieved the completion of 832 homes; the release of 14.2 hectares of Brownfield Land; creation of 16,179sqm of floor space including a temporary supermarket and community facilities. In addition there are over 4,000 construction workers on site, with 331 apprenticeships created to date and £179million of private sector investment has been levered in.
- 2.2 The objective of this decision is to enable the GLA to meet its financial commitments to the project in respect of the Supplementary Agreement dated June 2009.

3. Equality comments

- 3.1 The project continues to implement the Mayor's policies set out in the draft London housing strategy. In January 2014 the GLA published an integrated impact assessment (IIA), including an equalities impact assessment, of that strategy. The policies related to increasing housing supply, of which this paper relates, were covered by the IIA for the Further Alterations to the London Plan.
- 3.2 The decisions to award funding through the Affordable Homes Programme 11-15 for affordable homes at Kidbrooke were made when the project was the responsibility of the Homes and Communities Agency (HCA). The HCA issued framework guidance for providers to meet the equality requirements of the programme in February 2011. In addition the Department for Communities and Local Government also undertook a full equality impact assessment, published June 2011, into the

affordable rent model. The assessment considered the information submitted by the providers when bidding for funding, the detail of which is a feature of the ongoing contract review process.

4 Other considerations

a) Key risks and issues

- 4.1 There are no additional risks or issues to the project with this approval. There is a reputational risk, and further issues may arise, if the GLA is unable to fulfil its contractual commitments to local authority and development partners.

b) Links to Mayoral strategies and priorities

- 4.2 This project is one of the largest estate regeneration projects in the capital and it is imperative that development momentum is maintained on site. The project is working towards the delivery of a village centre, completion of 4,000 homes and 16,000 sq. m of commercial space.
- 4.3 This will provide a number of new jobs, estimated at 12,000 through the construction of the dwellings and will contribute to growth on a key brownfield site in London. The provision of the village centre which includes a supermarket, hotel and community space will create up to 1,000 permanent employment opportunities and is a key priority for Royal Borough of Greenwich.
- 4.4 The development will be built to all current GLA design standards and the commercial elements to a BREEAM excellent specification.

5 Financial comments

- 5.1 The required increase of £85,000 has been identified from savings from within the existing land and property portfolio and will therefore not impact on GLA resources any further.

6 Legal comments

- 6.1 GLA has been advised by Addleshaw Goddard in relation to variation of the funding agreement, as noted above.
- 6.2 Section 30 of the Greater London Authority Act 1999 (as amended) (GLA Act) gives the Mayor a general power to do anything which he considers will further one or more of the principal purposes of the GLA as set out in section 30(2) which are:

- i. Promoting economic development and wealth creation in Greater London;
- ii. Promoting social development in Greater London; and
- iii. Promoting the improvement of the environment in Greater London

and, in formulating the proposals in respect of which a decision is sought, officers confirm they 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 in Greater London, promote the reduction of health inequalities between persons living in Greater London, contribute towards the achievement of sustainable development in the United Kingdom and contribute towards the mitigation of or adaptation to climate change in the United Kingdom; and

- consult with appropriate bodies.

6.3 Sections 2 of this report indicate that the Mayor has the power to agree to the Decisions set out above.

7. Planned delivery approach and next steps

7.1 Once the additional budget is approved RBG will submit their claim for £5.371m in May/June which concludes the GLA infrastructure funding. The GLA will continue to retain a strategic role with RBG and BH to monitor delivery of the project.

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 – YES

ORIGINATING OFFICER DECLARATION:

Drafting officer to
confirm the
following (✓)

Drafting officer:

Jonathan Goldstraw has drafted this report in accordance with GLA procedures and confirms that:

✓

Assistant Director/Head of Service:

Simon Powell 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

Date