

# CABINET

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Wednesday, 24 April 2019 at 4.00 p.m.

C1, 1st Floor, Town Hall, Mulberry Place, 5 Clove Crescent, London,  
E14 2BG

## SUPPLEMENTAL AGENDA

The meeting is open to the public to attend.

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see the main agenda.

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TOWER HAMLETS

# Tower Hamlets Strategic Plan 2019-22

Working together with the community  
for a fairer, cleaner and safer borough

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Agenda Item 6.2

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# Foreword

## Mayor John Biggs Executive Mayor of Tower Hamlets

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At the last local election I made a series of promises to residents - my manifesto was an ambitious agenda for change to make our borough a cleaner, safer and fairer place to live. Since the election the council has focused on realising those ambitions with new initiatives to support and protect our young people, tackle the housing crisis, reduce poverty and inequality, improve health outcomes, clean up our streets, reduce crime and anti-social behaviour (ASB) and improve our air quality. These are the priorities residents voted for and this is what my council will deliver.

This 2019-2022 Strategic Plan, a rolling three-year plan, reflects on the progress made last year and sets out our aims for the coming 12 months. The Plan reaffirms the council's commitment to delivering on my manifesto promises and sets out our wider vision for Tower Hamlets.

I want us to remain a council residents can be proud of. Over the past four years we have taken great strides to transform the council after the discredited administration of the former Mayor.

Last May's election saw residents endorse that approach and then in September the Government recognised the progress we have made and returned full powers to the council ending years of intervention.

While this was significant progress and we know from our Annual Residents Survey (ARS) in 2018 that the majority of residents are happy with the way the council is run, we must not be complacent and, there is always more we must do to improve. The ARS told us that reducing crime is again residents' top priority (41%) followed by affordable housing (37%) - as a result this Plan puts crime and housing alongside protecting our young people as top priorities.

Addressing the recent rise in youth violence and reassuring the community about wider crime and ASB continue to be a major area of work. As a result we are investing in the council's crime and ASB service and we will continue our funding for additional police officers to work across the borough including on Operation Continuum, a partnership between the council and the police which arrested 190

drug dealers and referred almost 100 users to drug treatment last year. We will continue to invest in fighting crime and ASB but we must be clear that the council alone cannot hold back the tide of Government cuts to the police.

We know that the lack of affordable housing is a significant challenge for residents. Since I became Mayor we have delivered over 300 new council homes with plans for 2,000 in total. More affordable homes were built in Tower Hamlets than almost anywhere else in the UK last year and I expect us to continue to deliver many more in coming years, balancing good design and liveability while ensuring they are affordable to local people.

Tower Hamlets has the fourth youngest population in the country. Protecting our young people, and our vulnerable older residents has to be one of our top priorities. Over the past two years we have invested an extra £10m in children's social care and this year we will be putting in an additional £5.5m to improve the quality of care we offer our young people and to deliver our children's services

improvement plan. We will also this year trial new under-fives initiatives to support our youngest residents. In adult social care we will also be investing a further £10m between now and 2022 to meet growing demand.

Unlike many other councils, we have also prioritised keeping all of our libraries, Idea Stores, leisure centres and children's centres open for our residents to enjoy and learn.

Tower Hamlets has the third largest economic output of the country and some of the best schools, yet many of our residents face an uphill struggle when it comes to accessing the jobs market. The establishment of WorkPath means we are able to support more people to access the skills and training they need but we must do more. This Plan includes work to better understand the post-16 offer in the borough and closer working with schools, Tower Hamlets College and other education providers to encourage and support more young people to pursue their aspirations.

Our borough is one of the best places to live in the country and we are committed to keeping it that way. This year we will progress plans to bring our waste and recycling service back in-house alongside additional investment in tackling littering, fly tipping, graffiti and other forms of environmental crime. At the same time our Liveable Streets programme will deliver significant improvements to our local environment by improving the ways our streets look and work, creating new green spaces and reducing the impact of growth and congestion on the borough. We will also continue our efforts to improve air quality and deliver our Air Quality Action Plan alongside initiatives to reduce the impact of traffic throughout the borough and the development of a new Transport Strategy.

Despite the challenges of a booming population, continued government cuts and Brexit, we remain focused on what the residents of Tower Hamlets tell us they are most concerned about. To do this we need to work closer with our partners. That is why we have worked with our health partners,

police, housing associations and voluntary and community organisations to create a new borough-wide Tower Hamlets Plan around our shared vision of tackling inequality by building a strong, inclusive and fair borough with a focus on good jobs and employment; strong, resilient and safe communities; better health and wellbeing; and a better deal for children and young people.

To support this we are investing £7.8m in a new three year Local Community Fund to support local projects and enable our vibrant and innovative voluntary and community organisations to help us deliver the priorities set out in this Strategic Plan.

The East End is an exciting place to live. Our diverse, vibrant and successful community is growing faster than anywhere else despite the challenges we face. Our job as a council is to ensure Tower Hamlets continues to be a place people are proud to call their home. Our residents deserve a council to be relentlessly focused on improving services and doing justice to our great part of London.

This Plan sets out how we will do that in the coming years with new initiatives to make us a cleaner, safer and fairer borough.



# Introduction

**Will Tuckley,  
Chief Executive**

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In the last four years we have laid down solid foundations of good governance and drive for innovation and excellence. Our 2019-2022 Strategic Plan is an important part of setting a clear direction for the council which our residents and local partners understand. It reflects the many challenges faced by our communities while seeking to ensure all residents benefit from the growth and opportunities of the borough.

The council's vision is to become a dynamic, outcomes-based organisation using digital innovation and partnership working to respond to the changing needs of our borough. This means ensuring our activities and interventions deliver better outcomes for residents while we work with our partners to deliver seamless and accessible services for all.

The council has also agreed a new three-year budget for 2019-2022. This builds on the work we started two years ago, focusing on outcomes-based budgeting and enabled us to take a longer term view of our investments and efficiency. The new budget

also sees major new funding for children's services, education, community safety and housing, which were the priority areas highlighted by local people and businesses in the budget consultation undertaken last year.

Over the last few years our key focus has been on driving improvement across all services in the council. Following a period of hard work by officers and elected members, Directions were lifted last year by the Secretary of State for the Ministry of Housing, Communities and Local Government. We have set an ambitious target of becoming an excellent council and key to this is ensuring our most vulnerable residents are protected and supported. In June 2017 we had agreed an improvement plan with the Department of Education for our children's services. Ofsted have visited us regularly over the past 18 months to assess our improvement and ensure we are on the right track. Feedback from their final visit noted the significant improvements we have made, while advising that there is work to do ahead of the full inspection later this year. Overall they felt that effective action by

leaders had led to improvements in the quality of care for children needing help and protection.

The Mayor has established the Transformation and Improvement Board (TIB) to act as the primary public forum through which we maintain a focus on improvement and increase the pace of transformation in the council. The Board is cross-party, involves external representatives and is open to the public to show the importance of being transparent and accountable.

We will continue in our pursuit for excellence and our recent external recognition is testament to that. I am delighted that last year we won 18 external awards including our violence against women and girls (VAWG), domestic abuse and hate crime team winning the prestigious national Local Government Chronicle 'team of the year' prize for its work in tackling these issues. We were also recently awarded the Investors in People Silver Standard accreditation until 2022, which reflects our priority to ensure our staff are engaged, skilled and have the right tools to provide the best service for local people.

We know from our Annual Residents Survey that concerns have been raised about the difficulty of contacting the council on the phone. We have responded by moving to a single contact number and by continuing to improve our digital access to services. We know that more work is required to improve the quality of residents' experience. For those residents who cannot or do not want to access services from home, we are investing in new technology in our Idea Stores across the borough. Our plans are designed to free up more time for these vulnerable residents who need the face to face support.

Finally, I am excited about the development of the new Town Hall, which will place us in Whitechapel at the heart of the Tower Hamlets community, directly opposite the new Crossrail station and a short walk from the City. Constructed on the site of the former Royal London Hospital building, the Town Hall will provide 26,700m<sup>2</sup> of civic space, with the ground floor designed for public use. In addition, we will welcome partner organisations to co-locate in the building, which will enable residents to be served by a

diverse range of services from one site. I recently visited the site and was inspired by the character and history of the building, but also the affection which residents hold for it.

The next year will continue to be very challenging for Tower Hamlets, but I am confident of the Council's commitment to delivering better outcomes for local people. I look forward to working with colleagues in delivering this plan.

# About Tower Hamlets

## POPULATION

**308,000** people live in Tower Hamlets (2018)



One of fastest growing populations in England: expected to reach **365,200 by 2027** - 15 new residents per day (2018)



**46%** of the population are **aged 20-39** (2018)



Home to the **largest Bangladeshi population** in the country who comprise 1 in 3 residents



**4 in 10** residents were born outside the UK (2018)



**Second** most densely populated local authority in the country (2019)



## EDUCATION

**64.3%** of pupils achieve passes in Maths/English at level 9-4 (broadly equivalent to the previous 5 GCSEs at grades A\* - C measure) (2018)



**137** different languages spoken in schools (2018)



**1 in 2 adults** (47.5%) hold higher level qualifications (2017)



## ECONOMY

**3rd highest** economic output in the UK (2018)



**16,925** businesses and **291,000** jobs (2018)



Borough expected to gain **110,000 more jobs by 2026**



## HOUSING

Average **house price** is **double** the national average (£421,131 vs. £244,597) (2019)



**52,820** (42%) of all homes are now privately rented (2018)



## TRANSPORT

Well connected - **31 stations** and **46 bus routes**



224km of road, 358km of footways and 53km of **cycle networks**



Over **216,232 commuters** travel into the borough every day (half are travelling to Canary Wharf) (2018)



## PLACE & CULTURE

Over **120 parks** and open spaces (2019)



**22 art galleries** and **6 museums** (2019)



Over **1,000** listed galleries and **58** conservation areas (2019)



**3 city farms** (2019)

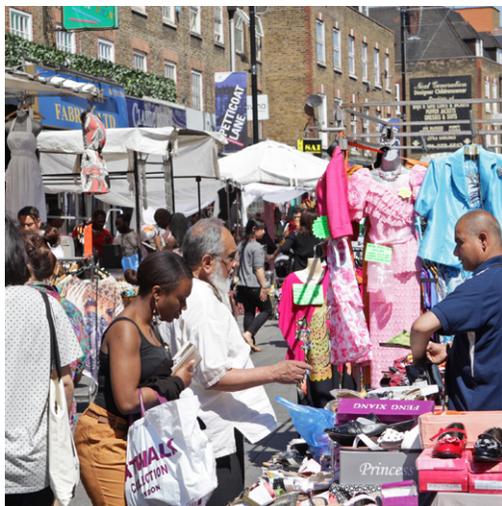


# Key challenges

To be added

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# Our priorities and outcomes



The Strategic Plan is an important precursor to the council's Performance Management and Accountability Framework and is the main strategic business planning document of the council. It sets out the corporate priorities and outcomes including the high level activities that will be undertaken to deliver the outcomes, as well as the measures that will help us determine whether we are achieving the best outcomes for our residents, our partners and the wider community.

The council is looking to deliver the following priorities and outcomes over the next three years:



## Priority 1: People are aspirational, independent and have equal access to opportunities

1. People access a range of education, training, and employment opportunities.
2. Children and young people are protected so they get the best start in life and can realise their potential.
3. People access joined-up services when they need them and feel healthier and more independent.
4. Inequality is reduced and people feel that they fairly share the benefits from growth.



## Priority 2: A borough that our residents are proud of and love to live in

5. People live in a borough that is clean and green.
6. People live in good quality affordable homes and well-designed neighbourhoods.
7. People feel safer in their neighbourhoods and anti-social behaviour is tackled.
8. People feel they are part of a cohesive and vibrant community.

## Priority 3: A dynamic, outcomes-based council using digital innovation and partnership working to respond to the changing needs of our borough

9. People say we are open and transparent putting residents at the heart of everything we do.
10. People say we work together across boundaries in a strong and effective partnership to achieve the best outcomes for our residents.
11. People say we continuously seek innovation and strive for excellence to embed a culture of sustainable improvement.

**The plan is a key link in the 'Golden Thread' and used to inform directorate, service and team planning. It also sets out how the council will deliver the objective and priorities set out in the new Tower Hamlets Plan developed by the Tower Hamlets Strategic Partnership.**



## Priority 1:

**People are aspirational, independent and have equal access to opportunities**

Tower Hamlets is one of the most vibrant and diverse communities in the UK. Almost 140 languages are spoken in our schools alone. People value the rich cultural offer that comes with this mix, and the new opportunities to celebrate this diversity that we have worked hard to create.

Over the past three decades our population has more than doubled and we are still growing: the

population recently broke through the 300,000 mark and is projected to be approaching 400,000 by 2027. We are also a young borough - the fourth youngest in the UK: almost half of our residents are aged 20-39.

This priority provides a focus for our efforts to ensure that our residents can achieve their aspirations and gain from the benefits of living in a borough that

is economically vibrant, resilient and diverse.

There are four overarching outcomes under Priority 1 that the council's actions for the coming year are focussed on achieving and these are described in more detail in the sections that follow.



## Outcome 1:

### People access a range of education, training, and employment opportunities

High quality education is a stepping stone to high quality employment. In partnership with the Tower Hamlets Education and Partnership and our schools, we will continue to work hard to help our young people do well at school and go on to reach their full potential. Beyond school, we also want to support them and their families to be aspirational about their future and to have the opportunity to thrive in good

jobs. This means equipping young people with the skills and confidence to succeed in the modern economy.

We want to help local residents to capitalise on the dynamic employment growth occurring around them. We want to encourage employers and education providers to work closely together in the design and delivery of education and skills training to reflect the needs of the job market. Higher education is not for everyone and people should be offered a range of routes into employment, including work placements and apprenticeships. We will push for economic investment that is coordinated and focused and for a borough that is a dynamic place for innovation and those who want to set up a business.

## What actions will we take?

We will:

1. Agree common expectations with key stakeholders e.g. schools, New City College, Job Centre Plus, the business community.
2. Develop action plans based on individual needs assessments for those young people and adults we are supporting into education, training and employment opportunities (note – this action also supports Outcome 4).
3. Develop a careers education programme for young people in years 7-9 (aged 11 to 14).
4. Identify key skills and training for employment support professionals.
5. Provide support to start-ups and existing businesses.
6. Develop business networks and contacts with hiring managers.
7. Provide access to entry point learning which promote personal development.
8. Improve our understanding of the current and future London labour market.

## What will we measure?

- Young people who are in education, employment or training.
- Pupils who are attending secondary school regularly.
- New enterprises created with support from the council's business development programmes.
- Adult learners who complete a course successfully.
- Adults supported into sustainable employment by the WorkPath service.



## Outcome 2:

### Children and young people are protected so they get the best start in life and can realise their potential

The formative years from 0 to 5 are absolutely critical to the future health and wellbeing of infants in Tower Hamlets. The integrated early years' service works with partners and stakeholders to address levels of provision and quality in early education and childcare. Similarly, health visitors play a crucial role in identifying and supporting our youngest children in need, making sure they get the best start in life. We want to ensure



high quality provision to support the learning, development and care of young children to prepare them for school and their futures.

We have an important responsibility to safeguard and promote the welfare and safety of children in need. To do this, we will work with parents and families in the best interests of the children by listening to their views when making decisions. With our partners we will be launching our children's campaign with the aim of making Tower Hamlets a child friendly borough.

We want children and young people to be able to live in a safe environment, ensuring the best health and developmental outcomes.

## What actions will we take?

We will:

1. Provide high quality training for staff working in social care and early help services. This training will need to link closely with the training goals of our partners, and wherever possible, training should be delivered jointly to strengthen joint working.
2. Engage effectively with system partners such as health and the police to ensure that services are complementary and there is no duplication of services or resources.
3. Create and map clear pathways into early help from social care and other universal services; and to develop consistent understanding of thresholds across services and agencies.
4. Use the new Safeguarding Children Partnership to establish partnerships between children; young people; families and schools, health staff and other stakeholders.
5. Continue to offer Family Group Conferencing to families in need at the earliest stage.
6. Collate data and feedback from children; young people; families and the wider community and further develop mechanisms for youth and parental voice.
7. Provide varied high quality activities outside of school for children and young people.

## What will we measure?

- Long-term looked after children who are in stable placements.
- Families who are seeing the benefits of being supported before problems escalate.
- Pupils who are regularly attending school in reception year.
- Young people engaging with the youth service who achieve a recorded outcome.



### Outcome 3:

## People access joined-up services when they need them and feel healthier and more independent

We are committed to improving the health and wellbeing of our local population and the quality of the care services they receive. At the heart of this is ensuring our services are person centred, coordinated and make a tangible and positive difference to people's lives. We have a strong commitment to deliver in a joined-up way with a strong local Tower Hamlets focus, working in partnership with people and their communities, the voluntary and

community sector and statutory providers. We aim to give the people of Tower Hamlets one of the best systems of interconnected health and care in the country.

Through further close partnership working, prevention, early intervention and working with our communities, we will tackle health inequalities, improving the quality of life for our residents and managing demand for services.

Through the Tower Hamlets Together partnership with the NHS and local community and voluntary sector, we aim to reduce the need for people to be treated in hospital, by supporting them to stay healthy and to access support earlier to prevent health problems. We also want to give people more control over their own health and wellbeing and manage their health in community settings.

### What actions will we take?

We will:

1. Run activities and programmes that encourage residents to have healthy lifestyles, including encouraging children's healthy weight and nutrition.
2. Provide evidence-based early intervention and prevention programmes, helping residents to be as healthy as possible for as long as possible.
3. Change how we provide information to residents on health and care, making it easier for people to get advice and help at an early stage.
4. Integrate health and care so that residents get a better, more joined-up experience of both systems.
5. Make better use of technology and equipment in health and care, recognising its potential to improve how people manage their health conditions and care needs.
6. Staff in adult social care will do more to empower people, focusing on the strengths and abilities of social care users as well as the things they need help with.
7. Offer choice and personalised support to social care users, including the promotion of direct payments so that people have more control over the care they receive.

### What will we measure?

- People who are more independent after being supported through reablement services.
- Delayed discharges from hospital attributable to council social care services.
- Proportion of adult social care users who are receiving a direct payment.
- Residents' self-reported level of physical activity.
- Residents' self-reported level of health.
- Children's participation in physical activity (Daily Mile).



## Outcome 4: Inequality is reduced and people feel that they fairly share the benefits from growth

While we want people to have positive associations about life in Tower Hamlets, we cannot deny that Tower Hamlets is a borough of contradictions.

Despite the economic opportunities in our borough, many in our community do not benefit from them. The borough is the tenth most deprived local authority in England and has the highest levels of pensioner poverty and child poverty in England. The employment rate of residents is

below the national average and some people in our communities find it more difficult to find work than others.

The borough is also tackling some of the toughest health inequalities in the UK caused by deprivation and related housing and employment needs – these are addressed in Outcomes 1 (education, training, employment), 3 and 7 (health), and 6 (housing).

## What actions will we take?

We will:

1. Support households impacted by Universal Credit.
2. Deliver initiatives to prevent homelessness and rough sleeping.
3. Work with partners to deliver initiatives to tackle poverty.
4. Develop Finance and Welfare advice provision in the borough.
5. Review and improve local childcare offer.

## What will we measure?

- Women and residents from BAME (black and minority ethnic) backgrounds supported into sustainable employment by the WorkPath service.
- Residents' self-reported level of health for groups experiencing health inequalities.
- Residents who are better off financially after receiving advice on maximising their household income.
- Households prevented from becoming homeless.



## Priority 2:

### A borough that our residents are proud of and love to live in

Tower Hamlets is one of the most dynamic and exciting places in the country. It is a borough with a rich history and people are proud to be part of this community. Tower Hamlets is a place of contrasts and contradictions, where a thriving economy co-exists with high levels of poverty. Above all it is a place of opportunity. A place where we can build on the stories of our past, on the great progress we have already made, and on our many strengths,

to ensure that this is a borough where all residents can thrive.

Our vision for Tower Hamlets is that it is clean and well looked after, where our air quality is better and our streets and estates safer, a fairer place with more access to affordable housing and where more of our residents achieve their potential.

We know that strong and resilient

communities are happier and healthier communities. When people look out for each other they benefit in terms of their health and well-being, from their connections with the people around them.

Against a backdrop of reducing public sector resources and increased confidence to report crime, we will focus more on crime prevention and reducing fear of crime. We will also work closely with communities to tackle crime and anti-social behaviour.

We will work together as a community to support greater integration and cohesion, helping to build bridges between different parts of the community, tackling social isolation and contributing to making the borough a safer place.

There are four overarching outcomes under Priority 2 that the council's actions for the coming year are focused on achieving, and these are described in the following sections.

## Outcome 5:

### People live in a borough that is clean and green

We want residents to enjoy a good quality of life in an environment that has a positive influence on everyone's health and wellbeing. While in many ways the local environment for residents is improving, increases in the number of people that live, work and pass through the borough presents many challenges in ensuring the impact of growth on the local environment is managed.

Providing a clean local environment with improved open spaces for a growing population presents a complex challenge to meet within a small borough footprint and against financial constraints. Similarly, managing the impact of a growing population on the environment through reducing congestion, air pollution, and the levels of waste and CO2 produced presents a significant challenge in how we work with stakeholders to reduce the effects of growth.

We are already making good progress in delivering a range of measures to improve air quality and CO2 emissions in the borough and are ambitious in our approach to improve the local environment which residents experience. The Love Your Neighbourhood Programme will further improve the quality of the local environment for those who live and work in the borough through delivering street cleanliness, waste management, transport and infrastructure initiatives to create a more pleasant environment.

In order to meet the challenge of growth we remain committed to the delivery of affordable homes within the borough and improving the quality and management of housing. We will continue to progress our approach to regeneration across the borough to ensure we capitalise on opportunities presented by development, ensuring that residents share the benefits or growth and that the appropriate infrastructure is in place to facilitate this.

### What actions will we take?

We will:

- 1. Implement new arrangements to improve cleansing and the quality of the local environment.**
- 2. Deliver the council's Waste Strategy with initiatives to encourage/enforce waste reduction and recycling amongst residents and businesses.**
- 3. Deliver the Mayor's ambitious Love Your Neighbourhood programme to make our streets safer, cleaner and more sociable places to use and to deliver the new investment around street lighting, footways and carriageways throughout the borough.**
- 4. Deliver initiatives to maintain and improve existing parks and green spaces.**
- 5. Deliver the Air Quality Action Plan.**
- 6. Promote use of cleaner fuel types amongst residents and businesses.**
- 7. Take targeted action to reduce CO2 emissions across residential and community buildings.**
- 8. Agree and deliver a Biodiversity Action Plan to protect and enhance wildlife across the borough.**

### What will we measure?

- Level of public realm cleanliness.
- Level of recycling.
- Level of CO2 emissions generated by the council's activities.
- Primary school pupils benefiting from a school street at their school (traffic reduction outside the school).
- Residents' access to nature through biodiversity projects.



## Outcome 6:

### People live in good quality affordable homes and well-designed neighbourhoods

We want the borough to be a place where people are proud to live and enjoy their lives. Accessing good quality, affordable housing is an ongoing challenge in a borough which has a fast growing population, low income levels for many households and a fast growing private rented sector with high private rents and house prices.

Pressures on the high demand and limited supply of social housing lead to complex challenges concerning overcrowding, homelessness and rough sleeping, while the expansion of the private sector as of source of housing presents challenges to ensure that this stock is in good condition and well managed.

Finally, while Tower Hamlets delivers amongst the largest numbers of housing and affordable amongst Local Authorities each year, we continue to have stretching housing delivery targets from the GLA (Greater London Authority) and have three designated Opportunity Areas designated to accommodate projected population growth of about 25% by 2031. This level of growth within our borough's 2,157 hectare footprint present significant challenges to ensure the correct social, economic and physical infrastructure is in place to accommodate this growth, that residents have a vital say and role in regeneration and that opportunities that arise from growth are accessible for our residents.

## What actions will we take?

We will:

1. Work with housing associations and other partners to improve the supply of affordable housing (note – this action also supports Outcome 4).
2. Identify sites for new council homes and commence delivery.
3. Adopt the Local Plan and produce robust development strategies and policy guidance.
4. Develop and deliver a borough programme for regeneration.
5. Deliver the council's programme of estate renewal and initiatives to improve housing conditions (note – this action also supports Outcome 4).
6. Negotiate and deliver strategic infrastructure.
7. Continue to drive improvements to the planning process.
8. Deliver the programme of Liveable Streets.

## What will we measure?

- Level of household overcrowding.
- Level of homeless households moved into permanent accommodation.
- Level of affordable homes completed.
- Residents' satisfaction with the local area as a place to live.



## Outcome 7:

### People feel safer in their neighbourhoods and anti-social behaviour is tackled

Tower Hamlets is a vibrant, diverse and exciting place to live, work and visit and we want everyone to feel safe and enjoy all that it has to offer. However residents have said that crime was their top concern in 2018. Tackling the interlinked issues of violence, anti-social behaviour (ASB) and drugs and alcohol is a significant challenge for the borough. The council is working closely with a range of partners to deliver a holistic response that includes looking

at drugs and alcohol misuse as a health issue, and addresses the root causes and consequences of crime, abuse and exploitation.

The council will make use of all the tools and powers available to it to prevent issues occurring and to focus on robust enforcement against the drugs market and its associated violent crime and ASB. We will continue to fund additional police officers and support Operation Continuum activity against serious and organised crime. The council will also seek to reduce the harm caused to communities by offering improved support to victims, safeguarding people at risk of abuse or neglect, and effective treatment services for those with addictions.

In addition the council will be reviewing its approach to CCTV and evaluating its Neighbourhood Management Pilot to assess what more can be done to enhance feelings of safety by ensuring that its response is evidence led and co-produced with residents.

## What actions will we take?

We will:

1. Provide education and awareness-raising to prevent and tackle issues including violence against women and girls, safeguarding and exploitation.
2. Run a new specialist substance misuse project and get more people into treatment programmes, so that more people get the help they need.
3. Make it easier for residents to report ASB to the council.
4. Continue partnership working with the Police to carry out geographic drugs operations ('Operation Continuum') so that drugs markets are continually disrupted.
5. Invest in CCTV, Police personnel and other resources to proactively tackle crime and ASB, enabling us to identify hotspots and take swift action.
6. Hold perpetrators of crime and abuse to account, using the full spectrum of our enforcement powers when needed.
7. Work closely with the community to prevent, identify and tackle crime, ASB, abuse and community tensions.
8. Provide personalised support for victims, including new specialist support to victims of knife crime at the Royal London Hospital.

## What will we measure?

- Residents' concern about crime and anti-social behaviour.
- Young people entering the youth justice system for the first time.
- Residents' feeling of safety in their local area.
- Drug users successfully completing treatment.
- Victims of violence against women and girls or hate crime who feel safer after engaging with victim support.



## Outcome 8:

### People feel they are part of a cohesive and vibrant community

Tower Hamlets is a place with a rich history- from its beginnings as an historic docks and manufacturing area it has grown and developed at a faster rate than anywhere else in the UK. This culturally rich and diverse area faces unique challenges as it moves from a place of deprivation to become an extension of the Central London economic powerhouse and a vibrant borough in its own right.

We are also one of the most vibrant and diverse communities in the UK. Local people are proud of the high levels of community cohesion, and value the rich cultural offer that comes with this mix. The Voluntary and Community Sector (VCS) is crucial to the economic and social life of the borough, for example, as an employer, service provider, and provider of community space. We need to continue to ensure the sector is aligned as much as possible to what citizens in the borough want and need. Starting later this year, the Programme will focus on outcomes for local residents and making a positive impact on their lives, while building the capacity of local VCS organisations.

In February 2019, the government published its Integrated Communities Action Plan which we will use to develop the council's Cohesion Framework to help embed cohesion in all our business. This will have a focus on building positive relationships valuing diversity, supporting equality of opportunity and enhancing a sense of belonging.

## What actions will we take?

We will:

1. Work with stakeholders and communities to tackle emerging tensions and issues within and between communities including those generated by hate crimes or extremism.
2. Roll out community-led improvement projects and programmes including supporting the voluntary and community sector to deliver services and bring people together.
3. Improve services for refugees and people fleeing harm.
4. Deliver projects to support integration of new communities.
5. Deliver initiatives to celebrate diverse cultures of our borough.

## What will we measure?

- Level of hate crime.
- Residents' level of volunteering.
- Residents' perception of people from different backgrounds getting on well.

## Priority 3:

# A dynamic outcomes-based council using digital innovation and partnership working to respond to the changing needs of our borough

Tower Hamlets is amongst the UK's most dynamic, innovative and exciting place. Change is happening at a faster rate than any time in our history. We are seeing a rapid expansion in the number of homes and jobs and a changing, growing population. The vast majority of residents (92%) have access to the internet.

With these increased pressures and reduced funding, we need to embrace technology and work with residents and partners to make the most of our resources.

The council cannot deliver everything and in order to get the best outcomes for its residents needs to be more agile, leaner and strategic. This means that we will commission services when other organisations are in a better position to provide them. We will work in partnership with stakeholders to share resources and become more than the sum of our parts.

We will also use digital innovation to improve services and to give people the opportunity to take a greater role in improving our borough.

Smarter Together is the council's blueprint for transformation which will make us become a dynamic outcomes-based organisation using digital innovation and partnership working to respond to the changing needs of our borough. Our transformation is shaped by three lenses – Partnership, Outcomes and Digital.

- **Partnership:** Collaboration with residents, businesses and partners at the earliest stage.
- **Outcomes:** Services will be delivered by organisations that offer the best outcomes



for our residents. That means measuring the difference we are making in people's lives. We will become agile in responding to issues and finding solutions inside and outside the council.

- **Digital:** Accessing most council services will feel similar to the best online experiences. Smart technology will allow people to transact, feedback and measure services with ease.

There are three overarching outcomes under Priority 3 that the council's actions for the coming year are focused on achieving, and these are described in the following sections.

## Outcome 9:

### People say we are open and transparent putting residents at the heart of everything we do

Our residents are varied and have a range of needs. Everyone who lives, works, studies, visits or does business in Tower Hamlets will use a council service in some form, whether they are visiting one of the council's parks, applying for a parking permit or simply walking down one of our streets.

We want to make it easier for people to contact us online. Helping our residents to become confident in dealing with us online helps them to become more independent financially, socially and practically. This will help them in other areas of their lives, such as getting information about jobs, or getting a better deal from their energy provider.

We will be 'digital by default' (which means that this will generally be the main way that people contact or do business with us for straightforward matters).

Every resident should feel that they have received excellent customer service when dealing with us and should be able to easily connect with us whenever they want. In most cases we should be able to meet their needs first time around. To do this, we will need to work with our residents to get feedback, as well as analysing the information provided by people using our services.

We need to transform our approach to business intelligence and insight. The council and its partners collect and store large amounts of data on our citizens, businesses and communities that we use as part of our everyday service delivery and transform into intelligence to inform service planning. However much of this data is fragmented and underused – we need to unlock the potential of our data giving staff the power to make better informed decisions to deliver better outcomes for our citizens and communities. We will ensure that we fully adhere to data protection laws and best practice, and continue to take these responsibilities seriously.

### What actions will we take?

We will:

1. Work with internal and external stakeholders to deliver improvements in the council's consultation and engagement approach.
2. Develop a Digital Strategy which supports our work to improve customer services through digital platforms.
3. Develop initiatives to increase democratic participation by local communities.
4. Deliver a Communications Strategy to tell the story about the council.

### What will we measure?

- Service user satisfaction with the council's online service offer.
- Residents' satisfaction with Idea Stores and libraries.
- Residents' perception of being involved in council decision-making.
- Residents' perception of council transparency.
- Residents' perception of being kept informed by the council.

Through positive delivery of our Community Engagement Strategy, we want to strengthen our relationship with local people by enabling them to be actively involved in the design and delivery of services.



## Outcome 10:

### People say we work together across boundaries in a strong and effective partnership to achieve the best outcomes for our residents

We will work in partnership with stakeholders to share resources and become more than the sum of our parts.

The Tower Hamlets Strategic Partnership is the borough's Local Strategic Partnership bringing together key stakeholders to provide and improve services and

outcomes for local residents. In particular it gives residents more powerful input in the way services are provided and ensures that all aspects of the community work together to achieve the objectives of a borough plan.

As partners have reflected on the key opportunities and challenges facing the borough, we have also thought hard about how we are going to achieve our objectives. In a time of austerity and uncertainty, 'less of the same' will not be enough. Public sector organisations in the borough are already making big changes to the ways that they work, and this will need to continue. And as the richness of our conversations about the role of organisations and people beyond the public sector have shown, we really do all need to play our part. Responsible local businesses, a thriving voluntary sector and residents themselves are critical to achieving this Plan.

## What actions will we take?

We will:

1. Understand public sector investment, commitments and resourcing across Tower Hamlets.
2. Deliver a Tower Hamlets place-based campaign.
3. Develop a clear set of priorities for partnership working.
4. Work with partners to mitigate impact of Brexit on communities and stakeholders in Tower Hamlets.
5. Improve collaborative working and integration with partners to drive improvements against the four priority areas of the Tower Hamlets Plan.

## What will we measure?

- Residents' satisfaction with council and partner response to anti-social behaviour (ASB).
- Children and young people receiving support from mental health services.
- Older people who have not returned to hospital after being supported through reablement services.
- Residents supported into sustainable employment by the WorkPath partnership.



## Outcome 11:

### People say we continuously seek innovation and strive for excellence to embed a culture of sustainable improvement

Public services are under huge long-term financial pressures and are also facing rising demand from service users. There are already many initiatives underway to change the way that public services are designed and run in Tower Hamlets, such as the integration of health and social care.

We as civic leaders will need to increase our efforts, and ensure a greater coherence of approach across our organisations.

We are calling this a 'whole system' approach to change in Tower Hamlets and it will require us to work together in new ways, build better alignment of our respective efforts in service of our shared aims, and put the interests of the borough above those of our individual organisations.

## What action will we take?

We will:

1. Deliver the Smarter Together Transformation Programme.
2. Deliver improvements to how we use our land and buildings.
3. Improve the IT infrastructure and modernise applications to enable innovation.
4. Develop a modern workforce within the council through culture change.
5. Embed Outcomes Based Budgeting across the council.
6. Deliver a programme of service reviews to improve operational effectiveness.
7. Review business intelligence processes and procedures to support better outcomes for local people.
8. Change our approach to performance management to focus on better outcomes for residents.

## What will we measure?

- Council staff turnover rate.
- Council staff sickness absence rate.
- Media and press view of the council.
- Residents' perception of the council doing a better job than last year.

# What we deliver

To be added

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# Council Spending by Strategic Priority Outcome

To be added

# How to get involved

Our Community Engagement Strategy sets out our vision for transparency and openness by encouraging active participation of our residents to influence and shape the borough in which they live and work. We want communities to lead the way in making Tower Hamlets a great place to live and we want communities to have the power to influence issues that affect them the most.

Find out about the latest council news and events by visiting our website:

[www.towerhamlets.gov.uk](http://www.towerhamlets.gov.uk)

Check out our calendar of meetings to find out about upcoming council and committee meetings:

[www.towerhamlets.gov.uk/meetings](http://www.towerhamlets.gov.uk/meetings)

We regularly consult our residents and local businesses about proposals that are likely to impact them:

[www.towerhamlets.gov.uk/consultation](http://www.towerhamlets.gov.uk/consultation)

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INVESTORS IN PEOPLE | Silver

<p><b>Cabinet Decision</b></p> <p><b>24 April 2019</b></p>	
<p><b>Report of:</b> Corporate Director, Place</p>	<p><b>Classification:</b> Partially Exempt</p>
<p><b>Disposal of Land at Ailsa Street, Lochnagar Street and Bromley Hall Road E14</b></p>	

<b>Lead Members</b>	Mayor John Biggs, Cabinet Member for Asset Management
<b>Originating Officer(s)</b>	Interim Head of Asset Management, Property & Major Programmes Interim Divisional Director, Housing and Regeneration
<b>Wards affected</b>	Lansbury
<b>Key Decision?</b>	Yes
<b>Forward Plan Notice Published</b>	29 May 2018
<b>Strategic Plan Priority / Outcome</b>	All priorities

By virtue of section 100A of the Local Government Act 1972 and paragraph 3 of Schedule 12A of the Local Government Act 1972, two appendices in this report are exempt as they contain Information relating to the financial or business affairs of any particular person (including the authority handling the information). Specifically, the appendices contain land valuation information and the terms of the disposal; the premature publication of this information could prejudice the Council in negotiating the transaction. In all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the appendices as it could jeopardise the Council's financial position when negotiating the transaction with the developer.

### **Reasons for Urgency**

The report cannot await the next scheduled meeting of Cabinet in May because the purchasers of the Council land, who are the developers of the Ailsa Street scheme, have indicated that an earlier decision is required in order to fit with its development timetable. The negotiations with the developers have recently been concluded, with insufficient time for the report to be finalised and published at least five days prior to the meeting. However it should be noted that the forthcoming decision notice was published in May 2018

## **Executive Summary**

The Council owns a number of assets that are currently vacant. These assets are both a financial burden at a time of fiscal constraint, and an opportunity. There is a regeneration project within the Poplar riverside area, referred to as the Ailsa Wharf scheme. The scheme, which has planning consent, includes areas of vacant land owned by the Council.

In order to facilitate the carrying out of the scheme by the developer and to generate a capital receipt for the Council, it is proposed that the Council agrees to sell land to the developer on the terms set out in this report. At its meeting in November 2017, Cabinet agreed to proceed with a sale of the land to the then developer. Subsequently the development opportunity was sold and the Council has been negotiating terms with the new developer. These terms are now substantially agreed and are presented in this report for approval.

The land involved is situated in Ailsa Street, Lochnagar Street and Bromley Hall Road E14 as shown on the plan at Appendix A, where the Council land is shown shaded in a plum colour (“the Council land”) and the other land making up the development site is shown shaded in a lilac colour.

### **Recommendations:**

The Mayor in Cabinet is recommended to:

1. Note that the Council land at Ailsa Street, Lochnagar Street and Bromley Hall Road E14, as shown on the plan at Appendix A, was confirmed by Cabinet as being surplus to the Council’s requirements in November 2017.
2. Agree to the disposal of the Council’s freehold interest in the Council land to London River Lea One Ltd on the terms set out in the report.
3. Authorise the Corporate Director of Place, to agree to any subsequent minor or favourable variations to the terms and the precise boundaries of the Council land to be sold, in order to implement the recommendation above.
4. Agree to delegate authority to the Corporate Director of Place to decide whether the Council will acquire the affordable housing units to be provided within the scheme and whether to acquire a further 5% of the total number of units provided, for use as additional affordable housing, or to meet other housing objectives.
5. Agree to delegate authority to the Corporate Director of Place to agree the terms for both of the acquisitions mentioned in paragraph 4 above.
6. Authorise the Corporate Director of Place of to agree to any

subsequent minor or favourable variations to the terms and the precise boundaries of the land to be sold, in order to implement the recommendations above.

7. Authorise the Corporate Director of Place, to enter into the necessary legal agreements required to implement the recommendations above.
8. To note the equalities considerations as set out in section 7.

## **1. REASONS FOR THE DECISIONS**

- 1.1 It is important at a time of reducing funding and budgets in the public sector to ensure that efficiencies are driven through the running and/or disposals of the Council's assets to reduce revenue costs and/or generate capital receipts.
- 1.2 The decisions in this report will contribute to the continual review and rationalisation of the Council's assets, and help reduce the operational portfolio to the optimum required. The disposal will generate a capital receipt for the Council, which can be reinvested and directed to its principal expenditure priorities. It will also reduce revenue expenditure on upkeep, maintenance and security.
- 1.3 The proposed redevelopment of the land as part of a wider regeneration area will bring disused and environmentally poor sites in a prominent location into productive use. By taking constructive action in this way, the Council is meeting its strategic enabling role in promoting regeneration. The redevelopment will have a potentially transformative effect on this area of the borough. The provision of a significant amount of affordable housing will help the Council to meet its targets and support people on lower incomes into quality accommodation.
- 1.4 At its meeting in November 2017, Cabinet agreed to proceed with a sale of the land to the then developer. Subsequently the development opportunity was sold and the Council has been negotiating terms with the new developer. These terms are now substantially agreed and are presented in this report for approval.
- 1.5 The Poplar Riverside Housing Zone was established in 2016. The Housing Zone contains 10 potential development sites the majority of which occupy former industrial lands bound by the A12, A13 and River Lea. The Council is focussed on ensuring a significant quantum and mix of affordable homes is delivered in the Housing Zone, alongside high quality and affordable workspace, open space, cultural facilities and community infrastructure.
- 1.6 Poplar Riverside has the potential to emerge as London's new affordable

district in which to both live and work. Utilising the rich asset that is the River Lea will be crucial to the regeneration of Poplar, and equally important will be the delivery of key infrastructure to significantly improve connectivity and reduce severance, creating a network of routes that open up Poplar Riverside to the rest of Tower Hamlets and East London.

- 1.7 Over 15,000 homes are likely to be built in Poplar Riverside over the next 10 to 15 years, with the majority scheduled for delivery by the early 2020s. The development of Poplar Riverside will also provide up to 3,000 new jobs, new parks and open spaces, improvements to the wider Lea River Park and new schools.
- 1.8 GLA Housing Zone funding is no longer available, and the Council is pursuing a range of other funding options for infrastructure as well as other regeneration objectives. However, before the end of the Housing Zone funding programme in 2018, the Council did secure GLA funds towards the delivery of a new pedestrian and cycle bridge at Lochnagar Street.
- 1.9 The terms of the proposed Council land sale include options for the Council to purchase the affordable housing units provided in the scheme and an additional 5% of units for use as affordable housing. It is proposed that the decision to exercise these options is delegated to the Corporate Director of Place in line with the position on the acquisition of residential property for affordable housing generally approved by the Mayor in November 2017.

## **2. ALTERNATIVE OPTIONS**

- 2.1 The Council has the option of developing the land itself, but the land consists of discrete areas, and the benefits of a comprehensive development would not be delivered through a piecemeal approach. In isolation the Council's land would deliver a restricted number of units compared to the contribution it would make to a wider scheme and the quality of the immediate environment would in any event make this an unattractive alternative. The ability to produce a significant income from the Council land from a commercial letting is also affected by the environment. The likely interest would be from low value uses, such as the vehicle salvage or waste processing operations that currently dominate the area.
- 2.2 In terms of the approach to the disposal, the Council land could be sold in the open market following a marketing programme. However, the adjoining land making up the Ailsa Wharf scheme has been assembled by the developer. This puts the developer in the position of a special purchaser. Such a

purchaser would be expected to offer terms to the Council more beneficial than those that other parties would be able to offer. The purchaser, by virtue of its site assembly, is in a position to take forward the wider development, which brings other benefits to the Council.

- 2.3 In line with the Council's Disposal Policy, agreed by Cabinet in April 2015, the Corporate Director of Place confirms that sale by negotiation is the most appropriate method of disposal, for the reasons set out above.

### **3. DETAILS OF REPORT**

- 3.1 The Council has a significant operational and commercial portfolio that it manages. Officers continually review the property portfolio and bring forward sites for direct development or disposal from time to time. The direct development options depend on the availability of funding and the size of the redevelopment opportunity. Disposal of surplus sites reduces the revenue costs for the maintenance and security of vacant buildings, whilst generating a capital receipt.
- 3.2 This report focuses on Council land that has been mostly vacant for a number of years. The security and other vacant property costs place a significant demand on a limited revenue budget. This is expenditure that has not provided any direct benefit to the residents of the borough. Reduction of these revenue costs by disposing of the Council land will allow the Council to focus revenue budgets on services of higher priority.
- 3.3 The area in which the sites are situated is characterised by a poor environment and fly-tipping. Existing businesses include waste treatment and car scrapping. The costs incurred by the Council in securing and managing the vacant sites are significant. In 2018/19 the Council spent approximately £132,000 on security.
- 3.4 The Council, through the disposal of the land, will achieve the best consideration that can reasonably be obtained in accordance with its statutory obligations.
- 3.5 The Council's land to be disposed land consists of five separate areas. The Council's land represents around 30% of the total development site area. Part of the land to the west of Ailsa Street is subject to a lease to Poplar Harca, which has in turn granted an occupational tenancy to two individuals, trading as City Wood Services. This tenancy will be brought to an end in line with the redevelopment programme.

- 3.6 The two rectangular shaped areas of land to the north of Ailsa Street were subject to short term leases to a company, in respect of which the Council terminated the leases in May 2018. The other areas of Council land to the west and south of Ailsa Street have been vacant for some time. The vacant land is currently being secured with a full time staffed security presence.
- 3.7 The location plan attached at Appendix A is for identification. The precise boundaries of the land to be sold are to be determined on site and by reference to the title documents. Authority is therefore sought for the Corporate Director of Place to determine the precise boundaries of the land to be sold in order to implement the recommendations.
- 3.8 It is proposed to sell the Council land on a freehold basis, rather than through a 199 year leasehold interest, the latter being standard Council practice. This is because the Council land is being assembled with other land that is being acquired freehold. The proposed development will overlap existing ownership boundaries and for there to be different tenures would create significant difficulties for the development.
- 3.9 At its meeting in November 2017, Cabinet agreed to sell the Council land in Ailsa Street to Ailsa Wharf Developments (AWD), on the basis of the terms set out in the report. AWD set a deadline date of 11 December 2017 to exchange contracts. By the beginning of December, the draft contract for sale was mostly complete, although some key points remained unresolved.
- 3.10 Subsequently it was confirmed that AWD had sold the development opportunity to a new developer. The purchaser was a vehicle formed by a consortium of companies, including Hong Kong based developer, Country Garden (CG) and other China based investors. The vehicle is called London River Lea One Ltd (LRLO).
- 3.11 Since the sale took place, the Council has been negotiating with LRLO. In that time the s106 agreement for the scheme has been completed and, with it, planning permission granted. The land sale negotiations have reached an advanced stage, with provisional agreement on the major points. This is reflected in a set of heads of terms, which cover the same key items that were included in the deal previously approved at Cabinet.
- 3.12 In addition to the terms of sale, the s106 agreement and planning process will give the Council, in its role as Local Planning Authority, some control over the nature of the development and in particular the delivery of priority affordable housing. It should be noted that this will be subject to viability in the usual way.

- 3.13 The planning permission is for a mixed use scheme providing 785 residential units and 2,950 sm of commercial floor space, within a series of thirteen buildings of between three and seventeen storeys. The grant of planning consent does not guarantee that a development will take place. The Council is able to include terms within the Council land sale that encourage development, within the constraints of procurement regulations. A summary of the terms provisionally agreed is provided in exempt Appendix B.
- 3.14 The Council appointed Gerald Eve to advise on the negotiations for the sale of the Council land. After negotiations, provisional agreement on heads of terms has been reached. The main commercial provisions in the heads of terms are summarised in exempt Appendix B. Asset Management officers advise that the terms represent best consideration for the Council as required under s123 of the Local Government Act 1972.
- 3.15 The developer intends to implement the scheme in two phases. The first phase is to the east and north parts of the site and does not involve any of the Council land. The second phase is for the remainder of the site and contains the Council land along with other land to be acquired from third party owners. The two phase approach is reflected in the planning permission.
- 3.16 One of the main reasons for the disposal is to facilitate the comprehensive redevelopment. The Council has introduced a number of measures to help secure delivery of the redevelopment, without creating an obligation to carry it out, which would have procurement implications. These are;
- Linking the planning coverage to both phases, which will make selling on the site without development a less attractive option,
  - Including a clawback mechanism if part, or all, of the overall site is sold within a defined period and including a buy-back option for the Council to re-acquire its original freehold interest if development has not commenced within a defined period.
- 3.17 If the development is delivered, the Council will have options, which are equivalent to rights of first refusal, to;
- Purchase private residential units, which it will use as affordable housing, above the level secured through the planning process, such that the resulting proportion of affordable is a minimum of 40% across the overall scheme.
  - To acquire the affordable housing units secured through the s106 agreement or to nominate a body to do so. This option applies separately to the various component tenures and to the whole of the provision.

- 3.18 In terms of the workspace provision in the development, there is 2,950 sm of space to be distributed across five of the thirteen blocks. In comparable developments such commercial space has proved difficult to let, with the economic outcomes the Council seeks to achieve not being delivered in practice. For this reason the Council has agreed terms to ensure that the workspace, if delivered and subject to completion of the units, is let as quickly as possible with an option to acquire workspace that is not let after a given period on a long leasehold basis, at a discount to market value.
- 3.19 On any letting of the units by the Council it is likely to be necessary to add VAT to the rent in order to protect the Council's financial position. The workspace will be fitted out to a shell and core specification. If the Council elects not to exercise its option it will be able to direct the developer to market the unlet/unsold commercial units at the average of the values set out within two valuations to be obtained.
- 3.20 The following benefits may arise from the Council's involvement in the workspace;
- Ensure the space is let at an early stage,
  - Generate economic activity, supporting jobs and businesses,
  - Support the establishment of a new 'place' though active use of non-residential elements of the scheme,
  - Signal a vibrant start to the anticipated wholesale regeneration of the Leaside in this part of the borough,
  - As far as is possible ensure that the workspace is let at reasonable rents.
- 3.21 Any acquisition by the Council of workspace will be subject to a further Cabinet report at the relevant time.
- 3.22 The developer is committed to bring forward a design proposal and planning application for a cycle and pedestrian bridge over the River Lea from Lochnagar Street. The planning application will be to both Newham and Tower Hamlets Councils. Land on the Tower Hamlets side of the river has been secured for the structure within the scheme, but not land on the Newham side, which is in private ownership. The right to use the bridge design documents for future construction will be transferred to the Council following the grant of planning permission. The developer will safeguard land for the bridge foot print within the development and transfer it to the Council when required. The developer will support the Council to progress other aspects of the bridge proposal.

- 3.23 The Council entered into an agreement with the GLA in February 2018 to provide funding towards delivery of the Lochnagar pedestrian and cycle bridge. The details of the funding being provided through the grant are included in the exempt Appendix B. The funding comes with conditions relating to a number of delivery milestones for the bridge itself and also the wider Ailsa Wharf development. Given the time it has taken to get to an agreement following the original commercial terms agreed with Ailsa Wharf Developments, some of these milestones will need to be renegotiated with the GLA ahead of the Council drawing down any funds or committing to expenditure. GLA officers have been tracking the progress of the Ailsa Wharf scheme and the Council's negotiations with Country Garden. The GLA is aware that changes have occurred and GLA officers have indicated a willingness to amend the terms of the February 2018 funding agreement.
- 3.24 Legal work on the disposal contract has been undertaken at risk, with the developer having agreed to meet the Council's reasonable legal costs, subject to a cap.

#### **4. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 4.1 On 28<sup>th</sup> November 2017, the Mayor in Cabinet declared the sites at Ailsa Street, Lochnagar Street and Bromley Hall Road, all located within the Poplar Riverside Housing Zone area, as surplus to requirements, and agreed that they would be sold by negotiation to the neighbouring landowner, Ailsa Wharf Development (AWG). Before the sale could be completed, AWG subsequently sold its interest in the adjoining land to London River Lea One Ltd (LRLO). This report seeks the agreement of the Mayor in Cabinet to now dispose of the land to LRLO.
- 4.2 Other options for the sites have been considered, including the possibility of the Council redeveloping them itself, however Council officers are of the view that the opportunity to regenerate the whole area through the sale of the Council's land to the other significant landowner is the preferred option in order to facilitate the redevelopment of the full site.
- 4.3 The sale transaction is a disposal to a 'special purchaser' i.e. a sale to a purchaser for whom the land has a higher value than for anyone else. The Council appointed Gerald Eve LLP to act on its behalf in the valuation assessment and subsequent negotiations with the developer. The costs of this commission are estimated at £25,000.
- 4.4 Following negotiation, a guaranteed capital receipt will be realised on completion of the disposal. In addition to the payment, a number of additional clauses have been negotiated by the Council.
- 4.5 Affordable Housing**

4.5.1 The Heads of Terms provide the Council with the option to acquire some or all of the affordable housing units secured through the section 106 agreement or to nominate a body to do so. The acquisition of affordable housing units offers very good value for money, particularly as the purchases can be part funded (up to 30%) from the significant levels of retained receipts that the Council is holding from disposals of properties sold under Right to Buy legislation. It should be noted however that at this stage the Council is not committed to purchase these units or any empty commercial workspace units that it will also have a right to acquire if they remain vacant after an eighteen month period. Any purchases will be subject to a detailed assessment of the financial viability of the properties and will be subject to further approval by the Mayor in Cabinet.

4.5.2 In addition to the affordable housing provided under Section 106 agreements, the Council will have an option to purchase private residential units for use as affordable housing. This will mean that the proportion of affordable housing across the overall scheme will exceed 40%. Again the Council is not entering into any commitment at this stage.

#### **4.6 Overage and Claw-back**

4.6.1 Planning and Sales overage conditions have been incorporated into the Heads of Terms to protect the Council's interests. Both of these overage options are dependent on future market events and are not quantifiable, however the inclusion of the provisions protects the Council's interests in the event that market values or construction densities on the site increase in future years. A claw-back arrangement is also proposed whereby the Council will receive an element of any increase in land value in the event that the site is sold prior to development.

#### **4.7 Buyback Provision**

4.7.1 In order to encourage the development to take place in a timely manner, the Council has secured a buy-back provision. If this option does arise, a full assessment of the implications of repurchasing the site will be undertaken, with ultimate approval by the Mayor in Cabinet.

4.8 The site is held under Housing Revenue Account (HRA) powers, and as such, any receipts from disposal will be 100% usable within the HRA as these receipts are no longer subject to the pooling regime. They are also fully usable within the General Fund if applied for the provision of affordable housing or to fund regeneration projects. No potential receipts have been assumed as resources available to finance the capital programme, and as outlined above, future decisions in relation to this site will be the subject of further reports to the Mayor in Cabinet. All decisions on use of the capital receipt will be considered in accordance with the priorities identified within the Council's capital strategy.

4.9 Any costs that the Council incurs in relation to the sale can be met through the 'top-slicing' of up to 4% of the receipt value. These costs have been forward

funded in advance of the capital receipt being generated, and will be abortive if the sale does not proceed for any reason. In these circumstances the costs would need to be met from revenue.

- 4.10 The sites have been empty for several years and generate no income for the authority. Disposal will mean the Council is no longer liable for any upkeep of the land on which it is currently incurring revenue costs in order to ensure that the sites are secure. These costs totalled approximately £132,000 during the 2018-19 financial year and disposal of the sites will avoid the need for this expenditure to be incurred in future and will therefore reduce potential budgetary risks.
- 4.11 The Housing Zone area attracted significant levels of potential funding from the GLA, with elements relating specifically to the Ailsa Street area. Prior to this financing opportunity ending in 2018, the Council secured GLA funding to 'top up' other possible funding from the Mayor of London's Strategic Investment Pot for the proposed River Lea pedestrian and cycle bridge. Decisions in relation to this project will be sought within future reports to the Mayor in Cabinet.
- 4.12 The eventual redevelopment of the full site will generate resources through Section 106 or Community Infrastructure Levy obligations, or affordable housing liabilities. These will be controlled by the Council. The housing units within the development will also increase the Council's entitlement to New Homes Bonus which is currently assessed at approximately £1,900 per annum per additional housing unit. There are approximately 800 new housing units proposed within the development area which would equate to an additional New Homes Bonus entitlement of £1.5 million based on current rates. Following changes to the system the funding for each new property is now paid for a four year period rather than the original six years. The Council will also generate additional Business Rate income from the commercial workspace units.

#### **4.13 VAT**

- 4.13.1 The position in respect of the Council's option to elect to tax the property will need to be fully considered against its partial exemption position particularly in the light of the comments at para 3.19 of this report. Such an election would impact on both the sales receipts and any future income streams.
- 4.14 Details of the disposal terms and further financial comments are included within the restricted Appendix B to this report.

### **5. LEGAL COMMENTS**

- 5.1 The report seeks the decision to declare the Council's land identified as surplus to requirements and to dispose of the freehold interest based on the terms summarised in exempt Appendix B.

- 5.2 The Council has the power by virtue of section 123 of the Local Government Act 1972 to dispose of land in any manner that it may wish, subject to the general requirement to obtain either best consideration or Secretary of State consent. Housing disposals are further covered by s32 of the Housing Act 1985 which again requires consent from the Secretary of State. However such disposals are in turn covered by a General Consent issued by the Secretary of State, requiring only that disposals be at “market value”.
- 5.3 “Market value” is defined in the General Consent as “the amount for which a property would realise on the date of the valuation on a disposal between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion and where the market value is assessed not earlier than 3 months before the buyer applies or agrees to an offer in writing”.
- 5.4 The Council land is being sold by direct negotiation with the developer, rather than on the open market. The Council’s Disposal Policy, agreed by Cabinet in April 2015, permits such a transaction in circumstances where the disposal could enable a marriage value to be realised. This is the case in situations where, as here, the buyer has a legal interest in the adjoining land.
- 5.5 The Council must consider, when disposing of land in circumstances where, in return, it may also be receiving the benefit of “works”, whether the transaction gives rise to a public works contract. If it did, then the contract would need to be awarded in accordance with the Public Contracts Regulations 2015. The law is clear, however, that where the developer does not have an obligation to carry out the works, the transaction shall be treated as an exempt land disposal. As explained in the report, there is no such obligation in this situation.
- 5.6 There will be provisions within the legal agreement to encourage development, including financial clawback (triggered when the land is sold on within a defined period), sale overage (which will disincentive any on-sale without development) and an option for the Council to buy-back the land (where development has not commenced within a defined period).
- 5.7 Where the developer does build out the scheme, the Council has the ability to exercise options to acquire property, as set out in the exempt Appendix. Should it wish to exercise any of those options, a further Executive decision will be required at the appropriate time.
- 5.8 The Council’s best value duty requires it to manage its asset portfolio in an efficient and effective way. Disposing of land for the best consideration obtainable together with reducing revenue expenditure discharges this duty.
- 5.9 The Council’s market value duty as set out in the consent requires a valuation of not less than three months’ age. This valuation has been obtained and used to set the price at which the Council will dispose of the land.

5.10 The Council is required when exercising its functions to comply with the duty set out in section 149 of the Equality Act 2010. Given the current usage of the Council land, there are no direct equality implications arising from the proposed transaction.

## **6. OTHER STATUTORY IMPLICATIONS**

6.1 Best value implications. The arrangement proposed in this report supports the Council's best value duty. The proposal represents an efficient and effective use of the Council's estate.

6.2 Where an asset has been identified as surplus to requirements, the Council has the option to retain the asset for future use (and in the meantime to pay any costs associated with maintaining and securing the asset) or to sell the asset for a capital receipt.

6.3 In this case, the land is in poor condition and has a history of squatting and vandalism. It is guarded on a 24/7 basis at a cost to the Council and currently generates no income.

6.4 The Council will receive a capital receipt from the sale and facilitate the development of the wider Ailsa Wharf scheme generating new affordable residential units and workspace providing employment opportunities.

6.5 Environment. The Council's land and the surrounding area are in poor environmental condition and the area is subject to extensive fly-tipping, which will cease once redevelopment takes place. Any redevelopment will be of a substantially higher standard of energy efficiency than the current arrangements and built to higher environmental standards.

**6.6** Risk management issues

6.7 The key risks are set out below.

6.8 Vacant possession - the disposal is delayed leading as a result of squatting or failure to achieve vacant possession.

6.9 *Mitigation* – Asset Management will ensure that the site is continuously secured until completion. Active management of the process for securing possession.

6.10 Development not started – the site is not developed as anticipated by the Council.

- 6.11 Mitigation – a series of measures are built in to the sale terms designed to encourage development to be carried out.
- 6.12 Crime and disorder. Vacant land attracts anti-social behaviour, including vandalism and squatting. The area around the Council land is subject to considerable fly tipping, which the redevelopment will address in the future. The Council is expending significant funds in ensuring that the land is secure. However there are still attempts to enter in order to squat and/or vandalise.
- 6.13 The subsequent redevelopment of the land will remove these problems and help to deal with a number of unattractive sites within the borough.

## **7.0 EQUALITIES IMPLICATIONS**

- 7.1 The development will provide a range of community benefits including affordable housing, public realm and access to the riverside.
- 7.2 The public sector equality duty under section 149 Equality Act 2010 arises where the Council exercises its functions. The Council proposes to use the capital receipt generated by the sale for priority projects. Such schemes primarily benefit persons who are the intended beneficiaries of the equality duty. The affordable housing to be provided will benefit those in housing need and on lower incomes.
- 

### **Linked Reports, Appendices and Background Documents**

#### **Linked Report**

- None

#### **Appendices**

- Appendix A – Site Plan
- Appendix B – Exempt information – summary of disposal terms

#### **Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012**

- Cabinet, November 2017, Report on the sale of land at Ailsa Street,
- Strategic Development Committee, November 2017, Report on the planning application for the Ailsa Wharf scheme,

#### **Officer contact details for documents:**

- Ralph Million, Senior Strategic Asset Manager, Property & Major Programmes

Indicative Plan for Heads of Terms



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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

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<p><b>Cabinet Decision</b></p> <p><b>24 April 2019</b></p>	
<p><b>Report of:</b> Ann Sutcliffe, Corporate Director, Place</p>	<p><b>Classification:</b> Unrestricted</p>
<p><b>Wayside Gardens, Marsh Wall; Disposal of Land</b></p>	

<b>Lead Member</b>	Mayor John Biggs
<b>Originating Officer(s)</b>	Ralph Million, Senior Strategic Asset Manager
<b>Wards affected</b>	Canary Wharf
<b>Key Decision?</b>	Yes
<b>Forward Plan Notice Published</b>	20 November 2018
<b>Reason for Key Decision</b>	Financial Threshold
<b>Strategic Plan Priority / Outcome</b>	<ol style="list-style-type: none"> <li>1. People are aspirational, independent and have equal access to opportunities;</li> <li>2. A Borough in which residents are proud of and love to live in;</li> <li>3. A dynamic outcomes-based Council using digital innovation and partnership working to respond to the changing needs of our Borough.</li> </ol>

### Reasons for Urgency

The report cannot await the next scheduled meeting of Cabinet in May because the purchasers of the Council land, who are the developers of the Alpha Square scheme, have indicated that an earlier decision is required in order to fit with its development timetable. The negotiations with the developers have recently been concluded, with insufficient time for the report to be finalised and published at least five days prior to the meeting. However it should be noted that the forthcoming decision notice was published in November 2018.

### Executive Summary

The report recommends that the Council disposes of the land comprising Wayside Gardens in Marsh Wall to the developer of a wider redevelopment scheme, which has planning permission.

## **Recommendations:**

The Mayor in Cabinet is recommended to:

1. Note the further information on the planning permission and the s106 agreement, as they relate to the open space provision in the Alpha Square scheme, in line with the draft minutes of the meeting of Cabinet on 27 March.
2. Agree that the land at Wayside Gardens is declared surplus to the Council's requirements and is sold to the developer's property holding subsidiary, Drakar Limited, on the basis set out in this report.
3. Delegate authority to the Corporate Director of Place to agree and negotiate the final terms of the proposed disposal and to agree any variations to the terms set out in this report to the benefit of the Council.
4. Agree that works to improve existing parks and open spaces within the Isle of Dogs area are included as part of the development of the Council's capital strategy and programme.
5. Note that the Council gave notice of its intention to dispose of the open space and that no objections were received by the closing date of 22 November 2018.

## **1. REASONS FOR THE DECISIONS**

- 1.1 It is important at a time of increasing financial pressures in the public sector, to pursue opportunities to obtain capital receipts. The subject opportunity arises due to a proposed property development on land adjacent to and including, the Council-owned land at Wayside Gardens and a sale on a "special purchaser" basis.
- 1.2 The proposed development will bring underused land, comprising low-rise industrial and office sites, into full use and is consistent with the Council's strategic plan in promoting regeneration and increasing the supply of housing. The proposed development includes; a primary school, public realm, health facilities in addition to affordable housing.
- 1.3 The land at Wayside Gardens, although open space, is currently not directly used by the public due to it being an area of dense, overgrown vegetation, which is difficult to access. An equivalent area of open space will be replaced within the wider provision of public realm in the development, constructed to current design standards and accessible to the public at all times.

## **2. ALTERNATIVE OPTIONS**

- 2.1 The area of the land owned by the Council, at approximately 270 square metres, effectively rules it out for development in isolation. It is the potential sale to a special purchaser (by the fact that the purchaser owns neighbouring land) that creates the opportunity to develop the land, and create a purposeful use for it, thereby enhancing its financial value.
- 2.2 The land could continue to be used as open space but this would require the Council to incur costs to maintain it and ensure it complies with health and safety requirements. Further, the proposed consented development would not proceed in the form currently envisaged.

## **3. DETAILS OF THE REPORT**

- 3.1 At its meeting on 27 March, Cabinet considered a report entitled “Asset Management: leases and disposals”, which proposed that the Council disposes of the land comprising Wayside Gardens in Marsh Wall, to the developer of a wider redevelopment scheme, which has planning permission.
- 3.2 The draft minutes of the meeting include the following; “In relation to the proposed disposal of land, the Mayor considered that on balance this was the right approach in order to enable the development to go ahead. However, he was acutely aware of the lack of open space in the borough and welcomed the work officers were undertaking to explore options for recreating this space. He also asked for more details on the agreement with the developer including in respect of control over future use of the disposed site. Finally, he also noted the exempt appendix.”
- 3.3 The Mayor agreed as follows;
- To agree in principle that the land at Wayside Gardens is declared surplus to the Council’s requirements and is sold to the developer’s property holding subsidiary, Drakar Limited, on the basis set out in this report.
  - To note that a final decision will be taken via an Individual Mayoral Decision subject to final consultation between the Mayor and lead officers.
- 3.4 This report sets out further information on the planning permission and the s106 agreement, as they relate to the open space provision, in line with the draft minutes of the meeting. The principal means by which public access to the open space is secured and monitored on an on-going basis, is through the planning system.

- 3.5 Wayside Gardens currently forms approximately 270sqm of open space and forms part of the application site known as Alpha Square.
- 3.6 The development of the Alpha Square scheme will include 272sqm of open space as a public square which will be open to the public, not just residents of the buildings. The development will also reprovide/upgrade approximately 952sqm of public realm (excluding the highway). This is highlighted in green in the image below.



- 3.7 Several conditions have been applied to the consent to ensure that the reprovided open space is retained for the life of the development, is high quality and cannot be fenced off. These conditions are summarised below:
  - Condition 1 – requires the development to be carried out in accordance with the approved plans
  - Condition 5 – requires details of the landscaping across the entire site, including the public square, and requires a management plan. The condition also specifies that the landscaping must be 'maintained as such thereafter' which means for the life of the development.
  - Condition 6 – no fencing, hoarding or other boundary treatments will be allowed on site unless permission by Council is given. This will ensure that public access to the open space and public realm is maintained
  - Condition 9 – requires details of lighting and security across the site.

- 3.8 Details of conditions 5 and 9 have not yet been submitted to Council but must be done prior to development past third floor level (condition 5) and first occupation (condition 9).
- 3.9 The s106 agreement, at Schedule 6 and Schedule 7, also stipulates that the public realm and public square must be provided and that the above details must include management and maintenance plans. The costs of management and maintenance are to be met by the developer/land owner for the lifetime of the development. The s106 agreement requires the public realm and public square to be available to the public at all times.
- 3.10 With regard to the reference to an Individual Mayoral Decision in the 27 March Cabinet decision, the Mayor has subsequently determined that it is more appropriate for this decision to be taken at a meeting of the Cabinet.

#### **4. EQUALITIES IMPLICATIONS**

- 4.1 The development will provide a range of community benefits.
- 4.2 The proposed investment of the receipt in parks improvements projects will help to increase the usage of parks by all parts of the community with consequent health and social cohesion benefits.

#### **5. OTHER STATUTORY IMPLICATIONS**

- 5.1 The main statutory provisions relevant to the proposal are contained in the Local Government Act 1972. Section 123 (1) provides the obligation to obtain best consideration for the disposal, which has been confirmed by independent valuation advice. Section 123 (2A) contains the obligation to give public notice of the intention to dispose of open space and to consider any objections received. This has been discharged through the placing of notices in the Docklands and East London Advertiser in two consecutive weeks' editions. No objections were received.

#### **6. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 6.1 Following an approach by the owner of a neighbouring site - Far East Consortium (FEC) - the Mayor in Cabinet, on 27<sup>th</sup> March 2019, approved in principle that the land at Wayside Gardens (shown in Appendix One) is surplus to requirements and that it can be disposed of it in order to facilitate the redevelopment of the full site. Disposal will take place to the developer's property holding subsidiary, Drakar Limited.
- 6.2 The detailed financial implications were included within the original report and its exempt appendix.

- 6.3 This report provides the further detail that was requested in relation to the planning permission and section 106 agreement. The site generates no income for the authority, and disposal will mean that the authority is no longer liable for any upkeep of the land, with the section 106 agreement clarifying that the costs of managing and maintaining the public realm and public square that will result from the development will be the responsibility of the land owner for the lifetime of the development.

## **7. COMMENTS OF LEGAL SERVICES**

- 7.1 The Council's general power of competence to carry out disposals is established in s1-6 of the Localism Act 2011. It is subject to the requirements in the Local Government Act 1972, most notably the s123 requirement to obtain best consideration for any disposal (which has here been discharged by obtaining independent valuation advice as referred to above at 5.1 of this report).
- 7.2 As the land owned by the Council is to be disposed of is a designated Public Open Space, an additional requirement arises under s123(2a) to provide an opportunity for public comment. This is carried out by arranging for the placement of notices in newspapers with a local circulation in two consecutive weeks. A notice has been approved and published in two local newspapers for the required two-week period as stated in 5.1 of this report.
- 7.3 The title to the site has been examined and contains a number of covenants relating to the Councils statutory predecessors which we do not anticipate any difficulties in discharging as part of the sale.
- 7.4 The Council Officers are satisfied that the proposed transaction is a disposal to a 'special purchaser' i.e. a sale to a purchaser for whom the land has a higher value than for anyone else. As stated in 2.1 above, FEC is in this virtue as a result of its ownership of the remaining area of the overall development site.

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### **Linked Reports, Appendices and Background Documents**

- None

### **Linked Report**

- Cabinet, 27 March 2019; Asset Management: leases and disposals, section 1, Wayside Gardens, Marsh Wall; Disposal of Land

### **Appendices**

### **Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012**

- None

**Officer contact details for documents:**

- Ralph Million, 020 7364 4609

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