

Committee: Cabinet	Date: 6 th May 2009	Classification: Unrestricted	Report No:	Agenda Item:
Report of: Corporate Director Development and Renewal Originating officer(s) Nick Smales		Title: High Street 2012 Historic Buildings Conservation Scheme Wards Affected: Whitechapel, Bethnal Green South, St Dunstons and Stepney Green, Mile End East, Bow East		

1. **SUMMARY**

- 1.1 This report seeks approval for the capital estimate of £ 2 million identified within the approved budget for the High Street 2012 Historic Buildings Conservation Scheme and authority to implement the scheme as proposed.
- 1.2 Half of the funding (£ 1 million) will be provided internally through the Authority's Local Priorities Programme and the other half (£ 1 million) will be in the form of a grant from English Heritage

2. **RECOMMENDATIONS**

Cabinet is recommended to:-

- 2.1 Approve the adoption of a capital estimate in the amount of £ 2 million for the High Street 2012 Historic Buildings Conservation Scheme;
- 2.2 Approve the priority criteria for development as set out in Paragraph 5 of the report
- 2.3 Authorise the Corporate Director (Development and Renewal) to progress the schemes as set out in Paragraph 6 of the report

3. **BACKGROUND**

- 3.1 High Street 2012 is a strategic regeneration initiative along the A11 corridor which seeks to maximise investment along this key arterial route using its status as the final stage of the Olympic and Paralympic marathon as a focus for interest and attention from other organisations.

- 3.2 A Vision Study for High Street 2012 was completed in February 2009 which proposes a range of actions and projects along the corridor to support its continuation as a vibrant and lively place for residents, workers and visitors and to engage local people in regeneration activity and the 2012 Olympic Games.
- 3.3 The A11 corridor is a historic route between central London and Colchester and the distribution and nature of listed buildings and conservation areas along the route reflect its historic development and character. However much of this historic fabric has been poorly maintained and suffers from unauthorised adaptations or signage which further detracts for the quality of the urban environment.
- 3.4 The Vision Study proposes a programme of façade improvements to historic buildings along the route and English Heritage have agreed funding of £1 million through their Partnership Grants in Conservation Areas funding stream for a programme of such works in Tower Hamlets. The funding is awarded on a 50% matched funded basis and the capital programme includes provision for matching the English Heritage funding.

4. BODY OF REPORT

- 4.1 The High Street 2012 historic buildings conservation scheme is designed to contribute to the vision of a world class and thriving High Street by helping to create the strong sense of place needed for any successful high street. With strong reference to the draft Core Spatial Strategy the historic buildings scheme recognises that this historically important route which connects the City to the Olympic Park was originally a series of hamlets, each with its own identity, as defined in the various conservation plans which are in place for areas along the route. Careful repair of the street fabric to give a street that has a series of linked identities creating a sense of place on both a local and larger scale will support stronger identity and provide a lasting legacy contributing to wider regeneration aspirations.
- 4.2 Essentially therefore the overall objective of the High Street 2012 Historic Buildings Conservation Scheme is to provide a meaningful legacy for the street, which will be an intrinsic part the 2012 Olympics. A number of significant improvements will be carried out to the Mile End, Bow and Whitechapel Roads as part of the High Street 2012 programme in order to prepare for the Olympics and this initiative will contribute to that aim. However the main intention is not short term “street dressing” but a longer term programme of works that will reveal some of the streets rich history and contribute to the wider regeneration of the area.
- 4.3 English Heritage invited the Borough to make an application for Partnership funding for £1m over a 3 year period to be matched to create a £2m grant fund. Application was made at the end of January 2009 and the EH Regional Grants Board agreed the application on 5th March 2009.

- 4.4 Given the available resources and consultations with English Heritage five clusters of buildings (see map at Appendix 1) felt to have the greatest potential to make a significant impact on the High Street were prioritised for the application.
- 4.5 The five clusters are:-
- 64 to 71 Whitechapel High Street, comprising 8 properties.
 - 197 to 317 Whitechapel Road comprising 61 properties.
 - 82 to 124 Mile End Road comprising 22.
 - 638 to 648 Mile End Road comprising 6 properties.
 - 161 to 205 Bow Road comprising 26 properties.
- 4.6 Following a study of all 123 buildings a total cost of £5.0m was estimated as being the cost of completing works to all of them to appropriate standard. The study has concentrated on the front elevations but also includes front parapet gutters and mansard roof slopes where these form a significant element of the street frontage.
- 4.7 The buildings which generally date from the mid-18th century to the early part of the 20th century are of different sizes and ages and in varying states of decline. Costs have been calculated by detailed analysis of a sample of projects and the results extrapolated over the total number of properties and are comparable to costs in similar schemes such as those in Forest Gate, Newham.
- 4.8 In order to ensure that the aims of the grant are achieved it is important that a coherent scheme is implemented, a scheme which makes a noticeable impact on the street. Repairing every second or third building for instance will not achieve the same impact as completing two or three of the clusters in their entirety. Furthermore total estimated costs far exceed the £2 million budget and thus further prioritisation of the five clusters has been necessary (additional funding to extend the impact is being pursued vigorously – notably from Design for London).
- 4.9 In order to maximise the funding available for works it is proposed that the Council becomes the client appointing a single contractor for the works with building owners agreeing for the works to be done thus avoiding the need to incur VAT within the costs.

5.0 PRIORITISATION

- 5.1 Below the order of priority included within the application to English Heritage is detailed (including a brief rationale for prioritisation) with the overall aim being to identify where funds will make the most impact, looking at relationships to other planned initiatives or existing attractions, whilst ensuring that our proposals are deliverable.

5.2 64 to 71 Whitechapel High Street. Estimated Cost £455,400

This cluster at Aldgate is at the beginning of High Street 2012 and thus is a strategically significant and highly visible cluster at the gateway from the City. It is also recognised in the HS2012 study by Fluid as a major destination and one of the more important clusters. This is due to its close proximity to Altab Ali Park, (also identified for improvement works) the Whitechapel Gallery and Brick Lane. Being a small cluster of buildings then early agreement with building owners should be more readily reached. However should this prove not to be the case, the cluster is in such need of work that enforcement notices could be served to building owners not prepared to carry out grant aided works. Therefore it appears that works on this cluster should be able to progress relatively swiftly providing an “early win” that will add significant value to this area and can be used to promote the scheme more widely.

5.3 82 to 124 Mile End Road. Estimated Cost £859,061

On the South side of Mile End Road, west of Stepney Green Station and opposite Mile End Waste, this terrace of 22 listed properties offers a good opportunity for significant improvements which, when matched with the improvements to the former Wickhams Store opposite, will have a dramatic impact on this section of the street. The significance is further enhanced by the potential, identified the HS2012 Vision Study, to carry out a range of streetscape works to Mile End Waste.

5.4 197 to 317 Whitechapel Road. Estimated Cost £2,852,828

The largest cluster with a total of 61 properties, and although 40% of these are in one ownership, that of London Underground Ltd, most of the buildings are let on full repairing leases and so negotiations would still have to involve the building occupiers. Since the shops in this cluster are very busy there may well be resistance to works, as disruption may be seen as a major drawback. In addition, whilst the works to the buildings will be similar to other clusters works might be complicated by the proximity of the market and the constraints that this may impose on contractors accessing the properties. Whilst all of these issues can be overcome with good management the period needed to reach agreement with building owners and enter a contract is likely to be protracted, hence the lower prioritisation.

To complete this cluster would in any case require more funds than are likely to be available in the early years of the programme. To prioritise this cluster higher would therefore run a serious risk of concentrating funds on an area that might not deliver in time, thus jeopardising the whole programme.

However, the Whitechapel cluster was identified as important, given the significance of the area and the potential interventions for the area identified by the Vision Study. Therefore to target a group of 8 buildings (Nos 277 and 283 to 305) to the East of Whitechapel Station which are felt would make a significant

impact and act as an exemplar to show the potential that exists and which could be to attract additional funds to deliver further works to this cluster is considered appropriate. The 8 buildings chosen are all significant, including one that is listed. They sit opposite the site of a proposed new crossing on High Street 2012. The proposal is for a wide crossing with a gap in the market which, due to its position opposite the London Hospital, is likely to be a central focus and will provide one of the few places for uninterrupted views of the buildings. This group of buildings will therefore be in the best possible position to make an impact and act as an advertisement for the scheme.

5.5 161 to 205 Bow Road. Estimated Cost £603,279

To the North side of Bow Church this cluster of 26 buildings has some fine buildings that are in need of repair but also some difficult issues to address due to the blighting effect of the A11 and the Bow Flyover. Grant applications for mitigating works at the Bow roundabout are being made to the Olympic Park Transport and Environmental Measures section 106 funding pot and in 2011 Bow Church celebrates its 700th anniversary and is proposing a series of celebration events

5.6 638 to 648 Mile End Road. Estimated Cost £224,664

To the East of Mile End Station and on the south side of Mile End Road, this small group of buildings offers the opportunity for relatively easy delivery, given its compact nature which would allow for swift negotiations with the building owners. However, despite the quality of the buildings, they have a restricted ability to make a significant impact on the street compared to the other groups, due to their location between nodal points. The lower potential for impact means this cluster is not higher in priority.

5.7 Therefore given intervention within all five clusters would represent two and a half times the potential sum available at present priority has been given to those buildings that appear to offer the most potential to make a significant impact whilst also being deliverable. If the priorities sequenced in section 4 are implemented then the £1 million from English Heritage matched with the £1m from the Council would support a 100% intervention against the following;

	Cost	Fees 15%	Contingency 10%	Total
65a – 72 Whitechapel High Street	360,000	54,000	41,400	455,400
82 – 124 Mile End Road	679,100	101,865	78,096	859,061
277 and 283 to 305 Whitechapel Road	443,170	66,476	50,965	560,611
Total				1,875,072

- 5.8 The total, at £1,875,072 would leave a balance of £124,928 from the total funding allocation. However this assumes a 100% intervention in the three blocks referenced in the above table and (although desirable) this is unlikely to be achieved. If an intervention of 80% is assumed the above table could read as follows

	Cost	Fees 15%	Contingency 10%	Total
65a – 72 Whitechapel High Street	288,000	43,200	33,120	364,320
82 – 124 Mile End Road	543,280	81,492	62,477	687,249
277 and 283 to 305 Whitechapel Road	354,536	53,180	40,772	448,488
161 – 205 Bow Road	381,520	57,228	43,875	482,623
Total				1,982,680

- 5.9 Given the above it appears prudent to over-programme slightly by including the Bow Road block in the scheme so that fund balances can be effectively deployed. The proposed phasing would be for 65a – 72 Whitechapel High Street to be the target for 2009/10 given its small scale, ability to be an effective start and the budget profile over three years as follows

2009/10	2010/11	2011/12
£400,000	£800,000	£800,000

- 5.11 82 – 124 Mile End Road would then be the principal target for 2010/11 with 277 – 305 Whitechapel Road and 161 – 205 Bow Road to be undertaken during 2011/12.

6.0 DELIVERY APPROACH

- 6.1 In the majority of similar grant funded schemes, building owners would appoint their own architect and building contractor, subject to approval of the grant giving body, and the grant would pass to the building owner. However many potential projects fall at this stage due to the potential grantee finding the prospect of employing professionals too daunting or bothersome.
- 6.2 To ensure that the works to the High Street 2012 properties are carried out as efficiently as possible and that full advantage is taken of economies of scale afforded by the numbers of properties being targeted the preferred approach is to employ a single professional team and single contractor to carry out all of the works. Such efficiencies and economies would not be possible with a large number of individual contracts.
- 6.3 Therefore it is proposed that the Council will tender for and appoint a single professional team, comprising architect QS and project manager. The Council will also tender for and appoint a single building contractor for the whole works. Contractors will be expected to prove that they have the requisite skills in restoration, shopfront fitting and project management.

7. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 7.1 On the 11th February 2009 Cabinet approved the Authority's capital programme for the period 2009/10 through to 2011/12. Approval was granted to spend £ 2,000,000 on the High Street 2012 project
- 7.2 Funding will be generated through two sources. On the 11th February 2009 Cabinet agreed that £ 1 million of local priorities programme resources would be allocated over a three year period to fund the project. Furthermore, as stated in paragraph 4.3 to this report, on the 5th March 2009 the English Heritage Regional Grants Board agreed to match fund the scheme with £ 1 million of their own funding.

- 7.3 It is anticipated that the overall expenditure profile of the scheme will be as follows :-

	£
2009/10	400,000
2010/11	800,000
2011/12	<u>800,000</u>
Total	<u>2,000,000</u>

- 7.4 Funding profiles for the scheme will be as follows :-

	Local Priorities Programme (LBTH)	English Heritage	Total Funding
	£	£	
2009/10	200,000	200,000	400,000
2010/11	400,000	400,000	800,000
2011/12	<u>400,000</u>	<u>400,000</u>	<u>800,000</u>
Total	<u>1,000,000</u>	<u>1,000,000</u>	<u>2,000,000</u>

- 7.4 Expenditure, once incurred, will be treated as capital expenditure within the Development & Renewal capital programme.
- 7.5 Contracts for goods and services in connection with the project will need to be procured in accordance with the Authority's Financial Regulations and Procurement Procedures and, where applicable, Official Journal of European Union (OJEU) Regulations.
- 7.6 The scheme will require that a new post be created within the Olympic and Paralympic team to co-ordinate the project. The post is a three-year fixed term contract and the estimated cost of this post will be in the region of £ 50,000 per annum. The post will be funded 50% by additional revenue grant donated by English Heritage and 50% by Development & Renewal revenue budgets. The Development & Renewal element will be contained within the existing 2012 budget.
- 7.7 There is an element of over-programming in the proposed scheme but, given that take-up will probably not be 100% then this is prudent in order to be able to maximise use of resources.

8. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL)

- 8.1. Cabinet is requested to approve the capital estimate of £2million for the High Street 2012 project over the period from 2009/10 to 2011/12, to agree the priority in paragraph 5 and to authorise the Corporate Director to progress the project.
- 8.2. In accordance with Financial Procedure FP 3.3, senior managers are required to obtain a capital estimate for any scheme in the capital programme. Where the estimate is over £250,000 the approval of the adoption of that capital estimate must be sought from the Cabinet.
- 8.3. There is no legal impediment to approval of the estimate. It is open to Cabinet to conclude that there is power to support the expenditure and the project by reference to the Council's well being power in section 2 of the Local Government Act 2000 (ie to do anything which it considers is likely to promote the social, economic or environmental well being of Tower Hamlets). The power may be exercised in relation to, or for the benefit of: (a) the whole or any part of Tower Hamlets; or (b) all or any persons resident in Tower Hamlets. In exercising the power, regard must be had to the Community Plan.
- 8.4. Procurement of the professional team referred to in the report will need to be carried out in accordance with the Council's procurement framework and legal requirements. It will be the responsibility of officers to ensure that the Council complies with its obligation as a best value authority within the meaning of the Local Government Act 1999 to secure continuous improvement in the way its functions are exercised having regard to the combination of economy, efficiency and effectiveness.

9. ONE TOWER HAMLETS CONSIDERATIONS

- 9.1 The Historic Buildings Scheme will help to improve the environment along the A11 corridor which has communities exhibiting above average levels of deprivation.
- 9.2 The wards in which the priority building clusters lie have high levels of BME residents relative to the borough as a whole and therefore to London and to England. In particular Spitalfields & Banglatown, Whitechapel and Bethnal Green South are home to significant Bangladeshi communities. These concentrations of BME and particularly Bangladeshi residents in the areas targeted by the scheme mean that those communities – as well as businesses owned and/or operated by members of those communities – will be primary beneficiaries of the scheme.

10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 10.1 By implementing repairs to the structure and fabric of historic buildings the Historic Buildings Scheme extends their lives and facilitates their ongoing use; such use/reuse of existing resources is an inherently sustainable outcome. Moreover the scheme brings substantial benefits to the local environment in terms of the appearance of the streetscape; it also links to and reinforces other environmental improvements, such as greening, to be delivered as part of the High Street 2012 programme. Where relevant and appropriate the scheme will also encourage the use of energy efficient materials and technologies in the implementation of building improvements.

11. RISK MANAGEMENT IMPLICATIONS

- 11.1 Through seeking to achieve economies of scale and adopting the most tax efficient delivery approach the Council will be instructing client to the contractor and thus will need to effect appropriate indemnification from liabilities from the contractor.
- 11.2 It is expected that after any defects liability period (12 months) the Council will transfer any contract or latent defect liability to individual building owners through an appropriate mechanism, novating contracts or collateral warranties.

12. EFFICIENCY STATEMENT

- 12.1 The High Street 2012 Historic Buildings Conservation Scheme is part of a developing package of measures being brought forward to regenerate the A11 corridor. The scheme improves the built environment for local people and is demonstration that renewal activity is happening. The scheme is co-financed with 50% funding from English Heritage and once implementation commences there is a strong prospect of attracting other funding to extend and enhance the scheme. Thus the Council's investment in the built environment of the Borough will stimulate further investment from other funders and owners in the area.

13. APPENDICES

Appendix 1 - Location Plan of Buildings Clusters

Local Government Act, 1972 Section 100D (As amended)
List of “Background Papers” used in the preparation of this report

Brief description of “back ground papers”

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High Street 2012 Vision Study

English Heritage Area Partnership

Scheme Guidance Notes

Tower Hamlets High Street 2012 Historic
Buildings Scheme Delivery Plan

Appendix 1: Location Plan of Buildings Clusters

