

Committee: Strategic Development	Date: 19 th February 2009	Classification: Unrestricted	Agenda Item No: 8.1
Report of: Corporate Director of Development and Renewal		Title: Up-date report: The Bishop's Square s106 Planning Obligations Programme	
Project Officer: David Williams, Development Manager		Ref No: Ward(s): Spitalfields and Banglatown; Weavers	

1. SUMMARY

- 1.1 The Bishops Square Development, which was completed in 2005, generated an £8,580,377 section 106 financial contribution to be spent in accordance with the legal obligations detailed in the section 106 Agreement.
- 1.2 On the 10th May 2007 Strategic Development Committee agreed a full allocation of this programme and a Deed of Variation to be made to the original s106 agreement to extend the initial boundary. This was successfully completed and many of the projects identified have now progressed. However, 18 months on there are some amendments that need to be made to the programme to more accurately reflect new delivery realities and emerging priorities.
- 1.3 This report provides:
- A programme up-date;
 - Sets out the processes the Council Officers have used to reach the recommendations made in this Report;
 - The Council Officer Planning Contributions Overview Panel (PCOP) recommended list of Projects incorporating amendments;
 - A plan showing project location(s).

2. RECOMMENDATIONS

- 2.1 That the Committee resolve to **approve the attached amended project list** at Appendix 1;
- 2.2 That the Corporate Director of Development and Renewal is authorised to further amend project allocations over the course of delivery if expedient to the overall scheme outputs and if necessary identify new projects, in discussion with the Chair of the Committee and the Leader of the Council, in the event that the revised programme cannot be delivered but subject always to the terms of the s106 agreement.

3. **BACKGROUND**

- 3.1 An Application for planning permission was made on 5th March 2002 and amended on 10th July 2002 for the development of the Bishops Square Development over land between Brushfield Street, Elder Gardens and Bishopsgate including the site of the 1928 extension to the former Spitalfields Market, London, E1. The mixed-use development comprises primarily of office and retail uses and is referenced by the Council as PA/02/00299.
- 3.2 On 9th October 2002, the application for Planning Permission was granted for the development of the Bishops Square, subject to the making of a section 106 Agreement and various conditions. The section 106 Agreement for this development was later signed on 19th November 2002, detailing various planning obligations, including a financial contribution from Spitalfields Developments Limited (the Developers) towards 'Local Community Improvements' totalling £8,580,337.00. The Developer is also obliged to pay an initial sum of £350,000 towards Environmental Improvements in Brushfield Street and other highways adjoining the development site, subject to pre-conditions specified in the legal agreement.
- 3.3 In accordance with clause 9 of the section 106 Agreement dated 19th November 2002, the 'Local Community Improvements' financial contribution is to go towards:

'the promotion of projects for the economic and social benefit of the local community in accordance with:

- (a) the relevant provisions of the development plan applicable in the London Borough of Tower Hamlets at the relevant time; and*
- (b) any relevant planning policy guidance circular or advice issued by the Government.*

And such projects may include training and employment initiatives and community improvement schemes to ensure that the community does not suffer loss as a result of the implementation of the Bishops Square Planning Permission and environmental improvement in the immediate locality of the Site and the adjoining conservation areas namely the Elder Street Conservation Area the Fournier Street Conservation Area the Artillery Passage Conservation Area and the Middlesex Conservation Area.'

(See Appendix 2 which shows the original Bishops Square section 106 boundary area as identified through the section 106 Agreement and the new boundary after a Deed of Variation).

- 3.4 As specific, detailed impacts were not identified in the s106 beyond some general guidance (as above in 3.3) it was necessary to structure the approach to project identification. Therefore, Officers worked, as is appropriate, through the Officers Planning Contributions Overview Panel (PCOP) chaired by the Corporate Director of Development and Renewal. The PCOP Bishops Square sub-group was established to enable a more focussed discussion to take place with all represented service areas, including the full involvement of the Local Area Partnership (LAP) Area Director.

- 3.5 It was also recognised that to be consistent with the terms of clause 9 in the s106 agreement, the Bishops Square Sub-group needed to use the following criteria to consider projects:
- Projects must meet with the relevant requirements of existing planning policy including the 1998 UDP DEV4 Policy Criteria and the LDF Core Strategy and Development Control Submission Document (Nov 06) prominent policies include IM1 – Implementation, CP30 – Improving the quality and quantity of open space, CP42 – Streets for People, CP47 – Community Safety, CON2 – Conservation Areas, City Fringe Area Action Plan Submission document (2006) and the Consultation Draft Interim Planning Obligations Guidance (April 2005).
 - Meets the terms of the section 106 Agreement;
 - Contributes to the achievement of priorities as set out in the Strategic Plan and other publicly consulted service strategies as relevant at the time;
- 3.6 The Bishops Square sub-group determined that the vision laid out in the City Fringe Area Action Plan Submission Document (Nov 06) now Interim Planning Guidance for the area (detailed at Appendix 3) would be most appropriate to provide an overall planning theme as this directly related back to the requirements of the section 106 clause. To identify projects the Sub-group undertook to consult internally all sections relevant to their service area, using the Community Plan and agreed policy and strategies as the guide. Project proposals were then discussed in sub-group meetings.
- 3.7 The Sub-group met finally on the 29th March 2007 to finalise the list of projects, as listed in Appendix 1, column 'Original Allocation'.
- 3.8 On the 10th May 2007 the Strategic Development Committee agreed the Project list at Appendix 1 identified in the column 'Original Allocation'. It also agreed that Officers should negotiate the required Deed of Variation to extend the Boundary (completed and signed by all parties in Feb 2008). The Committee also agreed that the Corporate Director of Development and Renewal would be authorised to further amend project allocations and/or identify new projects, in relation to issues including the following:
- the re-allocation of any outstanding funds or resources not able to spent if the intended s106 variation cannot be agreed;
 - additional boundary changes to secure the Deed of Variation negotiations;
 - any re-allocation if projects cannot ultimately go-ahead;
 - allocation of any additionally accumulated interest;

4. PROGRAMME REVIEW – 18 MONTH PERIOD (May 2007 – Jan 2009)

- 4.1 Since May 2007 Officers have progressed this programme. This includes:
- Completion in February 2008 of the Legal Deed of Variation to the original s106 agreement which secured an extended boundary and enabled the full programme to progress (without it only some projects could progress);
 - Completion of detailed Project Initiation Documents for all projects and sign-off through a defined PCOP procedure;
 - Adoption of projects onto the Council's 08-09 Capital programme;
 - PCOP Bishops Square Sub-Group Monitoring Meetings;
 - Formal Programme Launch (May 2008);
 - Work advancing on project branding;

- 4.2 The programme is progressing well and around £1 million will be spent on projects in the original allocation by the end of 08-09 including street scene improvements across the area, installation of CCTV, improvements to Thomas Buxton schools, lift installation at Bethnal Green Centre, upgrading the Toynbee Street market and project development of the building frontage/shopfront project, the Cultural Trail and open space initiatives.
- 4.3 In 2009-2010 it is projected that around £1.5 million - £2 million will be spent on a range of projects already approved including: further streetscene, employment and training, building frontage and business improvements, market improvements at Brick Lane and open space projects. In addition, it is anticipated that there could be an additional £1 million spent, if approved, on projects seeking endorsement in this report including Chicksand Ghat and other open space improvements and the Cultural Trail.

Programme Amendments: Proposed Changes to Project Details

4.4 As time has moved on, inevitably, some of the original projects, identified a number of years ago, are no longer the highest priority/most appropriate responses. Therefore, the attached Appendix 1 identifies recommended amendments to the programme. These have arisen as a result of one or more of the following reasons:

- Alternative sources of potential funding have been identified which may enable the project to be delivered in the future;
- Further, more detailed work on the project has led to a review of ambition, scope and remit;
- Recognition of changing macro economic conditions;
- Emergence of projects that have a higher priority;

4.5 Whilst ensuring that the programme continues to meet the requirement to promote projects for the economic and social benefit of the local community, it will be re-focused with some projects being deferred to seek funding in the future and other projects expanded or introduced so they better meet new and emerging priorities. The proposed changes are:

(i) Expanded Cultural Trail: Proposed S106 funding at £1,850,000

- Changing Remit

- The Cultural Trail is an established element of the overall package of economic and social benefits which meet the requirements of clause 9 of the section 106 agreement as set out above. This project is proposed to revise and expand the content and pursue a less artistic and more physical, social and economically focussed approach to the Cultural Trail to help define "Banglatown" in the same way that "Chinatown" is defined in the West End. The aim is to build on strong social and economic identity of the local area with the Bangladeshi community and the broader community.
- The project is a positive recognition that within this area there is a long held tradition of embracing migrant settlement. Over the years new communities from Huguenot Weavers, Jewish settlers and more recently Bangladeshis have all settled in this area. This is significant for the evolution and changing character of the Borough and the East End as a whole as each new community has made its mark in the area, culturally and physically. In seeking to utilise this as an asset it is

proposed to expand the existing proposed Cultural Trail. In detailing this, the Trail can also highlight the historic contribution made by other migrant settlers. For example, the rich history of the current Grade 11* listed Brick Lane Mosque which has always been used as a centre for the new communities.

- Proposed Elements to be funded by s106
 - Banglatown Arches: The provision of at least two new arch structures (with the existing one removed) to provide landmark entries to the main Brick Lane area. These would reflect an identifiable Bengali cultural design possibly referencing design language commonly used in structures in Bangladesh, through shapes/colour. Exact locations to be determined but they will frame the main Banglatown area which is seen as the High Street for the local community;
 - Street Furniture: A suite of street furniture design branded with the same cultural reminders/themes that pick up on appropriate Bengali cultural design prompts (in a similar way as they do in Chinatown) but for Banglatown; this will include signposting to and within the area.
 - Landmark: A new iconic cultural landmark/symbol (a Minaret-like structure) to act as a cultural symbol and physical way-mark and punctuation point for the area, highlighting the icon of cultural/social dynamism within the area which was once a chapel, synagogue and now a Mosque. It will consolidate the areas identity and mark Banglatown locally and beyond the Borough boundary.
 - The Cultural Trail is all of these three ingredients together. It is considered it will only really become a trail if it's fully branded, marked and signed along/through Banglatown. No one element works on its own all three are the physical identity, effectively they come as a whole design i.e. the arches, the street identity and the new cultural icon/landmark structure. This innovative and exciting proposal will clearly, for the first time, physically mark Banglatown as a destination both re-enforcing local identity and sending a clear signal externally beyond the boundaries of Tower Hamlets that this is a place with a unique offer, a place to visit, enjoy and spend money in.

- Benefits
 - Research has shown that a branded cultural trail/experience has benefited Chinatown in Westminster and there is no reason to doubt that it would work for Banglatown. With the three main ingredients in place it could reasonably be anticipated this would increase the capture of new visitor based business (especially Cultural visitors) as well as wider tourist business. In addition, it would cement the area as a local attraction from the City business community and local people wishing to visit a high quality, unique environment.
 - The new Cultural icon/landmark structure is a stand alone (Minaret type) and is an innovative key element to be used to promote a sense of pride in the surroundings. The other elements are a public realm design intervention (arches, gates and street furniture such as benches, bins, phone boxes etc). It would however be the "landmark" element of the project which is intended to signal the location of Banglatown to the wider area. Unlike in Chinatown, the visitor economy is not fully established. Banglatown has millions of potential visitors nearby (Tower of London, City) but the area is not currently visible. With this structure it is hoped to attract some of these potential

visitors to the area to derive economic benefits for the community as part of the drive to help our small and medium sized businesses and increase employment opportunities. There is an existing structure that has planning permission and it is proposed to fund the building of this as part of the design of the Cultural Trail. Details of the consented minaret like structure, the thorough scheme analysis, the consideration of the relevant planning policy framework and the consultation undertaken and responses are set out in the 2004 Committee report attached at Appendix 4.

- It is anticipated that the Cultural Trail could act as a significant prompt for additional investment into the area, encouraging both local private investment into businesses and other opportunities but in addition external investment into renovation of property, generation of new businesses and new residential developments. While this can over-time have some negative effects locally (price rises/gentrification) much of that has already occurred around the area. Although it is not easy to project the impact it is considered that there will be significant economic and social benefits accruing to the local area from the Cultural Trail together with all the other economic, social and environmental investment that will be put into the area from this programme.
- With an established identity, defined physically, it may also be easier to attract additional sources of public investment. For example, support from English Heritage for heritage assets in the area. This is likely to be further enhanced if s106 investment, as is proposed as part of this wider programme, is also used to support other heritage assets in the area, demonstrating a local authority commitment to the area. The economic benefits of the Cultural Trail are further enhanced if work on the employment and training (see project below) is also undertaken at the same time, which is the proposal, to build the capacity of the businesses in the area to enable them to pick up on these potential advantages, support employment of local people etc.
- The area is home to the U.K's largest Bengali community it is the natural home for a Banglatown experience. It is a way to support the local community which feeds into this area and provides employees, businesses and trade. As illustrated above the local economy has a strong connection with small and medium sized businesses and demand for more small business space, especially affordable space is very much present. (Aldgate Property Study 2007). Supporting and developing this attraction is important for the future of the area and this community.
- A physical up-grade, using Culturally recognisable designs in high quality materials could be another real spur for the area to be continuously cared for by the local business and resident community. In effect the quality of the environment becomes a core ingredient of the experience and to ensure it continues to attract people and deliver the economic benefits anticipated it will need to be cared for and respected. This could over-time reduce the management/maintenance bill of the local authority and also offers an opportunity to introduce more "business/owner" led management approaches such as Business Improvement Districts. Without the physical boundary and identity it is considered it will be harder to engage and define this sort of proactive future intervention.

(ii) Enterprise and Business Support: Proposed s106 funding at £700,000

- Changing Remit
 - This project was to offer more business support to the area with the potential of using 131 Commercial Road. However, the development of East London Business Place (ELBP) overtook the proposal and the business support is now being delivered through this vehicle. The programme works on a hub and spoke basis with LDA funding pump primed the hub element.
- Proposed New Elements to be funded by s106
 - This project sees a reduction in contribution from Bishops Square but more clarity in detail on what it can now be focused on.
 - Specifically, it is proposed to spend the Bishops Square resources on part of the spoke element of the East London Business Place programme, offering one to one support for SME's in the area, including one to one business mentoring, seminars and training sessions to help businesses upskill and registration on the ELBP database in order to be put forward for contracts arising from major developments, in the borough but also across the 10 London Thames Gateway boroughs. This element offers dedicated resources for the area.
 - In addition to the support of ELBP the proposal offers a loan fund through East London Small Business Centre, which includes a Muslim loan fund. In the current financial climate many SME's are finding it difficult to access loans from banks to help with cashflow. This loan fund, albeit small, will help to sustain businesses through the economic downturn
- Benefits
 - Monitoring from ELBP shows that already £104,500 worth of contracts has been secured by SME's in the West of the Borough and £5.3m across the borough. The investment identified here will ensure that the investment already made by the LDA can be continued and tailored to support SME's in the area. This is particularly important in light of the current downturn in the economy.
 - There is background evidence to show that access to specific local loan funds is vital to support local SME's as well as ensuring that new start up businesses have the opportunity to become established.

(iii) Streetscene Improvements: Proposed s106 funding at £2,450,000

- Changing Remit
 - This proposal is to expand the streetscene funding by £250,000. This is largely due to thorough surveys being carried out across the expanded area (finalised Feb 2008). These reveal that the original sum needed additional resources to enable it to more comprehensively deliver priorities.

- Proposed New Elements to be funded by s106
 - This proposal is more about meeting greater demands across the area, focussed on improvements to the quality of the physical environment and its economic benefits as well as the social impacts such as improved safety and security for residents and visitors. This programme may also include an electronic messaging service.
- Benefits
 - The environmental condition of the whole area is recognised as an important determining factor in the economic attractiveness of the main business areas and the routes to and from them. These additional resources will further the ability of meeting that objective.

(iv) Open Spaces: Proposed s106 funding at £1,250,000

- Changing Remit
 - It is proposed to re-align two of the original open space projects with other potential funding opportunities that have arisen since the original decisions were taken in 2007. A new project will be introduced although the overall project amount is reduced.
 - The two projects proposed to be re-focused on other opportunities are Allen Gardens and Mallon Gardens. These will now be discussed in relation to emerging masterplans near the sites;
- Proposed New Elements to be funded by s106
 - It is proposed to allocate £600,000 of the resources released to an environmental improvement scheme at an area known as Chicksand Ghat and similar estate improvements.
- Benefits
 - Chicksand Ghat is close to the main business area, the improvements here and would greatly enhance connections to and from the business area for the local community and visitors alike;
 - A re-focus that addressed a significant environmental up-grade was considered more appropriate for the Bishops Square money, it would add value to the improvements focussed throughout the main business area;
 - There are also considered to be limited future opportunities to secure resources to upgrade the new areas such as Chicksand Ghat however it is thought more likely that the projects replaced will, over-time, be funded through other resources;
 - There are other small areas in the vicinity of Chicksand Ghat that may also benefit from a similar improvement programme.

Implications: Process, Monitoring and Evaluation

- 4.6 The new projects and amendments identified in Appendix 1 have been approved for recommendation to the Strategic Development Committee by

the Officer Planning Contributions Overview Panel (PCOP), chaired by the Interim Director of Development and Renewal.

- 4.7 The programme will be closely monitored. Monitoring will take place through Development and Renewal's Programme Management Framework. This process will be scrutinised through the PCOP Bishop's Square Sub-Group (Project Board) which will meet quarterly. All monitoring and evaluation activity will be reported to PCOP. All processes will follow Corporate standard procedure. Each individual project will have its own detailed project management/team arrangements.

Next Steps

- 4.8 Once projects are approved, the process for rolling out the projects will be as follows:
- Projects that have been approved will then need the Project Initiation Documents (PIDs) which detail the project, its timing/funding and contacts, finalised;
 - A Capital Estimate for that project then needs to be adopted
 - Projects can commence to either delivery or detailed design and procurement stage as appropriate;
 - Design consultation. For example, Consultation on the design elements of the Cultural Trail.

5. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 5.1 In accordance with the terms of the Bishops Square Development Section 106 agreement, the Strategic Development Committee of 10 May 2007 approved the allocation of £8,655,000 towards various projects within the agreed area boundaries. This sum represented the full section 106 contribution of £8,580,377 that was received in July 2005 plus interest of £74,623.
- 5.2 This report updates Members of the progress to date and seeks a realignment of resources in line with amendments to the projects that are proposed by the Council Officer Planning Contributions Overview Panel. The existing and proposed revised allocations are detailed in Appendix 1.
- 5.3 The total resource allocation of £8,655,000 is unchanged. All expenditure on the proposed projects will be met from within the funds which are being held within a separate account, earmarked to meet the requirements of the signed Section 106 agreement.
- 5.4 The original Bishops Square project allocation included proposed capital expenditure of approximately £6.6 million. Capital estimates for these elements were formally adopted by Cabinet on 5 March 2008 ('2007/08 Capital Programme: Capital Monitoring Report as at 31 December 2007 / Bishop's Square section 106 agreement – adoption of capital estimate'). If the recommendations in this report are agreed, further Cabinet ratification of the Capital elements will be necessary before any expenditure can be incurred.

6. LEGAL COMMENTS

- 6.1 All of the projects listed in Appendix 1 as revised proposals are considered to fall within the parameters for economic, social and environmental benefit for the community as set out in s9 of the S106 Agreement. The Council has carried out a community cohesion assessment to consider the impact of the cultural trail and this has recommended that as part of the development of the design of the cultural trail it will be necessary to consult with key borough-wide groups together with other historical, heritage and faith groups.

7. CONCLUSIONS

- 7.1 The list of up-dated projects that are recommended by Officers (is shown in Appendix 1) have been identified and agreed through the PCOP Bishops Square sub-group and have been signed off by PCOP.