


Individual Mayoral Decision Proforma Decision Log No: <u>123</u>	 TOWER HAMLETS
Report of: Aman Dalvi, Corporate Director, Development and Renewal	Classification: Unrestricted
Poplar Riverside Housing Zone – Overarching Borough Agreement with the GLA	

Is this a Key Decision?	Yes
Decision Notice Publication Date:	3 February 2016
General Exception or Urgency Notice published?	Not required
Restrictions:	None
Reason for seeking an Individual Mayoral Decision:	This is an 'in principle' agreement between the borough and the GLA acting as a gateway to future agreements that will be necessary to enable the council to draw down funds for specific schemes, ahead of any necessary contracts. Relevant lead members, officers external partners have been consulted on the contents of this report.

EXECUTIVE SUMMARY

Following the submission of a bid in September 2014, the GLA has given provisional approval for a Housing Zone in Poplar.

The Poplar Riverside Housing Zone is expected to deliver over 6,000 new homes over the next ten years. Funds of up to £78m have been earmarked by the GLA over two phases to accelerate delivery, provide infrastructure and to enable the delivery of affordable housing:

- £52m is committed for phase one, and these funds must be drawn down over the next three years.
- £26m for phase two is an outline commitment, and not yet funded within the GLA's programme.

In order for phase one funding to be drawn down by the council and partners, Tower Hamlets must sign an Overarching Borough Agreement (OBA) with the Greater London Authority.

This report recommends that the council enters into this agreement with the GLA.

DECISION

It is recommended that the Executive Mayor:

1. Authorise the Service Head Legal Services to sign the Poplar Riverside Housing Zone Overarching Borough Agreement.

APPROVALS

1. (If applicable) Corporate Director proposing the decision or his/her deputy

I approve the attached report and proposed decision above for submission to the Mayor.

Signed  Date 8/2/16.

2. Chief Finance Officer or his/her deputy

I have been consulted on the content of the attached report which includes my comments.

Signed B. SCANN Date 10/2/16.

3. Monitoring Officer or his/her deputy

I have been consulted on the content of the attached report which includes my comments.

(For Key Decision only – delete as applicable)

I confirm that this decision:-

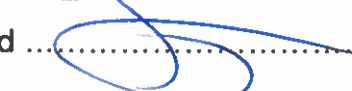
(a) has been published in advance on the Council's Forward Plan OR


(b) is urgent and subject to the 'General Exception' or 'Special Urgency' provision at paragraph 18 or 19 respectively of the Access to Information Procedure Rules.

Signed  Date 12/02/16

4. Mayor

I agree the decision proposed in paragraph above for the reasons set out in paragraph 3 in the attached report.

Signed  Date 19/2/16.

Mayoral Decision	 TOWER HAMLETS
Date to be inserted once known	
Report of: Aman Dalvi, Corporate Director, Development and Renewal	Classification: Unrestricted
Poplar Riverside Housing Zone – Overarching Borough Agreement with the GLA	

Lead Member	Executive Mayor, John Biggs
Originating Officer(s)	Daniel McCarthy, Poplar Riverside Project Manager
Wards affected	Lansbury, Poplar, Blackwall and Cubitt Town
Key Decision?	Yes
Community Plan Theme	A Great Place to Live

Executive Summary

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This report recommends that the council enters into this agreement with the GLA.

Recommendations:

It is recommended that the Executive Mayor:

1. Authorise the Service Head Legal Services to sign the Poplar Riverside Housing Zone Overarching Borough Agreement.

1. REASONS FOR THE DECISIONS

- 1.1 To enable the council and its partners to draw down housing zone funds the council must sign an Overarching Borough Agreement with the GLA.

2. ALTERNATIVE OPTIONS

- 2.1 The Mayor could instruct officers not to sign the agreement. However, this would result in a loss of potential investment in the borough. While it is likely development would still proceed, there would be a significant impact on the level of affordable housing delivered, on delivery of infrastructure and on the pace of housing delivery.

3. DETAILS OF REPORT

- 3.1 The GLA has designated Housing Zones as areas with substantial potential to unlock and accelerate housing delivery in London through targeted investment, engagement and planning. They are expected to be in place until 2025 and will play an important role in ensuring current rates of house building in London are doubled in order to address population growth.
- 3.2 The Housing Zones programme is explicitly designed to encourage developers, boroughs and other partners to consider innovative and flexible approaches to accelerate sustainable development and increase housing delivery.
- 3.3 Poplar Riverside is one of the 20 housing zones designated in London to date. The Council and its partners will receive up to £78m to assist the development of 10 sites which will provide over 6,000 new homes. In addition to direct investment in affordable housing (to Peabody and Poplar HARCA), funding will also assist in the delivery of new footbridges over the River Lea, improved accessibility to Canning Town station, works to improve connectivity across the A13 and environmental improvements near the A12.
- 3.4 LBTH needs to sign an 'Overarching Borough Agreement' with the GLA; holding the borough to account for delivery of Housing Zone outputs, and setting out the basis on which GLA investment will be made available for delivery across the zone. In signing the agreement the borough and its partners will be able to access the first phase of funding of up to £51.95m. Funding available in Phase 1 is set out below,

Scheme	Accountable Body	Intervention	Funding Type	Allocation
Chrip Street	Poplar HARCA	Subsidy for affordable homes	Grant	£3.52m
Chrip Street	Poplar HARCA	Forward funding leaseholder buy backs	Financial transaction	£6.50m
Aberfeldy	Poplar HARCA	Forward funding of leaseholder buybacks	Financial transaction	£16.49m

Scheme	Accountable Body	Intervention	Funding Type	Allocation
Aberfeldy	Poplar HARCA	Environmental works/infrastructure (footbridge over the River Lea to Canning town)	Grant	£1.70m
Aberfeldy	Poplar HARCA	Subsidy for affordable homes	Grant	£3.91m
Gillender Street	Peabody	Subsidy for affordable homes	Grant	£6.63m
Gillender Street	Tower Hamlets	Environmental improvements to improve the connectivity of the site across the A12	Repayable grant	£0.50m
Leamouth North	Tower Hamlets	Environmental works associated with the new footbridge linking this site to Canning Town	Grant	£0.70m
Ailsa Street	Tower Hamlets	Land Assembly	Repayable grant	£12.00m
TOTAL				£51.95m

- 3.5 The GLA's offer of funding is on a 'something for something' basis and Tower Hamlets' contribution to the housing zone is detailed in the agreement
- 3.6 It is proposed that the 1,300 affordable homes planned for phase two will be delivered without GLA affordable housing grant. This will be achieved through use of planning powers or other resources available to the borough such as Right to Buy receipts.
- 3.7 Two specific financial contributions from the borough are proposed:
- The council has allocated £500,000 over the lifetime of the zone to fund project team costs and to commission technical advice.
 - £700,000 has been earmarked as a contribution towards connection and bridge projects at Canning Town station. Tower Hamlets funds would be drawn down from inherited London Thames Gateway Development Corporation S106 agreements and further internal approvals would be sought once this project is fully worked up and funded.
- 3.8 The agreement is attached at Appendix 1. It is an in principle agreement. The borough and its partners will enter into further agreements with the GLA relating to the specific interventions listed at paragraph 3.4 as and when projects are in position to draw on funding.
- 3.9 This report recommends that the Executive Mayor authorises the Service Head Legal Services to sign the Poplar Riverside Housing Zone Overarching Borough Agreement.

4. COMMENTS OF THE CHIEF FINANCE OFFICER

- 4.1 This report seeks the Mayor's approval for the Service Head - Legal Services to sign the Poplar Riverside Housing Zone Overarching Borough Agreement.
- 4.2 In June 2015, it was announced that the GLA had awarded funding of £51.95 million towards the establishment of a Housing Zone within the borough – Poplar Riverside. The various initiatives within the overall Housing Zone scheme are outlined in the table in paragraph 3.4. Several of the constituent projects are being delivered by the Council's Registered Provider partners, Poplar HARCA and Peabody, with the Council leading on three schemes itself - Gillender Street, Leamouth North and Ailsa Street.
- 4.3 At this stage, the Council is being asked to approve the Overarching Borough Agreement (Principles Document), attached as Appendix 1. As stated in the agreement, this sets out the overarching principles upon which funding may be made available to the Borough, and the Borough's role in securing and/or contributing to the delivery of the Third Party Zone Outputs.
- 4.4 Following the signing of the OBA, the council will develop and enter into Intervention Agreements to secure the delivery of the Housing Zone outputs. These will set out the detailed terms and conditions upon which specific amounts of funding will be advanced to the council by the GLA, and at that stage detailed viability assessments of the individual schemes will be completed to determine whether they will proceed.
- 4.5 The funding of the three proposed council led projects is outlined below.
- 4.5.1 Gillender Street – The Council has been awarded funding of £500,000 towards the cost of environmental improvements to improve the connectivity of the site. This allocation takes the form of a 'repayable grant' for which the Council will reimburse the GLA if sufficient resources are generated from any disposal of the site.
- 4.5.2 Leamouth North - The Council has earmarked £700,000 of Section 106 resources to match fund the £700,000 grant contribution from the GLA towards the provision of a new footbridge linking the site to Canning Town. Although the full level of Section 106 resources has not yet been received, the receipts are anticipated during the 2016/17 financial year. Commitments will not be entered into the specific resources are received.
- 4.5.3 Ailsa Street - The Council has secured £12 million of GLA resources towards land assembly costs in Ailsa Street. As is the case with Gillender Street, these funds have also been offered as 'repayable grant' i.e. the GLA will advance funds to the Authority which the Council will reimburse on completion of the scheme, with the resources accruing from sale proceeds arising from elements of the development. The reimbursement is likely to occur in the period from 2025 to 2030. This approach will enable the Council to forward fund the land assembly costs without the need to draw on its own resources,

although at this stage the Council is not entering into any formal financial commitment.

- 4.6 The Council has a total revenue budget of £500,000 to support the initial project team costs.

5. LEGAL COMMENTS

- 5.1 This report concerns a proposal for the Council to enter into an Overarching Borough Agreement (OBA) with the Greater London Authority (GLA) in relation to the potential construction and delivery of housing and other capital works within the borough of Tower Hamlets (Projects). The OBA will be for a three year period which the GLA will fund through the award of grants for the Projects. It is anticipated that the potential grant funding from the GLA directly to the Council for the three schemes highlighted at paragraph 4.5 could amount to, circa, £15,000,000.00.
- 5.2 The Council has many duties and powers in connection with the Projects. For example, the Council is a local housing authority within the meaning of the Housing Act 1985 and is specifically empowered to provide housing accommodation. In addition, the Council has powers derived from the Town and Country Planning Act 1990 and the Highways Act 1980 in respect of the type of Projects envisaged within the ambit of the OBA (i.e. bridges). Entering into the OBA for the Projects is either in pursuit of those functions or is to "facilitate, or is conducive or incidental to, the discharge of" those functions in accordance with section 111 of the Local Government Act 1972.
- 5.3 Pursuant to the Constitution (see Part 3.2.4) all executive functions of the Council except those reserved to DCLG Commissioners by the Directions are vested in the Mayor. The Mayor may exercise those functions himself, or may delegate specified executive functions to be exercised by the Cabinet meeting, a Cabinet committee, an individual Cabinet Member or an officer. The signing of this OBA with the GLA is an executive function and it is consistent with that for the Mayor to authorise the Service Head, Legal Services to sign the OBA.
- 5.4 It should be noted that it is essential for the OBA conditions to be satisfied, including the specific delivery deadlines for the Projects. There may be procurement implications by virtue of the Public Procurement Regulations 2015 and the Council's Procurement Procedures for each of the Projects. Advice should be sought from Legal Services as and when Projects are initiated in order to ensure that the Council complies with the relevant statutory and internal constitutional rules including, where appropriate, the requirement to publish expenditure details in order to enable scrutiny and promote transparency of the Council's decisions.
- 5.5 The Council has an obligation as a best value authority under section 3 of the Local Government Act 1999 to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to

a combination of economy, efficiency and effectiveness.” The Council may deem that entering into the OBA and receiving the grant funding for the Projects and thereafter complying with relevant statutory and internal rules will assist in satisfying these best value requirements.

6. ONE TOWER HAMLETS CONSIDERATIONS

- 6.1 The OBA includes a commitment to the London Living Wage. Through ongoing oversight and delivery of the Poplar Riverside Housing Zone programme Tower Hamlets will continue to focus on fairness, equality and engagement of local communities ensuring in particular that the programme promotes health living and employment opportunities.

7. BEST VALUE (BV) IMPLICATIONS

- 7.1 Any contractual arrangements entered into for delivery of housing zone projects will be designed to maximise economy, efficiency, as well as delivering high quality outcomes.

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 8.1 The housing zone programme will deliver new parks and open spaces, it will promote pedestrian and cycle access to nearby green spaces and public transport hubs and will deliver energy efficient homes. The housing zone links with a wider set of initiatives aimed at mitigating negative environmental and other impacts of the A12 and A13 on local communities.

9. RISK MANAGEMENT IMPLICATIONS

- 9.1 The overarching borough agreement is a principles document and as such does not expose the council directly to financial risk. Reputation risk (in terms of reduced or delayed delivery) will be managed through engagement with partners and the GLA and through robust monitoring and reporting arrangements.
- 9.2 Any subsequent contracts the council enters into will include a range of measures to reduce risk to the council including those relating to financial loss.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 10.1 The housing zone will deliver new places and over 6,000 new homes. Central to the programme will be the creation of safe and thriving places with high quality, safe housing and safe public spaces in which careful thought is given to design that mitigates the risk of crime and anti-social behaviour.

11. SAFEGUARDING IMPLICATIONS

11.1 None

Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

- **Appendix 1. Poplar Riverside Housing Zone Overarching Borough Agreement.**

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

- NONE

Officer contact details for documents:

N/A