

Cabinet 7 March 2017	 TOWER HAMLETS
Report of: Aman Dalvi, Corporate Director, Place	Classification: Unrestricted
Approval of the allocation of S106 and Community Infrastructure Levy (CIL) Funding to projects: a) Roman Road Town Centre Delivery Project	

Lead Member(s)	<u>Covering Cabinet Report</u> Councillor Rachel Blake, Cabinet Member for Strategic Development <u>Project Initiation Documents:</u> Councillor Joshua Peck, Cabinet Member for Work and Economic Growth
Originating Officer(s)	<u>Roman Road Town Centre Delivery Project</u> Melanie Aust
Wards affected	Bow East
Key Decision?	Yes
Community Plan Theme	A Great Place to Live; A Fair and Prosperous Community; A Safe and Cohesive Community

1. **EXECUTIVE SUMMARY**

- 1.1 This document has been prepared in order to seek approval from the Mayor in Cabinet to:
1. Approve the allocation for £331,197 of Section 106 (S106) funding to the expenditure proposals set out in the Roman Road Town Centre Delivery Project Initiation Document (PID) that is attached to this Cabinet Report;
 2. Adopt a Capital Budget for the project described in this document and the attached PID;

1.2 The funding will be expended on the following:

Interact Hub, Roman Road

- Developing the legacy for the Interact Hub as a site for cultural and artistic residencies and passing the leasehold interest of the building from LBTH to Roman Road Trust/Public Works to ensure continuity.

Tackling retail vacancies

- Develop project action plan and bring empty retail units back into use through identifying lease length and cost, size of units and site location, planning implications and use class definition, rental strategy
- Start up/fit out costs to deliver a range of works to vacant units in order to bring them back into use
- Identification and subsequent acquisition of suitable retail units
- Commissioners advice sought on defining selection criteria for retail vacancies project
- Negotiate lease with sub tenant
- Project delivery phase and evaluation

Street Market Developments

- Work with Market Services to develop feasible proposals for action
- Identify suitable locations within the existing market to deliver action plan proposals
- Develop associated communications plan to advertise and promote these interventions
- Deliver interventions including the upgrade/installation of new power points and fitting of tarpaulins for markets
- Evaluate

Shopfront improvements

- Develop and agree action plan and funding
- Design, consult and agree concept
- Present proposed scheme and concept to generate commitment from businesses
- Commissioners advice sought as appropriate on defining selection criteria
- Implement scheme which will deliver a range of capital shop front improvements to participating businesses

1.3 In terms of cost profile, specifically the capital funding is being expended on:

- Interact Hub improvements to building (£10,000) (Council owned building)
- Vacant units (£70,000) (to be procured externally)
- Shopfront Improvement project (£158,000) (to be procured externally)

- Improvements to Street Market (£89,000) working with Market Services which includes:
 - New power points £62,000 (procured by Highway Services)
 - Tarpaulins £27,000 (to be procured externally)

The need for this investment to enhance the retail offer, the market and increase footfall has been identified in the recent Area Profile and audit undertaken by ATCM, and the Retail Group in developing the Council’s Town Centre Strategy (December 2016).

- 1.4 The Council will identify appropriate contractors to carry out improvement works to shopfronts, the street market and vacant units, following a procurement process. All capital works will be procured works and will not require a grant. Businesses taking part in the vacant unit and shopfront improvement projects will make a contribution towards capital costs and will pay this contribution to the Council. The appointed contractors will be managed by and paid directly by the Council. The Council will manage all payments to contractors.
- 1.5 The revenue funding (£4,197) is being used to work closely with Roman Road Trust to enable them to take on responsibility for the Interact Hub (working with Public Works), deliver events and support town centre management going forward. It is also funding an evaluation project which will assess the work undertaken in this project and recommend a way forward for the project.
- 1.6 The Interact Hub was designed and built by Public Works and Cass University students with funding of £10K from the Council. The Interact Hub is a timber-frame, free standing structure measuring <20sqm and sits on land owned by Circle Housing, and is accessed via the Council’s car park. The transfer of the Interact Hub is being reported on regularly through the regular reporting channels and legal advice has been sought on how to do this in line with Council policies and protocols.
- 1.7 Table 1 below sets out the amount requested for the **Roman Road Town Centre Delivery Project**, including the source of requested funding related to CIL and S106. Table 2 sets out the project and the amount that requires a capital budget to be adopted.

Table 1: Source of Funding and Overall Amount Requested for Allocation

Project Title	Amounts		
	Overall Request	S.106	CIL
Roman Road Town Centre Delivery Project	£331,197	£331,197	-

Table 2: Adoption of Capital Budget > Requested Amount

Project Title	Amounts	
	Overall Request	Adoption of Capital Budget > Request Amount
Roman Road Town Centre Delivery Project	£331,197	£327,000

RECOMMENDATIONS

The Mayor in Cabinet is recommended to:

1. Approve the allocation of **£331,197** of S106 funding to the **Roman Road Town Centre Delivery Project** as profiled in the Project Initiation Document attached at Appendix A and Table 1.
2. Approve the adoption of a capital budget for **£327,000** as profiled in the Project Initiation Document attached at Appendix A and Table 2.

If it is not considered appropriate to approve the allocation of S106 funding to all of the projects described in the attached PID, then approvals can be made in respect of any of the individual projects. In addition, capital budgets can also be adopted in respect of any of the individual relevant projects/ PIDs.

2. REASONS FOR THE DECISIONS

2.1 Approval is sought to deliver this project for the following reasons:

1. The project will help contribute to the delivery of positive improvements to people's lives that will underpin the Community Plan themes of:
 - A Great Place to Live;
 - A Fair and Prosperous Community;
 - A Safe and Cohesive Community.
2. They will improve the wellbeing of residents and workers; improve the economic vitality of Roman Road East Town Centre, including employment and enterprise opportunities, as well as overall levels of public participation.

2.2 Please refer to the attached Project Initiation Document (PID) for more information about the projects.

3. ALTERNATIVE OPTIONS

- 3.1 The expenditure items within the attached PID can be individually or collectively approved. The only alternative option is to not allocate the funding to some or any of these projects.
- 3.2 It should be noted that the use of S106 funding proposed for allocation in this report is restricted, as it must be spent in accordance with the terms and conditions of its expenditure pertaining to a specific S106 agreement related to the development from which it originates. This may restrict the spend of S106 funding for certain infrastructure types or projects and also by the geographic location of the project.
- 3.3 Any alternative spend of this funding would have to be on the projects that would meet the requirements of the relevant S106 agreement.

4. BACKGROUND

S106

- 4.1 S106 of the Town and Country Planning Act 1990 allows a Local Planning Authority (LPA) to enter into a legally-binding agreement or planning obligation with a developer over a related issue. Planning obligations /S106 agreements are legal agreements, negotiated between a LPA and a developer, with the intention of making development acceptable which would otherwise be unacceptable in planning terms.
- 4.2 S106 contributions must be spent in accordance with the agreement to which they relate. The contributions secured in S106 agreements are usually tied to the need to provide a certain type of project in a defined location.

PID

- 4.3 The background to the projects is provided below. For further information on the projects described in this report it is necessary to consult the PID attached at Appendix A.
- 4.4 In 2012 the Council's Economic Development Service secured £388,442.00 of Section 106 (S106) funding for the regeneration of Roman Road Shopping Centre (PA/07/03277). This contribution is time limited for a period of 10 years. The Council received the payment totalling £388,422.00 on 9th March 2012, and the expiration for the contribution is 9th March 2022.
- 4.5 In 2013 PCOP approved a PID which consisted of:
 - an Enterprising Town Centre Initiative pilot project to bring vacant units back into active use,
 - commissioning and production of a town centre audit, and

- funding towards the employment of a town centre manager during the project delivery phase.
- 4.6 In December 2015, a revised PID was considered by PCOP and approved to refocus and replace the 2013 PID. This came about as a consequence of the new administration coming into office in June 2015 and changing corporate priorities. This necessitated a review of the activities previously approved under the Roman Road town centre regeneration programme to ensure alignment with these new corporate priorities.
- 4.7 It was also an opportunity to agree a revised vision for Roman Road with the Roman Road Trust's role as the local town team. This resulted in the development of some new areas of work to respond to the more active involvement from local organisations in Roman Road.
- 4.8 This PID is now seeking approval of:
- identified spend on delivering the predominantly capital elements of the programme and
 - an extension of the programme timeframe to enable spend in 16/17 and 17/18 on the elements of the programme as contained in the 2015 PID.
- 4.9 From the original approval of £388,422, a total of £57,245 has been expended from S106 sources in the financial years 13/14 to 15/16. There is, therefore, a balance of £331,197 remaining from the original £388,422 approved to be expended on the regeneration activity in Roman Road East as contained in this PID as shown in the table below:

Planning Application PA/09/00203 (S106) for Project	Approved budget '13-'17	Actual S106 spent '13/14	Actual S106 spent '14/15	Actual S106 spent '15/16	Funding currently sought	Budget '16/'17 to '17/'18
Roman Road Town Centre Regeneration (2013 PID)	£388,442	£20,000	£0.00	£37,245	£62,642	£268,555
Roman Road Town Centre Development Project (2015 PID)	£305,800	£20,000 (Town Centre audit)	£0.00	£37,245 (Staffing costs)	--	£268,555
Final S106 budget	£388,442	£20,000	£0.00	£37,245	£62,642	£331,197

5. COMMENTS OF THE CHIEF FINANCE OFFICER

- 5.1 This report seeks the approval of the Mayor in Cabinet to approve the allocation of Section 106 resources of £331,197 to finance the Roman Road Town Centre Delivery Project.

- 5.2 Under the terms of the Section 106 agreement for the development at 2 Gladstone Place (PA/07/03277) the authority received a financial contribution of £1,200,000 of which £388,442 was specifically to be used “towards the Roman Road district shopping centre regeneration works”. £57,245 of these resources have previously been applied (see paragraph 4.9) leaving a balance of £331,197. In accordance with the terms of the Section 106 agreement all contributions associated with the development must be used by 9th March 2022.
- 5.3 This project will be a capital scheme and as such it must be incorporated into the capital programme. Approval for the adoption of the necessary capital estimate of £327,000 is sought in this report. The residual £4,197 will be used to finance revenue expenditure associated with the project.
- 5.4 The proposed scheme includes the council undertaking capital improvement works to shop fronts and vacant units (paragraph 1.4). Businesses will be able to participate in these projects subject to them making a contribution (set at 10%) in advance of the works commencing.
- 5.5 Bringing vacant properties back into use will generate additional business rates that will be retained by the council. There are currently approximately 20 vacant units in the area, with each property that is trading likely to generate approximately £10,000 to £12,000 of business rate income, depending on the use and size of the premises.

6 LEGAL COMMENTS

- 6.1 Section 106 Planning Obligations are obligations secured pursuant to section 106 of the Town and Country Planning Act 1990. Such Planning obligations, commonly known as s.106 agreements, are the mechanism whereby development proposals which would otherwise not be acceptable can be made acceptable in planning terms. They are focused on site-specific mitigation of the impact of development. They can impose financial and non-financial obligations on a person or persons with an interest in the land and become binding on that parcel of land.
- 6.2 As a contract the Council are required to spend any monies received in accordance with the terms of the s.106 agreement. It is therefore important to consider the provisions of each agreement when allocating monies to a particular project. Whilst some agreements allow for a particular contribution to be spent on a type of infrastructure or project across the borough as a whole, other agreements are more specific in requiring that a contribution be linked more closely to the locality of the development.
- 6.3 This report is asking the Mayor in Cabinet to approve the allocation of s.106 resources to the Roman Road Town Centre Delivery Project that was recommended for progression by the Infrastructure Delivery Steering Group on the 11th January 2017 and to adopt the necessary capital budget. The allocation of this section 106 funding is considered to be in accordance with the s.106 agreement and therefore lawful.

- 6.4 Following this meeting the project will need to be approved by a decision of the Director of Development and Renewal if they are not subject to a review by the Mayor.
- 6.5 To the extent that the spending of the monies amounts to a grant, then the directions made under sections 15(5) and 15(6) of the Local Government Act 1999 (the Directions) by the Secretary of State on the 16th of January 2017 will apply. These Directions provide that until the 31st of March 2017 any functions exercised by the Council in respect of grants shall be under the direction and to satisfaction of the Commissioners.
- 6.6 When making decisions, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who do not (the public sector equality duty). A proportionate level of equality analysis is required to discharge the duty.

7 ONE TOWER HAMLETS CONSIDERATIONS

- 7.1 This report proposes to allocate funding to help deliver infrastructure at a local level. In scoping this project, the objectives of One Tower Hamlets and those of the Community Plan have been considered.
- 7.2 It is hoped that these infrastructure projects will contribute to the reduction of inequality and will foster cohesion in the borough.

8 BEST VALUE (BV) IMPLICATIONS

- 8.1 If approved, the project referred to in this document is required to be delivered in consideration of best value implications and the Council's Best Value Strategy and Action Plan.

9 SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 9.1 Whilst not related to greening of the environment, it is partly focussed on improvements to the public realm and environment more broadly.

10 RISK MANAGEMENT IMPLICATIONS

- 10.1 The risks relating to the delivery of this project as well as mitigating measures are set out in detail in the attached PID.

11 CRIME AND DISORDER REDUCTION IMPLICATIONS

11.1 It is hoped that this project will improve places in the borough including underutilised spaces and buildings, making them less susceptible to crime or disorder and increasing natural surveillance.

12 SAFEGUARDING IMPLICATIONS

12.1 Not applicable.

Linked Reports, Appendices and Background Documents

Linked Report

- None

Appendices

Appendix A: **Roman Road Town Centre Delivery Project:**

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

- None

Officer contact details for documents:

Fiona Crehan, High Streets and Town Centre Manager
Tel: 020 7364 4944