

<p>Cabinet</p> <p>27 February 2018</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Ann Sutcliffe, Acting Corporate Director, Place</p>	<p>Classification: Unrestricted</p>
<p>The Infrastructure Delivery Framework: Report to Cabinet recommending the approval of the allocation of CIL and S106 funding and approval for the adoption of a capital budget in respect of the following projects:</p> <ul style="list-style-type: none"> • 'Unlocking Opportunities' Funding PID • The London Square PID 	

<p>Lead Member(s)</p>	<p><u>Covering Cabinet Report</u> Councillor Rachel Blake, Cabinet Member for Strategic Development</p> <p><u>'Unlocking Opportunities' Funding Project Initiation Document</u> Councillor Peck, Cabinet Member for Work & Economic Growth</p> <p><u>The London Square Project Initiation Document</u> Councillor David Edgar, Cabinet Member for Resources</p>
<p>Originating Officer(s)</p>	<p><u>Covering Cabinet Report</u> Owen Whalley, Divisional Director, Planning and Building Control, Place Directorate</p> <p><u>'Unlocking Opportunities' Funding Project Initiation Document</u> Sarah Randall, Sub Regional Partnerships Coordinator, Employment & Enterprise Michael Cunningham, Interim Economic Programmes and Employment Manager, Employment & Enterprise</p> <p><u>The London Square Project Initiation Document</u> Naznin Chowdhury, Civic Centre Project Manager, Corporate Property and Capital Delivery</p>
<p>Wards affected</p>	<p>All wards</p>
<p>Key Decision?</p>	<p>Yes</p>
<p>Community Plan Theme</p>	<p>A great place to live; A fair and prosperous community; A safe and cohesive community; A healthy and supportive community.</p>

1. **EXECUTIVE SUMMARY**

1.1 This document has been formed in order to seek approval from the Mayor in Cabinet for:

1. The allocation of £1,005,311 in Section 106 (S106) funding to the proposals set out in the ‘*Unlocking Opportunities’ Funding*’ Project Initiation Document (PID), which is attached to this Cabinet report at Appendix A.
2. The allocation of £1,486,800 in CIL funding to the proposals set out in the “*The London Square*” Project Initiation Document (PID), which is attached to this Cabinet report at Appendix B.

1.2 The projects to which this document relates can be summarised as follows:

a) **‘Unlocking Opportunities’ Funding Project:**

This PID aims to secure £1,005,311 in S106 funding so that the programme, Work Path, can continue to reduce barriers to employment and support residents into work placements.

b) **London Square Project:**

This PID seeks approval to allocate £1,486,800 of CIL funding to the London Square. The London Square is a new open space for public enjoyment, recreation and community events.

1.3 Table 1 below sets out the amount requested for the named project highlighted in 1.2, including the source of requested funding related to CIL and S106. Table 2 sets out the project costs and the amounts that require a capital budget to be adopted.

1.4 It should be noted that the figures in this report have been rounded to the nearest pound. For exact figures please refer to the attached PID.

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

Project Title	Amounts			Funding (Capital/ Revenue)
	Overall Request	S.106	CIL	
‘Unlocking Opportunities’ Funding Project	£1,005,311	£1,005,311	-	Revenue
London Square Project	£1,486,800	-	£1,486,800	Capital
Total	£2,492,111	£1,005,311	£1,486,800	

Table 2: Adoption of Capital Budget > Requested Amount

Project Title	Amounts	
	Overall Request	Adoption of Capital Budget > Request Amount
'Unlocking Opportunities' Funding Project	£1,005,311	-
London Square Project	£1,486,800	£1,486,800
Total	£2,492,111	£1,486,800

RECOMMENDATIONS

1.5 The Mayor in Cabinet is recommended to:

1. Approve the allocation of £1,005,311 in Section 106 (S106) funding to the proposals set out in the '*Unlocking Opportunities' Funding*' Project Initiation Document (PID), which is attached to this Cabinet report at Appendix A and Table 1.
2. Approve the allocation of £1,486,800 in CIL funding to the proposals set out in the "*London Square*" Project Initiation Document (PID) which is attached to this Cabinet report at Appendix B and Table 1, and adopt a corresponding capital estimate.

2. REASONS FOR THE DECISIONS

2.1 Approval is sought to deliver these projects for the following reasons:

1. They 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;
 - A Healthy and Supportive Community.
2. The Work Path programme is designed to address barriers to work, with a focus on specific client cohorts. The project uses an innovative methodology for assessing clients' barriers to work, working with a range of partners to provide support to overcome these barriers, and tracking clients' progress over time. It is closely aligned with emerging Department of Work and Pensions (DWP) policy priorities for employment support delivery. The project has identified the ten most common barriers faced by clients.

The Infrastructure Delivery Framework: Evidence Base references the Council's adopted Employment Strategy, which aims to: "...outline how best to help Tower Hamlets residents' capitalise on the dynamic employment growth occurring around them." It is noted that, whilst job creation within Tower Hamlets will increase from 261,000 in 2014 to 465,000 in 2036, a growth of 78% (compared to 14% in London as a whole), for most current employment performance indicators it is clear that Tower Hamlets falls below the average performance of other London Boroughs, and that there is a need for investment to increase employment opportunities for residents.

3. The London Square project is concerned with the wider Civic Centre project. This project hopes to bring the former Royal London Hospital site at Whitechapel back into public use as the Council's main administrative building. The proposal for the Civic Centre site involves demolition of the south-west wing of the former hospital, and partial demolition of the Grocer's Wing with façade retention. The grade II listed 1750s building ('the front block') and chapel will be retained.

The Infrastructure Delivery Plan sets out the infrastructure priorities in the borough. Delivering London Square with the Civic Centre project will:

- Deliver a great space upon opening the Civic Centre;
- Minimise disruption to the staff and visitors to the Civic Centre and Barts hospital, and
- Optimise value for money.

The Council's CIL Regulation 123 list includes references to "Open space, parks and tree planting". There are other public realm improvement projects proposed along the 'Green Spine' in Whitechapel which are being brought forward by the Whitechapel Vision Delivery Team within the Council.

The Infrastructure Delivery Framework: Evidence Base identifies that Whitechapel ward is experiencing significant residential and employment growth. The completion of Crossrail by December 2018 will significantly increase access to strategic transport infrastructure to and from the civic centre. Moreover, the entrance of Crossrail will be aligned with the civic centre Grocers' Wing public entrance which also leads out to London Square. TfL's Crossrail Demand Forecasting Workshop in 2015 projects an additional 4,000 people entering and exiting the station during AM peak hours.

- 2.2 Please refer to the following associated documents/appendices for more information about the projects:

- Appendix A: 'Unlocking Opportunities' Funding PID
- Appendix B: London Square PID

3. ALTERNATIVE OPTIONS

- 3.1 The projects within the attached PIDs 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. Further details of the specific restrictions attached to each S106 agreement can be found in the attached PIDs. Any alternative spend of this funding would have to be on projects that would meet the requirements of the relevant S106 agreement. Use of CIL money is also restricted under the CIL Regulations (as amended).

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.

PIDs

- 4.3 The background to the two projects requiring funding approval is provided below. For further information on the projects described in this report it is necessary to consult the PIDs attached at Appendix A and Appendix B.

'Unlocking Opportunities' Funding (PID attached at Appendix A)

- 4.4 This PID aims to secure £1,005,311 in S106 funding to replace the Council's allocation of ESF Unlocking Opportunities funding that is no longer available to the Council.
- 4.5 The employment support programme in Tower Hamlets (through Work Path) targets a minimum of 1,784 residents who are furthest from the labour market to be engaged and supported. The objective is to ensure at least 518 of these residents enter employment.
- 4.6 Delivery in Tower Hamlets is through Work Path, Growth and Economic Development's new integrated employment service. This delivers the

intensive employment support required by target groups in order for them to access work.

- 4.7 Work Path also operates a job brokerage model which seeks to connect Tower Hamlets residents with job vacancies in the borough and elsewhere. The service works closely with employers to secure vacancies and identify their staffing needs, and has established a strong track record in supporting local people into jobs in a wide range of sectors including: construction, education, hospitality, catering, administration, security and health.

London Square Project (PID attached at Appendix B)

- 4.8 This project involves the approval for the allocation of £1,486,800 of CIL money towards the London Square Project.
- 4.9 At present, there is no available funding within the Civic Centre Project budget allocated to fund the design and delivery of London Square. The square is needed to support the development of the Council's new Civic Centre but also to ensure a new space for residents from across the entire borough to use and enjoy.
- 4.10 Moreover, the project meets the requirements for CIL funding as the square is of strategic importance to the LPA, local stakeholders such as Barts and elected members. The CIL funding secured would be applied to deliver new infrastructure in Whitechapel.
- 4.11 The London Square project is concerned with the wider Civic Centre project. This project hopes to bring the former Royal London Hospital site at Whitechapel back into public use as the Council's main administrative building. The proposal for the Civic Centre site involves demolition of the south-west wing of the former hospital, and partial demolition of the Grocer's Wing with façade retention. The grade II listed 1750s building ('the front block') and chapel will be retained.
- 4.12 The current lease on Mulberry Place will expire in June 2020. At the Cabinet meeting on 3rd November 2015, the Mayor determined that the Council should consolidate its operation in a new civic centre, thereby reducing the use of disparate and poorly-sited buildings. The consolidation of Council administrative buildings onto a new civic centre would allow for the disposal of a number of sites for the capital receipts to cross-fund the new development and deliver affordable housing when bought forward as planning-compliant housing schemes.
- 4.13 The Civic Centre Project objectives, as formally agreed at this Cabinet meeting are:
- To develop a sustainable, multipurpose, civic centre in the geographic heart of the borough and with excellent transport connections.
 - As required by the Asset Strategy, to rationalise the Council's operations to provide more efficient internal communications and cross-council working

and reduce the Council's revenue cost of holding empty redundant buildings

- To maximise opportunities to make financial savings from efficient use of accommodation
- To deliver year-on-year operational savings to the Council and deliver significant new housing to the borough

4.14 London Square is critical to the overall Civic Centre project owing to its location and proximity to the site. The timely delivery of London Square is supported by the project team, the LPA, elected members and the Greater London Authority (GLA). The first object of the London Square project is that it offers much needed outdoor public open space in Whitechapel for those visiting the civic centre or the Royal London Hospital, and staff working at these sites. The second objective of London Square is that it achieves an adopted policy requirement for the provision of amenity green space as required in the Whitechapel Vision Masterplan SPD.

5. COMMENTS OF THE CHIEF FINANCE OFFICER

5.1 In accordance with the Council's Infrastructure Delivery Framework, this report seeks the approval of the Mayor in Cabinet to allocate Section 106 resources of £1,005,311 to replace the Council's allocation of ESF 'Unlocking Opportunities' funding to ensure the continued delivery of the WorkPath programme until March 2019. It also seeks agreement to the allocation of Community Infrastructure Levy resources of £1,486,800 to the London Square capital project.

5.2 In order that spending decisions can be made during the financial year by the Infrastructure Delivery Board and the Mayor in Cabinet, budgetary provision for infrastructure delivery is included within the capital programme with uncommitted resources carried forward into future years as necessary. The London Square scheme proposed in this report will be funded from the uncommitted 2017-18 provision of £6.415 million that is included within the Council's 2017-18 to 2027-28 capital programme (approved by the Mayor in Cabinet on 30th January 2018). The 2018-19 budget report also incorporates a separate provision of £15 million for future additions to the capital programme including schemes to be funded from Section 106 and CIL resources.

5.3 The approval to fund schemes from these budgetary provisions can only be made following the receipt of the relevant developer contributions - in the case of the schemes proposed in this report, the required resources have been received by the Council. The specific planning contributions associated with the 'Unlocking Opportunities' revenue project are detailed in section 2 of the Project Initiation Document that is included as Appendix A of this report.

5.4 A significant element of the Section 106 resources that are held by the Council relates to capital projects, with CIL funding also being available to

finance both revenue or capital schemes. The proposed allocation of these funds is undertaken by the Infrastructure Delivery Board and should take place in accordance with the priorities within the Council's capital strategy, although certain resources are specific to particular initiatives. In order to undertake Section 106 or CIL funded capital schemes, projects must be incorporated into the capital programme and appropriate capital budgets adopted. The approval of a capital estimate of £1,486,800 is sought in this report.

- 5.5 Due to the risk that funding will have to be repaid to developers, with interest, if the time period specified in the Section 106 agreement expires, it is important to ensure that projects continue to be closely monitored and that actions are taken to mitigate any risk that resources will be lost. The possibility of applying funds to alternative projects should be considered if schemes are unlikely to drawdown the funding before the time limited resources expire, although this must be done in accordance with the specific use conditions that are detailed in each Section 106 agreement.
- 5.6 Provision for the funding of any on-going revenue costs associated with the London Square development will be incorporated within future budget proposals for the new Civic Centre.
- 5.7 In cases where project approvals contain a contingency item this will only be utilised if officers are fully satisfied with the supporting evidence provided to support the claim. Any unused contingency sums will be available for reallocation to other projects.

6. LEGAL COMMENTS

Section 106 obligations

- 6.1 This report asks the Mayor in Cabinet to approve the allocation of s.106 resources to the 'Replacing ESF 'Unlocking Opportunities' Funding Project.
- 6.2 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.
- 6.3 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.
- 6.4 The allocation of this section 106 funding is considered to be in accordance with the s.106 agreements under which the contributions were secured and it is therefore lawful. It is noted however that there are constraints in some of the relevant s106 agreements about how individual contributions can be

spent (for example a number of contributions need to be spent specifically on training), and therefore careful monitoring should be put in place to ensure that the spending profile remains in line with the amounts committed from individual agreements.

The Community Infrastructure Levy

- 6.5 This report asks the Mayor in Cabinet to approve the allocation of Community Infrastructure Levy (CIL) receipts to the London Square Project and to adopt the necessary capital budget. CIL is a planning charge, introduced by the Planning Act 2008 ('the 2008 Act') as a tool for local authorities in England and Wales to help deliver infrastructure to support the development of their area. CIL came into force on 6 April 2010 through the Community Infrastructure Levy Regulations 2010 ('the 2010 Regulations') and is a pounds per square metre charge on most new development.
- 6.6 Pursuant to Regulation 59 of 2010 Regulations a charging authority must apply CIL to funding the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of its area. Infrastructure is defined for the purposes of CIL by s.216 of the 2008 Act to include open space. Further, the Council has published a list under Regulation 123 of the 2010 Regulations which lists the infrastructure that the Council intends to be wholly or partly funded by CIL. This includes 'Open Space, parks and tree planting'. As such the use of CIL towards the London Square project is lawful.
- 6.7 In respect of the London Square project, because the Council do not own the land comprised within the proposed London Square, the use of CIL for this project is considered to be a grant, and as such approval must be sought from the Grants Determination (Cabinet) Sub-Committee.

Equalities

- 6.7 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 and where equality issues arise in respect of the projects these have been considered (where relevant) within the PIDs and the Equality Analysis' appended to the PIDs.

7. ONE TOWER HAMLETS CONSIDERATIONS

- 7.1 This report proposes to allocate funding to help deliver infrastructure at a local level. In scoping these infrastructure projects the objectives of One Tower Hamlets and those of the Community Plan have been considered.
- 7.2 If approved, 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 projects referred to in this document are required to be delivered in consideration of best value implications and the Council's Best Value Strategy and Action Plan (2015).

9. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 9.1 Sustainability considerations will be applied as far as possible during the delivery of these projects.
- 9.2 The proposed improvements include the introduction of new open space and thus support the delivery of a greener environment.

10. RISK MANAGEMENT IMPLICATIONS

- 10.1 The risks relating to the delivery of these projects as well as mitigating measures are set out in detail in the attached PIDs at Appendix A and Appendix B.

11. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 11.1 It is hoped that these projects will improve places and help design out crime in the borough, making them less susceptible to crime or disorder and increasing natural surveillance.

12. SAFEGUARDING IMPLICATIONS

- 12.1 The report proposes the delivery of infrastructure across the borough. The rights of all end users will be safe guarded and further information can be found in the attached PIDs.

Linked Reports, Appendices and Background Documents

Linked Report

- None

Appendices

- 'Unlocking Opportunities' Funding PID – Appendix A;
- London Square PID – Appendix B.

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

- None

Officer contact details for documents:

Matthew Pullen, Infrastructure Planning Manager
Tel: 020 7364 6363