

Regeneration and Leisure Scrutiny Sub-Committee

Monday 7 March 2011

7.00 pm

Southwark Town Hall, Peckham Road, SE5

Membership

Councillor Mark Glover (Chair)
Councillor Paul Noblet (Vice-Chair)
Councillor Columba Blango
Councillor Catherine Bowman
Councillor Dan Garfield
Councillor Helen Morrissey
Councillor Martin Seaton

Reserves

Councillor Helen Hayes
Councillor Jeff Hook
Councillor Andy Simmons
Councillor Geoffrey Thornton

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Contact Julie Timbrell on 020 7525 0514 or email: julie.timbrell@southwark.gov.uk

Members of the committee are summoned to attend this meeting

Annie Shepperd

Chief Executive

Date: 25 February 2011



Regeneration and Leisure Scrutiny Sub-Committee

Monday 7 March 2011
7.00 pm
Southwark Town Hall, Peckham Road, SE5

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PART B - CLOSED BUSINESS

**DISCUSSION OF ANY CLOSED ITEMS AS NOTIFIED AT THE START
OF THE MEETING AND ACCEPTED BY THE CHAIR AS URGENT.**

Date: 25 February 2011



REGENERATION AND LEISURE SCRUTINY SUB-COMMITTEE

MINUTES of the Regeneration and Leisure Scrutiny Sub-Committee held on Wednesday 2 February 2011 at 7.00 pm at Town Hall, Peckham Road, London SE5 8UB

PRESENT: Councillor Mark Glover (Chair)
Councillor Dan Garfield
Councillor Helen Morrissey
Councillor Martin Seaton
Councillor Geoffrey Thornton

OTHER MEMBERS

PRESENT:

OFFICER Julie Timbrell, Scrutiny project manager
SUPPORT: Simon Bevan, Head of planning and transport
Graham Sutton, Regeneration manager
Darryl Telles, Neighbourhood manager
Shane Cunningham, Finance manager

1. APOLOGIES

- 1.1 Apologies for absence were received from Councillors Paul Noblet, Catherine Bowman and Columba Blango.

2. NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT

- 2.1 There were none.

3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

- 3.1 Cllr Martin Seaton declared a non prejudicial interest in Aylesbury, as a resident.

4. MINUTES

- 4.1 The minutes of 30 November 2010 were approved as a correct record.

5. OLYMPIC STRATEGY AND DELIVERY PLANS

- 5.1 Adrian Whittle; Head of Culture, Libraries, Learning and Leisure and Paul Cowell; Events, Film and 2012 Manager presented the report circulated with the papers.
- 5.2 Officers highlighted that the achievements so far include increasing take-up of the Get Set London education programme from 40 to 101 schools, representing 83% of Southwark's schools and colleges, with the remainder being pursued.
- 5.3 The council has announced a £2 million capital legacy fund. This money has been identified through the capital refresh. This is Southwark money, however the council hope to leverage in external money.
- 5.4 Southwark Council has been cited as the most progressed non-host authority in London in terms of emergency planning and business continuity arrangements.
- 5.5 The Globe has secured funding for 38 theatre companies to perform 38 plays in 38 languages.
- 5.6 There will be a torch relay and details will shortly be forthcoming. 6 evening events are anticipated and there will be an opportunity for a citizen to be a torch bearer.
- 5.7 The chair thanked the officers for their presentation and invited members to ask questions.
- 5.8 A member asked if the £2 million is in the budget. The Head of Culture, Libraries, Learning and Leisure said that it was not; the money would come from changes and slippage in the council's capital programme. It is anticipated that £2 million can be found from this.
- 5.9 There was a query on the benefits to young people and the officers drew the committee attention to the 'engaging young people' work strand. This will link into the sports partnership in place. Alongside this the new head of youth will be looking at informal opportunities. Members asked for more information on this, particularly the number anticipated to benefit from volunteering.
- 5.10 The chair commented that one important outcome from the Olympics would hopefully be an increase in the number of people participating in sports. He asked if both Fusion and Southwark's sports clubs will be running recruitment drives. The chair asked if sports clubs are promoted on the council website and how the council engages with sports clubs.
- 5.11 Officers responded that the council is engaging with the Fusion; however their budget allocation has recently been slashed by £3 million. Budget savings also mean that there is less staff capacity to support sport clubs.

- 5.12 A member asked for more information on the capital legacy programme, and in particular if there will be a bidding process and a clear criteria. Officers confirmed that there will be.
- 5.13 A member welcomed the work that had gone into planning for the Olympics, and commented that there was an appreciation that work needed to be undertaken with much reduced resources. The member commented that the successful bid for Burgess Park would be a boost and would increase the facilities available, and he hoped these new amenities would be promoted in the Olympic marketing programme. Officers agreed that the Olympic programme should make the most of community activities and facilities.

RESOLVED

Officers were asked come back in 6 months time and report on:

1. Outcomes regarding young people, particularly the number anticipated to benefit from volunteering.
2. Links with sports clubs and facilities and any plans to promote these through the marketing programme and also challenge clubs to expand programmes and participation.
3. Links to Fusion and the Olympics and any planned outcomes

6. EMPLOYMENT AND ENTERPRISE STRATEGY AND DELIVERY PLANS

- 6.1 Graham Sutton; Regeneration Manager, presented the report circulated in advance. He commented that following his last visit in June to this committee the Employment and Enterprise strategy had been agreed by cabinet.
- 6.2 The Regeneration Manager explained that the interim report on the delivery plans was a result of major changes following the election of the coalition government. These changes include the very significant drop in the council's commissioning budget because of the ending of the Working Neighbourhood Fund (WNF). The removal of WNF means the council's commissioning budget is down by 82% next year compared to this year. The remaining 18% is from other non-WNF sources. WNF was reduced mid-year in 2010-11, and will disappear altogether in 2011-12, along with other ring fenced area-based grants. The officer explained that next year's cut to WNF is 100%. This is direct loss of £3.12m that officers had to commission programmes with, and a total loss of £8 million as WNF money was also spent by other departments to support employment.
- 6.3 The officer explained that provision of employment support for people will be radically changed. The Department of Work and Pensions (DWP) will contract three 'prime contractors' for five years to cover much wider areas; Southwark is in the 'East London' area, which comprises 17 local authority areas. These are vast contracts that will fundamentally change the relationship with unemployed people. Officers are meeting with prime contractors to enable them to link with sub

contractors who can deliver locally.

- 6.4 Officers recommend that one or two prime contractors attend a scrutiny meeting to discuss the delivery plans once appointments have been made in September. Members agreed with this proposal.
- 6.5 A member commented that Southwark has a high number of young people, and there is growing concern that a large number of younger people under the age of 25 will be most adversely affected by unemployment.
- 6.6 The chair suggested that a letter be written to Eric Pickles, Secretary of State for Communities and Local Government, about the loss of WNF funding. The letter would particularly highlight youth unemployment. This was agreed.
- 6.7 A member commented that the coalition government will have alternative plans in place and asked the officer for details. The Regeneration Manager explained that the focus will be on procuring a high volume of job outcomes for unemployed people. Providers will be tasked with getting people into sustained employment of over 24 months. The officer explained that potential 'prime contractors' are working across the East London area and are looking for partners who can deliver this outcome.
- 6.8 A query was raised on continuity of support for unemployed people and the Regeneration Manager explained that flexible new deal has been extended and this may help in sustaining delivery until the new contracts are agreed, however it is unlikely delivery will be seamless

RESOLVED

It was agreed that officers would return in September to discuss the new delivery plans with Job Centre Plus and one or too prime contractors.

A letter will be written to Eric Pickles from the chair, on behalf of the committee, raising concerns that cuts to WNF will result in a disproportionate effect on Southwark's unemployed, and noting the committee's concerns that young people will be particularly adversely affected. The letter will be copied to Southwark's political party group leaders, local MP's and the London Mayor.

7. TOWN CENTRE STRATEGIES - WITH PARTICULAR REFERENCE TO CAMBERWELL, PECKHAM AND WALWORTH

- 7.1 Simon Bevan; Head of Planning and Transport and Darryl Telles; Neighbourhoods Manager, presented the Town Centre strategies report, focusing on Camberwell, Peckham and Walworth, briefly. The chair then invited members to ask questions.

- 7.2 A member asked what would be the impact of the loss of Aylesbury PFI on retail delivery. The Head of Planning and Transport commented that although regeneration of Aylesbury may be slowed by this loss of funding, the regeneration of Elephant and Castle has a high potential to impact positively on the retail environment. Studies show that it is difficult to spend your money in Southwark because there is a lack of retail capacity. Therefore there is room for growth in retail capacity and this can be supported by local spending power.
- 7.3 The officer was asked about progress on the Elephant and Castle regeneration deal with Lend Lease? The Head of Planning and Transport responded that they are developing a master plan and this should be ready for a planning application in about a year. A draft plan should come to the council in about two months. Members indicated that they would like Lend Lease to attend a meeting to explain how they are going to consult with the community.
- 7.4 The officer was asked if Transport for London (TFL) was a major partner in the Elephant and Castle regeneration plans. The Head of Planning and Transport responded that TFL is a big and complex organisation; however investment in transport can make a major difference to regeneration programmes. The council was successful in applying for £200,000 funding for Camberwell. This is to fund initial consultation work, with the substantial chance of additional funding.
- 7.5 A member asked if East Street market is likely to attract more funding. The Head of Planning and Transport responded that the £250,000 referred to in the report is likely to be the extent of the investment.
- 7.6 Officers explained that they are bringing forward an Area Action Plan for Peckham. This will aim to work with TFL and utilise development sites for regeneration.
- 7.7 The chair commented that Peckham could benefit from more commercial investment in the high street. Other members agreed that residents often lobbied for this. It was noted that Peckham has had various refurbishment work, and whilst this has improved the local environment, it has not led to significant commercial investment. The chair suggested a different approach was needed and suggested inviting developers to a scrutiny meeting to look at regeneration from their perspective. The Head of Planning and Transport noted the capacity of Peckham to host extended retail provision and suggested looking at the potential for using the council's landholdings to leverage in commercial investment. Members welcomed this suggestion and it was agreed that the council's Property division would be invited to present on this issue.
- 7.8 The Neighbourhoods Manager noted the good work that is currently taking place in tackling social deprivation and unemployment in Peckham.
- 7.9 Members commented that it would be valuable to consider good practice in over Town centres, particularly comparable areas such as Brixton, Brick Lane and East Dulwich.
- 7.10 The chair thanked the officers and asked that they take action on the points discussed and report back in a year on progress in developing the town centres of Camberwell, Peckham and Walworth.

RESOLVED

Lend Lease will be invited to the next meeting. A report outlining how Lend Lease intends to engage with the community will be requested.

The committee decided to focus on developing recommendations for revitalising Peckham by:

- Inviting officers from Southwark's Property division to outline opportunities to use land holdings to regeneration Peckham; particularly how these could be used to encourage commercial investment in Peckham.
- Looking at good practice form other Town Centres with a similar profile to Peckham, in order to identify drivers that could be utilized in Peckham to regenerate.

A follow up report on town centres was requested for a year's time.

8. REGENERATION SPENDING

- 8.1 Simon Bevan; Head of Transport and Planning and Shane Cunningham; Finance Manager, drew members attention to the report circulated that gave more detail on recent spending alongside exploring opportunities for utilising regeneration and planning policy to redistribute funds to areas of greater deprivation. The chair invited members to ask questions and initiated discussion by asking officers if the Community Infrastructure Levy (CIL) provided an opportunity to target investment to areas of need.
- 8.2 The Head of Transport and Planning explained that a Local Development Framework will be agreed shortly, and as part of that the council will need to develop a CIL policy. This will have the potential to be used to target investment at areas of need, within certain parameters, and there is greater flexibility than Section 106 offers, for infrastructure projects.
- 8.3 The Head of Transport and Planning also reported that it is anticipated that the London Mayor will use CIL to raise funds for cross rail. The Mayor had attempted that through Section 106, but this proved unsuccessful. However CIL will be able to be utilised in this way. It is now likely that a significant amount of yield, from each new dwelling in built in Southwark as a part of a development, will go to CIL. This may be over half the amount of money generated. The officer reported that there has been speculation that funds generated by CIL for cross rail could be used to fund further transport infrastructure projects.
- 8.4 A Member asked if the Mayor's proposed CIL fund could be used in Southwark to pay for transport infrastructure, for example the refurbishment of Elephant and Castle tube station, the extension of the Bakerloo line or the Cross River Tram.
- 8.5 The Head of Transport and Planning noted that there are significant negotiations

needed to fund the regeneration of Elephant and Castle station between the council, Lend Lease and TFL. The installation of escalators is very expensive. It was agreed that we should invite representatives to discuss this matter.

- 8.6 The chair drew members' attention to the section in the report outlining the funding criteria for Cleaner, Greener, Safer (CGS). He proposed that CGS funding is solely set by the Index of Multiple Deprivation (IMD) weighted by population and that the base share is no longer used as a measure to calculate the allocation to each community council. The chair stated that this would target more resources at areas experiencing greater deprivation. A member commented that he would like more information on the rationale for using the current criteria and the base share. A vote was taken; four members voted for the proposal and one member abstained.
- 8.7 A member requested information on the amount of CGS money committed to projects, or already spent by each community council, for this financial year.

RESOLVED

The committee agreed that they would invite the Chair / Vice Chair of the GLA transport committee and the London mayor's transport advisor, Kulveer Ranger, to consider if there is an opportunity to utilise the planned Community Infrastructure Levy to fund regeneration of Elephant and Castle station.

It was decided that the committee would recommend to cabinet that Cleaner, Greener, Safer (CGS) funding is solely set by the Index of Multiple Deprivation (IMD) weighted by population, and that the base share is no longer used as a measure to calculate the allocation to each community council.

Clarity will be sought on the amount of CGS money committed to projects, or already spent by each community council, for this financial year.

9. WORK PROGRAMME

- 9.1 The above agreed action points will be followed up alongside outstanding reports.
- 9.2 There will be a spotlight review of the Shard; both a review of the planned internal economy and the wider regeneration and economic impacts of the Shard on the London Bridge quarter and particularly how the local infrastructure burden will be mitigated. There will be a presentation and reports at the next committee meeting and a site visit will be arranged at a suitable time.
- 9.3 Any other sources of regeneration money will be considered, particularly sources of funding that may become available as a result of the coalition government plans. Officers were asked to report on any opportunities as they arose.
- 9.4 The impact of the Heygate demolition will be considered at a future meeting
- 9.5 The next meeting will be held in Tooley Street.

CHAIR:

DATED:



Val Shawcross, AM
GLA
More London
SE1

Scrutiny Team
Direct dial: 020 7525 0514

Date: 16 February 2011

Dear Val

Southwark Council's Regeneration and Leisure scrutiny committee met on the 2 February to examine opportunities to use the planning process to better target regeneration spending at areas of need.

The committee resolved to explore opportunities for working with the GLA to use the Community Infrastructure Levy to invest in mutually beneficial regeneration projects.

I would therefore like to invite you to a committee meeting to discuss the possibility of utilizing the planned Community Infrastructure Levy to fund transport infrastructure regeneration projects, particularly the much needed refurbishment of the Elephant and Castle station.

We have two dates in mind; either the 7 March at 8pm or the 4 May at 7pm. If you are unable to make either meeting we would be grateful if you could send a substitute. We will also be extending an invitation to the London Mayor's transport adviser; Kulveer Ranger, to discuss this matter.

I look forward to your response. If you would like more information please contact Julie Timbrell on 020 7525 0514 or email: julie.timbrell@southwark.gov.uk.

Yours sincerely

A handwritten signature in blue ink that reads "Mark Glover".

Clr Mark Glover
Chair, Regeneration and Leisure scrutiny committee

CC Kulveer Ranger; Advisor for Transport

Scrutiny team, Southwark Council, Communities, law and governance, PO BOX 64529, SE1P 5LX
Switchboard: 020 7525 5000 **Website:** www.southwark.gov.uk
Chief executive: Annie Shepperd

Kulveer Ranger
Advisor for Transport
Greater London Authority
City Hall
The Queen's Walk
More London
London SE1 2AA



Scrutiny Team
Direct dial: 020 7525 0514

Date: 16 February 2011

Dear Kulveer

Southwark Council's Regeneration and Leisure scrutiny committee met on the 2 February to examine opportunities to use the planning process to better target regeneration spending at areas of need.

The committee resolved to explore opportunities for working with the GLA to use the Community Infrastructure Levy to invest in mutually beneficial regeneration projects.

I would therefore like to invite you to a committee meeting to discuss the possibility of utilising the planned Community Infrastructure Levy to fund transport infrastructure regeneration projects, particularly the much needed refurbishment of the Elephant and Castle station.

The committee is meeting on 4 May at 7pm to discuss this matter and I hope you can join us. Val Shawcross has already kindly accepted our invitation. If you are unable to make the meeting we would be grateful if you could send a substitute.

I look forward to your response. If you would like more information please contact Julie Timbrell on 020 7525 0514 or email: julie.timbrell@southwark.gov.uk.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Mark Glover".

CLlr Mark Glover
Chair, Regeneration and Leisure scrutiny committee

CC Val Shawcross, A.M, Chair of the Transport Committee

Scrutiny team, Southwark Council, Communities, law and governance, PO BOX 64529, SE1P 5LX
Switchboard: 020 7525 5000 **Website:** www.southwark.gov.uk
Chief executive: Annie Shepperd

Cllr Glover's letter and queries re Canada Water Library

“Furthermore the committee has noted the potential for community councils and council assembly meetings to be held in the building and requested officers ensure that this can be realised, particularly given the recent Democracy Commission report recommendation that other venues be explored for assembly meetings.

However the committee is concerned that the cuts will impact on the running costs of library. I am therefore writing to ask if partnerships with organisations such as Learn Direct & Sure Start have been explored to reduce costs and to request the outline plan to cover operational costs, given the impending cuts.”

Response

It had always been intended for the exhibition and performance space to be made available for important public and community meetings, including community council and council assembly. The space will seat up to 150 people so is ideal for this kind of event.

The revenue budget for Canada Water Library will be confirmed as part of the Council's budget setting process in February this year. This includes reducing the previously proposed net budget identified by your committee of £1,293,961 (comprising the £143,961 net costs for the current Albion Street library plus the additional £1.15m budget agreed by the previous administration). We are recommending in the 2011/12 budget that this is reduced by £147,000 to £1,146,961 through a reduction in operational hours to equal that of Peckham library, which currently has both the longest hours and is our most expensive at the moment, with total annual costs of £865,557.

Challenging income generation targets have been set and officers will be maximizing income from the building through the hire of space, fees and charges generated by library users, sales of publications and other items and through a number of charged ticketed events within the building. At the same time we are conscious of the need for affordable and in some cases free access to some of the programme of activity.

Partnerships with cultural and learning providers have been under discussion for some time and it is anticipated that a range of activity will be provided through third parties at no cost to the Council, allowing value added services to be offered and the core service maintained. The library service already works with Sure Start and has three staff funded through that programme, although the future of this arrangement is currently unclear. Other partnerships continue to be explored.

Item No. 5	Classification: Open	Date:	Meeting Name: Regeneration and Leisure Scrutiny Sub-Committee
Report title:		Tax Increment Financing – Briefing Note	
Ward(s) or groups affected:		All	
From:		Nick Ridgment (prepared on behalf of the Finance Director)	

INTRODUCTION

1. The Government announced in September 2010 that they would introduce Tax Increment Financing (TIF) powers, that would allow local authorities to borrow against locally raised business rates. The statement said that funding raised through TIF could be used to fund key infrastructure and other capital projects, which will support economic development.
2. In October 2010, as part of the Comprehensive Spending Review, the Government announced the introduction of new borrowing powers to handle TIF. The new powers will allow local authorities to borrow against predicted future growth in their local business rates which will arise as a result of regeneration or infrastructure enhancement.

BACKGROUND

3. The Government's White Paper Local Growth: realising every place's potential sees the introduction of TIF as one of the principal incentives for driving forward local economic growth. The White Paper promises new borrowing powers to enable local authorities to carry out TIF. It aims to give councils access to the resources necessary to support investment and unlock growth. In determining the affordability of borrowing for capital purposes local authorities will be able to factor in the full benefits of growth in local business rate income.
4. As a counterpoint, there was an announcement in the 2009 Budget to halve public sector net investment from 2009 levels by 50 per cent by 2014 (capital spending will fall from £44bn 2009/10 to £22bn in 2013/14). Though the government has committed to protect economically productive investment, the 50 per cent reduction has been retained. At a time when the need for councils to stimulate economic growth within their communities is important, there will be limited grant available from the government to do so. The economic downturn has severely limited other capital finance options, such as Section 106, capital receipts and private development.
5. The UK Treasury said that TIF would operate within a 'carefully designed framework of rules, which the Government will work closely with local authorities to design'. Ultimate responsibility is likely to be retained by the Treasury, meaning each TIF scheme will have to meet specific central criteria before approval can be granted. Its implementation could be as late as

2013/14, and the impact of the borrowing on the national balance-sheet would mean that central government will want to keep a tight rein on its limits.

CONTENT

6. Local authorities can currently borrow against future revenue streams, but business rates are precluded as these are centralised and redistributed by central government. Under a TIF scheme, central government will grant local authorities the ability to capture future uplifts in business rate growth. This enables the local authority to borrow to finance the supporting infrastructure and capital projects, such as transport and housing, needed to enable business growth. When a development or public project is carried out, there is often an increase in the value of surrounding real estate, and perhaps new investment (new or rehabilitated buildings, for example).
7. The increased site value and investment would generate increased tax revenues. The increased tax revenues are the 'tax increment'. TIF is designed to channel funding toward improvements in distressed or underdeveloped areas where development might not otherwise occur. TIF creates funding for 'public' projects that may otherwise be unaffordable, by borrowing against future property tax revenues.
8. TIF is based on business rates, and therefore residential schemes would sit outside this initiative. There are alternative government funded schemes that target residential growth such as the New Homes Bonus. Initially the White Paper sees establishing a TIF Zone as a competitive process to achieve pilot status. It is not clear whether there will be pre-conditions to establish a TIF Zone.
9. Currently, thousands of TIF districts operate nationwide in the US, from small and mid-sized cities, to the State of California, which invented tax increment financing in 1952. California maintains over four hundred TIF districts with an aggregate of over \$10 billion per year in revenues, over \$28 billion of long-term debt, and over \$674 billion of assessed land valuation (2008 figures).
10. The Scottish Government considers that sufficient powers are available there to press ahead with TIF schemes, though secondary legislation would be required. The Scottish Futures Trust has been set up to provide specialist financial and development advice to local authorities and is closely involved with the preparation of these TIF proposals. Several projects to be funded by TIF are now being planned with the leading project being promoted by Edinburgh City Council to support business development in the Port of Leith area UK's first pilot. It is understood that the TIF related infrastructure investment involves new road access and docks/locks refurbishment costing about £80m.
11. The main proposed scheme to date in London is the Northern Line Tube extension from Kennington to Battersea Power Station to serve the Vauxhall, Nine Elms, and Battersea Opportunity Area. The initial development outcome modelling by TFL, GLA, and Wandsworth, is that the Tube extension will enable a denser, more mixed use development with a projected 20/25,000 jobs. Without the extension the area would be developed more slowly and with a less vibrant outcome - more housing, little mixed use, many fewer jobs.

12. The most likely source of funds is local authority borrowing from public or private sector sources. The cheapest source of funding will be from the Public Works Loan Boards (PWLB). Private finance is a possibility, although limited appetite for development risk may require a local authority guarantee to be in place. There is also potential for mixed funding of public or private development finance refinanced through a bond when the cash flows are mature.
13. A key element for a local authority will be certainty of the completed and occupied (occupation is important in rating law) development yielding the anticipated cash flows. As such the local authority may look for completion and occupation guarantees beyond the usual due diligence on cash flows. There will also be risks which feed into completion of the development for example, completion of the TIF funded infrastructure. Local authorities will also seek to secure certainty of cash flows, as will any private funder should this be the route. Risks to forecast cash flows will include, a flawed business plan e.g. including wrong assumptions on the levels of rates, robustness of tax revenue streams e.g. nature of and concentration of occupiers, economic strength of TIF Zone e.g. empty rates relief, movement in rateable values from re-valuation, collection levels and ratings law.
14. Government will need to look at EU procurement law to ensure that funding controls do not amount to "works" and also State Aid rules to ensure there is no aid in the TIF funding through favouring specific undertakings.
15. It is suggested that the establishment of a TIF Zone will include some or all of the following steps; preparation of outline proposals for the TIF Zone, establishing a stakeholder organisation within the TIF Zone to agree proposals probably involving the Local Enterprise Partnership, business case or plan for TIF Zone, designation of TIF Zone, master planning and costings, planning permission and any CPOs, raising of finance whether public or private, a funding agreement with the developer and mechanics for ring fencing the business rates to repay the finance.
16. Development projects aided by TIF are likely to be marginal in terms of financial viability otherwise development would proceed with developers operating on the usual market terms. Such projects therefore carry a degree of risk and the Government is bound to be concerned that future tax revenues are used wisely and that the risk of failure is carried as far as possible not by the Exchequer but by the sponsoring local authorities. Key uncertainties include predicting the timing and scale of development to be enabled by TIF supported infrastructure, and the cost of such infrastructure. TIF financial models have to predict rates revenue streams 15/20 years ahead.
17. The US experience has raised concerns that development has been shifted from areas not benefiting from TIF enabled infrastructure to TIF defined areas (displacement). Financial and other modelling of TIF proposals will need to demonstrate regeneration and quality of development outcome, reasonable certainty of outcome, grip on costs, minimisation of displacement, and the capacity of sponsoring authorities to carry risk.
18. Each Local Authority will have its own special set of circumstances. In the case of Southwark, basic assumptions about business rate growth will have to be made, for example the northern part of the borough has a different

business dynamic to the southern part, and this may influence investment planning.

19. In terms of funding the investment, there will a cost to the Council if it decides to borrow. There is a statutory requirement to cost interest on the average of the total Council borrowing. Thus when making business investment decisions dependent on borrowing, regard has to be given to the Councils average interest rate over all of its' borrowing. This will not be the same as the rate of interest offered by the PWLB for example. In the case of Southwark, the average borrowing rate over all its debt is 6.95%. A further addition to handle prudential borrowing accounting requirements approved by Council as part of the Treasury Management Strategy of 4% (assuming a 25 year depreciation life) makes the accounting rate of borrowing 10.95%. This cost would be in addition to the capital principal repayments, and would be levied on an annual basis.
20. Council assembly approval would be required if prudential borrowing was planned. This would ordinarily be undertaken with the annual approval of the treasury management strategy. The Council would be committing to long term financing of an asset, an action that could be affected by future changes in TIF legislation. Thus the targeting of funds facilitated by TIF to the areas of greatest need within the borough will require a balance between the available resources and outcomes. TIF will not be cost free to the Council, and this cost will remain in some form for many years to come.

Item No. 5	Classification: Open	Date:	Meeting Name: Regeneration and Leisure Scrutiny Committee
Report title:		New Homes Bonus	
Ward(s) or groups affected:		ALL	
From:		Simon Bevan ; Head of planning , policy and transport and Julie Timbrell ; project manager, Scrutiny	

New Homes Bonus : Southwark Council

- 1 The New Homes Bonus is reference in the Cabinet report on Policy and Resources 2011/12 to 2013/14 – draft revenue budget which went to Cabinet on 25 January:

64. The proposed New Homes Bonus is intended to reward local authorities and communities where growth takes place. The proposed formula for allocation is to match the level of council tax paid on each new home for 6 years with an additional £350 for each affordable unit. As an ‘unringfenced’ grant, there would be no restriction on its use. However, there remains uncertainty as to how this grant will be distributed and so caution must be applied when considering this grant as part of the council’s overall budget for 2011-14.

New Homes Bonus and Provisional Allocations : Communities and Local Government website:

Information taken from CLG website:

www.communities.gov.uk/housing/housingsupply/newhomesbonus/

- 2 The New Homes Bonus final scheme design was published on 17 February alongside accompanying letters to English MPs, Local Authority Leaders and Chief Executives. Provisional allocations and a summary of consultation responses were also published (*See Related publications and Related downloads* below for the full package of publications).
- 3 The New Homes Bonus addresses the disincentive within the local government finance system for local areas to welcome growth. Until now, increased housing in communities has meant increased strain on public services and reduced amenities. The New Homes Bonus will remove this disincentive by providing local authorities with the means to mitigate the strain the increased population causes. In addition, in doing so the New Homes Bonus should help engender a more positive attitude to growth, and create an environment in which new housing is more readily accepted.

- 4 Commencing in April 2011, the New Homes Bonus will match fund the additional council tax raised for new homes and properties brought back into use, with an additional amount for affordable homes, for the following six years.
- 5 The Department has set aside almost £1 billion over the Comprehensive Spending Review period for the scheme, including nearly £200 million in 2011-12 in year 1 and £250 million for each of the following three years. Funding beyond those levels will come from formula grant. This will be a simple, powerful, transparent and permanent feature of the local government finance system. This will ensure that the economic benefits of growth are returned to the local area.
- 6 The New Homes Bonus will sit alongside the Government's current national planning for housing policies as set out in [Planning Policy Statement 3: Housing \(PPS3\)](#). The New Homes Bonus does not, nor is it intended to, replace or override the existing framework for making planning decisions. Local planning authorities will continue to be bound by their obligations here.
- 7 Changing the system - by rewarding rather than penalising councils for new homes - is not only fairer, but will be far more effective than the failed top-down regional targets. This will ensure that the economic benefits of growth are returned to the local authorities and communities where growth takes place.

Item No. 6	Classification: Open	Date:	Meeting Name: Regeneration and Leisure Scrutiny Committee
Report title:		Town Centre good practice	
Ward(s) or groups affected:		Peckham and surrounding areas	
From:		Simon Bevan; Head of planning , policy and transport	

High Streets London Investment Benefits Appraisal, November 2010

URS and Strategic Perspectives were commissioned by Design for London in May 2010 to undertake a study in to the benefits of investment in the high streets of London. This looked in detail at the effectiveness of both public and private investment that had taken place in high streets across London. Peckham was used as a case study in the report.

Key findings of the report:

- High streets with spare development capacity that can deliver new housing could benefit significantly.
- Investments in the physical environment have led to high streets acquiring a new image for themselves and gaining more widespread perceptual improvements.
- Development frameworks have assisted with marketing, management and coordination of investment and development opportunities.
- Improved public transport provision and infrastructure is widely found to be a catalyst for regeneration. TfL and Network Rail improvement plans should be used as opportunities to improve the public realm adjoining transport infrastructure.
- The case for public sector investment in lower value high streets tends to focus more on realising the growth potential of such areas, as their low levels of investment, poor image and lower land values tends to mean that fewer schemes are viable and fewer schemes comes forward due to a range of market failures.
- There is also a need for lower value high streets to bring together a critical mass of public and private sector investment so that the environment is sufficiently improved to create a virtuous circle of continued investment. The aim should be for initial public sector pump priming to generate private sector investment.
- Joint public/private remain critical in bringing forward large-scale mixed use development within low commercial value areas and this remains a key mechanism for leveraging private sector investment.
- Public sector can lend assistance to help establish Business Improvement Districts which have been shown to significantly improve high streets (eg. Waterloo Cut).
- Many high streets experience inefficient and unsuitable commercial waste removal that devalues the high street.
- Exploiting heritage assets and possible cultural angles could help bring in visitors. Heritage lottery funding sources could be used to help improve such features.
- Interim and temporary uses as well as items such as street festivals, celebrations and fairs promote high streets.

Potential case study centres

Brixton, LB Lambeth

- Like Peckham, Brixton is a Major town centre within a deprived area of London. It has good public transport access and on a main road.
- Changes are being led by the Future Brixton Masterplan, adopted July 2009.
- It has recently seen investment in the public realm by Transport for London which has included new public spaces and highway improvements. This has helped tackle pavement congestion and traffic.
- The markets have also been improved. Covered market Brixton Village is undergoing a renaissance, it has late opening hours and has recently been heritage listed.
- There is a new management structure for the town centre via the Brixton Town Centre Director.
- Brixton Pound initiative was introduced in 2009.

Dalston Town Centre, LB Hackney

- Dalston is a Major Town Centre benefiting from the extension of the East London Line in June 2010. There is also a proposed Crossrail station. Like Peckham there is a strong creative sector, specialist ethnic food outlets. A number of conservation areas cover the town centre.
- Suffers from poor public realm, heavy traffic, concerns over safety and severance by railway lines.
- 'Making Space in Dalston is a Design for London funded £1m initiative to improve Dalston's open spaces and has been recognised by a series of awards including The Landscape Institute Awards.
- Kingsland Highstreet has been awarded £2m from Mayor and LDA for improvements in lead up to Olympics.
- Ridley Road markets have received £1m makeover.
- Regeneration guided by Dalston Area Action Plan

Woolwich Town Centre, LB Greenwich

- Major town centre with good public transport links.
- Several projects are under way to spruce up Woolwich Town Centre, adding new housing, retail space, Council service centre and landscaped squares.
- In March 2010 the Council unveiled the second phase in the £6m regeneration of the town centre. To date pavements have been widened to create more space, trees have been planted and new crossings have been installed. The next stage of the Government and Transport for London funded project is the ongoing improvements to General Gordon Square and Beresford Square. The whole area is being pedestrianised and the market will be refurbished with new stalls and overhead lighting.
- There are also plans in progress to redevelop the housing estates.
- The redevelopment of the Royal Arsenal has also provided significant improvements to the quality of public realm in that area.
- The opening of Woolwich Arsenal DLR station in early 2009 is also ensuring that transport led urban design change is playing a key role in the town's renaissance.

Wembley Central, LB Brent

- Wembley is a Major town centre with good public transport links.

- It has seen considerable investment to public realm, transport and leisure facilities through the regeneration of Wembley City.
- Wembley Town Centre Partnership has been established. This is a partnership between the council, businesses and local agencies. To date, the Wembley Town Centre Partnership has successfully introduced: CCTV cameras and radio link; improved festive lighting; year round hanging baskets; high profile events; design guide; visitors guide.
- Additionally, the Wembley Town Centre Partnership has been instrumental in providing public funding for major improvements to the station and public realm.
- There are a range of development opportunities and plans for a new civic centre.
- Regeneration is guided by the Wembley Masterplan (June 2009)

Item No. 7	Classification: Open	Date:	Meeting Name: Regeneration and Leisure Scrutiny Committee
Report title:		SHARD	
Ward(s) or groups affected:		London bridge quarter	
From:		Graham Sutton , regeneration manager and Simon Bevan , Head of planning , policy and transport	

BACKGROUND

1. London Bridge Tower (subsequently named the Shard of Glass and the Shard), was conceived by Irvine Sellar in the late 1990s. The initial proposal was designed by Broadway Malyan architects, however, the building did not gain support and so Italian architect Renzo Piano was engaged.
2. A planning application was lodged in 2001 which was presented to the Planning Committee in March 2002 whereby Members resolved to grant permission subject to referral to the Mayor and the Secretary of State. In July 2002 the Secretary of State advised the Council that the application was being called in for his determination and a 6 week public inquiry was held in April 2003.

CONTENT

The development

3. The building comprises the following:
 - Triple basement
 - Approximately 76,000sqm of office space up to level 29
 - Three floors of publicly accessible bars and restaurants on levels 31 – 33
 - Shangri-La Hotel on levels 34 – 59
 - Residential apartments on levels 60 – 65
 - Public viewing galleries on levels 68 – 72
4. The building will be 310 metres high, equating to 84 floors and will be the tallest building in the EU.
5. Following the public inquiry, the Secretary of State agreed with the Council that planning permission should be granted. The main issues assessed in reaching this conclusion were:
 - (a) The appropriateness, and impact on both the local and wider area, of a very tall building in this location;
 - (b) The impact of the proposals on Strategic Views of St. Paul's Cathedral;

- (c) The extent to which the proposals comply with Government policy advice on the need for good design;
 - (d) The impact of the proposals on the Tower of London World Heritage Site and the setting of nearby listed buildings and conservation areas;
 - (e) The ability of the transport system to deal with the increase in demand and intensity of use created by this proposal, taking account of both the current and planned capacity of the public transport system
6. In reaching his conclusion, the Secretary of State cited the architectural excellence of the building, its sustainable location on a transport interchange, and the building acting as a catalyst for regeneration of the area as outweighing any adverse impacts and the primary reasons for granting planning permission.
7. This link takes you to the developers website <http://www.the-shard.com/>

Improvements to the area that were secured within the legal agreement

8. In addition to the above, the development is to deliver a number of improvements to the area that were secured within the legal agreement. These include:
- New National Rail station concourse
 - Together with the London Bridge Place development, the delivery of a new bus station
 - Public realm improvements including the upgrade of St Thomas Street and Great Maze Pond
 - Delivery of the public access to the viewing galleries

The financial contributions agreed within the legal agreement total £13.3m.

Training and Employment Initiatives

9. Planning Committee approved (2 November 2010) approved release of funds as set out in the section 106 agreement to provide investment in training and employment-related activities. Through the Shard Southwark Vocational Programme (SSVP) this will be used to give residents across the whole of Southwark greater access to jobs in the completed development and training courses designed to match skills needs of these employers (such as Sellar as building managers, Shangri-La Hotels and the managers of the viewing gallery when selected).

The Opportunity

10. In summary, the job opportunities in the Shard of Glass will include:
- Office floorspace: business administration, secretarial, office management, project management, financial services
 - Retail floorspace: customer service, sales and marketing, and accountancy.

- Restaurants and Shangri-la hotel: customer service, catering, cleaning, sports and fitness, health and beauty services.
- Viewing gallery and exhibition space will require personnel for customer service, sales and marketing, security, office management, cultural visitor attraction front-of-house services.
- Security: security expertise and excellent customer service.
- Engineering, construction, and building services: estates and project management services which may include all construction trades, decorating, plumbing, lift servicing, specialist cleaning, glazing services, mechanical and electrical trades.

Matching the challenge to the opportunity: Shard Southwark Vocational Programme

11. The SSVP joins up the challenges with the opportunities by developing vocational training programmes which are tailored to specific opportunities, and commissioning specialist referral and job brokerage support to link unemployed job seekers with opportunities in the completed development.

12. The section 106 agreement specifically allocates investment in the training and referral elements of the vocational programme:
 - £0.5m has been invested in the creation of real working environments at Southwark College in order to transform vocational course provision;
 - £0.55m is being invested in construction training and jobs on the site for Southwark residents with the principal contractor, Mace Ltd)
 - the balance will be used to (post-occupation in 2012) to commission vocational training and employment support for residents, providing a competitive advantage for jobs.

13. The SSVP project board has been established to oversee the implementation of the programme; in addition to the Council as the lead commissioning body and programme manager, membership includes the developer (in order to guarantee access to the jobs in the building) and Southwark College as the main provider of vocational training matched to the job opportunities.

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