


<p>London Borough of Hammersmith & Fulham</p> <p>Report to the Strategic Director of Growth and Place in consultation with the Strategic Director of Finance and Governance, the Cabinet Member for the Economy and the Arts and Cabinet Member for Finance and Commercial Services</p> <p>14 February 2019</p>	
<p>Good Growth Fund - NOURISH Project</p>	
<p>Report of the Assistant Director for Growth – David Burns</p>	
<p>Open report with Exempt appendices <i>Appendix 1 and 2 to this report are exempt from disclosure on the grounds that they contain information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</i></p>	
<p>Classification - For Decision</p> <p>Key Decision: No</p>	
<p>Consultation N/A.</p>	
<p>Wards Affected:</p> <ul style="list-style-type: none">• Wormholt & White City• Shepherds Bush Green	
<p>Accountable Director: Strategic Director for Growth and Place – Jo Rowlands</p>	
<p>Report Author: David Burns Assistant Director for Growth</p>	<p>Contact Details: T: 020 753 6090 E: david.burns@lbhf.gov.uk</p>

AUTHORISED BY:

Jo Rowlands has signed this report

DATE: 25 February 2019

1. EXECUTIVE SUMMARY

- 1.1. The Mayor's Good Growth Fund is designed to support growth and community development in London. The Council bid for, and was awarded, funding for the NOURISH project as part of this programme.
- 1.2. This Project combines two proposals to revitalise green spaces on two housing estates and create a food and community hub. Full details of the project can be read in the Leader's Urgency Report of June 2018 titled '*Good Growth Fund – NOURISH Project*' (attached at Appendix 1).
- 1.3. The Leader's Urgency report took certain decisions on the project connected with the GLA Funding Agreement but delegated further decisions on the project to the Strategic Director of Growth and Place in consultation with the Strategic Director of Finance and Governance, the Cabinet Member for Economic Development and Regeneration and the Cabinet Member for Finance. This report is pursuant to that delegation and recommends a decision to enter into funding agreement with partner Groundwork London to secure funding and deliver the Nourish project

2. RECOMMENDATIONS

- 2.1. To approve the Council entering into a funding agreement with Groundwork London to secure funding and to deliver the environmental improvement elements of the Nourish project.

3. REASONS FOR DECISION

- 3.1. Full details of the project are included in the '*Good Growth Fund - NOURISH Project*' Leader's Urgency Report attached at Appendix 1.

4. CONSULTATION

- 4.1. Consultation and communications will be undertaken with residents on the estates as part of the project milestones. Full details of the project can be found in the '*Good Growth Fund - NOURISH Project*' Leader's Urgency Report.

5. EQUALITY IMPLICATIONS

- 5.1. Full details of the implications can be found in the '*Good Growth Fund - NOURISH Project*' Leader's Urgency Report.

6. LEGAL IMPLICATIONS

- 6.1. This report relates to a delegated authority from the Leader to the Strategic Director for Growth and Place to approve entering into a funding agreement with Groundwork London, who are named as partners in the original bid for funding to the Greater London Authority. The GLA has granted funding to the

project, and the Council is the accountable body for that funding, so it is appropriate for the Council to enter into a funding agreement with Groundwork London regulating how they spend that funding plus funding provided by the Council.

- 6.2. The funding agreement is proceeding by way of grant agreement as opposed to a contract. As such it does not need to comply with the provisions of Contract Standing Orders. The difference between a grant agreement and a contract is that a contract is legally enforceable such that failure by one party to deliver the contract obligations means that the Council can claim its resulting losses in the form of damages. A grant agreement is a conditional gift i.e. the giving of the grant money subject to conditions. Not complying with the condition entitles the grantor not to pay further instalments of the grant money, and to reclaim repayment of what has already been paid. However, it cannot claim for damages from the grantee.
- 6.3. The Council's powers to provide funding for the Nourish project itself are set out in the Leader's Urgency report. There is a mixture of S.106 funding and other funding under the general powers set out in the Localism Act 2011.
- 6.4. In certain circumstances, payment of grant to an organisation can constitute State Aid, which is prohibited by EU competition rules. The State Aid Rules apply to payments of money or the giving of other advantage (e.g. loan) by any part of government, including local government. However, before the state aid tests can be applied to any proposed funding, it is first necessary to see whether the proposed beneficiary is an "undertaking engaged in economic activity". Economic activity is defined as offering goods and/or services on a given market and which could, at least in principle, be carried out by a private operator for remuneration in order to make profits. This could apply to Groundwork London who are proposed to receive funding under the NOURISH project. However, the definition of "undertaking" is an entity, regardless of its legal status, which is engaged in economic (commercial/competitive) activity and where there is a market in comparable goods or services. Here, Groundwork London, are not engaged in commercial activity in these particular sectors where they will deliver the Nourish project.
- 6.5. *Implications completed by Deborah Down, Senior Associate for Sharpe Pritchard solicitors on secondment to the Council.*
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7. FINANCIAL IMPLICATIONS

- 7.1. The Council is the accountable body for £1.1m of GLA capital grant approved for the Nourish Project which funding agreement was signed on the 8th June 2018. This GLA grant agreement is dependent on the Council match funding this with £2.330m which must be secured to mitigate financial risk to the Council.

- 7.2. There is a requirement for Capital expenditure funded from the GLA grant to be incurred within two years of the signed agreement which currently ends on 1st June 2020 but an extension to this date is in the process of being agreed.
- 7.3. Matched funding by the Council will be used to invest in £1.701m of capital infrastructure. The remaining £0.629m will be awarded to another partner for its revenue operating costs. There is also a requirement for Groundworks London to match fund £1.05m. The funding agreement with the other partner for the Nourish project will be considered in another separate decision report.
- 7.4. Total funding for the Nourish project is £4.480m and **Table 1** shows a summary of the split between capital and revenue funding for the GLA grant funding and Match funding.

Table 1 - Summary of Total Nourish Project Funding

	Capital	Revenue	Total
	£'000	£'000	£'000
GLA Grant Funding	1,100		1,100
Council Match Funding	1,701	629	2,330
Non Recipient Match Funding	865	185	1,050
	3,666	814	4,480

Council Match Funding

- 7.5. The Council match funding of £2.330m comprises of a combination of existing capital projects and S106 funding. Table 3 below shows details of where the Council match funding which is in hand or about to be received is resourced from.

Table 3 - Council Match Funding

Match Funding Description/Source	Funding Type	Funding Status	Current Status 08.02.2019 £'000
Environment Flood Management budget	Council Capital Funding	In Hand	100
Environment Highways Planned Maintenance (Australia Road)	Council Capital Funding	In Hand	60
Environment Highways Improvements	TFL Funding	Claimed in arrears - confirmed	90
Environment Works	Thames Water/ Environment Agency	In Hand	189
Environmental Services Capital Programme			439
Housing Ground work Environment budget	Housing capital funding	In Hand	62
Housing Revenue Account (HRA) Capital Programme			62
White City Opportunity Area Contribution 1 due 2018/19	Section 106 - AKA827	In Hand	1,133.4
White City Opportunity Area Contribution 2 due 2018/19	Section 106 - AKA776	In Hand	695.6
S106 - White City Opportunity Area			1,829
Total Funds required for Match funding			2,330

Capital Budget Match Funding

- 7.6. Some of the match funding is coming from existing approvals for capital projects that fulfil the GLA criteria of being in the geographic area that the Nourish project will take place.
- 7.7. The current 2018/19 Environmental Services Capital Programme of £15.4m was approved by Full Council on 21st February 2018. Of this **£0.439m** is being proposed as match funding. The Head of Highways Maintenance & Projects has confirmed that this spend relates to the areas around Edward Woods and White City estates.
- 7.8. The current 2018/19 – 2021/22 Housing Revenue Account (HRA) Capital Programme¹ has £0.220m per annum allocated for projects with Groundwork London. This is fully funded and **£0.062m** of this has been identified as relevant match funding in 2018/19 & 2019/20.

S106 Match Funding

¹ Approved at February 21st 2018 Full Council.

- 7.9. Match funding made up of **£1.829m** S106 from the White City Opportunity Area comprising of £1,133,414 for AKA 827 and £695,586 for AKA 776 has been confirmed as in hand to use. This amount combined with the other sources of funding come to £2.330m being in hand or confirmed as being available to meet the Council's match funding requirements.

Business Case

- 7.10. In addition to the council receiving £1.1m of external funding to deliver improvements to the north of the borough and the council owned building that will be fully renovated, the local community and economy will benefit from the Nourish project.

Tax Implications

- 7.11. There are no property transactions involved in the report therefore there will be no stamp duty land tax implications.
- 7.12. This is a government funded community project which the Council is the beneficiary of the work therefore the grant funding is not subject to VAT. If the Council manages the contract for the works, then VAT can be recovered under VAT Act 1994 Section 33.
- 7.13. *Implications completed by: Comie Campbell, Head of Finance (Interim), tel 020 8753 7941*
- 7.14. *Implications verified by Emily Hill, Assistant Director, Corporate Finance, tel 020 8753 3145.*

8. IMPLICATIONS FOR BUSINESS

- 8.1. Details of any impact of the proposals in the report on businesses in the Borough.

9. COMMERCIAL IMPLICATIONS

- 9.1. Full details of the implications can be found in the '*Good Growth Fund - NOURISH Project*' Leader's Urgency Report.

10. IT IMPLICATIONS

- 10.1. Full details of the implications can be found in the '*Good Growth Fund - NOURISH Project*' Leader's Urgency Report

11. RISK MANAGEMENT

- 11.1. Full details of the implications can be found in the '*Good Growth Fund - NOURISH Project*' Leader's Urgency Report

LIST OF APPENDICES:

- Appendix 1 - 'Good Growth Fund - NOURISH Project' Leader's Urgency Report – **Exempt**
- Appendix 2 - Confidential Financial information – **Exempt**