



Cabinet

29 MARCH 2010

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STRATEGIC REGENERATION PROGRAMME

This report seeks approval for funding of the strategic regeneration function in the Council until March 2011.

**Wards
All**

Recommendations:

- 1. That approval be given to the allocation of existing resources and anticipated savings to fund a reduced regeneration function for the Council to March 2011.**
- 2. That, subject to individual approvals for expenditure, approval be given to the ringfencing of regeneration and affordable housing section 106 funds, up to a maximum of £1.6m, to fund pump priming/feasibility activity related to technical and professional studies over the period to March 2013.**

HAS A PEIA BEEN COMPLETED? YES

1. BACKGROUND

- 1.1 Cabinet approved the establishment of a strategic regeneration function in June 2008. It had a brief to inform the then emerging Local Development Framework and to promote inward investment to enable the capture of developer and landowner interest, particularly where benefit could be shown for local residents. The Regeneration and Renewal Programme has a focus on five areas in the borough – W12, Hammersmith, North Fulham, South Fulham Riverside and Old Oak Common Sidings.
- 1.2 The Council published its Core Strategy Options in June 2009. This document underpinned the rationale for regeneration and provided a clear way forward for physical, social and economic change across the borough over the next 20 years. As a spatial planning document, it articulated the opportunity for regeneration and renewal in its references to the Decent Neighbourhood Programme and provided a preferred option for development and change in each of the five priority areas in the next 10-20 years. The Core Strategy will be published for further consultation in autumn 2010 and then submitted to the Government for an Examination in Public in 2011. Area wide planning strategies are being prepared for the expanded White City Opportunity Area (in conjunction with the GLA), for Earls Court/West Kensington which is now identified as a proposed opportunity area in the draft new London Plan, and for South Fulham Riverside.
- 1.3 A considerable amount of detailed work is needed to provide a robust evidence base for the Core Strategy, the planning frameworks, and to support promotion of the Council's objectives in the new London Plan. General underpinning support will be provided by the neighbourhood audit review. Area based audits review the key strengths and weaknesses in the population, environment and services and provide a robust socio-economic summary to inform potential interventions and planning for the area. In parallel, detailed work is in hand on other key areas including housing typology and density/capacity analysis, borough wide viability of affordable housing and an estate renewal review to understand how a given estate performs, not only in terms of the condition of the housing stock, but against a range of other indicators that could affect the beneficial impact of housing investment.
- 1.4 The Strategic Regeneration team currently comprises 12 posts (of which 9 are filled) comprising regeneration and planning professionals. The team works in a matrix fashion across planning and housing functions and will develop the emerging programme of projects and interventions ensuring a robust evidence base is in place to underpin the Core Strategy as it moves towards Public Examination and adoption. The team will be hands-on in communicating with residents and may be taking forward considerable work over the next 12/24 months in the Earls Court/West Kensington regeneration area.
- 1.5 Initial funding for the team was approved for just two years to March 2010 in the anticipation that future developer contributions would render the team largely self-financing from 2010. However, given the economic downturn, development in the borough has slowed considerably. This report therefore requests approval for further funding in 2010/11 from various sources and in 2011/12 from anticipated savings arising from the more efficient organisation of existing housing and regeneration functions. Broad activities of the team are shown at Appendix B and high level milestones of key projects can be found at Appendix C.

2. RESOURCING CORE STAFF COSTS

- 2.1 In June 2008, funding of £1.168m was approved for the strategic regeneration function for the two years 2008/09 and 2009/10. This covered a core team of 12 officers across regeneration, planning and housing as well as associated consultancy costs with funding split between the HRA and the General Fund.
- 2.2 Approval is now requested to amend the funding sources of the HRA core staff costs for 2009/10 and to confirm the longer term funding of core staff so that the Strategic Regeneration function can contribute towards the Council's forward strategy over the next 10-20 years.
- 2.3 Originally, it was intended that the HRA core staffing costs would be met from HRA balances. However, the HRA working balance has come under pressure in 2009/10 and section 3 sets out a proposal to resource all staffing costs in order to reduce pressure across both the General Fund and HRA by substituting, using these funding streams from appropriate Section 106 sources.
- 2.4 In order to avoid any additional pressure on the General Fund and HRA, it is proposed that core staff costs are funded in 2010/11 through a combination of savings generated from various areas. From 2011/12, efficiency savings arising from opportunities to integrate activities in housing and regeneration areas will fund the team and thereafter we expect that the function can be largely self financing from developer contributions.
- 2.5 The table below sets out suggested funding for one year only, and reduces the number of posts from 12 to 9 FTE.

Table 1 – Funding the Strategic Regeneration Team

	2009/10	2010/11
	£'000s	£'000s
Staffing Expenditure:	9 FTE	9 FTE
Planning x 3		
Regeneration x 5		
Estate Renewal x 1		
	686	642
Funded by:		
Underspend brought forward	0	253
LABGI Grant	311	0
Debt Reduction Savings	284	0
Economic Regeneration reorganisation/Non repayable grant	135	140
HRA Contribution	45	0
Section 106	164	249
Anticipated Developer Contributions	0	0
Efficiency savings Housing & Regeneration		
Balance to be carried forward	(253)	0
Resources	686	642

3, PUMP PRIMING NON-STAFF COSTS

- 3.1 From time to time, the Council will need to supplement its own resources with specific expertise around feasibility, legal and finance work to advance the programme. The Council has considerable balances in Section 106 funding streams which are ringfenced for use for affordable housing and regeneration purposes. It is expected that over the 3 years 2009/10 - 2012/13 this kind of work could require a specialist support fund of up to £1.665m of currently available Section 106 resources, £0.245m of LABGI and £0.139m of unallocated regeneration balances. The funds would be deployed in the event that additional specialist assistance is needed on specific technical aspects of the possible programme ahead, and each use would require specific approvals. Where projects proceed, it is anticipated that such pump priming funds can be reclaimed through partner developers or capitalised against various projects.
- 3.2 The future of the LABGI scheme is unclear beyond 2009/10. Should future allocations be received, then this will provide an opportunity for the proposed use of the section 106 contributions, along with other Council funding, to be reduced.
- 3.3 Any draw down from Section 106 resources will be subject to appropriate approval, in accordance with the terms of the agreements. However, the table at Appendix C sets out the key Section 106 pots from which it is suggested funds are drawn for this purpose. It is anticipated that further S106 contributions will be negotiated for regeneration purposes. Where particular projects are taken forward, it is anticipated that the Council may be able to recover costs it has incurred on consultancy.

4. COMMENTS OF THE DIRECTOR OF FINANCE AND CORPORATE SERVICES

- 4.1 The report provides an update on expenditure incurred to date on the enhanced regeneration function and sets out a detailed interim funding strategy for regeneration activities in the General Fund and Housing Revenue Account. The long-term funding strategy remains the funding of these activities from developer contributions. Should the funding strategy be agreed, then these budgets will be subject to future review as part of the Council's on-going MTFs process.
- 4.2 In addition to the core regeneration function, the report proposes that £2.049m be set aside to fund consultancy and other non-staff costs. The majority of this funding will come from Section 106 contributions or LABGI grant. It is recommended that the drawdown of funds from funding sources as set out in Appendix A is approved by Cabinet. It is noted that the Council will seek to recover such expenditure whenever possible.
- 4.3 An analysis of further savings opportunities required to fund the 2011-2012 HRA / General Fund contribution is currently underway.

5. COMMENTS OF THE ASSISTANT DIRECTOR (LEGAL AND DEMOCRATIC SERVICES)

- 5.1 The Council's principal regeneration power is contained in S.2 of the Local Government Act 2000 which provides that the Council has the power to do anything which it considers likely to achieve the promotion or improvement of the economic, social or environmental well-being of its area. This power may be exercised in

relation to, or for the benefit of, the whole or part of the borough or all or any persons resident or present in that area.

- 5.2 In exercising its powers under S.2 the Council must have regard to guidance issued by the Secretary of State and the Council's own community strategy. The recommendations contained within this report are consistent with the guidance and the community strategy.
- 6.3 The well-being power cannot be used to raise revenue or to carry out activities prohibited by statute.
- 6.4 In exercising its powers under S.2, the Cabinet must be satisfied that the decision in question is likely, in their view, to promote the economic, environmental or social well-being of the borough or part of it.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext. of Holder of File/Copy	Department/ Location
1.	Cabinet Report: Resourcing Regeneration Functions June 2008	Lyn Garner Ext 1313	Community Services 145 King Street

APPENDIX A
TOTAL OF SECTION 106 PROPOSED FUNDING

Section 106 Regeneration/Affordable Housing	£000
Empress State (ref 468) employment & regeneration	301
Kensington Village (ref 422) employment & regeneration	96
Vencourt Hotel (ref 481) regeneration	3
Fulham Broadway (ref 403) regeneration of town centre	423
Westfield (2006) Econ Devt	350
Westfield (2002/9) Affordable Housing/Regeneration	106
Stamford Bridge Stadium (ref 262) affordable housing	414
Watson House (ref 310) affordable housing	385
Total Available	2078
Contribution to Staffing	413
Ringfenced for potential consultancy spend 09/10 -12/13	1665