

Committee: Cabinet

Date: 19 October 2015

Wards: all

Subject: London Enterprise Panel - New Homes Bonus funded projects

Lead officer: Director of Corporate Services, Caroline Holland

Lead member: Cabinet Member for Environmental Sustainability and Regeneration, Councillor Andrew Judge and Cabinet Member for Finance, Councillor Mark Allison

Contact officer: Future Merton Programme Manger, Tara Butler

Recommendations:

- A. That Cabinet approve entry into a funding agreement with the Greater London Authority / London Enterprise Panel in respect of this successful funding bid worth £1.04m
- B. That authority be delegated to the Director of Corporate Services following consultation with the Cabinet Member for Environmental Sustainability and Regeneration to enter into the funding agreement with the Greater London Authority (GLA) and any associated issues relating to the delivery of the funding agreement and its projects

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. The purpose of this report is to recommend that Cabinet enter into a funding agreement with the Greater London Authority / London Enterprise Panel to secure £1.04million towards the three projects that formed Merton's successful bid.
- 1.2. Like all other London boroughs, the funding is sourced from the council's New Homes Bonus, accounting for about a third of Merton's 2015/16 allocation.
- 1.3. The details of the three projects are summarised in the body of the report and they will help to deliver the aims of the London Enterprise Panel in driving forward jobs and growth in Merton between 2015-2017

2 DETAILS

- 2.1. In 2014 Government decided to top-slice £70 million of the 2015/16 London allocation of New Homes Bonus funding, around 33% of each London borough's New Homes Bonus allocation. The funding had to be used to deliver projects that contributed to the London Enterprise Panel (LEP) priorities.
- 2.2. Each London council had to bid to the LEP for return of this top-sliced amount, demonstrating how they would meet the LEP priorities, set out as

seven themes based on the LEP's Jobs and Growth Plan. The seven themes cover key economic growth areas such as high streets, apprenticeships, business resilience and unlocking development.

2.3. Merton Council submitted bids in 2014 for three projects under the themes: business resilience and low carbon, unlocking development and high streets. The three projects were confirmed as successful by May 2015.

LEP priority theme	Merton's projects: 2015-17	Outputs	NHB funding
Resilience and low carbon	<p>Brighter Business: resilience through energy efficiency: Pilot the delivery of retrofit energy efficiency improvements in business premises (owned or rented) in Merton. Reduce financial burdens on businesses, save carbon and seeking to achieve an invest-to-save approach to business investment that can be rolled out across London.</p>	<ul style="list-style-type: none"> • 1000 local businesses engaged on issues of energy efficiency, water efficiency and waste and recycling • 100 businesses assisted to minimise CO2 emissions • 20 businesses implementing retrofit energy efficiency measures and/or renewable energy generation technologies • 2 BIDs and 1 emerging BID supported to implement energy efficiency and low carbon actions • Explore the scope for wider business support and development across the borough 	£175,309 (£65,000 capital and £110,309 revenue)
High streets	<p>Morden retail gateway: shopping parades: upgrade the façade of 37 shops across the Art Deco parades London Road, Morden to better serve the needs of the contemporary retail environment. Design and implement a series of coordinated, considered and attractive parades to enhance the local appeal of shopping and services in the area. The parades will serve as a retail gateway to forthcoming More Morden development plans. The work will be partnered with lighter-touch business support to improve long-term business retention.</p>	<ul style="list-style-type: none"> • 37 shop front improvements • 37 small businesses supported • 4 new jobs created and 5 (tbc) jobs sustained • 2 new businesses created • 2 work experience or training opportunities created 	£672,500 (£521,000 capital and £151,500 revenue)

Unlocking development	Masterplanning Morden: preparation of a site assembly and development delivery strategy for Morden, particularly the Abbotsbury Triangle site, to de-risk it and helping to attract a development partner to deliver a scheme. The proposal would complete due diligence work on land ownership, development viability assessments and a mini masterplan / development brief; packaged to seek a development partner via the Mayor's London Development Panel. Ultimate aim is to realise potential to deliver c. 500 residential units.	Uplift in the value of the site. 500 new residential units (30% of the boroughs housing supply target for next 10 years) 30 commercial units providing opportunities for employment. Enhanced land values locally 5,000 sqm new retail space Co-ordination with other GLA / Transport for London investment in Morden	£193,500 (revenue only)
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- 2.4. To secure this funding and prevent it being redistributed to other boroughs, the council must now enter into a funding agreement with the GLA. The agreement commits the council several matters including:
- To spend the funding on the aims, objectives and outputs as described in Merton's successful bids for funding,
 - to report quarterly on progress to the GLA and
 - to acknowledge the Mayor of London in the communications and publicity for each project.
- 2.5. The above projects are all underway. Procurement, publicity, financial reporting, communications and other matters will be carried out within the relevant regulatory framework and in accordance with the council's standards and in line with the funding agreement. Reports will be submitted to the GLA from the first quarter after the funding agreement is signed.

3 ALTERNATIVE OPTIONS

- 3.1. The alternative option is not to enter into the funding agreement. This would allow the GLA / London Enterprise Panel to claim the 33% of Merton's New Homes Bonus allocated to these projects and redistribute it in accordance with the LEP priorities, potentially to other boroughs. Therefore this option would result in less funding for jobs and growth in Merton and is not recommended.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. Consultation is programmed in to the delivery of each of the three projects. Additional consultation will take place where required (for example, if planning permission is sought to improve shopfronts in Morden)

5 TIMETABLE

- 5.1. The timetable for delivery of all three projects is between April 2015 and March 2017.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. The Business Plan 2015-19 which was agreed by Council in March included the following information in respect of New Homes Bonus funding available to the Council in 2015/16.

	Provisional full NHB allocation 2015-16	Proportion of London total	Estimated Amount to London LEP	Estimated Net NHB Grant
Merton	£3.684mil	1.5%	£-1.042m	£2.642m

- 6.2. The amount of £2.642m is incorporated into the Medium Term Financial Strategy in 2015/16 to support General Fund expenditure and the amount of £1.042m was subject to approval of proposals to meet the criteria of the LEP as discussed in this report.
- 6.3. The “*Morden retail gateway : shopping parades*” project has a revenue match fund element of £75,000 across two financial years (2015-16 and 2016-17). £15,000 of this will be met through the contribution of existing staff time and £60,00 of this will be part of the proposed Economic Development Strategy reserve refresh, specifically attributed to projects on business growth and aftercare attention, business finance programme for SMEs and the street treatment shopfronts programme.
- 6.4. The “*Masterplanning Morden*” project consists of £193,500 revenue funding. The “*Morden Retail Gateway: shopping parades*” and “*Brighter Business*” projects have been added to the Capital Programme as follows:

Scheme	2015/16	2016/17
- Morden Retail Gateway	111,000	410,000
- Brighter Business	10,000	55,000
	121,000	465,000

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. The funding agreement has been reviewed by the South London Legal Partnership who have advised that:
- 7.1.1 The funding agreement appears to be a GLA standard agreement.

- 7.1.2 The agreement imposes strict conditions with regards the basis on which the funding is provided and the requirements the Council must observe. Notwithstanding that the conditions are robust this should be of low risk to the Council if it observes and complies with the grant.
- 7.1.3 If in the event that the Council fails to comply with the conditions of the Grant Agreement there are claw back provisions in clause 7.1 and this sets out those circumstances where the GLA could enforce the claw back provisions

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. None for the purposes of this report. Should the specific projects give rise to the need for an equalities impact assessment, one will be undertaken that is specific to that project.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. None for the purposes of this report.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. None for the purposes of this report.

11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

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12 BACKGROUND PAPERS

- 12.1. London Council's website: New Homes Bonus#

<http://www.londoncouncils.gov.uk/our-key-themes/economic-development/london-enterprise-panel/new-homes-bonus>

London Enterprise Panel website:

<https://www.london.gov.uk/priorities/business-economy/working-in-partnership/london-enterprise-panel>