

Mayor and Cabinet		
Report Title:	Catford Regeneration Programme –Housing Infrastructure Funding Grant Fund Agreement	
Key decision:	Yes	
Ward:	Catford/ Rushey Green	
Contributors:	ED Housing Regeneration & Environment (SGM Capital Programmes)	
Class:	Part 1	Date: 11 December 2019

1. Purpose of Paper and Reason for Urgency

- 1.1. This paper seeks to update Mayor and Cabinet on progress in the development of the Catford Town Centre Masterplan process and to seek approval to accept Housing Infrastructure Funding (HIF) from the Ministry of Homes, Communities and Local Government (MHCLG) via the Greater London Authority (GLA) in the sum of £10M to be allocated to the Catford Programme and the proposals for its use.
- 1.2. The reason for the urgency of this report stems from the requirement by the MHCLG to enter into a signed HIF grant agreement by 16 December 2019. The draft HIF Grant Agreement is attached to report as Appendix 1. Officers have prepared a schedule of works and associated costs for the expenditure of the HIF monies on the delivery of the realignment of the A205 by the deadline for expenditure which has been set at March 2022.

2. Recommendations

Mayor and Cabinet is recommended to:

- 2.1 Note the content of the report;
- 2.2 Approve the allocation of £10M HIF funding for the realignment of the A205 in conjunction with the development of Catford Town Centre.
- 2.3 Authorise the Executive Director for Housing, Regeneration and Environment to make any necessary detailed amendments to the draft HIF Grant Agreement in dialogue with the GLA and to sign the Housing Infrastructure Funding Grant Fund Agreement when finalised.
- 2.4 Approval of delegated Authority to the Executive Director for Housing, Regeneration and Environment and the Executive Director for Corporate Resources to approve future decision making and processes in conjunction with the final HIF agreement and its administration.

3. Policy context

- 3.1 The Regeneration of Catford Town Centre is supported by the objectives of Lewisham's Corporate Strategy 2018-2022, in particular through tackling the housing crisis by delivering affordable homes, via careful and creative design, helping to make Lewisham Greener and developing and building communities that are, dynamic, prosperous and inclusive that will help to build upon a vibrant local economy.
- 3.2 A number of other strategies and plans also support the need for the Masterplan from a planning policy perspective.
- 3.3 The focus of the National Planning Policy Framework (NPPF) is on a presumption in favour of sustainable development and positive growth. The NPPF provides a high level planning policy context for Catford, setting out the evidence base requirements for town centre uses and encouraging local authorities to meet town centre needs in full. This is particularly relevant for Catford, given the need to maximise opportunities for the regeneration of the town centre while responding to local needs.
- 3.4 The London Plan has identified opportunity areas across London in order to help meet the challenges of economic and population growth. These opportunity areas represent London's largest development opportunities. The Plan identifies Catford as a Major town centre within the London retail hierarchy and as an opportunity area where more intensive development is supported.
- 3.5 Locally, the adopted Core Strategy, the principal planning document for the borough, in particular, Spatial Policy 2 of the strategy designates Catford as a regeneration and growth area. This also provides an up to date policy framework to support the regeneration of the town centre. The Council is also in the process of developing a new borough wide local plan. The local plan will be the key planning document for the borough and will set out how the council will deliver new homes and related infrastructure needed over the next 15 years (2018 – 2033).
- 3.6 The new Local Plan is currently at the early-stages of preparation, with Regulation 18 Draft Plan consultation scheduled for early 2020, and adoption anticipated in 2021.

4. Background

- 4.1. Full background information, detailing the previous key decisions made by the Mayor & Cabinet to take a Masterplan approach in Catford, and to re-align the South Circular road through the town centre can be found in the November 7th 2016 Mayor & Cabinet report and the July 19th 2017 Mayor & Cabinet report.
- 4.2. The report to Mayor & Cabinet on 19th of July 2017 recommended re-aligning the A205 to the south of Laurence House. The road decision is an essential first step in developing a spatial plan and place-making strategy for Catford's regeneration.

- 4.3. The preferred option for the realignment of the A205 was in part informed by an Urban Integration Study of the Catford Stations and surrounds by a multi-disciplinary firm of architects. The purpose of the study was to inform a strategy to transform the arrival experience at the stations and also explore the relationship between the station hub and the Town Centre.
- 4.4. In December 2017, TfL's Healthy Streets Portfolio Board endorsed the outcome of the 'Pre-feasibility Design' work undertaken for the Catford town centre highway project. The Board approved the progression of the project to the next stage of design development, 'Feasibility', which has been managed by TfL's Transformational Schemes Sponsorship team through 2018/19. Feasibility design has been jointly funded by TfL and LB Lewisham.
- 4.5. Since the road re-alignment approval by Mayor & Cabinet in July 2017, Architects, Studio Egret West (SEW) were appointed in July 2018 to develop a draft Catford Masterplan for public consultation. It is currently anticipated that the draft Masterplan will be complete by March 2020.

5. Housing Infrastructure Funding (HIF)

- 5.1. In September 2017 TfL provided their assistance to the Catford programme lead with an outline bid document seeking HIF funding in the sum of £10m for the Catford Regeneration Programme. The objective of this bid was to secure Lewisham match funding towards the realignment of the A205 which would remove the current double junction arrangement on the A20 and provide a single junction at Sangley Road to direct traffic to the south of Laurence House.
- 5.2. HIF funding is provided for the purpose of providing the necessary infrastructure to unlock housing opportunities and the bid was produced on the basis of a future 1500 homes that could be delivered on Lewisham owned land.
- 5.3. TfL have provided estimated recent cost indications for the delivery of the road which are provided within the table below and represent the highest costs estimation and HIF contribution;

A205 Road Realignment Indicative Costs	
Funding Source	Value
Department for Transport Grant	£40,000,000.00
HIF Funding	£10,000,000.00
TfL Funding	£3,694,782.00
LBL Funding	£3,694,782.00
Total Indicative Costs	£57,389,564.00

- 5.4. As described in 4.1 - 4.4 of this report the Catford Masterplan has been determined by the TfL realignment of the A205. To date officers have been working continuously with partners at TfL to ensure that the programme for the road will correspond with the required programme for the HIF fund that requires spend of HIF funding by March 2022.
- 5.5. Completion of the HIF agreement has been dependent on the production of the TfL programme for the road realignment as this in turn will determine the necessary milestone dates for the drawing down of HIF funding at the necessary stage(s).
- 5.6. The feasibility study for the road realignment has been on-going and undertaken by the Transformational Schemes and Investment Delivery Planning Team within TfL who have undertaken various early stage modelling exercises of the single junction approach. The TfL programme for delivering the feasibility options for the junction and road has slipped and further issues with the modelling will delay progression of design to a more comprehensive modelling exercise stage.
- 5.7. TfL currently anticipate that works to the road will not commence until Summer 2023.
- 5.8. Officers have met with TfL to establish the key milestones in conjunction with their revised programme for start on site in Summer 2023 with an aim to establish achievable cash flows including the relocation of utilities which have to be programmed and paid in advance of works commencing on site, likely land acquisition cost, retrospective and future design fee and other cost information.
- 5.9 TfL have produced a table demonstrating compliant HIF spend by March 2022 in the sum of £10,000,000 (Attached as Appendix 2).
- 5.10 Furthermore officers also plan to include a retrospective claim from the HIF funding for the allocation of LBL funding in the sum, of £150K paid to TfL for early concept design that was agreed within the Mayor & Cabinet on 19th of July 2017.
- 5.11 The table below demonstrates the breakdown of claimable costs that can be drawn down in in compliance with HIF milestones in both April 2021 and October 2021:

<u>HIF Breakdown</u>	<u>£10,000,000</u>	
Category	HIF Breakdown	Risk
Early Concept Design	£ 30,989.00	
Concept Design/ Modelling	£ 694,037.00	£ 277,615.00

Professional Fees – Sunk Costs	£ 304,779.00	
Professional Fees - forecast	£1,030,662.00	£ 412,265.00
Network Rail Costs	£ 250,000.00	£ 100,000.00
Land Costs	£1,034,800.00	£ 413,920.00
Tree Costs	£ 340,000.00	£ 136,000.00
Prelim Surveys	£ 929,667.00	£ 371,867.00
Contractor fees	£ 144,000.00	£ 57,600.00
Detailed Design	£1,735,092.00	£ 694,037.00
Utilities	£2,579,826.00	£1,031,930.00
Totals	£9,073,852.00	£3,495,234.00
LBL Prof Fees - Sunk Costs	£ 150,000.00	-
Total combined TfL and LBL costs against HIF allocation	£9,223,852.00	
Difference	£ 766,148.00	
Required Use of Risk Costs		£766,148.00
HIF Draw Down Dates:		
April 2021 Drawdown of HIF	£4,611,926.00	
October 201 Drawdown of HIF	£5,388,074.00	
Total Claim	£10,000,000.00	

5.12 The GLA have advised that the drawing down of funds will not require immediate use as these will be claimed six months in advance of costs being incurred. This removes considerable risk to the Council as payment can be held until TfL can provide full evidence of spend as it is likely that the majority of cost in relation to the road realignment will be allocated within the last two quarters of financial year 2021-2022.

5.13 External legal advisors WBD (Womble Bond Dickinson) have been commissioned to assist the Council with the preparation of the grant agreement

and to undertake the necessary legal checks and due diligence and assessment of risk.

6. Risks

6.1 The decision to accept the grant funding and recommendations presents a number of associated risks. The table below provides a summary of the key risks and where applicable the associated mitigations are also noted:

<u>Risk</u>	<u>Impact</u>	<u>Likelihood/Mitigations</u>
Political Risk – MHCLG stop non-allocated HIF grant allocations due to the general election and change of government in Spring 2020	HIF funding is lost	Medium risk The A205 diversion is compromised.
TfL cannot find a solution to the A205 realignment	HIF cannot be allocated and there is a risk to the Catford Regeneration delivery.	HIF funding is lost. Political pressure will need to be made to TfL to find a solution. Catford currently falls very short of TfL's own Healthy Street indicators.
Delivery of housing cannot meet the predicted timeframes outlined within the HIF agreement	HIF funding requires the provision of infrastructure to enable the unlocking of housing.	Officers will be using carefully prepared construction phasing programmes to predict housing delivery.

7. Financial Implications:

The table at paragraph 5.3 identifies a financial contribution towards the delivery of the realignment of the A205 at Catford of £3,694,782. It is intended that this will be drawn from S106 and Community Infrastructure Levy charges from the development coming into Catford town centre, with any shortfall being made up from the increased development value on Council owned land.

8. Legal Implications:

- 8.1 The GLA is providing HIF money under the Greater London Authority Act 1999 from resources provided to it by MHCLG.
- 8.2 The Council has a wide general power of competence under Section 1 of the Localism Act 2011 to do anything that individuals may generally do. The existence of the general power is not limited by the existence of any other

power of the Council which (to any extent) overlaps the general power. The Council has a wide general power of competence under Section 1 of the Localism Act 2011 to do anything that individuals generally may do. The existence of the general power is not limited by the existence of any other power of the Council which (to any extent) overlaps the general power. The Council can therefore rely on this power to accept and use the HIF funding as set out in this report. The terms of the grant agreement will be agreed under delegated authority and the Council has engaged external lawyers to advise on these.

- 8.3 The costs to be funded by the HIF money are described elsewhere in this report. The timing of release of funding is set out in the table in 5.11 of this report. The costs will largely be costs incurred or to be incurred by Transport for London as the relevant work will be carried out on or to a TfL road (though the Council should be able to recover around £150,000 of its own sunk costs). The Council will therefore be reimbursing Transport for London for those costs.
- 8.4 Officers have been provided with a specimen form of the proposed form of grant funding agreement. The detail of this document is still to be negotiated. There will be some risks associated with entering into the grant funding agreement. These are summarised in the following paragraphs.
- a. The funding will be released in two tranches in April 2021 and October 2021. Therefore neither the Council nor Transport for London will be able to recover any costs until April 2021.
 - b. The funding is not released until a series of conditions precedent are satisfied. Some of these are not within the Council's control, e.g. obtaining planning permission for the works to be applied for by Transport for London and securing funding for the total scheme costs for the South Circular re-alignment project. Therefore there is the risk that the funding will never be forthcoming.
 - c. Where funding is released, it can be clawed back by the GLA where certain milestones or outputs are not achieved. It is proposed that this risk is mitigated both by reviewing the position in the period leading up to April 2021 (so that an assessment can be made before the first tranche of funding is claimed) and by requiring Transport for London to bear some of the risk where the failure to achieve the milestone or output is due to delay on its part.
 - d. A further report by officers when approval is sought to enter into the agreement with Transport for London to pass on the funding
- 8.4 Given the nature of the costs to be funded, initial indications are that there should be no State Aid issues. However, will be confirmed before any funding is drawn down.
- 8.5 The Equality Act 2010 (the Act) introduced a public sector equality duty (the equality duty or the duty). It covers the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

- 8.6 In summary, the Council must, in the exercise of its functions, have due regard to the need to:
- a. eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
 - b. advance equality of opportunity between people who share a protected characteristic and those who do not.
 - c. foster good relations between people who share a protected characteristic and those who do not.
- 8.7 It is not an absolute requirement to eliminate unlawful discrimination, harassment, victimisation or other prohibited conduct, or to promote equality of opportunity or foster good relations between persons who share a protected characteristic and those who do not. It is a duty to have due regard to the need to achieve the goals listed at [6] above.
- 8.8 The weight to be attached to the duty will be dependent on the nature of the decision and the circumstances in which it is made. This is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. The Mayor must understand the impact or likely impact of the decision on those with protected characteristics who are potentially affected by the decision. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations. The extent of the duty will necessarily vary from case to case and due regard is such regard as is appropriate in all the circumstances.
- 8.9 The Equality and Human Rights Commission has recently issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice”. The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at:

<https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-codes-practice>

<https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-technical-guidance>

9. Equalities Implications:

- 9.1 An equalities impact assessment will be produced to inform the adopted Masterplan prior to its implementation. This will be referred to M&C to consider.

10. Environmental Implications:

10.1 The design stages of this scheme will address environmental considerations and DDA compliance. This project will also contribute towards achieving a greener environment.

11. Crime and Disorder Implications:

11.1 The final Masterplan and any project in conjunction with improved station environments will be designed to ensure that land use and spatial strategies lead to improved places in the town centre, including underutilised spaces, and links between them making them less susceptible to crime or disorder and increasing natural surveillance.

12. Human Rights Implications:

12.1 There are no specific human rights implications arising out of this report

Appendices:

Appendix 1: Draft HIF Grant Fund Agreement?

Appendix 2: TfL Cost Breakdowns (available in Part 2)

Background Documents:

Short Title of Document	Date	Contact
Catford Regeneration Programme – Update (Mayor & Cabinet)	7 th Nov 2016	Kplom Lotsu
Catford Regeneration Programme Update and A205 Realignment Options	19 th Jul 2017	Kplom Lotsu

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