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| Committee(s) | Dated: |
| Streets and Walkways Committee for information Planning and Transportation Committee for decision Project Sub Committee for information Policy and Resources Committee for information | 23/10/2018 30/10/2018 07/11/2018 15/11/2018 |
| Subject: Review of projects within the Built Environment Directorate | Public |
| Report of: Carolyn Dwyer, Director of the Built Environment | For Decision |
| Report author: Simon Glynn, Assistant Director City Public Realm | |

Summary

This report sets out proposals for the review and prioritisation of transportation and public realm projects within the Department of the Built Environment (DBE) in order to best utilise available funds to deliver corporate priorities and future needs of a vibrant and thriving city.

Currently, the majority of funding for transportation and public realm projects is provided via Community Infrastructure Levy (CIL), Section 106, On-Street Parking Reserve and Section 278 contributions. Officers propose to review the Department's portfolio of projects to ensure resources are being focussed on the correct projects that deliver Corporate Plan aims and outcomes.

The Community Infrastructure Levy (CIL) has largely replaced S106 as a source of funding for DBE projects. Unlike S106 funding, CIL funding is not restricted geographically nor by purpose, provided it is used for delivering or improving infrastructure and addressing the demands that development places on an area. This flexibility means that CIL funding can be more easily pooled to deliver infrastructure changes City-wide.

As this allows more choice on how the funding can be utilised, it is essential to establish a consistent and transparent process to guide funding allocation decisions.

The City's Corporate Plan was adopted in mid-2018 with a greater focus on the outcomes and benefits that the Corporation's activities accrue. There is an opportunity to review Transportation and Public Realm Division's projects to ensure they are better aligned with the plan's aims and outcomes.

Over the past 10 years, the type of projects that the City has been delivering has evolved to include larger, more complex projects. This trend is likely to continue in support of the aspirations of the 'key areas of change' set out in the draft Local Plan and draft Transport Strategy. It is acknowledged that the City has ambitions to deliver major transformational projects over the next 10 years and its timely to conduct a review of our project portfolio to ensure DBE has sufficient funding and resources in place to plan effectively for change.

In the context of this changing funding and corporate policy environment, officers propose to undertake a review of current projects (within project gateways 1 to 4) and anticipated future projects, to ensure that projects are appropriately prioritised, making best use of available funds. In order to aid this process, an approach to prioritisation is set out in the main report. Subject to Members agreeing this approach, the following steps are proposed:

- a) Officers will prepare a report for committees that will recommend which current projects are proposed to continue to completion, which may be reduced in scope and cost, and which are proposed to be stopped. Projects which already have Gateway 5 approval, and those which are solely funded by S278 or Transport for London (TfL), will continue to progress and are not subject to prioritisation.
- b) A draft ten-year plan of future Transportation and Public Realm Division projects will be produced which will be divided into programmes and be presented to Members in a forthcoming report. This report will include forecasts of future CIL income which will provide members with an indication of available funding. This plan will be reviewed annually to ensure that it keeps pace with changing priorities.

Recommendation(s)

Members are asked to:

- Agree the project prioritisation approach outlined in this report
- Note that a forthcoming report will be brought to Committees in early 2019 which will outline a list of current projects to be continued, reduced in scope or stopped, for Members' approval
- Note that a ten-year plan of future prioritised projects, to be reviewed annually, will be appended to this forthcoming report
- Note those projects which have Gateway 5 approval, or are s278 or TfL funded, are outside the scope of this review.

Main Report

Background

Funding Environment

1. The Transportation and Public Realm Division has a project portfolio consisting of approximately 100 projects. Over the past 10 years the scale of projects that has been delivered has increased in size and complexity to address the needs of a vibrant and thriving City. The Planning Act 2008 introduced the Community Infrastructure Levy (CIL) and the City Corporation adopted its CIL in July 2014. A consequence of this new levy is that it largely replaces the obligations that were on developers to make S106 payments where it was considered that a new development had significant impact on the local environment.
2. This has brought about an important change in how funding may be used by the local authority. Whereas S106 funding is usually limited to a particular use or a geographic area in close proximity to the development under a legal agreement signed between the developer and the City Corporation, CIL funding may be used at the local authority's discretion across its district, or wider. It may also be used for a wider range of project types provided they are delivering improved local infrastructure. However, pursuant to the provisions of the City's current Regulation 123 List, enabling infrastructure improvements, or site-specific mitigation measures, required to make developments acceptable in planning terms will still need to be funded through s106 or s278 agreements.
3. Local authorities are required to set out the types of infrastructure, or specific projects, that will be funded through CIL in a Regulation 123 List which must be published. Public consultation is required for any amendments to this List, once adopted. In accordance with the report to Policy and Resources Committee in November 2013, 40% of City CIL receipts are allocated to the Planning and Transportation Committee to determine the use of this funding across a variety of public realm and local transport improvements (as set out in the City's Regulation 123 List).
4. This changing funding environment creates an opportunity to review the projects to be funded from these sources of income.

Policy Context

5. The Corporate Plan has recently been adopted and sets out three aims and 12 outcomes for the City with a greater focus on the outcomes and benefits that the Corporation's activities accrue. The main outcomes that the Transportation and Public Realm Division's portfolio must deliver against are:

- People are Safe and Feel Safe
 - We are digitally and physically well connected and responsive
 - We inspire enterprise, excellence, creativity and collaborative
 - We have clean air, land and water and a thriving and sustainable natural environment
 - Our spaces are secure, resilient and well-maintained.
6. The Local Plan was adopted in 2015 and is being revised to provide a framework for development up to 2036. The emerging Local Plan includes policy to guide 'key areas of change' and it is anticipated that these areas will both attract and require significant levels of change in development terms and in terms of local transportation and public realm. Consultation on a draft Local Plan will take place between November 2018 and February 2019. Within the agreed DBE Business Plan for 2018-19, a draft Transport Strategy will also be consulted upon during this same period.
 7. This changing policy environment presents an opportunity to review Transportation and Public Realm projects to ensure they are better aligned with these plans' aims and outcomes.

Proposal

8. In the context of a changing funding and policy environment it is proposed to review the current Transportation and Public Realm Division's project portfolio to ensure that it is meeting the aims, outcomes and policies as set out in the Corporate Plan, Local Plan and DBE Business Plan.
9. Officers propose to prepare a report for Committees which will recommend which current projects continue to completion, which projects may be reduced in scope and cost, and which are to be stopped, using criteria based on this new policy context to inform these recommendations.

Approach

10. Officers are proposing to work with the Corporate Strategy team on mapping projects against the outcomes of the Corporate Plan and the other key strategies. Officers will review current and future projects against the following criteria:
 - Corporate Plan: determining to what extent projects deliver against aims and outcomes of this, the Transport Strategy and the DBE Business plan (currently being revised):
 - City of London Local Plan 2015 and Draft Local Plan - key areas of change. 'Keys areas of change' focus on those parts of the City where significant change is expected over the next 20 years and where Transportation and Public Realm changes are likely to be necessary.

11. The level at which the project will deliver against each of the outcomes will be defined thereby producing a ranking of all of the projects in the project portfolio. Officers will then undertake a scope and funding review and produce a 10 year plan. This will include factors such as the ability to reduce the scope of projects whilst still achieving key outcomes.
12. Prior to the second report being finalised a member briefing will be arranged.

Exclusions

13. Current projects which already have Gateway 5 approval, and those which are solely funded by S278 agreements or by TfL, are not proposed to be subject to this review. This is because Members have previously given authority to start work, or because the project funding source can only be used to deliver mitigation or enabling infrastructure relating to private development or used on activities agreed by TfL.
14. Highway structures, which are wholly funded by the Bridge House Estate, are also proposed to be beyond the scope of this review.

Projects at Gateway 'Zero'

15. Officers previously submitted an annual report to Committee which provided an update on the delivery of the Transportation and Public Realm Division's portfolio of projects and included a number of 'Gateway 0' projects that were a part of a pipeline of future projects. All projects which are at Gateway 0 will be closed in the *Project Vision* system as no spend to date has been incurred and they have not been fully initiated as projects.

Future Projects

16. Following the completion of the prioritisation exercise, officers are proposing to develop a 'ten-year plan' of future Transportation and Public Realm Division programmes and projects. This will show proposed spend per project and estimated funding using information from the Planning Division, in consultation with the Chamberlains Department. It is proposed that this is presented to Members in a forthcoming report and is reviewed annually to ensure that it keeps pace with changing priorities. This approach would also meet draft Government proposals to require local authorities to prepare annual *Infrastructure Funding Statements*, identifying how CIL will be used.

Corporate & Strategic Implications

17. Regard has been given to the Corporate Plan and the Service Business Plan in developing the proposed approach. The main outcomes in the Corporate Plan that the Transportation and Public Realm Division's portfolio will deliver against are:

- Outcome 1 - People are Safe and Feel Safe
- Outcome 9 - We are digitally and physically well connected and responsive
- Outcome 10 - We inspire enterprise, excellence, creativity and collaborative
- Outcome 11 - We have clean air, land and water and a thriving and sustainable natural environment
- Outcome 12 - Our spaces are secure, resilient and well-maintained.

18. The proposed approach takes account of the proposed Key Areas of Change in the draft Local Plan and proposals in the draft Transport Strategy.

Financial Implications

19. It is acknowledged that the City has ambitions to deliver major transformational projects over the next 10 years and its timely to conduct a review of our project portfolio to ensure we have sufficient funding and resources in place to plan effectively for change.

Legal Implications

20. Any S106 payments made and held for specific purposes will be spent on the purposes for which they are held or to address the impacts of specific developments, in accordance with the City's obligations under the relevant S106 Agreements.

21. The methodology for prioritisation will need to respect the S106 covenants placed on the City in relation to the use of this funding. As a result of the proposed review, any changes regarding how such funds are to be expended must still ensure the funding is used for projects which address the impacts of the development that generated the funds unless these agreements are specifically re-negotiated with the relevant parties.

Conclusion

22. In the context of a changing funding and policy environment it is proposed to review the current Transportation and Public Realm Division's project

portfolio to ensure that it is meeting the aims, outcomes and policies as set out in the Corporate Plan and the City's Local Plan.

23. Officers propose to prepare a report for Committees which will recommend which live projects continue to completion, which projects may be reduced in scope and cost, and which are to be stopped, using criteria based on this new policy context to inform these recommendations. Members are asked to approve the proposed approach and next steps outlined in the recommendations in this report.

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