

Committee(s)	Dated:
<i>Corporate Priorities Board</i> <i>Corporate Projects Board</i>	<i>19th June 2019</i> <i>28th June 2019</i>
Resource Allocation Sub Committee for decision Project Sub Committee for decision Streets and Walkways Sub for information Planning and Transportation Committee for decision	4 th July 2019 19 th July 2019 22 nd July 2019 30 th July 2019
Subject: Review of projects within the Built Environment Directorate	Public
Report of: Carolyn Dwyer, Director of the Built Environment	For Information
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Summary

This report provides the results of a review and proposed prioritisation of transportation and public realm projects within the Department of the Built Environment (DBE).

In December 2018, Members approved the outline methodology and approach for the DBE project prioritisation process, which would help to best deliver corporate priorities and support economic growth. The results were to include proposals to continue or stop those DBE projects under review and produce a complete funding strategy for those remaining projects.

Instead, so as not to impact on the outcome of the fundamental review, an updated approach has been taken. This makes use of the results of the DBE prioritisation exercise that has been completed along with consideration of criteria consistent with the agreed terms of the fundamental review. It is therefore proposed through this report to allocate S106 funds to priority projects that mitigate the impact of developments from which these funds were generated.

At the conclusion of the fundamental review, a further report on the DBE project portfolio including allocation of any remaining local funds will be produced, in support of the priorities and conclusions of the fundamental review.

Recommendations

It is recommended that Members:

- a. Note the methodology and ranking of DBE projects set out in paragraphs 7-12
- b. Note those DBE projects funded centrally during the period of the fundamental review as set out in Appendix 2.

- c. Agree the allocation of £3,917,518 S106 funding to 4 projects to mitigate the specific developments from which the funds were generated, including the interest accrued.
- d. Authorise officers seek an extension of time to S106s with the relevant developer/building owner where applicable as set out in Appendix 4.
- e. Authorise officers to re-negotiate the use of any S106 deposits, not allocated in this report, that require a variation of scope, to seek their use in mitigating the impacts of the developments generating the deposits, consistent with corporate priorities.

Main Report

Background

1. A review of Department of the Built Environment (DBE) projects was initiated in September 2018 with the aim of prioritising available funds. In the report 'Review of DBE Projects' to Members in December 2018, all Transportation and Public Realm (including Highways Structures) projects listed on the Project Vision system were identified.
2. Members approved that the following project categories should fall outside the scope of the proposed review:
 - Projects fully funded by S278 agreement monies (17 projects)
 - Projects previously approved at Gateway 5 and fully funded (31 projects)
 - Highways Structures fully funded by the Bridge House Estate (4 projects)
 - Projects fully funded by S106 agreement monies (11 projects)
 - Pre-project proposals to be archived in the *Project Vision* system (43 proposals)
3. This left 40 projects to review and prioritise, together with the anticipated future projects (including those contained within the Transport Strategy and City Cluster Vision).
4. As part of the December 2018 report Members also agreed that £3.6M of S106 funds be allocated to fully fund 11 projects to completion that mitigate the specific developments from which these funds were generated. A further £7.3M across multiple S106 deposits remains unallocated.
5. The following next steps were set out in the report:
 - Review the current projects against the Local Plan, Corporate Plan, relevant policies and against corporate ambitions to deliver major capital projects over the next ten years.
 - Review emerging projects (such as those contained in the City Cluster Vision and Transport Strategy) against the Local Plan, Corporate Plan, relevant policies and against corporate ambitions to deliver major capital projects over the next ten years.
 - Identify those current projects (out of the 40) that are proposed to continue to completion (together with a complete funding strategy) and those which are proposed to be stopped (together with proposals for the reallocation of any unspent funds).

- Prepare a draft ten year plan of future Transportation and Public Realm Division projects (including Highways Structures), which will include those current projects which are proposed to continue. The proposed allocation of CIL, OSPR and remaining S106 funding will be identified against each project to produce a complete funding strategy for each project. This plan will be reviewed annually to ensure that it keeps pace with changing priorities.

Results of DBE Project Prioritisation

Methodology

6. The detailed methodology to prioritise DBE projects was developed between officers in DBE and in the Corporate Strategy and Performance Team within the Town Clerks Department. This was to ensure a correct and consistent assessment against the Corporate Plan outcomes would be undertaken. The additional benefit of this approach was that the agreed methodology could be readily transferable in similar assessments of other Department's projects in the future.
7. Firstly, those Corporate Plan outcomes that are supported by each individual project were identified, producing a list of typically four to five Corporate Plan outcomes per project (with the most relevant Corporate Plan outcome identified).
8. Secondly, each project was assessed on a five-point scale from 'very low' to 'very high' based on the strength of the individual project's support for each of the Corporate Plan outcomes. This assessment was based on the outcomes and benefits of each project and the relative impact of these benefits. The scores were agreed by an officer group and projects were given an initial ranking. However, this approach did not result in a sufficient disaggregation of scores between individual projects in order to produce meaningful results.
9. Following feedback from the Corporate Strategy and Performance team on this first set of results, a second set of criteria were added. This included the estimated cost of a project, the transformational impact of a project and its complexity, all using the same five-point scale. The intention was to undertake a more detailed cost/benefit analysis of each project by the officers working group and produce a more disaggregated set of results. The results were somewhat clearer but not conclusive. DBE officers presented the results to the Deputy Chamberlain for further advice.
10. Following feedback from the Deputy Chamberlain on this second set of results, an additional criterion was included, which was the extent to which each project mitigated a Corporate Risk on the current Corporate Risk Register. These final results produced a clearer disaggregation of projects. A summary of this methodology is provided in Appendix 1.
11. The results of the DBE prioritisation exercise are presented in Appendix 2. This includes Table 1 which summarises the ranking of each project assessed.

Interim and Fundamental Review

12. In March 2019, Members approved a report on 'Fundamental Review: Design Principles and Governance'. The scope of the interim review relates only to schemes funded from central sources, which include the provisions for new schemes, On Street Parking Reserve, Community Infrastructure Levy (CIL), flexible external contributions and additional allocations from the general reserves of City Fund or City's Cash. Those DBE projects that are to be progressed using central funds during the period of the fundamental review are identified in Appendix 2.
13. Projects wholly funded from external grants, tenant /developer contributions e.g. under S278 agreements and most S106 deposits are excluded from the fundamental and interim review .On that basis, this report makes recommendations on the allocation of these local funds during the period of the fundamental review to allow priority projects which have been identified, to progress to completion.

S106 Spend Plan

Approach to Funding Allocation

14. The proposed principles of allocating these restricted S106 funds in this report are as follows:
 - i. Projects must mitigate the specific impacts of developments from which the funds were generated (noting the results of the DBE prioritisation exercise, which produced a ranking of DBE projects, will be used to prioritise the use of S106 funds).
 - ii. Projects in receipt of S106 funding shall be delivered (and therefore be fully funded) using a combination of S106 and other local funding sources, without future reliance on central funding.
 - iii. Projects can utilise local funding sources (s106 and/or S278 or specific TFL grant) as and when these funds become available, consistent with the budget profile for each project and these funding sources can be used in any combination
 - iv. The S106 funds to be allocated shall include any accrued interest, which is required to be treated as if it were part of the principal sum paid by the Developer.
 - v. The projects that are recommended to be taken forward using the S106 funding include projects, pre-project proposals or complete phases of a larger programme or strategy that can be delivered in full with the allocated funding.

Results of the prioritisation of S106 funds

15. Recommendations regarding the prioritisation of S106 funds are set out in Appendix 4. In summary:
 - i. Four projects and pre-project proposals are proposed to receive S106 funds. Individual project gateway reports will be submitted for Member

- consideration that detail the overall project budget and combination of local funding sources to be used.
- ii. These are:
 - a. City Cluster Vision Phase 1 Implementation (incorporating City Cluster and Fenchurch Street Healthy Streets Plan).
 - b. Crossrail Urban Integration – Liverpool Street
 - c. Crossrail Urban Integration – Moorgate
 - d. Temple and Fleet Street Healthy Street Plan
 - iii. Of these four projects, one project, Temple and Fleet Street Healthy Street Plan is proposed to receive S106 funds that do require a further extension of time to that stipulated in the specific S106 agreements. It is recommended that officers be given authority to seek time extensions to the relevant agreements for the use of these funds.
 - iv. Note the projects and pre-project proposals (included in Appendix 3) that have been approved to continue using central funds during the period of the fundamental review by Resource Allocation Sub Committee, those that have been recommended for S106 funding in this report and those separately (and fully) funded by local or external funds. All other projects will remain on hold until the conclusion of the fundamental review and will be the subject of a future report on the overall DBE project portfolio.

Corporate & Strategic Implications

- 16. The Corporate Plan, 2018-23 has been used as the strategic framework for this work.

Financial Implications

- 17. The allocation of S106 funds as described in this report is in accordance with the agreed terms of the corporation-wide fundamental review and in support of the outcomes of the Corporate Plan. The use of funds is in accordance with the terms of the respective legal agreements to which the relevant S106 deposits relate.

Legal Implications

- 18. 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 unless these agreements are specifically re-negotiated with the relevant parties.

Public Sector Equality Duty

- 19. Full analysis of the proposed allocation of S106 funds has been undertaken by officers to ensure due diligence in this regard.

Conclusion

20. This report provides the results of both a review and proposed prioritisation of transportation and public realm projects within the Department of the Built Environment (DBE), which was initiated in 2018 in order to best utilise available funds, to deliver corporate priorities and support economic growth. The report describes how the DBE prioritisation exercise has been re-evaluated as a result of the corporation-wide fundamental review.
21. Following Member approval of a first S106 allocation plan in December 2018, this latest report seeks Member approval for a further allocation of S106 funds.
22. At the conclusion of the fundamental review, a further report on the DBE project portfolio and the allocation of any remaining local funds will be produced in support of the priorities and conclusions of the fundamental review.

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Appendices

Appendix 1 – Methodology of DBE prioritisation exercise

Appendix 2 – Results of DBE prioritisation exercise

Appendix 3 – Results of Project Eligibility for allocation of S106 funds

Appendix 4 – Details of S106 deposits to be allocated