

## **Briefing Note: Governance arrangements for project funding in relation to the Department of the Built Environment (DBE) Transportation and Public Realm Division**

### **1. Background**

Following a request of the Projects Sub-committee to set out the Transportation and Public Realm Division's process in relation to infrastructure project prioritisation and how Members are given oversight and make funding allocation decisions from the various sources of external funding, this note has been produced in liaison with DBE and the Town Clerk's Project Office.

### **2. Approach to developing programmes & projects**

DBE operates a programming approach by bringing together all potential projects into a costed and prioritised phased programme over three years. All programmes, projects and area strategies are approved and monitored by the Planning & Transportation Committee and the Streets & Walkways and Project Sub-Committees through an annual Transportation and Public Realm Projects Programme report and six monthly update. Where projects have a funding strategy in excess of £5m these are also approved by the Court of Common Council. The projects that sit within the programmes are prioritised by Members according to corporate and departmental priorities and evidence of need which is often determined through a comprehensive public consultation exercise or consequent to the needs of particular developments e.g. Bloomberg. Individual detailed project reports are approved by Members in accordance with the Corporate Project Procedures.

### **3. Types of funding and governance arrangements**

Once projects have been identified, there are a variety of funding sources that may be appropriate to seek approval to spend on the project. DBE Officers consult with the Chamberlain's Head of Finance for advice on the most appropriate funding strategy, taking into consideration agreed priorities, timescales and potential to meet key strategic objectives.

The Member approval route for agreeing the funding strategy and allocating those funding sources is dependent on the extent to which there is a choice in how those funds can be used.

The Table appended to this paper at Appendix 'A' sets out the different funding sources and the approval route to allocate those funds to projects. Further approvals are dependent on the estimated financial value of the project, in accordance with the Corporate Project Procedure. Projects funded by developers through S278, S106 and CIL agreements are still subject to the same rigorous value for money challenges as those funded by the City Corporation.

Some examples of the types of projects and programmes that fall within the various funding sources are:-

- S278 project with a restricted purpose and used where there is a need to integrate a new development into the highway network, such as Cousin Lane;
- S106 project with a restricted purpose and location, such as Heron Tower where the original planning obligation restricts the funds to access improvements at Liverpool Street station. Planning obligations are used to mitigate the impact of unacceptable development in order to make it acceptable in planning terms.
- TFL Major Schemes funding for transportation and environmental enhancement projects with a focus on function, movement or road safety, such as Aldgate
- On Street Parking Reserve (OSPR) contribution to Bank on Safety Scheme and the recently completed Holborn Circus scheme. Any surplus on parking charges is transferred to the OSPR at the end of each financial year. Legislation restricts the use of the funds but can include highway or road improvements and environmental enhancements.
- DBE CIL pot contribution to the Eastern City Cluster and City Churchyards Project.

Projects identified within formally approved Committee programmes, such as area enhancement strategies or the Local Implementation Plan, for example, the Barbican Area Strategy and Cultural Hub, may have a mix of funding sources, such as restricted S106 (where the terms of the agreement allow), unrestricted S106's, CIL and OSPR. The combination of S106's and CIL is subject to the maximum pooling restrictions in the CIL Regulations. Where the funding strategy includes a choice in how one or more of the funding sources are spent the approval of Resource Allocation Sub (RASC) is required (on recommendation of Priorities Board).

#### **4. Role of Spending Committee**

The Planning and Transportation Committee (P & T) and the Streets and Walkways Sub-Committee (S&W Sub) are, (as per their 'terms of reference'), the spending Committees responsible for the prioritisation and initial funding allocation of the Division's projects, approving and monitoring schemes that affect the function and appearance of the City's highways and walkways, including those associated with S106s and s278s where the value is above £250,000. Where the value of a project is up to £250,000 and the risk is low to medium, the approval process may follow the 'Light' route of the Corporate Project procedures. However, P & T is usually consulted through the annual programme report and six monthly update.

#### **5. Role of Projects Sub Committee**

In addition to the approvals outlined in the table, programmes of projects and individual major project reports are scrutinised by the Projects Sub Committee which is responsible for their overall management and value for money, before they can progress to the next gateway in accordance with the Corporate Project Procedure. Where the project follows the 'Light' route of the Corporate Project procedures, 'authority to start work' (Gateway 5) may be delegated to the Chief Officer for approval.

#### **6. Role of Priorities Board**

This is an officer board established following a report approved by Policy and Resources Committee (P&R) on 21<sup>st</sup> November 2013 on the governance arrangements and broad spending priorities for the City's Community Infrastructure Levy (CIL). Also part of the approval was the creation of CIL pots; 40% of receipts for Public Realm and local transportation improvements, 10% for Social & Community Enhancements, 5% for Open Spaces, 25% unallocated and 15% Neighbourhood (where the City is a single neighbourhood). The board is chaired by the Town Clerk and makes recommendations to Resource Allocation Sub on infrastructure and other project spending priorities. Its main area of focus is the effective use of the CIL but also considers bids for funding from the On Street Parking Reserve, S106 deposits with an unrestricted use, City's Cash and City's Fund annual allocations for new capital projects. The board's meetings take place in the week before the deadline for reporting to RASC. Information is presented to the board in a quadrant separating the available potential funding sources by the restrictions on purpose and location. An example from the November board is shown in Appendix B to this note (the types of funding categories used by the board are cross referenced in Appendix A). The intention is to utilise restricted funds (by location or purpose) wherever possible for priority projects first, leaving the more flexible funding sources for other strategically important projects. Strategic oversight and the funding recommendation of projects by senior officers are currently subject to alignment with the recently established Chief Officer People, Place, Prosperity and Strategic Resources Group.

#### **7. Role of Resource Allocation Sub (RASC)**

The RASC determines resource allocation in accordance with the City Corporation's strategies and will recommend to the Policy and Resources Committee whether to add a project to the capital programme, hold it in reserve, commission further work or drop it. If a project is added to the programme the RASC will advise the Policy and Resources Committee as to how the expenditure should be phased. Reporting at this stage is prepared by the Chamberlain's Capital Team.

## 8. Conclusion

DBE consult with their Spending Committee(s) and Projects Sub on their proposed programme of projects on an annual basis. Detailed project reports are then put forward for approval in accordance with the corporate project procedures. Where there is a choice in how the City spends external funds the approval of RASC is also sought on the recommendation of Priorities Board.

Julie Smith  
Head of Finance (Environment & Markets)  
Chamberlain's Department

Tel: 02073321344

Email: [Julie.smith@cityoflondon.gov.uk](mailto:Julie.smith@cityoflondon.gov.uk)