

REQUEST FOR DIRECTOR DECISION – DD1138

Title: Accommodating Growth in Town Centres

Executive Summary:

The Strategic Planning and Regeneration teams would like to co-commission a study on strategic issues of housing intensification and the economy of town centres and high streets in London.

The study aims to better understand how the restructure of the retail sector might enable successful housing intensification and high street diversification. Three primary deliverables are expected:

1. An evidence base for Further Alterations to the London Plan
2. Practitioner good practice guidance on design and delivery of high density housing and flexible work space in and around town centres.
3. Establish criteria for future regeneration drawing on experience of the Outer London Fund (OLF) investment programme.

Decision:

The Director approves:

1. Expenditure of up to £100,000 of consultancy services to deliver the 'Accommodating Growth in Town Centres' study.
2. The use of £35,000 from the Planning Smoothing Reserve; £35,000 from the OLF programme support budget (approved and delegated under MD840 and MD895) and up to £30,000 of the London Enterprise Panel's (LEP's) Growing Places Fund (specifically from £50,000 research contingency of the LEP's £1m SME support activities programme) as approved under MD1245. This expenditure was formally endorsed by the LEP SME Working Group on 27 November 2013.

AUTHORISING DIRECTOR

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.
It has my approval.

Name: Fiona Fletcher-Smith

Position: Executive Director, Development, Enterprise & Environment

Signature:

Date:

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1 Population demand and the need for a significant increase in housing capacity to achieve the latest estimated annual housing need figures mean there is estimated to be a need to identify capacity for a further 10,000 – 20,000 homes pa in addition to that shown by the Strategic Housing and Land Availability Assessment (“SHLAA”) (40,000 pa). It is anticipated that a significant number of these can be accommodated through coordinated and proactive re-development opportunities in and around town centres.
- 1.2 Our latest (2013) research suggests that growth in demand for comparison goods retail floorspace growth is 80% lower than previously estimated in 2009, as a result of an overall contraction in expenditure including the effects of internet and multi-channel shopping, the growth of the comparison goods offer of supermarkets and out-of-town retail. The indications are that the change in demand for comparison goods retail floorspace is not likely to be uniform across different town centres.
- 1.3 The Outer London Commission is currently testing the proposition that the retail offer of different types of centres is likely to change – growing slightly in some cases and declining in others. It is also investigating if this restructure creates an opportunity to deliver increased housing numbers in town centres.
- 1.4 The traditional focus of planning on shopping misses the fact that SMEs find it increasingly difficult to find affordable space – to get a toe hold or to grow in London. Edges of town centres and high streets provide secondary and tertiary commercial space with a stock of affordable units. This existing stock can have an incubator function and provide opportunities for entrepreneurs, jobs for Londoners, and amenity for local residents. However the demand for housing, the recorded drop in high street retail spend, and expanding permitted development rights, mean it is coming under increasing pressure to convert to residential use.
- 1.5 The Outer London Commission and the London Enterprise Panel (LEP) SME Working Group¹ are both interrogating how the changing commercial and community roles of town centres can be addressed in a way that meets London’s acute needs for more homes and jobs.

2. Objectives and expected outcomes

- 2.1 The primary objectives of this study are to:
 - Build on Experian work (2013) in order to understand further the scale, nature and geography of anticipated change in retail demand in light of existing research, especially in terms of the impact of internet/multi-channel shopping and the way future trends may bear on different town centre as outlined above²;
 - Test and refine propositions of the Outer London Commission.

¹ <http://www.london.gov.uk/priorities/business-economy/working-in-partnership/london-enterprise-panel/priorities/micro-small-and-medium-enterprises>

² The Experian study does this in a broad brush way for comparison goods retail floorspace demand. However there will also be demand for some convenience goods retail floorspace – Experian report provides expenditure estimates but not floorspace demand for convenience goods retail.

- Further develop the work of the GLA Economics team³ (2008) to reveal the geography and value the economic contribution SMEs make to the London economy
- Provide exemplars, based on the different types of centre, of how residential and non residential capacity could be realised locally.
- Identify types of places where retention and/or re-provision of non-residential ground floor uses is a reasonable policy position.
- Set out the metrics for developing a robust rationale to support non-residential ground floor uses.
- Examine challenges in the delivery of successful high density housing and work space in town centre and high street contexts.
- Make recommendations on mechanisms to enable the delivery of fine grained development which is affordable and flexible over time.

2.2 The study aims to better understand how the restructure of the retail sector might enable successful housing intensification and high street diversification. Three primary deliverables are expected:

- a. An evidence base for Further Alterations to the London Plan
- b. Good practice guidance on design and delivery of high density housing and flexible work space in and around town centres.
- c. Establish criteria for future regeneration investment programmes.

3. Other considerations

3.1 Key risks and issues

Sign off – delivery of research that meets the requirements of the FALP, the LEP SME working Group and the OLC. This will be managed by establishing clear client, steering and review group structure to oversee development of the work.

3.2 Links to Mayoral strategies and priorities

This work will help deliver core Mayoral priorities set out in the London Plan and Economic Development Strategy by:

- Ensuring that London has the most competitive business environment in the world and that all Londoners have the opportunity to take part in London's economic success, access sustainable employment and progress in their careers. Better understanding the factors affecting London's competitiveness and the action needed to address them. Attracting the investment in infrastructure and regeneration which London needs to achieve its potential.
- Seeking maximum benefits from investment, working with partners to ensure that investments achieve shared objectives and result in cost-effective delivery; using strategic powers to provide a coherent and integrated spatial and economic development approach for London.
- Ensuring that London is:
 - A city that meets the challenges of economic and population growth
 - An internationally competitive and successful City
 - A city of diverse, strong, secure and accessible Neighbourhoods

³ GLA Economics Working Paper 31: Employment in London by firm size, May 2008
<http://www.london.gov.uk/priorities/business-economy/publications/gla-economics/working-paper-31-employment-in-london-by-firm-size>

- A city where it is easy, safe and convenient for everyone to access jobs, opportunities and facilities

3.3 Impact assessments and consultations

The scoping process for this project has included extensive engagement across the Development Enterprise and Environment Directorate. It has included on-going conversations with Transport for London and formal presentations to the Outer London Commission and the LEP SME Working Group.

4. Financial comments

- 4.1 Approval is being sought to co-commission with the Planning Unit a study on strategic issues of housing intensification and the economy of town centres and high streets in London.
- 4.2 The estimated cost of this contract is up to £100,000. It is expected the commission will be wholly undertaken in 2013/14.
- 4.3 The revenue cost of up to £100,000 will be funded as follows :
- £35,000 Planning smoothing reserve
 - £35,000 OLF programme support budget
 - Up to £30,000 LEP Growing Places Fund (GPF):
Business Support Activity (SME) project - contingency for developing research to address gaps in evidence which may be identified by the LEP
- 4.4 All requisite budget adjustments will be made.
- 4.5 As this decision relates to a contract, officers have to ensure that the requirements of the Authority's Contracts and Funding Code are adhered to.
- 4.6 As this contract is consultancy based, officers also have to ensure that the requirements relating to consultancy services within the Authority's Financial Regulations and Expenses & Benefits Framework are adhered to.
- 4.7 Any changes to this proposal must be subject to further approval via the Authority's decision-making process.
- 4.8 The Regeneration Team within the Development, Enterprise & Environment Directorate will be responsible for managing this project.

5. Legal comments

- 5.1 Under section 30 of the Greater London Authority Act 1999 (the 'Act') the GLA, after appropriate consultation, is entitled to do anything that will further the promotion, within Greater London, of economic development and wealth creation, social development and the improvement of the environment.
- 5.2 Furthermore, section 34 of the Act allows the GLA, to do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of any functions of the GLA. In this case, the procurement of consultancy services to undertake a study into the accommodation of residential and non-residential growth in the town centres of Greater London may be viewed as being calculated to facilitate and conducive and incidental to all of GLA's various functions. The viring of funds from

various budgets in order to make the necessary budgetary allocations for the said procurement may also be viewed as such.

- 5.3 As regards the proposed procurement, the officers are reminded of the requirements of the GLA's Contracts and Funding Code. In particular, they should take account of the requirements of paragraph 3.6.

6. Planned delivery approach and next steps

- 6.1 Scope: A brief has been developed detailing services required and timeline for delivery. Based on previous experience, cross reference with similar briefs, the services and timeline specified in the brief, the proposed fee of up to £100,000 is considered a reasonable estimate of cost to deliver this research. The detailed scope and final fee will be agreed with consultants through the appointment process.

- 6.2 Funding: This research connects a number of strands across Development Enterprise and Environment. As a reflection of this, the budget draws a number of approved funding sources into one pot:

£35,000 from the Planning Smoothing Reserve - these funds are ear-marked for London Plan/EIP expenditure. As this project will create an evidence base for FALP the Strategic Planning (with approval from Executive Director – see attached email) are committed to a virement of £35k to co-fund this research.

£35,000 Outer London Fund programme support budget approved and delegated to Executive Director under MD 840 and MD 895.

Up to £30,000 Growing Places Funding allocated from the £1m business support programme (approved under MD1245) and overseen by the LEP SME Working Group. This will draw specifically on the identified £50,000 research contingency fund approved at the 11 July 2013 Investment & Performance Board (IPB). Formal endorsement for this was achieved at the LEP SME Working Group meeting on 27 November 2013.

- 6.3 Procurement: A suitably qualified and experienced consultant team will be competitively procured to deliver this research project.

- 6.4 Delivery: The project will be jointly cliented by the GLA Strategic Planning team and the GLA Regeneration team (John Lett, Jamie Dean) and will be administered by Levent Kerimol.

A wider steering group will draw in content leads on specific topic such as housing, work space, SMEs and the FALP.

In addition a reference group comprising members of Outer London Commission the Mayor's Design Advisory Group and the London Enterprise Panel SME Working Group and academic representatives – this group will provide a periodic peer review function.

Activity	Timeline
Begin procurement of consultants	30 November 2013
Delivery Start Date	21 December 2013
Final evaluation start and finish (self)	15 April 2015
Delivery End Date [for project proposals]	15 March 2014

Background approvals: None

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Note: This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:**Is the publication of Part 1 of this approval to be deferred? YES**

If YES, for what reason: To complete the procurement process for the research without prejudicing the ability of the GLA to get best value.

Until what date: 3 January 2014

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form –NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Louise Duggan has drafted this report in accordance with GLA procedures and confirms that:

✓

Assistant Director/Head of Service:

Debbie Jackson has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Financial and Legal advice:

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

Date