

Boris Johnson  
Mayor

29 January 2014

Dear Boris,

### **Regeneration Committee – The future of the Outer London Fund**

I am writing on behalf of the Regeneration Committee to express our cross-party support for the continuation of the Outer London Fund (OLF). Our letter follows the Committee's recent review of the OLF, including a site visit to Deptford in November, and a formal meeting on 16 December 2013.

We welcome the aspiration in your Draft 2014/15 Budget to introduce OLF Round 3. We recognise that funding for a third round will be dependent on further details from the Department for Communities and Local Government on contributions to the GLA arising from the New Homes Bonus.<sup>1</sup> This letter therefore seeks to inform the GLA's planning and design of a future OLF.

The GLA has a wealth of feedback on boroughs' experiences of administering the OLF, both through its formal evaluation and close working with local programme managers. This will be valuable to decision-making about future rounds of the Fund. The GLA told the Committee that it would consult boroughs about its approach to a third round. We agree that this must be central to the future success of the OLF and we would welcome your commitment to fulfil this pledge.

### **We support the OLF's aims to address the changing functions of high streets and town centres, as part of a wider package of strategic support**

There is a growing body of evidence that the OLF is adding value to local regeneration schemes, boosting high streets by encouraging more visitors and catalysing investment. It has facilitated some projects that would not have happened without the GLA's support, such as LB Brent's Library Lab project in Willesden Green – which provides a co-working space for entrepreneurs. In Deptford, we visited the public realm works that have improved movement in the market on Deptford High Street (building on previous investments in connectivity to New Cross along Route 1). The Fund's support for 'soft regeneration' including market stall apprenticeships and food tours to showcase Deptford's cultural diversity was welcomed by the stakeholders we spoke to.

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<sup>1</sup> Sir Edward Lister, speaking at the Budget and Performance Committee, 9 January 2014

Equally, we are encouraged by the GLA's work to 'create a new sense of place' through the OLF. Will McKee, Chair of the Outer London Commission, told the Committee that the OLF is responding to challenges identified by the Commission, such as too many shops in town centres.<sup>2</sup>

The OLF is just one strand of a wider strategy to revitalise town centres, however. In addition to addressing the pre-dominance of retail, Outer London's high streets and town centres face other threats, such as public services moving out of town centres. We heard that – alongside supporting economic development – there is a role for councils and other public service providers to focus on retaining amenities on high streets. To address the changing nature of high streets, places need careful planning to achieve a balance between private businesses and other services and facilities. The GLA could encourage councils to do this, perhaps by introducing conditions in a future OLF investment round. For example, funding could be dependent upon councils continuing to deliver certain services on the high street.

### **Sufficient revenue funding is required to ensure boroughs can maximise the benefits of the OLF**

Revenue support, in addition to capital investment, is an important part of regeneration funding. It is vital for boroughs because it helps to deliver soft regeneration schemes and it can maximise the impacts of capital projects. LB Brent told us that revenue funding had enabled it to carry out engagement and consultation with Willesden residents to 'prepare the community'. Similarly, LB Harrow explained that it used revenue funding for consultation on a Business Improvement District which will support businesses' long-term commitment to regeneration in Harrow Town Centre.

Conversely, insufficient revenue funding within a future OLF investment round could weaken the Fund's potential impact. Boroughs expressed their concerns that a lack of sufficient revenue funding exposed gaps in local capacity to apply for and manage OLF projects. LB Harrow observed that some boroughs have significantly smaller regeneration teams due to budget cuts. The GLA recognised this, and boroughs' need for revenue funding informed the design of Round 2. Yet the Round 2 interim evaluation report still found that boroughs showed strong support for greater revenue funding.<sup>3</sup>

In future rounds, there may be a case for allocating a greater proportion of funding to revenue spending. This would enable boroughs to invest more in the social dimensions of regeneration, such as consultation with communities, cultural events, and town centre management. It would also ensure that projects are better managed.

### **Future rounds of the OLF should focus on projects where the Fund can act as a catalyst for further investment**

The Committee heard that there is potential for the OLF to have a multiplier effect on private sector investment. For example, LB Harrow estimated that the OLF project has directly influenced the creation of 993 new office jobs and 88 new jobs on the high street in Harrow town centre between 2010 and 2013. It expects that businesses have been encouraged by new vitality in the town centre, boosted following the introduction of the OLF.

Project sustainability should continue to be a key consideration in future funding decisions. The Committee heard that funding awards in Rounds 1 and 2 took account of sustainability. In several

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<sup>2</sup> Alongside this, we acknowledge Will McKee's comment that there must be space in town centres for both short and long-term measures, and we recognise that short-term investment like the OLF may not be appropriate in places where greater 'large structural change' is required.

<sup>3</sup> Regeneris Consulting, Outer London Fund Round 2 Interim Evaluation, p. 10

cases, the GLA allocated Round 2 grants to places that had received Round 1 funding, which helped to maximise the benefits of Round 1.

But where follow-on funding was not provided, there is a risk that some projects may lose support. For example, LB Brent told the Committee that it did not receive Round 2 funding for follow-on projects in Willesden Green following the borough's successful application in Round 1. The borough added that businesses need more than nine months to test their business plans and become self-sustaining, or else it is difficult for business to plan ahead.

Our argument is that a broader approach to match funding can support sustainability. The GLA told us that the match funding requirement in Round 2 helped both to expand the available funding and support local buy-in. We welcome this approach but we also think there could be scope for a greater focus on securing match funding from local commercial partners – as well as local government – in future rounds. Gaining financial buy-in from private sector partners could help support strong partnerships and encourage longer term investment in high streets and town centres.

### **The GLA should adapt its approach to evaluation in future rounds of the OLF**

Our meeting considered how the GLA has developed its evaluation strategy for the OLF, and lessons learned from its approach. Two main proposals emerged during the discussion.

#### *The benefits of a multi-stage approach*

The Committee is concerned that the longer-term benefits of some 'short, sharp' interventions (i.e. Round 1-type activities) may be undervalued or not captured in the GLA's current evaluation strategy. We welcome the real-time approach to evaluation taken in Round 2 (producing an interim report, for example), which enables the GLA and partners to apply lessons learned to projects before they finish. LB Harrow suggested, however, that the OLF evaluation should take a longer-term approach, adding that the impacts of the OLF could last as long as 25 years.

We agree that future evaluations should take a longer, multi-stage approach. Post-intervention evaluation would be useful for both capital and revenue projects (eg. Business Improvement Districts) and they would enable the GLA to measure the impact of the OLF over three to five years or longer. The GLA acknowledged that a longer evaluation phase would enable it to capture more benefits from the interventions. This would require the GLA to re-profile its evaluation funding to extend beyond project delivery.

#### *Support for boroughs to measure qualitative change alongside quantitative impacts*

The current evaluation framework does not capture all outcomes. LB Harrow suggested that the evaluation should seek to measure qualitative changes that result from investment too, such as the types of businesses found on Outer London's high streets, in addition to quantitative outcomes such as job creation and vacancy rates.

Furthermore, LB Brent told us that the GLA could provide more support to local authorities on strategies to value the benefits of regeneration, to inform how they prioritise potential projects. For example, the GLA could help distil guidance produced by the Department for Communities and Local Government. We welcome the GLA's commitment to investigate how City Hall can provide greater support in this area.

**The GLA should tell the OLF story more effectively so that Londoners are more aware of the Mayor's work to support high streets**

We heard that considerable local press coverage of the OLF has helped to raise the profile of the Fund. While this is positive, the GLA told us that there is less awareness of the Mayor's investment in high streets at the London-wide level.

The GLA told the Committee that more work was required to tell a more comprehensive story about Mayoral support for high streets. We agree that it would be valuable for the GLA to develop its communication strategy to maintain interest across all the Mayoral regeneration programmes for high streets (eg. including the Mayor's Regeneration Fund, and support for BIDs).

We trust that you will take our findings into consideration in the design and planning of future rounds of the Outer London Fund. I would be grateful to receive a response to the points raised above by Friday 7 March. Please could you send a copy of your reply to Jo Sloman in the Scrutiny Team – [jo.sloman@london.gov.uk](mailto:jo.sloman@london.gov.uk)

A handwritten signature in black ink, appearing to read 'Gareth Bacon', with a stylized flourish at the end.

**Gareth Bacon AM**

Chairman of the Regeneration Committee