

MAYOR OF LONDON

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Dear Gareth

Regeneration Committee Report – Out of the ashes: The Mayor's Regeneration Fund

Thank you for your letter of 2 September. I want to start by thanking you and the Committee for your work in reviewing the Mayor's Regeneration Fund (MRF). Both my officers and I value the time and effort you have given to providing constructive input in to the delivery of my regeneration agenda.

Together with the Outer London Fund and wider work on the High Streets agenda, I think these regeneration funds continue to be one of the great successes of this administration. The team here at City Hall works to achieve the best possible outcomes for the projects receiving Greater London Authority (GLA) funds. I am extremely pleased that the potential of the MRF to drive growth and vitality in London is beginning to be realised. Equally, I acknowledge that the work of the MRF is not yet done, and I remain committed to working with MRF recipient boroughs to ensure that together we achieve change for these places.

I have acknowledged the recommendations that you set out in your recent report, and my response below addresses each of them in turn and sets out how the work we are doing addresses the points you raise.

Purpose of the Mayor's Regeneration Fund

As we all know, the levels of public disorder in August 2011 were unprecedented and prompted me to lead a multi-faceted response from City Hall. There was a series of post-riot recovery funding streams made available offering swift short term practical and financial assistance, including the charitable High Street Fund, established by Sir William Castell and me, which sought to provide immediate support to those businesses that needed it most. However, it was clear that a targeted multi-agency approach to physical regeneration in the worst affected areas was needed. The design of the MRF package was intended to be reflective and seek to deliver longer-term regeneration interventions.

The MRF was conceived as a mechanism to support, harness and catalyse regeneration activity in riot affected areas deemed to have latent potential to deliver significant economic growth. As you very rightly point out in your report, those areas at a tipping point were prioritised. A detailed body of work was already in existence which focussed on areas of London with the strongest inherent growth potential. In the aftermath of August 2011, my officers worked to overlay the geography of disorder with this geography of potential growth and reach conclusions about the economic resilience of some places and the rationale for investment in others.

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I think the messaging around the purpose of the Fund and its targeting of areas with economic potential has been clear. I feel the coverage of the Fund is generally very positive but as we have noted previously, it tends to be localised. The GLA Regeneration team works with my Press Office to try and ensure maximum coverage for the work we are doing. In addition, they work with recipient London boroughs to encourage responsive approaches to local needs for information around project delivery and seek to share good practice from those places that are doing this well.

We are constantly exploring new and innovative ways to spread messages about the work and the impact of GLA regeneration funds. Lots of hard work has gone into increasing our social media presence, using these channels to share examples of innovative regeneration activity. The Summer of High Streets campaign encompasses much of the MRF and is a great recent example of this. A calendar of activity was coordinated across the 70 plus high street places that I am investing in, designed to celebrate some of the great work that has happened so far. The range and diversity of activities over the summer has helped to highlight the importance of having vibrant and successful high streets and town centre places; from Comedy Workshops in Tottenham to fashion markets in Hackney.

Delivery

Two thirds of MRF funding is now in delivery. As noted above, the MRF is seeking to secure long term regeneration outcomes and it would be a mistake to regard the work of the Fund as a short term 'quick fix'. The projects it is supporting are often characterised by multiple-partnerships involving complex processes and require serious consideration and planning to best deliver the desired outcomes.

Although the spend figures lag behind the profile we originally set out, there are good and valid reasons for this. The scale and scope of change happening in places like Croydon and Tottenham is huge and involves multiple stakeholders and funding streams. In order for MRF funding to have the sort of impact desired, it is imperative that it is coordinated in such a way so as to complement other borough activity. Public sector intervention in these places is doing a great deal to help secure commitment from the private sector; Westfield Hammerson's £1 billion investment in the Whitgift Centre in Croydon being a prime example of this.

Of the £67 million funding allocated for MRF projects, over £45 million is committed in grant agreements and is in delivery. The remainder of funding is earmarked for projects which will be in grant by end of the 2014/15 financial year. As of April 2014, the GLA had spent £11.4 million of its £70 million Fund – 16 per cent of its allocated funding. However, in the early part of 2014/15 the GLA has received grant claims from MRF recipient boroughs valued at over £2.2 million. It is important to note that in order to ensure accountability around spend, the GLA makes payment of grant in arrears upon receiving evidenced claims from boroughs. This means spend to date for the GLA always lags behind actual activity in the boroughs.

Furthermore, the nature of capital projects and our preference for profiling spend against match funding means that the larger amounts of spend are often incurred towards the end of delivery. Lots of good work has already been done in scoping and planning for MRF projects; a fact that is lost in focussing on spend to date figures. However, this often low-spend activity can in itself deliver significant on-the-ground benefits through community engagement and involvement in the emerging proposals.

The benefits that the Fund has so far delivered should not be underestimated. Funding has already been used to create hundreds of new jobs and safeguard hundreds more, plus work is underway on the delivery of projects that will deliver serious long term improvements.

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A few examples serve to highlight some of the achievements of the MRF to date:

- 639 High Road in Tottenham – severely damaged during the unrest of August 2011, the building has been transformed and now offers affordable business space, support and training; volunteering and apprenticeship opportunities; and community spaces. By the end of March 2014 it had supported 56 people with start-up assistance and support, and provided 8 training events for business start-up and job recruitment.
- Camden Collective – an initiative run by the local BID, Camden Town Unlimited which was once a derelict shop unit but now a bustling retail and business hub. The Collective has in its first year supported 90 business start-ups, created 56 jobs, provided 151 young people with support and training and hosted 95 events.
- West Croydon Investment Package – The Croydon Enterprise Hub provides on-site and outreach based support to local businesses around the London Road area. 20 businesses have been supported, 27 new jobs created, 76 community connectors recruited, receiving 60 small grants, 120 young people receiving mentoring, 37 people receiving training and employability skills support, 77 young people on 'Entrepreneurs of the Future' project receiving grants and support for their start ups, 8 of which have successfully set up their own businesses.
- Public Realm Improvements in Croydon – Improvements to Lansdowne Road to better connect the station with the retail core completed earlier this year. Work is on site at South End and Selsdon Road to upgrade Croydon's restaurant quarter. Building and shop front improvements alongside streetscape improvements started on London Road in August and further shop front improvements commenced at South End in October.

Whilst there has been very good progress in delivery of the MRF programme there remain local delivery issues which have delayed progress in some places. For instance, delays to Tottenham Hotspur FC's (THFC) stadium and wider North Tottenham developments are causing uncertainty around delivery timeframes and in some instances project scope. The Secretary of State has recently upheld the Compulsory Purchase Order necessary to deliver the THFC scheme. The stadium scheme and associated development is currently being reviewed by THFC's consultants, and discussions around the broader regeneration including estate renewal continue with THFC, their partners, LB Haringey and central government in order to bring delivery back on line.

In Croydon, complications have arisen in marrying much needed improvements to the pedestrian environment with the continued operational requirements of the tram network. Resolving this issue has taken some time but the opportunity is being taken to review the implications for the tram network and other infrastructure that will result from significant housing and job growth in Croydon over the next 20 or so years.

I absolutely agree with your assessment of the importance of effective leadership in delivering successful regeneration schemes. It was this thinking that led me to appoint Sir Stuart Lipton and Julian Metcalfe to advisory roles in Tottenham and Croydon respectively and they played an important part in galvanising the changes these places needed.

Governance arrangements have been steadily enhanced in Tottenham and the Joint Strategic Forum (replacing the former Tottenham Task Force) is now fully established. It provides oversight to what is an extensive programme of work of which MRF investment is just one element. Indeed, MRF funds now reside within, and can be said to have catalysed, a significant regeneration programme for Tottenham which is attracting major private investment and signalling the start of resurgence for the area, including the £72 million investment to deliver four trains per hour between Northumberland

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Park, Tottenham Hale and Stratford and a strong bid for Housing Zone status which could deliver over £130 million of further investment in Tottenham Hale.

In Croydon a new MRF Programme Board has recently been established. Jointly chaired by LB Croydon and the GLA the board will improve governance arrangements by providing leadership at a programme level. The Board will also provide a mechanism for senior partners to undo blockages and facilitate speedy delivery. Strategic oversight of regeneration in Croydon in general is provided by the Croydon Strategic Metropolitan Board with senior representation from all partners and chaired by the Chief Executive.

In respect of the redevelopment of Croydon's Whitgift and Centrale shopping centres, I have worked hard to bring together the two parties - Westfield and Hammerson - through a joint venture to bring the agreement to fruition. This facilitates a co-ordinated approach to the regeneration and transformation of Croydon town centre, rather than the progressing of separate proposals as was the case previously. This partnership approach continues through the Croydon Town Centre Strategic Board on which I am represented by my Chief of Staff and Deputy Mayor for Policy and Planning, Sir Edward Lister.

In Tottenham, as you may be aware, I have also appointed Neale Coleman as my Advisor and he represents me at the Tottenham Joint Strategic Forum.

Sustainability and Lessons from MRF

We have learnt a great deal through working closely with boroughs in recent years and recognise that some are finding it easier to adapt to a new regeneration landscape than others. My Regeneration team have a great deal of experience and area based knowledge which helps underpin successful relationships with our borough partners. A good deal of work goes in to understanding what City Hall can do better to support boroughs and I welcome the recent approval of funding from the LEP, which will further enhance this package.

Of course, I acknowledge the importance of a robust evaluation of the impact of MRF investments and we have already done a great deal to ensure that we can measure this. As with all our grant funding agreements, boroughs are obliged to undertake a detailed self-evaluation of the projects they deliver. Alongside this, there is a great deal of support that we are offering. The approach to MRF evaluation is two staged. A piece of work has recently been completed reviewing the robustness and availability of project data and the process for allocating funding. An important output of this initial work has been a piece of practical self-evaluation guidance for boroughs. The second stage of evaluation will include a more intensive package of support for boroughs and detailed analysis of post intervention data.

Our evaluation framework will focus on my key Mayoral priorities such as job creation and apprenticeship opportunities, but equally there is a vast array of output and outcomes which result from MRF investments. A key purpose of our evaluation activity is to provide ongoing support to delivery partners in preparing and undertaking their self-evaluations, through which we encourage boroughs to capture the widest impacts of projects, both quantitative and qualitative.

There are clearly a number of activities required to comprehensively assess and understand the impact of MRF and we will shortly be going out to procure an evaluation partner to assist us with this. There are challenges presented by the scale and diversity of MRF projects and by the need to ensure that we build in capacity to undertake longitudinal assessment; the positive impacts of MRF intervention will be realised over a number of years and it will be important to return to these places to measure their

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health and prosperity. We aim to have evaluation support in place before the end of the current financial year, in time for the first of many MRF project completions.

An important component of our evaluation activity will be to revisit the initial research which informed the design of the MRF and so we will look to undertake statistical analysis of a range of data captured in 2011 on riot affected areas.

I sincerely appreciate the Committee's acknowledgement of the breadth of outcomes that are supported through the OLF investment. We do put a lot of effort into delivering 'blended' programmes that respond to each place's unique needs and opportunities. I am also pleased that the Committee agrees with the need to understand the emerging role of the high street and the importance of diversification and non-retail commercial space.

Over the summer, a series of consultation events with partners has reviewed what has worked well with existing regeneration programmes and equally, where we can make changes to help Boroughs better deliver on their regeneration priorities. Bureaucracy is something that often comes up and we do as much as we can to ensure that our performance management processes are as streamlined as possible in order to allow boroughs to spend more time on delivery. However, we do require a certain level of information to enable us to evidence effective management of the funds. Importantly, the better information we have from projects, the more powerful our public messages on delivery progress.

Work conducted through my Design Advisory Group (MDAG) over recent months has looked at borough capacity and sought to analyse boroughs' ability to shape the type of change that London requires. Through this work, boroughs have expressed where they feel they need additional or improved skills and this is now informing how we coordinate GLA resources better. Successful engagement with private sector partners is a vitally important component of a boroughs' regeneration efforts and this needs to be underpinned by a variety of skills. Responses have shown that boroughs value the benefits of the Specialist Assistance Team (SAT), hence our desire to provide this support again and expand access to specialist consultants. In addition, we are looking at how we can support more peer to peer networking to encourage collaboration and the sharing of good practice.

In the Growth Deal submission to government, the LEP set out a series of priority themes, many of which relate closely to the existing GLA regeneration programmes: 'High Streets', 'Places of Work' and 'Unlocking Development'. Indeed, significant elements of regeneration research and future programme development are closely linked and have been informed by the work of the LEP SME working group. I welcome the LEP's commitment of funding to support a new round of the SAT, which will allow the GLA to procure a team of experts from a wide variety of fields assembled to support design, development and delivery of regeneration projects.

Procurement to this panel has taken place and the support offer was launched with announcement of my High Streets programme in early October. The SAT programme will be equipped to provide a range of business support elements to SMEs and workspace providers.

In addition to the SAT, a further range of research exercises are planned to ensure future investment propositions and policy prescriptions are targeted and shaped to maximise return on investment. This will include guidance on successful town centre development and how this can combine residential and economic uses.

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I am delighted to have recently launched my new High Streets funding. The new fund will set out to deliver upon the actions set out in my Action for High Streets' plan, launched this summer. This document considers the lessons learnt from several years of working with businesses and describes my continued plans to help high streets to thrive. For instance, we have acknowledged that more could be done to provide guidance and support during the development of proposals to ensure that they maximise the opportunities presented.

Up to £9 million of new funding has been made available for grants which can be used to revitalise and boost high streets and the aim will be for small businesses and community groups to be at the heart of that funding. High streets are some of the best connected parts of London and in the Action for High Streets plan, my team makes the case for them being an obvious location to accommodate the new homes and jobs required in London. Together with the Accommodating Growth in Town Centres report, released in July, the potential for development on the huge amount of hidden space in London is highlighted; be it above the supermarket or health centre, behind the railway station or on top of a car park. London's high streets have always evolved to take on new challenges and sensitively managed, these locations can reinvent themselves to find ways of accommodating new types of housing, retail and enterprise space in a way that supports their heritage and character. Altogether there might be potential to deliver another 155,000 new homes and hundreds of thousands of new jobs could be in and around the capital's town centres.

From planning policy, to support for BIDS, transport schemes and regeneration investment, City Hall continues to do a huge amount to support London's high streets and town centres. The MRF, together with other regeneration programmes is helping improve the look, feel, and functionality of places; diversify enterprise; provide the opportunity to experiment and prototype. Importantly our work is helping identify opportunities where modest public investment will unlock significant capacity for economic growth and intensification. This is London government at its best - combining strategic and local strengths building productive place based collaborations to deliver for Londoners.

I am extremely optimistic about the future of the MRF and look forward to celebrating more of its successes in the near future. Importantly, I want to evidence to all of London the impact the Fund has had and is having in creating opportunity in areas where it didn't previously exist. I want to thank you and the Regeneration Committee members again for your work in looking at the MRF and I hope my response has indicated how seriously my officers and I are taking your findings into consideration.

Equally, I hope it has provided reassurance that lots is already being done to address them. I welcome the Regeneration Committee's ongoing input and support.

Yours ever,



Boris Johnson
Mayor of London