

## CABINET

18 February 2019

<b>Title:</b> 'Transforming London Riverside' Housing Infrastructure Fund Bid and Castle Green Development Strategy	
<b>Report of the Cabinet Members for Regeneration and Social Housing and Finance, Performance and Core Services</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> Thames	<b>Key Decision:</b> Yes
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<b>Accountable Strategic Leadership Directors:</b> Claire Symonds, Chief Operating Officer, and Graeme Cooke, Director of Inclusive Growth	
<b>Summary</b>  Castle Green is the largest development opportunity in the Borough and offers the scope to address the severance created between the Becontree Estate and the growth area to the south of the borough caused by the A13, railway lines and the extensive industrial land. A new residential community, modern employment space and town centre facilities based around a new station can deliver up to 15,000 new homes with the undergrounding of a 2km stretch of the A13. Castle Green offers the chance to be a showcase of delivering inclusive growth whereby people, place and participation interlock and the Borough Manifesto aspirations are secured. However a development of the size and complexity of Castle Green requires delivery in a number of phases following a clear masterplan and vision for the area. This report sets out the proposed development strategy for Castle Green setting out how the vision can be delivered. One key initial opportunity is to bid for funding from the Government's Housing Infrastructure Fund (HIF) to take forward the key first elements of the strategy including land assembly.  The Council and Be First are part of a consortium led by the Greater London Authority (GLA) which proposes submitting a bid (entitled 'Transforming London Riverside') in March 2019 to the Government's Housing Infrastructure Fund (HIF) encompassing a number of strategic infrastructure and development projects. In particular this would progress the plans for bringing forward the initial phases of development at Castle Green. In total the bid would be for c.£219m – of which £150m would be for land assembly at Castle Green and a further £22m for a new Castle Green station. The report sets out the background and requirements of the bid, the bid proposals and sets out the proposed stages to deliver the full vision for Castle Green. Cabinet support for the bid is essential and the report sets out the implications and risks associated with the bid projects including granting 'in principle' support for utilising compulsory purchase order powers to back up the land assembly proposals.	

## **Recommendations**

The Cabinet is recommended to:

- (i) Endorse the submission of the 'Transforming London Riverside' Housing Infrastructure Fund Bid and delegate authority to the Chief Operating Officer, in consultation with the Director of Law and Governance and the Cabinet Members for Regeneration and Social Housing and Finance, Performance and Core Services, to approve the final bid documentation;
- (ii) Agree, in principle, the development strategy for the Castle Green area (shown in Appendix 2 to the report) including the future use by the Council of its Compulsory Purchase Order powers, subject to the HIF bid being successful and a further report to Cabinet in respect of fulfilling the criteria referred to in paragraph 3.3 of the report;
- (iii) Delegate authority to the Chief Operating Officer to approve the allocation of up to £300,000 of Council funding to cover the cost of masterplanning for Castle Green should other funding not be available; and
- (iv) Delegate authority to the Director of Law and Governance, in consultation with the Cabinet Members for Finance, Performance and Core Services and Regeneration and Social Housing and the Chief Operating Officer, to enter into all relevant contracts and agreements in relation to the HIF.

## **Reasons**

The initiative will contribute significantly to the Council Priority of 'Growing the Borough.' The project has substantial scope to deliver the 'No-one left behind' objective of the Growth Commission and the inclusive growth vision of the Borough Manifesto.

## **1. Introduction and Background**

- 1.1 Housing Infrastructure Fund (HIF) is a government funding stream focussed on delivering homes where they are needed most. It is described as delivering transformational housing growth unlocking new homes in areas of greatest housing demand.
- 1.2 Under the 'Forward Funding' strand of HIF, expressions of interest were sought last year. It is a national fund which Local Authorities can bid for, however in London all bids must be led by the Greater London Authority (GLA). Be First working with TfL and the GLA submitted an Expression of Interest called 'Transforming London Riverside' – London Riverside being the southern part of the borough spreading into Havering. In March 2018, the Ministry of Housing, Communities and Local Government (MHCLG) confirmed that 8 bids in London had been selected to progress to the co-development stage. London Riverside was one of these bids alongside Thamesmead, Old Oak Common, Royal Docks, Tottenham, Meridan Water and two transport growth projects for East London line and DLR. Moving to this stage does not guarantee funding.

- 1.3 The co-development phase with MHCLG is underway. The phase requires the production of a detailed Business Case following government guidance. The deadline for Business case submission is 22<sup>nd</sup> March 2019. The bids are assessed by MHCLG and Homes England as well as the Department for Transport. The London Riverside bid is currently for £219m with the breakdown set out in section 2 of this report. The full expenditure would need to take place by March 2024.
- 1.4 The GLA have appointed (and funded) consultants ARUP to lead on the production of the bid given their experience of the complicated Green Book business case format and particularly the financial modelling required.
- 1.5 The 29 November 2018 Budget saw the Chancellor announce a further £500m funding for HIF - yet there is currently no information whether this means further rounds or simply that more of the existing bids will be able to be approved.

## **2. Proposals**

### **Bid Content**

- 2.1 The bid includes 3 projects in London Riverside (1 and 2 in LBBD, 3 in LBH) (see appendix 1 plan):
  - 1) **Renwick Road junction** (HIF funding £14.6m) There is a 'Grampian' planning condition on the Barking Riverside planning approval meaning no more than 4,000 homes can be occupied before the Renwick Road junction is improved. Whilst Barking Riverside Ltd are contributing towards the cost, additional public funding is required to address this critical barrier to growth. This project would be fully delivered by TfL (with them utilising their own CPO powers if required). No role for LBBD/Be First other than planning/oversight as it is in the borough.
  - 2) **Land assembly** (HIF Funding £150m) **and new station at Castle Green** (HIF funding £22m). Currently unattractive run-down industrial land where public intervention in the form of a new station, land assembly, master planning and place-making will address project viability issues and enable homes and new employment space to be delivered. The HIF bid covers land assembly for the first 5,000 homes around the new station but it would also bring forward further homes quicker on the larger Castle Green site. The Castle Green station would be on the new extension of the London Overground line to Barking Riverside. Future 'passive' provision of a station at this location was always planned as part of the Barking Riverside extension - HIF funding will bring the date of its delivery forward significantly. Be First would lead on land assembly including a CPO and enabling/bringing forward homes with TfL leading on station delivery. Please see section 3 for the proposed development strategy.

**3) Beam Park station** (HIF funding of £17.9m) Funding is sought towards the cost of a new station serving the Beam Park site unlocking homes in Havering's Housing Zone although also of benefit to residents on the eastern border of LBBB. There is no direct role in this project for LBBB/Be First.

2.2 The precise number of homes delivered by each intervention is being assessed related to specific government guidance however the headline figure is 13,000 homes will be unlocked and delivery accelerated.

2.3 In the last couple of months the potential for a further project has emerged:

- **Barking Station Footbridge.** (HIF funding c£15m – TBC). A bid for a new footbridge serving all platforms at Barking station and addressing capacity issues that will be particularly acute with the London Overground extension has been submitted for the 'Access for All' fund. The outcome of this bid will not be known until after the deadline for the HIF submission therefore partners have discussed the potential for also bidding for HIF funding for this infrastructure given the key role it plays in London Riverside and the implications the HIF projects of Beam Park and Castle Green stations will have on Barking. The bridge would be delivered by Network Rail.

2.4 **Why should 'Transforming London Riverside' Bid be supported?**

- London's moving East and the area fulfils the key bid requirements of high housing demand yet in these cases the market alone cannot unlock the homes.
- For Castle Green without public sector funding/skills/powers to assemble land, improve viability, deliver a station and master-planning and associated place-making, the private sector alone would not be able to deliver homes. There is clear evidence of housing demand (including a recent CBRE market absorption report) across the range of housing tenures aiding the delivery of homes as infrastructure/land ownership barriers are removed. The bid is truly transformational in that run-down industrial areas/vacant and under-utilised land will be radically changed creating new communities and employment space in a well-designed new neighbourhood. The scheme will better link Barking Riverside with the rest of the Borough and deliver a wider range of other health, environmental and social benefits.
- The other projects require public intervention to deliver critical elements of infrastructure to unlock homes.
- Political support for growth and Be First, TfL and GLA working together as strong, experienced team to progress the projects.
- Bid is completely in line with Be First's mission to accelerate growth.

**3. Castle Green Development Strategy**

3.1 Proposals for development at Castle Green and undergrounding a stretch of the A13 have been discussed for a number of years including discussions

with a company called ASF – a creator and facilitator of cross-border investments, trade and technology transfers between China, the UK, Europe and Australia.

3.2 Be First have produced a Business Plan setting out clear stages to progress the delivery of the vision for Castle Green with three key elements:

1) The Innovation Industrial Park (IIP) and the related relocation of the existing DB Cargo activities to the adjacent underutilised Euro hub site. This is a critical first stage as set out below providing industrial intensification to unlock housing potential. These are shown as 1 and 2 on Appendix 2.

2) Castle Green development totalling 15,000 residential units, employment space, schools and other facilities for a development of this size - to be delivered in phases including the initial HIF phase of the first 5,000 units (3a on appendix 2) together with the new Castle Green station.

3) The undergrounding of the A13 (and associated remaining element of the c.15,000 homes – approx. 10,000)

3.3 Element 1 above is required as Castle Green is designated Strategic Industrial Land (SIL) (known as Rippleside). The planning approach to the site to enable delivery of the homes requires that the existing floorspace is re-provided within the wider area. This follows the Thames Road model where a masterplan needs to be adopted before planning applications can be approved that deliver the residential units and the re-provision of the employment floorspace. ASF is proposing to undertake an industrial scheme on the Ripple Lane site which will achieve a significant intensification when combined with the adjacent Euro Hub site. This approach will be set out in a masterplan which will be needed prior to progressing any CPO. If the Council progresses a CPO (which it would be committed to as part of the bid), then the Council would be taking on the financial risk of the cost of all the land assembly within the defined area. As such it is only proposed to make the CPO if HIF funding is secured, the case for CPO is clear from the masterplan work and all reasonable attempts to acquire the necessary land and interests by agreement fail. Officers acknowledge that if any CPO was to be made, Cabinet would need to approve the use of such powers and would require further updating and justification as to the following:

- that there was a compelling case in the public interest;
- that there were no planning, funding or other legal impediments to Castle Green being delivered,
- that all reasonable attempts to acquire all interests by agreement have not been successful;
- that any likely impact or interference with the human rights of those with an interest in the land affected is considered and balanced as far as possible against the legitimate aims of regeneration; and
- that any assessment of the impacts on residents, visitors and employees be measured and evaluated, with special focus on the likely effect of the proposals on those sharing protected characteristic (race,

pregnancy, age, disability, gender reassignment, marriage/civil partnerships, religion/belief, sex, sexual orientation (as defined by the Equality Act 2010)) be made, in order for the Council to fully understand those impacts, and to consider measures to mitigate impact, make reasonable adjustment, and foster good relations between those sharing protected characteristics, and those who do not

- that a risk assessment of the impact of planning blight has been carried out and budgets are available.

- 3.4 The Castle Green HIF area forms part of a wider Castle Green area which under a similar treatment of industrial intensification could deliver a further 10,000 units. Within this wider area there is an aspiration to realign the A13 and for it to be undergrounded - reducing the severance effect on the existing communities. The HIF bid highlights this further potential for additional homes and the A13 undergrounding but HIF is specifically focussed on just the delivery of the first 5,000 homes.
- 3.5 Initial discussions with ASF show that the intensification in the IIP will be significant, to such an extent that it will effectively re-provide the existing employment floorspace in the Castle Green area as well as the Ripple Lane and Euro Hub areas.
- 3.6 The proposals and associated benefits should be captured by a suite of suitable masterplans and planning applications (Figure 1) that secure the provision of a net addition of employment floorspace as the initial phase.

Figure 1 Master Planning of Castle Green



- 3.7 Significant work has been done on business planning looking at land values and compensation costs – currently a fixed red line for the HIF land assembly area has not been set and only an indicative one would be provided as part of the bid giving some element of flexibility. A Cabinet report seeking approval to make a CPO would only be made following the masterplan process and

when the case for using such powers is clear and justified and funding is in place.

- 3.8 Table 1 below identifies the initial budget that will be needed to prepare a masterplan for the HIF area. The Masterplan would be adopted as Supplementary Planning Guidance and provide the justification for the CPO and the drawdown of the HIF money. The potential HIF funding does not (and cannot) include the cost of the masterplan work and only relates to the direct costs of land assembly.
- 3.9 The cost to the Council for the preparation of the Masterplan is estimated at £368,000 which will be incurred over a 12/24 month period. Be First are currently negotiating looking at alternative options for the funding of the masterplan however if these are not concluded the Council would have to fund the cost of the Masterplan to enable access to the HIF funds for land assembly hence recommendation 3.

Table 1 Castle Green Master Plan Initial Budget

Surveys (Utility, topography, GIS)	£2,000
Urban Designer	£75,000
Quantity Surveyors	£20,000
Engineer (MEP + Structures)	£15,000
Property Advisor (tenure, land use mix, viability)	£45,000
Highways	£70,000
EIA/ Technical	£30,000
Consultation - Hard Costs	£15,000
Sub Total	£272,000
Contingency @10%	£27,200
<b>Total</b>	<b>£299,200</b>

- 3.10 Castle Green currently suffers from poor public transport accessibility and the Council would only proceed with housing development on the site with a new rail station to serve the new and existing population. TfL's case for a Castle Green station requires the delivery of new homes so they would want comfort from Be First/LBBD that homes would be forthcoming.

**How will the proposals deliver inclusive growth and benefit existing as well as new residents?**

- 3.11 Currently the area within the Castle Green red line is predominantly dated industrial stock presenting a poor image of the Borough and physically separating the key growth areas to the south from the Becontree Estate. This stretch of the A13 generates significant problems in terms of congestion, air

pollution, dust and dirt alongside being a significant physical and perceptual barrier. The Castle Green proposals therefore offer the chance to be a showcase of delivering inclusive growth whereby People, Place and Participation interlock and the Borough Manifesto aspirations are secured.

- 3.12 As well as new homes there will be significant employment space - space that looks towards the needs of the future economy and growth sectors so the Borough's economy is modernised including the 21<sup>st</sup> Century Innovation Industrial Park. These offer the chance to link into the offer by existing training providers to ensure local residents have the skills and qualifications needed to access new employment opportunities.
- 3.13 At this early stage it is not possible to set out detailed proposals for the site and we would be keen to work with existing residents and groups as the plans develop. A key element of the scheme is how it will benefit the existing neighbouring communities of Thames View estate and Scrattons Farm. The Scrattons Farm estate will be integrated into a wider development removing the current issues with segregation and enabling residents to walk to shops and services in a pleasant environment. The eastern end of Thames View Estate will benefit from a new station and town centre uses within walking distance and Be First are looking at how further estate renewal schemes can take place in Thames View which ensures the whole area achieves inclusive growth.
- 3.14 A scheme of this nature is inevitably long term and will generate disruption. The development strategy with clear phasing plan seeks to mitigate some of this disruption.
- 3.15 Existing businesses in the area also face significant disruption and a detailed business engagement and relocation strategy forms part of the Business Plan for Castle Green.

### 3.16 **Indicative Timescale**

It is envisaged significant land purchases can occur by agreement and potentially first phases of development proceeding in advance of complete land assembly. The timetable below however assumes the worst case scenario and that CPO powers are required to be used for the whole site.

HIF Application submitted	Q4 2018/19
HIF Confirmation	Q1 2019/20
Land Purchases by agreement (subject to successful HIF bid)	Q1 2019/20 to Q3 2022/23
Masterplan work/outline planning	Q1 2019/20 to Q2 2019/20
CPO order made (subject to Cabinet approval)	Q3 2019/20
CPO Inquiry	Q2 2020/21
CPO confirmation/Judicial review	Q4 2021/22
Take full possession	Q2 2022/23



#### **4. Issues/Implications for Council and Be First**

- 4.1 In relation to Castle Green, the HIF bid will require the Council/Be First to lead on the land assembly for the first 5,000 homes and associated facilities. This will require the submission of a planning application/masterplan, land purchases by agreement and if required using compulsory purchase order powers. These would be subject to a further Cabinet approval however in principle support for this approach is required.
- 4.2 MHCLG have not provided any draft funding contracts however it is understood there would not be clawback in relation to failure to deliver homes – only if the relevant infrastructure funded was not delivered/land purchased. The main contract would be between Government and the GLA then the GLA would want to enter into separate agreements for the delivery organisations (TfL or Be First) with the issue of risk addressed.

##### **Castle Green Station**

- 4.3 TfL would lead on the design and delivery of the new station on the basis that HIF covers the full funding however they are not willing to commit to any additional funding should there be cost runs and are therefore seeking that the Castle Green development funds any cost overruns. This will be included in the bid.

##### **Fees**

- 4.4 HIF funding cannot be used for staff costs (only infrastructure or land assembly) so Be First fees (to be agreed) would need to be funded via the Council if no other funding was secured.

##### **Governance**

- 4.5 The Government are keen that bid submissions include a clear governance structure and whilst specific project teams are in place it is felt that a new Strategic Board is required to be set up and referred to in the bid with senior representations from the GLA, TfL, LBB, LBH, Be First, Network Rail and C2C. This Board would have strategic oversight ensuring delivery.

#### **5. Risk Assessment**

- 5.1 A detailed risk assessment for the bid overall and for each specific project forms part of the bid. A scheme of this scale and nature inevitably has a number of challenges and the proposed development strategy divides the project into deliverable phases. The full case for a CPO can only be made following the detailed masterplanning work when Cabinet approval would then be sought to make a CPO.

#### **6. Financial Implications**

Implications completed by: David Dickinson, Investment Fund Manager

- 6.1 The report asks Cabinet to endorse the submission of the 'Transforming London Riverside' Housing Infrastructure Fund (HIF) Bid. The Council and Be

First will form part of a consortium led by the Greater London Authority to progress plans for bringing forward the initial phases of development at Castle Green. The bid will include £150m for land assembly at Castle Green and a further £22m for a new Castle Green station.

- 6.2 If the proposed bid is unsuccessful some of the proposed costs of £300k cannot be capitalised and will need to be funded from revenue, with the exception of architect design fees or where the work carried out will have a future use in developing Castle Green.
- 6.3 HIF is a government forward funding stream designed to help local authorities achieve large scale growth. The funding will be used to forward-fund infrastructure schemes and land assembly. If successful, the £150m for land assembly will represent a significant proportion of the upfront development costs.
- 6.4 The report does not contain details on how the development of Castle Green will be delivered and how it will be funded. The final bid submission should be agreed by Chief Operating Officer via Investment Panel, with the bid containing details of the terms of the bid and a full outline of how Castle Green will be developed, the cashflow requirements, risks and funding proposals.

## 7. Legal Implications

- 7.1 The report seeks Cabinet approval for the Council to pursue a bid for 'Transforming London Riverside' led by a consortium of the GLA with TfL, LBBD, LBH and Be First. These arrangements will need to be formalised in suitable agreements which take account of the grant funding requirements and the parties' respective responsibilities for delivery of master-planning and land assembly milestones. The scheme is at early appraisal stages, with much of the detail and masterplans yet to be developed, hence the following observations as to likely legal implications can be made at this stage:

- Council Powers
- Site Assembly and Vacant Possession
- Human Rights
- Grant Agreements and Governance
- Land Risk
- Environmental Considerations

- 7.2 **Council Powers** - The Council's is able to participate in pursuing the Transforming London Riverside bid by virtue of the general power of competence under section 1 of the Localism Act 2011 which enables the Council to do anything that individuals generally may do unless otherwise prohibited by law. Section 1(5) of the Localism Act provides that the general power of competence under section 1 is not limited by the existence of any other power of the authority which (to any extent) overlaps with the general power of competence. The use of the power in section 1 of the Localism Act

2011 is, akin to the use of any other powers, subject to Wednesbury reasonableness constraints and must be used for a proper purpose.

- 7.3 Whilst the general power of competence in section 1 of the Localism Act 2011 provides sufficient power for the Council to pursue the bid and enter into the relevant agreements to facilitate receipt of the funding, further support is available under Section 111 of the Local Government Act 1972 which enables the Council to do anything which is calculated to facilitate, or is conducive to or incidental to, the discharge of any of its functions, whether or not involving expenditure, borrowing or lending money, or the acquisition or disposal of any rights or property.

#### 7.4 **Investment Considerations**

This report does not seek authority for any investment decisions at this stage. The main purpose of the bid is to enable regeneration of the area. However, once the funding is made available, and land assembly options begin to be pursued, any individual decisions which involve investment decisions would be considered individually with the Council and its officers having regard to the following:

- i. Compliance with the Statutory Guidance on Local Government Investments;
- ii. Fulfilling its fiduciary duty to tax payers;
- iii. Obtaining best consideration for any disposal;
- iv. Compliance with Section 24 of the Local Government Act 1988 in relation to giving financial assistance to any person (which either benefits from a general consent or requires express consent by the Secretary of State);
- v. Compliance with any other relevant considerations such as state aid and procurement;

#### 7.5 **Site Assembly and Achieving Vacant Possession**

This report does not identify the specific uses, the tenure and volume of property interests to be required, however the scale of land assembly will be substantial. It is understood that no residential properties are included in the relevant development area subject to the bid, therefore, residential interests will not be impacted. The Council and any future development partners will need to assemble the required development land in collaboration to ensure viability and deliverability. There will be disruption to businesses and land interests over a considerable time period. Negotiations by agreement and ultimately recourse to statutory powers will be necessary to acquire freehold and leasehold interests. Cabinet is requested to indicate its endorsement in principle of the use of compulsory purchase powers, which would only be pursued if the bid for HIF funding is successful. Recourse to the use of Compulsory Purchase powers should be a last resort and will need resolution by the Cabinet to pursue a Compulsory Purchase Order on the basis that there is a compelling case in the public interest and subject to Cabinet being

satisfied as to all the matters referred to in paragraph 3.3 of the report. It is noted that a public indication of an intention to pursue projects of this scale which would take a prolonged period of time to deliver may give rise to planning blight which has a depreciating impact on property values, which could entitle landowners to serve upon the Council, as promoter of the project, blight notices. As officers embark on masterplanning for the development, the risk of planning blight should be considered, and strategy/budget put in place. This will overlap with financial considerations if CPO powers are contemplated.

## **7.6 Human Rights Act 1998 Considerations**

The Human Rights Act 1998 ('the HRA 1998') effectively incorporates the European Convention on Human Rights into UK law and requires all public authorities to have regard to Convention Rights. In making decisions Members need to have regard to the impact of such decisions on Convention Rights.

- 7.7 The rights which will be engaged by this and future decisions such as the promotion of any compulsory purchase orders are those contained in Article 8 (right to respect for private and family life) and Article 1 of Protocol 1 (peaceful enjoyment of possessions). Article 8 provides that there should be no interference with the right except in accordance with the law and, as necessary in a democratic society in the interest of the economic wellbeing of the country, protection of health and the protection of the rights and freedoms of others. Article 1 of the 1<sup>st</sup> Protocol provides that no-one shall be deprived of their possessions except in the public interest and subject to the conditions provided for by law although it is qualified to the effect that it should not in any way impair the right of a state to enforce such laws as it deems necessary to control the uses of property in accordance with the general interest.
- 7.8 Both rights are qualified and must be balanced against other legitimate public interests. In determining the level of permissible interference with qualified rights, the courts have held that any interference must achieve a fair balance between the general interests of the community and the protection of the rights of individuals. There must be reasonable proportionality between the means employed and the aims pursued. The availability of an effective remedy and compensation (which are built into the CPO regime) are relevant in assessing whether a fair balance has been struck.
- 7.9 Therefore, any future reports which seek approval of any masterplans, development strategy or the use of compulsory purchase should include an assessment of the impact on human rights and equalities considerations under domestic law and to balance this against the overall benefits to the community, which the land assembly and proposed redevelopment would bring. The Cabinet will wish to be satisfied that interference with the rights under Article 8 and Article 1 of Protocol 1 is justified in all the circumstances and that a fair balance would be struck in the present case between the protection of the rights of individuals and the public interest.

## **7.10 Grant Agreements and Governance**

As observed in the body of the report, there will be a need to enter into grant funding agreements with MHCLG. The power to do so has been identified above. Such arrangements will need to be carefully examined to ensure that the terms are compliant with the aims of this project and that there are no State Aid implications. If the Council is successful in its bid for HIF funding, it is expected that any grant/funding or other agreements will stipulate the respective obligations of the parties to the Consortium. The Council, as the lead for land assembly, will need to comply with its obligations and milestones under any resulting grant funding agreements, including delivery of objectives and milestones within agreed timeframes. Given the involvement of other partners in the bid, including the GLA and TfL, an appropriate governance structure and boards will need to be approved to ensure delivery and monitoring of milestones. In the event of breach, it is expected that there will be contractual provisions entitling MHCLG to reduce, suspend, withhold or require all or part of the funding to be repaid.

## **7.11 Land, Development and Procurement Risk**

Caution must be exercised that with such a large site with a myriad of uses spanning working industry and post-industrial sites that land risks are thoroughly investigated as part of each acquisition proposal to identify all relevant land risks and incumbrances, such as legal restrictions on use, wayleaves, infrastructure, utilities, highways and rights of way restrictive covenants, rights to light and land contamination and determine any necessary remedial actions to ensure the deliverability and financial viability of the scheme. Detailed environmental surveys and sound understanding of remedial costs will be a necessity if the Council seeks to develop residential dwellings on the site.

It is expected that any procurement implications will be considered at a future date as the Council embarks on land assembly and delivery. Any procurement must be conducted in accordance with the Council's Constitution, including the Contract Procedure Rules, and the Public Contracts Regulations 2015.

## **7.12 Strategic Environmental Impacts**

The proposed project for which HIF funding is sought is of such significant scale and duration, that it is likely to have significant environmental impacts beyond local significance. If funding is approved and as officers embark upon the masterplanning stages, careful consideration must be given to sustainability considerations and to what extent the project requires compliance with both the SEA/EIA Directives (and / or any relevant domestic legislation). These environmental directives will require the production of either or both a strategic environmental assessment or environmental assessment. Generally, the requirement to carry out an SEA will apply if masterplanning requires the production of development plans, but there is some overlap between the two requirements. The Government has indicated

that post Brexit, when the UK leaves the European Union (EU), relevant domestic instruments will ensure the continued smooth operation of the following regimes relating to the environment and the planning system:

- **Environmental Impact Assessment** – which aims to ensure that environmental considerations are taken into account at the development consent stage of the planning process
- **Strategic Environmental Assessment** – which aims to ensure that environmental considerations are taken into account at the strategic plan-making stage of the planning process. In the case of masterplanning for the Castle Green project, it needs to be considered whether changes to development plans at any stage or level of the plan making process (e.g. at GLA or local level) are required which trigger the need for an SEA.

## **Other Implications**

- 9.1 **Risk Management** – A detailed risk assessment forms part of the bid documentation.
- 9.2 **Contractual Issues** – MHCLG have not yet provided any draft funding contracts however it is understood there would not be clawback in relation to failure to deliver homes – only if the relevant infrastructure funded was not delivered. The main contract would be between Government and the GLA then the GLA would want to enter into separate agreements for the delivery organisations (TfL or Be First) with the issue of risk addressed. Legal Services will advise on these agreements.
- 9.3 **Staffing Issues** – This is a major project for Be First and is likely to take up significant staff time hence the Be First fee.
- 9.4 **Corporate Policy and Equality Impact** – The scale of the proposals set out in the report mean they need to be central to key elements of the Borough Manifesto and ensuring the delivery of inclusive growth. If a subsequent Cabinet approval is sought for utilising CPO powers it would be accompanied by a detailed Equalities Impact Assessment however at this stage the proposals are assessed to have a positive impact on protected characteristics with the delivery of new homes, jobs and facilities.
- 9.5 **Safeguarding Adults and Children** – Any safeguarding issues would be addressed as part of detailed design proposals for the site.
- 9.6 **Health Issues** – The scale of the proposals offers the scope to improve health issues in the Borough through the design of new development as well as the social, environmental and economic benefits of the development. The Healthy New Town (HNT) principles applying to Barking Riverside. Detailed consideration of this element will form part of masterplanning and detailed planning work as the proposals progress.

- 9.7 **Crime and Disorder Issues** – The scale of the proposals offers the scope to improve crime and disorder issues in the Borough through the design of new development as well as the social and economic benefits of the development. Detailed consideration of this element will form part of masterplanning and detailed planning work as the proposals progress.
- 9.8 **Property / Asset Issues** – The proposal involves the substantial land assembly and adding to the Council’s asset base.

**Public Background Papers Used in the Preparation of the Report:**

- Borough Manifesto
- LBBD Core Strategy
- Draft London Plan
- HIF Guidance documents

**List of appendices:**

Appendix 1: HIF projects plan

Appendix 2: Castle Green: Masterplan headlines