

AGENDA ITEM: 4 Page nos. 1 – 5

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| Meeting | Cabinet Resources Committee |
| Date | 25 November, 2004 |
| Subject | Use of Section 106 monies designated for economic development purposes: Strategic Development Unit |
| Report of | Cabinet Member for Regeneration & Development |
| Summary | <p>Section 106 (S106) contributions valued at £470,499 and designated specifically for economic regeneration purposes, have been received by the Council from developers. A strategy is being drawn up to apply these monies with the objective of realising substantial community benefits and maximising opportunities arising from major developments in the borough. The resourcing of strategy development will be achieved by allocating £128,780 to funding the work of the Strategic Development Unit (SDU). The balance of £341,710 will be used to implement the strategy through project working and underpin partnership development with key agencies. The proposed strategy and key implementation projects will be subject of further reports and Member approval.</p> |

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| Officer Contributors | Alison Young, Head of Strategic Development Unit |
| Status (public or exempt) | Public |
| Wards affected | All Wards |
| Enclosures | Summary of Relevant S106 monies |
| For decision by | Cabinet Resources Committee |
| Function of | Executive |
| Reason for urgency / exemption from call-in | N/A |

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1. RECOMMENDATIONS

- 1.1 That S106 monies identified as designated for purposes that fall within the definition of economic development, totalling £470,499, be used to resource the Strategic Development Unit to develop strategy in support of the Council's corporate priorities and the Community Plan in this area and to fund subsequent projects to implement the approved strategy.**
- 1.2 That it be noted that the proposed strategy or strategies and associated key projects will be brought to Cabinet for approval.**
- 1.3 That £96,580 p.a. funded as outlined in paragraphs 5.2 and 5.3 of the report, be made available to provide two additional posts in the SDU (relevant to the scope of the named legal agreements) and to expand the grade structure of existing posts, in order to equip the unit to deliver the Council's priorities.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Previous planning consents and S106 agreements referred to in the attached table.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 Corporate Plan 2004/5 – 2007/8: The Cricklewood, Brent Cross and West Hendon project (C, BC & WH) is one of the Council's key objectives, with significant construction targets for 2007.
- 3.2 The Council seeks to achieve its five priorities by working with local communities, regional agencies and the business sector. Where this has wider regenerative benefits this work is led by the SDU.
- 3.3 Community Plan (2003-2006): states that the C, BC & WH scheme is a key priority and that the Council must promote the borough, work with businesses and engage in economic development. The SDU leads these activities.
- 3.4 Audit Commission, Regeneration Inspection Report, August 2004: stated that recruitment difficulties have "impacted on the effectiveness of the SDU" and that these must be redressed.

4. RISK MANAGEMENT ISSUES

- 4.1 Loss of Resources: - of the receipts in question, one of the S106 agreements totalling £45,000 would potentially be lost if uncommitted by January 2005.
- 4.2 Influencing and capturing the community benefits offered by large capital schemes:
 - There are significant opportunities for a broad range of community and economic benefits arising from major developments currently taking shape in the borough. It will be very difficult for the Council to sustain the significant progress it has already made towards achieving its goals, and to realise these additional, potential benefits, without further resources for the SDU.
- 4.3 Appropriate use of S106 monies: – legally S106 monies must be used for the purposes agreed with the developer as set out in the agreements. Any monies spent will be in accordance with the terms of the agreements referred to in the

attached S106 schedule and will be subject to regular monitoring and an audit trail. The proposed strategy, or strategies, and key projects will be brought to Cabinet for approval. In order to meet both the S106 requirements and the Council's objectives, it is anticipated that key areas of activity will include: master planning; development of town centre strategies for appropriate localities; skills development and employment and training projects. In respect of education issues, strategic work will include support to the emerging strategy for 14-19 year olds, including the development of vocational opportunities in order to address the lack of work based learning provision in Barnet, as identified by Barnet's 14-19 Strategy Group.

5. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

- 5.1 Strategy development and implementation will be led by the SDU. In order to resource such work properly, two new officers (one senior and one principal officer) will be appointed to realise opportunities and benefits related to proposed major schemes, and in particular to bring forward the community benefit content of the Cricklewood and Brent Cross scheme. In a very tight recruitment market, in order to attract the high-calibre staff necessary to work on such multi-faceted and complex projects, the grade structure of posts within the team has been expanded to give the SDU a more competitive edge in recruitment. Budget and funding details are as outlined in the table below.

| | £ |
|---------------------------------|---------------|
| Review of grade structure | 16,280 |
| Additional principal officer | 44,700 |
| Additional senior officer | 35,600 |
| Additional salary costs - Total | 96,580 |

- 5.2 A review of the work of the unit has established that it is appropriate that a third of the additional costs as detailed in 5.1 above (some £32,190 p.a), will be in establishing regeneration projects and can be capitalised, as permitted under the Housing Capital Financing Regulations. The team's work will be instrumental in bringing forward at least 30 per cent of affordable housing units on major schemes, especially at Brent Cross and Cricklewood.
- 5.3 The remaining two thirds of the unit's increased staffing costs can appropriately be funded from S106 monies to enable the team to work on establishing and building workable strategies for projects and initiatives in partnership with other agencies. Funding the remaining two-thirds of the additional staffing costs for two years from S106 monies (identified in para 7.2 and table) will earmark £128,780 of this deposit. This would leave a balance of £341,710 of the S106 monies for implementation of those projects in line with the terms of agreements and with Council objectives.
- 5.4 In terms of any IT implications, an additional workstation, including computer terminal, will be required for each new staff member.

6. COMMENTS, IF ANY, OF THE COUNCIL'S STATUTORY OFFICERS (Head of Paid Service, Chief Finance Officer, Monitoring Officer)

- 6.1 None

7. BACKGROUND INFORMATION

- 7.1 The SDU plays a major role in facilitating community benefits and building and nurturing partnerships to ensure effective implementation. However, comparisons drawn with other London schemes, for example the King's Cross Regeneration scheme, show that the SDU is under-resourced for the size and complexity of the schemes.

Since its inception in 2002, the unit has experienced difficulty in recruiting and retaining professionally qualified staff. These recruitment difficulties, arising partly from a very tight recruitment market and partly from the extremely complex nature of the work, which requires highly skilled and experienced individuals, has significantly impacted on the Council's capacity to deliver key objectives.

- 7.2 S106 contributions valued at £470,499 and designated specifically for economic regeneration purposes, have been received by the Council from developers (see detailed table). As stated before, legal disbursement of monies would require legitimate spend in accordance with the terms of the agreement with the developers. This proposal will provide an important framework to ensure that S106 monies already received are correctly and effectively utilised and that the Council will be able to develop appropriate policies and strategies to ensure that subsequent potential funding is secured and opportunities are maximised in the future. The SDU will develop strategy and partnerships, build capacity and scope and bring about implementation of key projects. Therefore, this proposal provides a legitimate and constructive use for the funding.

- 7.2.1 Members may also wish to note that the SDU has been successful with developers where other authorities have failed in securing £1.5m from the Cricklewood Development Partnership. However, due to the immense cost of bringing forward a planning application no further funding to resource the team is available from this source.

8. LIST OF BACKGROUND PAPERS

- 8.1 Regeneration, London Borough of Barnet, Inspection Report, the Audit Commission August 2004

MO: CH
BT: JO

Relevant Section 106 Monies Received Relating to Economic Development

| Name of agreement | Date of agreement | Amount available | Expiry date for using the money | Details of payment allocation |
|---|----------------------------|--|--|--|
| Nortel Networks – Bruswick Rd Sth [ref 115] | 30 th July 2001 | £45,000 (uncommitted in account) | 3 years from receipt i.e. Jan 05 | Designated for skills training and economic initiatives, including a job brokerage service. |
| Safeway Tilling Road [ref 105] | 1 st May 2001 | £185,110 (uncommitted in account) | None specified | To support regeneration and accessibility in the local area |
| 1 Oakleigh Rd South, N11 [ref 125] | 21 st Dec 2001 | £28,190 (uncommitted in account) | 5 years from receipt or return with interest. (December 2006) | For the provision of training, education and employment initiatives |
| 416/418 Oakleigh Road North N20 [ref 152] | 15 Oct 2002 | £50,000 (uncommitted in account) | Within 5 years of receipt or returned with interest. (14 th Oct 2007) | Contribution towards employment initiatives within the locality. |
| Oak Lane, N2 Lucas/ CAV site [ref 10] | 7th Dec 1994 | £94,298 (uncommitted in account) | None specified | for the furtherance of employment opportunities in the borough; the maintenance of open space; and highway and environmental improvements. |
| Station Approach, New Barnet [ref 67] | 27th Jun 2000 | £67,901 uncommitted in account) | None specified | Provision of economic, employment and town centre initiatives to meet increased demand from occupation of the development |
| TOTAL | | £470,499 | | |