

**For General Release**

<b>REPORT TO:</b>	<b>CABINET 29 September 2014</b>
<b>AGENDA ITEM:</b>	<b>7</b>
<b>SUBJECT:</b>	<b>Growth for the Prosperity of All: Growth Plan &amp; District Centre Investment and Place Plans</b>
<b>LEAD OFFICER:</b>	<i>Jo Negrini, Executive Director Development and Environment</i>
<b>CABINET MEMBER:</b>	<i>Councillor Tony Newman, Leader of the Council, Councillor Alison Butler, Deputy Leader (Statutory) and Cabinet Member for Homes &amp; Regeneration and Councillor Toni Letts, Cabinet Member for Economic Development</i>
<b>WARDS:</b>	<b>All Wards</b>
<p><b>CORPORATE PRIORITY/POLICY CONTEXT/OUTCOMES FOR RESIDENTS OF THE BOROUGH:</b></p> <p>The adopted Growth Plan Principles in support of the Croydon Local Plan: Strategic Policies (2013), emerging Croydon Local Plan: Detailed Policies and Proposals and emerging Croydon Local Plan: Strategic Policies Partial Review are the key contextual policies which have driven the production of the Promise, Place Plans and Integrated Delivery Plan.</p> <p>Key outcomes for residents have been identified in this paper:</p> <ul style="list-style-type: none"> <li>Investment in mixed communities and the infrastructure to support them</li> <li>Improved availability of education from pre-school to college, for young and adult learners</li> <li>Increased employment and reduction in poverty across all communities</li> <li>Improved development opportunities and investment</li> <li>Delivery of a connected ‘smart city’</li> <li>Delivery of a sustained transport system</li> <li>Regenerated district centres</li> </ul>	

## **FINANCIAL IMPACT**

The establishment of a Revolving Investment Fund to support the growth promise will have significant financial implications associated with the individual decisions made on investment. The finance section of this report sets out detailed considerations at this stage but no investment is being committed at this stage.

**KEY DECISION REFERENCE NO.: 1312** This is a Key Decision as defined in the Council's Constitution. The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Strategic Overview Committee by the requisite number of Councillors.

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below:

### **1. RECOMMENDATIONS**

The Cabinet is recommended:

- 1.1 To agree the Promise to ensure managed and sustained growth in Croydon abiding by the principles agreed at Cabinet in July 2014.
- 1.2 To launch place-based discussions involving local communities, residents, businesses and investors, using the Promise as the basis for local delivery. This will take place with stakeholders over a 6-month period and area-based recommendations will return to Cabinet after April 2015.
- 1.3 To establish the Croydon Revolving Investment Fund and assign delegated authority to the Deputy Leader and Cabinet Member for Homes and Regeneration and the Cabinet Member for Finance and Treasury with the Executive Director of Development and Environment and the Director of Finance and Assets to make investment decisions for the fund in line with the principles as outlined in this report. This will include accelerated delivery of early wins through the following schemes:
  - 1.3.1 Investment in a partnership to undertake a meanwhile use of Ruskin Square, signifying the first strategic move to bring forward the site for commercial use. This will begin to re-affirm Croydon as outer London's prime office centre through the use of a development loan.
  - 1.3.2 Investment in the Croydon Enterprise Loan Fund to support local businesses and employment creation to enable entrepreneurs to start a business and SMEs to grow.
  - 1.3.3 Establishment of an incubation facility for growing technology businesses in Davis House in collaboration with Croydon Tech City.
- 1.4 To note the progress against the Five Year Integrated Delivery Plan ensuring maximum benefits from the £5.25bn construction programme within the metropolitan centre.

## **2. EXECUTIVE SUMMARY**

- 2.1 In July 2014 Cabinet agreed the overarching principles for growth in Croydon. These principles have been developed to set out how, where and when the borough will grow. It specifically identifies measurable objectives to ensure sustained and manageable growth is achieved and supports the borough to understand the scale (and sources) of investment required. It also identifies the key Council actions required to realise this vision.
- 2.2 In order to prepare the Growth Plan, a number of key new areas have been explored to ensure delivery, building from the Council's current policies and Local Plan. The Growth Plan therefore comprises a culmination of the guiding principles for growth; an outline of key strategic sites identified through the Place Plans; an investment vehicle to finance the growth and a 5-year delivery plan to ensure growth does not come at any cost for residents and businesses.
- 2.3 The Growth Plan focuses on four key issues:
1. Accelerating the provision of homes to meet both the needs of Croydon residents and to contribute to meeting the wider housing needs of London
  2. Understanding the required infrastructure to support the delivery of new homes and sustainable economic growth
  3. Creating sustainable employment opportunities and skills development
  4. Identifying routes to generating investment and setting out what, where and how the Council will invest in to deliver its Growth Plan and the Croydon Local Plan.
- 2.4 This report sets out the need to focus on these priorities to deliver sustained and inclusive growth. Together these show that Croydon is moving on, investment is underway and Croydon is now in the right position to deliver this growth.

## **3. DETAIL**

### **3.1 The Growth Plan**

- 3.1.1 The Growth Plan comprises a suite of strategies and plans (some of which are in development stage) to support the growth of and increase investment in Croydon. These are:
1. The Promise which represents how the Council will realise sustainable growth for the borough and will outline why growth in Croydon is important, not just to Croydon itself but to London and the region more widely.
  2. Place Plans which outline where growth will be realised and the positive impact that will develop the districts to become more vibrant through sustained growth. Activity to identify growth potential through an understanding of the borough's strategic sites is already underway and will inform this detail.

3. Revolving Investment Fund determining how this growth will, in part be funded.
  4. 5-year Delivery Plan demonstrating how sustained growth can be managed.
- 3.1.2 The Fairness Commission will ensure that through the growth of the borough, Croydon becomes a place of opportunity that reaches out to all of its communities, providing support for people to lead independent, healthy and productive lives.
- 3.2 The Promise (e-copy Appendix 1)
- 3.2.1 Croydon appeals to major UK house builders, Registered Provider's, Private Rented Sector funds and overseas investors. Underpinning this desire to be involved in central Croydon is the transport upgrade and infrastructure that links Croydon to central London, the City, West End and Gatwick Airport as well as the Westfield and Hammerson Joint Venture. This is starting to overcome any negative perceptions of the Borough compared to other parts of Greater London. To capitalise on the development cycle for Croydon a range of guiding principles have been identified to deliver growth for the borough. These are:
- a. Business as Usual is Not an Option
  - b. Creating 16,000 More Jobs across the Borough
  - c. Accelerating Home Building: 9,500 starts in 5 years
  - d. Building More Affordable Homes
  - e. Revitalising Our District and Local Centres
  - f. Re-establishing Croydon as London's Premier Retail and Leisure Destination
  - g. Re-affirming Croydon as Outer London's Prime Office Centre
  - h. Enabling Sustainable Travel
  - i. Creating Pathways to Work for Croydon Residents
  - j. Attracting a Major University
  - k. Securing Investment in World Class Broadband Infrastructure: the Fourth Utility
  - l. Supporting Croydon Tech City and the Creative and Digital cluster
  - m. Enabling Entrepreneurs to Start a Business and SMEs to Grow
  - n. Investing in the Public Realm and Tackling the Repairs Backlog
  - o. Buying Local and Using the Council's Purchasing Power to Support Croydon Businesses

### **3.3 Foundations for Inclusive Growth... Business as Usual is Not an Option**

- 3.3.1 The future of Croydon is poised for transformation and its economic potential is based on sound foundations. The borough must be ready to capitalise on the new economic cycle. The challenge is to deliver inclusive and sustainable growth, which benefits residents of all different backgrounds, ages, and skill levels across the borough. The next five years needs to follow a detailed plan to make sure Croydon does not miss another economic cycle. The Council will 'lead from the front' to ensure growth materialises and benefits the majority.

3.3.2 Growth needs to provide the jobs, homes and learning opportunities for all, particularly young people to create an inclusive society offering better life chances for everyone. These jobs must be created across the borough as a whole with a focus on the districts in the short to medium term and in advance of the major regeneration in the metropolitan centre.

### **3.4 Creating 16,000 More Jobs Across the Borough**

3.4.1 Croydon will enable private investment to create 16,000 more jobs by 2018/19 across the borough. Key office development sites have been identified through the Place Plans to deliver these more ambitious targets. The growth and regeneration of our district centres needs to be considered, and investment in our industrial estates and other major employment areas must be enabled.

3.4.2 The expansion of Gatwick Airport is strengthening Croydon's competitive advantage and this will accelerate if a second runway is built at Gatwick. Indications are that a second runway could result in an additional 22,000 extra jobs that could potentially be accessed by Croydon residents. The Croydon Partnership development of the Whitgift scheme will provide at least 5,000 jobs in retail and leisure.

3.4.3 Ruskin Square will accommodate at least 1,000 jobs in professional and business services in the long-term and over the short-term will be supported to deliver a significant meanwhile use. One of the early opportunities for the proposed revolving investment fund is to support the delivery of the above through either a development loan or a form of joint venture in order to secure an interim occupier to generate employment and new business development.

### **3.5 Accelerating Home Building: 9,500 starts**

3.5.1 Last year Croydon (through the 5 Year Housing Delivery Plan) identified capacity to start construction of 9,500 homes by years 2018 or an average of 1,900 per annum. This acceleration in delivery can only be achieved if the delivery of sites is brought forward within the next 5-years. While this is higher than the 1435 completions per annum now being proposed in by the Mayor of London in the *Further Alterations to the London Plan*, it will represent an accelerated delivery over a shorter period of time. Given the shortages that residents face, this more ambitious strategy must be achieved.

3.5.2 However, to do this, the Council will have to play a strong role in enabling sites to come forward in a shorter timeframe in every part of the Borough. This will include assembling larger sites, investing in 'stalled schemes', forming partnerships with landowners, developers and housing associations, and in some cases directly building homes and continuing to provide the planning framework through the Local Plan. Our *Promise* and *Places Plans* set out how we will do this.

### **3.6 Building More Affordable Homes**

3.6.1 Despite the fact that housing in Croydon is more affordable than in many parts of London, buying or renting a house is still beyond the reach of many

households. Average sales values in Croydon increased by 10.9% in the last year while wage levels remain lower than the London average suggesting that the problem is getting worse. Further to this Local Housing Allowance rates have not been up-rated to reflect the increasing cost of private rented accommodation, leaving a growing shortfall for households on benefits.

- 3.6.2 The Local Plan states that on a site-specific basis, the Council will require a minimum 30% of homes to be affordable and will negotiate to up to 50% subject to viability testing. In terms of the mix of affordable housing, the Local Plan currently promotes a 60:40 ratio of affordable / social rent to intermediate low cost home ownership. Market conditions have changed in the last year or so. These policies have now been reviewed in order to increase the proportion of affordable housing to 30% on new housing sites across the Borough.
- 3.6.3 In parallel, the Council is seeking support for the proposal to establish a new wholly owned new housing company. The establishment of a wholly owned housing company addresses two strategic objectives of the Council's Housing Strategy 'Optimising the supply of new housing' and 'Managing and sustaining strong, successful and thriving communities'. The company is a key intervention for the delivery of the Council's Promise on Housing: Making a Great Place to Live.

### **3.7 Revitalising Our District and Local Centres**

- 3.7.1 Croydon's district centres have a distinctive style and character – with their independent shops, specialist markets, green spaces and community facilities that help to reinforce Croydon's reputation as a diverse and interesting place.
- 3.7.2 Each district will be supported by a broad range of improvements and opportunities. In the autumn a series of engagement roadshows will take place to further understand the challenges and opportunities presented. Each district centre has a unique set of characteristics that must be nurtured and developed sustainably.
- 3.7.3 The *Places Plan* summaries set out investment priorities for key areas and will provide the starting point for further discussions and contributions with key stakeholders in each of the centres.

### **3.8 Re-establishing Croydon as London's Premier Retail and Leisure Destination**

- 3.8.1 The Croydon Partnership development of the Whitgift Centre will transform the centre of Croydon and deliver outcomes across the borough through the provision of jobs and supply chain opportunities to our small business population. This will create one of Europe's largest shopping and leisure mall and is stimulating new investment in the Metropolitan Centre as a whole. With 1.5million sq. ft. of retail and leisure, 5,000 jobs and up to 600 new homes, this is one of the largest investment projects in the UK outside the Royal Docks, Canary Wharf and Stratford. The scheme will bring improvements to the public realm in the Metropolitan Centre and lead to the Wellesley Road being more 'people friendly'. The benefit to business and residents in the districts will be

delivered over the coming years.

- 3.8.2 This is expected to strengthen and bring forward more investment for the benefit of the whole of Croydon whilst delivering more attractive and vibrant district centres.

### **3.9 Re-establishing Croydon as Outer London's Prime Office Centre**

- 3.9.1 Croydon has a total office stock of approximately 7.9million sq. ft<sup>1</sup>, making it the largest office centre outside the West End and the City/Canary Wharf. East Croydon station with frequent, rapid rail services to Central London, Gatwick, and many other locations is one of the key reasons for Croydon's historic success as an office location.
- 3.9.2 In order to re-establish Croydon's position as Outer London's pre-eminent office location, there is a need to reduce the stock of obsolete space and to create a pipeline of new office developments near East Croydon station. This process is underway. The redevelopment of the Whitgift and the conversion of some offices to housing via the Permitted Development Rights scheme (PDR) will lead to a significant reduction in obsolete office space. The use of PDR raises concerns over the loss of much needed employment space to satisfy employer demand as well as the introduction of potentially poor quality housing. Furthermore, developers have prepared proposals for some 1,800,000 sq. ft. of offices with just over 1,000,000 sq. ft. at Ruskin Square.
- 3.9.3 The districts offer much potential for further generation of office space for new business start-ups and growing businesses providing much needed employment in those centres.
- 3.9.4 Creating this pipeline is key to retaining many companies now in Croydon and attracting new inward investors as without it Croydon cannot secure the future as Outer London's pre-eminent office centre. Our *Promise* and our *Places Plans* set out how we will do this.

### **3.10 Enabling Sustainable Travel**

- 3.10.1 While Croydon has excellent transport links, it needs to extend its offer of sustainable travel via tram, bus, rail, cycle and on foot. As Croydon grows, pressure on the transport network will increase as more people travel to access jobs and services. How those journeys are made and the services available can have profound impact on quality of life.
- 3.10.2 East Croydon is one of the busiest interchanges on the national network but it does not have the look and feel of a nationally significant station, nor does it provide the gateway to the town centre that it should. Network Rail's planned investment to improve route capacity includes the creation of platform 0 and -1 scheduled for 2019-2024. However, this investment provides a once in a lifetime opportunity for a more comprehensive redevelopment of the station and we are keen to bring this investment forward into the current control period. The

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<sup>1</sup> PMA Promis

Council will support the redevelopment of East Croydon station so it becomes the gateway to the Metropolitan Centre that it ought to be.

3.10.3 Our *Promise* and our *Places Plans* set out proposals in more detail. These may include offering residents and businesses in each part of the Borough the option of introducing lower speed limits on local roads and key through routes.

### **3.11 Creating Pathways to Work for Croydon Residents**

3.11.1 The borough provides access to a pool of highly skilled labour, including talented local residents and a large London labour market within easy commuting distance. High profile employers are located here in a range of sectors including professional and business services, retail, health and the public sector.

3.11.2 In order to ensure that Croydon's economic growth benefit all residents, people who are unemployed or inactive (not seeking work but wish to work), must be placed back into employment where they are able to do so. The Council's flagship Pathways to Employment programme is designed to ensure residents are able to take advantage of the job opportunities that will be created over the coming years.

3.11.3 The Pathways to Employment programme is being expanded building on the achievements so far, continuing to work with Job Centre Plus, the colleges, CALAT and other providers to tackle barriers to employment and ensuring people have the right skills to gain jobs. Employers are key to this ambition as they need to be encouraged to recruit locally from people of different backgrounds and abilities. The job opportunities will be maximised for Croydon residents in all of our major development projects in the Metropolitan Centre and across the borough as a whole.

### **3.12 Attracting a Major University**

3.12.1 Low proportions (43%) of Croydon's residents have Level 4 qualifications compared to the London average (49%). Yet demand for higher level qualifications will continue to increase as UK employment becomes more knowledge intensive. A range of degree courses can be undertaken at the University Centre at Croydon College already but there is a need to expand provision.

3.12.2 Attracting a major UK university to the Metropolitan Centre will bring many benefits and raise aspiration levels of residents across the borough. Not only would it provide new learning opportunities for local residents, it would bring new vibrancy and activity to the centre. Discussions with a number of universities have commenced and the Council will actively pursue different options, including the potential for an international partner. The *Promise* sets out these plans in more detail.



### **3.13 Securing Investment in World Class Broadband Infrastructure: the Fourth Utility**

- 3.13.1 Due to the global communications revolution; access to world class broadband services is now key to the future of many businesses. Digital infrastructure is becoming the fourth utility as important, as electricity, gas, and water networks. As business-to-business and business-to-consumer services require ever-faster connections and bandwidth, so the need for 21<sup>st</sup> century digital infrastructure becomes more imperative to compete in the global economy.
- 3.13.2 Infrastructure providers will be lobbied to extend fibre coverage and increase the availability of superfast broadband and ensuring high quality digital communications are embedded into the design of new buildings. Alongside this, businesses will be supported to increase take-up of high speed connections with the BDUK voucher scheme and, in due course, other initiatives.

### **3.14 Supporting Croydon Tech City and the Creative and Digital cluster**

- 3.14.1 Since 2011, this sector expanded by 38% in Croydon, faster than in London and the UK as a whole. Croydon Tech City estimate the informal start up network of businesses around the fringe extends to 600 home start-up businesses. Croydon's tech growth has been almost entirely built through organic growth and expansion of existing businesses which are thriving in the low cost environment.
- 3.14.2 Tech and creative clusters will be supported where value can be added most including the provision of a incubation space in Davis House. One area of concern identified by Croydon Tech City is the lack of fit for purpose specialist office solutions for the growing tech community. Whilst Croydon has 11 serviced/short term office facilities, only one of these is set up to deliver the specialist tech environment required by these types of businesses, and this is relatively basic. Croydon needs a range of offer to support tech start up environments, including co-working, incubators, accelerators and serviced office facilities. In addition, there are no viable 'hatchery' incubator solutions in Croydon for the very early stage businesses.

### **3.15 Enabling Entrepreneurs to Start a Business and SMEs to Grow**

- 3.15.1 There is a strong entrepreneurial spirit among local residents, particularly in our minority ethnic communities and among our tech community.
- 3.15.2 Croydon is committed to making it easier for businesses to get the right support at the right time. The business support landscape will be simplified by signposting and improving awareness of business support available via the web, advisers, hubs, incubators and partnerships such as the Princes' Trust. District business associations and networks will be supported to develop business clusters across the borough.

3.15.3 Where the market is failing to provide the support businesses need, Croydon will intervene. The Croydon Enterprise Loan Fund (CELF) is a success story on which to build. Managed by GLE One London, it provides loans of up to £5,000 for start-ups and up to £25,000 for established SMEs unable to access finance through conventional channels. This support is vital as the economy begins to recover and other schemes will be explored to improve the availability of capital to SMEs. CELF is approaching a milestone of £2m lent through the fund to Croydon businesses.

3.15.4 As part of the recommendations of this paper, it is proposed that a comprehensive review of the loan fund takes place. This review will explore the amount currently invested in the fund, current interest level of repayment rates, loan size as well as the operational details to ensure the fund become evergreen. Proposals will be made to the CELF board and Cabinet Member for Economic Development for agreement in line with agreed decision-making arrangements.

### **3.16 Investing in the public realm**

3.16.1 The quality of the public realm contributes to negative perceptions about Croydon as a place to invest. Parts of the borough suffer from litter, fly tipping and poor quality public realm. These problems are by no means universal nor are the perceptions necessarily accurate (Croydon is in fact London's greenest borough with 128 parks) but they fuel negative press and deter investors. Recent campaigns such as 'Don't Mess with Croydon' have started to highlight and tackle the fundamental issues.

3.16.2 The £50m Connected Croydon programme is helping to address this challenge. An up-to-date assessment of the scale of the repairs and maintenance challenge will be undertaken to review the set of design standards for the public realm and find solutions to fill the funding gap. There is also a requirement to lobby Government to recognise the unique challenges in Croydon and a business case is being prepared to highlight the significant shortfall in infrastructure funding to allow Croydon to operate as a fully functioning economy.

### **3.17 Buying Local and Using the Council's Purchasing Power to Support Croydon Businesses**

3.17.1 The Council is a major purchaser of products and services and it is imperative to ensure that the benefits of this expenditure is maximised for the local businesses and residents. The Social Value Toolkit set out the opportunities and key principles. Mutuals, cooperative and social enterprises generate wealth and employment while income is retained locally for the benefit of the community. Growth of this cooperative economy will be encouraged.

3.18 A copy of The Promise which outlines all of the key strengths, challenges and activities can be found at **Appendix 1** (e-copy).

## **3.2 Place Plans**

3.2.1 In support of the Promise, there is a suite of plans developed at a local level to highlight particular issues, challenges and developments in particular districts within Croydon.

3.2.2 There is significant market interest and activity focused on Croydon at present. Sites are currently being marketed and bought forward and this is due to more positive economic conditions and political will from the Council. Recent development activity, as well as high profile central Croydon schemes being discussed with planners, is testament to this. This is particularly true for residential schemes where a number of projects have progressed through to construction. The market has also reacted; different types of products, as well as different types of purchasers, are coming forward. Improved market conditions will now enable certain sites that are currently considered stalled to come forward.

3.2.3 However, rental values for offices are not currently at levels to attract significant developer interest and there remain a number of key sites that are yet to reach market conditions. This is a key issue given the need to create employment and jobs in the borough and the Council, through its growth plans will seek to work and invest in these sites as appropriate.

3.2.4 In order to ensure that growth can be delivered across the borough, a review of strategic sites has taken place to inform the Place Plans. These plans set out the distinct qualities of Croydon's places - with their independent shops, specialist markets, green spaces and community facilities they make Croydon a diverse and interesting place. Each district centre and smaller local neighbourhoods needs to be nurtured and developed in its own way. There are opportunities for growth in these areas that can be progressed in parallel, or in advance, of those in the metropolitan centre.

3.2.5 Place Plans set out initial thoughts on the investment priorities in district and local centres. We will meet with residents and businesses in each area to discuss these preliminary views and identify further opportunities. As well as understanding central Croydon development, Place Plans will support:

- North Croydon
- New Addington & Fieldway
- East Croydon
- South Croydon

3.2.6 To support development within district centres in line with the Local Plan and Place Plans the identification of development potential of land, both in the Council and third party ownership through expert property development advice has been gained. The portfolio of deliverable sites will be used as part of the evidence base to deliver Croydon's Growth Plan and the Council's emerging Croydon Local Plan: Detail Policies and Proposals (site allocations).

3.2.7 A robust commercial appraisal process has identified and prioritised sites for development in one or more of the following three categories:

1. Delivery of 5 year housing delivery plan targets – sites that will enable delivery of 9,500 housing starts, both market and affordable tenures, in line with the Council's housing delivery plan target.
2. Delivery of employment opportunities – sites that will deliver employment opportunities through providing educational opportunities and commercial space – including just over 1,022,000 sq. ft. (95,000m<sup>2</sup>) of new and refurbished office space with the capacity to provide 7,500 new jobs.
3. Inward investment – sites with the potential to generate income for the Council through the provision of:
  - Private rental residential stock – sites with the potential for the direct delivery of private rented homes through a Croydon Private Rental Vehicle – to be established if there is a sound business case for doing so.
  - Use of sites (that will not be delivered for housing and regeneration in the short-term) which contribute to developing a sense of Place/Destination and provide a joint venture opportunity that could generate a return (financial and/or social benefit) for the Council.

3.2.8 Strategic sites have been identified to deliver the growth within Croydon. The strategic sites identified are all at various stages in the planning process and this is acknowledged in the Place Plans. As the strategic sites identified are brought forward for development they will need to go through the planning process and will be considered in line with the Council's development plan and any material considerations. As the Growth Plan states, the Growth Plan and the Place Plans do not represent the Council's development plan.

### **3.3 Revolving Investment Fund**

3.3.1 In order to deliver the scale of change required for the growth plan there is a need for the Council to play a role in the funding of development. To do this the feasibility of a Revolving Investment Fund has been investigated. A Revolving Investment Fund (RIF) is by definition a self-sustaining investment portfolio that draws in significant levels of funding and assets from any number or type of contributor and, over a significant period of time – typically 20-30 years, provides funding, finance, debt, skills and resource to a portfolio of projects, whilst ensuring a more strategic and joined up approach to Council investment. The significant timeframe allows some of the "seed" funding to be "localised"

e.g. once revolved or recycled, initial funding conditions are no longer applicable, thus enabling greater scope for and freedom of investment.

- 3.3.2 A RIF has the potential to build momentum through quick wins and to take full advantages of economies of scale whilst mitigating any potentially negative impact of project interdependencies. A RIF can also facilitate cross subsidy between capital projects due to its scale and breadth. As a result projects which, despite their contribution to the delivery of wider objectives are unlikely ever to be invested in because of their viability position can be included as part of a broader portfolio.
- 3.3.3 Further to what it might operationally achieve, establishing a fund of this nature, not just in terms of available investment funding but ambition too, can provide a psychologically important statement of intent, not least by the committal of a (significant) element of the Council's assets. Such action demonstrates to existing and potential developers, residents and businesses long term confidence and commitment to establishing and then supporting a successful market in Croydon.
- 3.3.4 The key drivers for establishing a RIF for Croydon are to:
- Deliver projects and programmes which is enable the borough to grow sustainably.
  - Deliver capital and revenue returns for the Council.
- 3.3.5 The fund would be internally ring-fenced with clear governance and decision making. It would not replace our mainstream, capital programme but would be complementary where opportunities exist to intervene to drive sustainable development.
- 3.3.6 To support the fund, the Council is discussing options with the Greater London Authority to include support from their Revolving Land Fund (RLF) for defined permitted uses:
- Scheme feasibility and appraisal work
  - Site acquisition, including the use of CPOs
  - Preparation of planning applications and securing planning approval
  - Undertaking infrastructure and/or land reclamation works
  - Provision of gap funding or low cost loans to enable scheme viability.
- 3.3.7 Over the next 3 month, we will be exploring potential contributions to the fund ranging from the Council borrowing and use of the Council Pension Fund through to partnerships with private investors, Pension Funds.

3.3.8 As sites are identified suitable for investment the business case will be brought forward. In order to ensure that we are able to respond at the right pace it is proposed that decisions are delegated to the Deputy Leader and Cabinet Member for Homes and Regeneration and the Cabinet Member for Finance and Treasury with the Executive Director of Development and Environment and the Director of Finance and Assets. The details of these decisions will be published at Cabinet to ensure full transparency on the use of the fund.

### **3.4 5-year Integrated Delivery Plan**

3.4.1 The Five Year Integrated Delivery Plan has been prepared to guide the delivery of growth in Croydon Metropolitan Centre which is set to see significant and complex development occurring over the next five years. It is an essential tool to ensure that while all of the transformational projects take shape, businesses and residents continue to function and trade through the heart of the metropolitan centre. The extent of the delivery not only includes the £1 billion Whitgift Centre development to produce 136,551 sq. m of retail, 16,428 sq. m of leisure, 1,921 sq. m of office alongside up to 600 residential units but also many other major redevelopments including Saffron Square, Taberner House, and Ruskin Square. The Council commissioned Arup to develop a Five Year Integrated Delivery Plan to capture and analyse the potential programme pipeline of 169 projects with a combined construction value of £5.25bn.

3.4.2 The two key outcomes of the Five Year Integrated Delivery Plan are:

1. Providing transparent reassurance that the breadth and complexity of the Programme has been defined and is being addressed in an integrated manner.
2. Providing a programme roadmap for LBC and stakeholders to follow and be accountable for delivery.

3.4.3 The Integrated Delivery Plan provides the foundation and mechanism upon which effective management of the programme is built. It also sets out the agreed principles that provide the Council with the organisational environment in which programme definition and delivery can operate effectively.

3.4.4 The Integrated Delivery Plan is flexible and will remain live enabling a quick and assured response to changes in development timetables. It establishes three continuous programme management cycles – defining the programme, balancing the programme and delivering the programme.

3.4.5 The Council has already ready taken strong steps to secure this investment via the appointment of a new Director of Delivery guided by the Croydon Strategic Metropolitan Board, chaired by the Chief Executive, Nathan Elvery, the Board includes major developers such as Westfield, Hammerson, and Schroders and has drawn senior level support from the GLA. Early achievements include the completion of a Development Infrastructure Funding Study, and the formation of working groups to deliver a District Energy Centre and the sustainable improvement of North End, Croydon's key retail thoroughfare.

3.3.6 This structure emulates that used by the Olympic Delivery Agency to successfully deliver the 2012 Olympic Games and its highly regarded succession programme. This approach has already successfully galvanised

partners.

#### **4. CONSULTATION**

- 4.1 The Promise has been developed using a broad range of sources and discussions with a number of key stakeholders and industry experts. The Promise, if adopted, will outline the way in which growth will take place. There will be a series of engagement events to outline the challenges, strengths and solutions.
- 4.2 In relation to the summary Place Plans contained within the Promise, these will be presented for discussion at a range of events over the next 6-months on an area basis (keeping in line with the adopted principles of growth outlined in the Promise). This is essential to ensuring that the communities, residents, businesses and third sector organisations they represent are fully cognisant of proposals and our proposed actions. Following this process we will bring a report back to Cabinet with a detailed action plan of what will be delivered in each geographical area.
- 4.3 Overall in order to ensure that all Croydon stakeholders have a vested interest in the growth of the borough however, it is proposed that:
- There is a systematic level of engagement across the borough against the Promise which will deliver growth to all.
  - There is coordinated discussion against the Place Plans in each part of the borough (district centre roadshows) to ensure that residents and businesses alike have the opportunity to shape their communities.
  - Engagement activities are joined up with other council activity in specific areas so that all factors are considered simultaneously.

#### **5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

- 5.1 The investment required to support the delivery of the promise will be crucial. The report and the promise itself set out the detail in relation to projects and programmes already in progress a number of which are part of the councils agreed capital programme which will be further updated in February 2015.
- 5.2 The RIF set out in paragraph 3.3 is the key tool which will support further investment. Given the market conditions in Croydon and the significant reductions in grant funding being faced by the council this is the perfect time to invest and with it take some risk in order to deliver the scale and pace of change required.
- 5.3 The strategic sites work will be key in informing the opportunities for the RIF. Each investment decisions will be subject to the appropriate due diligence.
- 5.4 The priorities will be driven by the place plans and the growth promise but also equally by affordability and the opportunity to provide returns to the council.
- 5.5 The use of vacant space in Davis House is expected to have nil additional cost to the council. The report sets out clearly the policy rationale for the proposed incubation facility. There is in effect a missed short term income opportunity for

the council as the could have been an option to rent the equivalent space at a higher rent, however the space has proved difficult to lease over the last few years.

Approved by: Richard Simpson, Director of Finance and Assets

## **6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER**

6.1 The Council Solicitor comments that the proposals set out in this report are within the powers of Cabinet to approve under the delegated authority of the Leader.

6.2 Detailed advice and guidance will be provided to officers with regards to the governance and decision making arrangements of the Revolving Investment Fund and also to ensure that the application of funds under the Revolving Investment Fund do not breach state aid rules. The application of funds and supports to small businesses under the Croydon Enterprise Loan Fund is already set up in a manner which is fully state aid compliant.

Approved by: Sean Murphy, Principal Corporate Solicitor (Regeneration) on behalf of the Council Solicitor & Director of Democratic & Legal Services

## **7. HUMAN RESOURCES IMPACT**

7.1 There are not expected to be any human resource implications from this activity.

Approved by: Adrian Prescod on behalf of the Director of Human Resources

## **8. EQUALITIES IMPACT**

8.1 A full EQiA will need to be produced and ensure that Growth for All will reach all aspects of Croydon residents and businesses. This will be completed at the consultation stage.

## **9. ENVIRONMENTAL IMPACT**

9.1 The increased provision of housing and commercial facilities will have an environmental impact on the borough. This is supported through the Planning Framework as mitigation measures are identified. Through more detailed analysis the work carried out on the logistics and mapping framework the challenges will be addressed.

## **10. CRIME AND DISORDER REDUCTION IMPACT**

10.1 Through the creation of accelerated housing delivery as a route to support the increase in population, it is anticipated that there will be an impact on crime and disorder. This will be managed through close working with colleagues in the Council and other public services. By ensuring mixed developments and providing new employment space, opportunities for employment and new skills



will also act as a support mechanism. In addition, by investing in improvements to our existing housing estates, re-paving and landscaping we will make them safer places by undertaking “Secured By Design” reviews – a UK Police initiative to reduce crime through the design of homes, premises and the surrounding areas.

## **11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

- 11.1 If the Promise is not adopted and the Investment Fund is not established, the growth of the borough will be negatively impacted. The growth of the borough needs to be effectively managed to ensure sustainability and equity of delivery.

## **12. OPTIONS CONSIDERED AND REJECTED**

- 12.1 The borough is left to grow organically with no regard for inclusive growth – rejected.  
The borough adopts the Promise outlining inclusive growth for all – accepted.
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## **BACKGROUND PAPERS - LOCAL GOVERNMENT ACT 1972**

None

## **Appendices (e-copy)**

The Croydon Promise: Growth for All