

AGENDA ITEM: 7 Pages 62 – 66

Meeting	Cabinet Resources Committee
Date	2 September 2010
Subject	Regeneration Projects
Report of	Cabinet Member for Housing, Planning and Regeneration
Summary	This report seeks approval for the deduction, when implementing a Compulsory Purchase Order in the Council's Regeneration Estates, of all outstanding debts owed to the Council by respective leaseholders and freeholders from the acquisition costs, prior to payment of compensation to the respective interest holders. This report also proposes that the Deputy Chief Executive and S151 Officer or to his nominated deputy be given delegated authority to approve individual deductions from respective interest holders.
Officer Contributors	Stewart Murray, Director of Planning, Housing and Regeneration Noreen Twomey, Assistant Project Manager (Regeneration Service)
Status (public or exempt)	Public
Wards affected	Colindale
Enclosures	None
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable
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1. RECOMMENDATIONS

- 1.1 That Committee approve, when implementing Compulsory Purchase Orders, all outstanding debts owed to the Council by respective leaseholders and freeholders are deducted from the acquisition costs, prior to payment of compensation to the respective interest holders.**
- 1.2 That the Deputy Chief Executive and Section 151 Officer or to his nominated deputy be given delegated authority to approve individual deductions from respective interest holders.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Cabinet, 24 July 2006 (Decision items 5 and 11) – resolved amongst other things, that the Council should enter into a Principal Development Agreement with Choices for Grahame Park Limited (CfGP) (the Developer) Paddington Churches Housing Association (PCHA), for the Redevelopment and regeneration of the Grahame Park estate. Cabinet also resolved that conditional upon the prior execution of an appropriate CPO Indemnity Agreement, it be resolved that a Compulsory Purchase Order be made, for the acquisition of all interests in the area of the Estate that comprises stage A of the regeneration that are not currently owned by the Council, as shown on the attached plan but subject to minor boundary variations as necessary, and schedule in appendix 1; that the Chief Officers concerned be authorised to take all necessary action to secure the confirmation and implementation of the CPO; and that approval be given to enter into a CPO Indemnity Agreement with Choices for Grahame Park and Paddington Churches Housing Association.
- 2.2 Cabinet Resources Committee, 28 November 2006 (Decision item 14) – resolved among other things, that subject to the prior grant of planning permission, to make a CPO for the acquisition of all non-Council owned property and other proprietary interests in the West Hendon regeneration area and that the appropriate Chief Officers be authorised to take all necessary action to secure the confirmation and implementation of the CPO.
- 2.3 Cabinet, 18 June 2007 (Decision item 6) –resolved among other things
 - (a) To approve the terms for the Principal Development Agreement with the consortium of Family Mosaic Housing Association, Unitary and Barratt Homes Limited for the regeneration of the Stonegrove and Spur Road area, subject to the final business plan being financially viable and approved by the Cabinet Resources Committee
 - (b) To authorise, subject to conditions, the making of a Compulsory Purchase Order for the non-Council-owned property and interests in the Regeneration Area.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The regeneration of the priority regeneration estates (Grahame Park, West Hendon, Stonegrove and Spur Road and Dollis Valley) and of Brent Cross Cricklewood supports the Corporate Plan 2010-2013 priority of ‘A successful London suburb’ and underpinned by the following objectives:
 - Delivering the Three Strands Approach of Protect, Enhance and Grow, where the priority regeneration estates and Brent Cross Cricklewood falls with Strand 3: Growth to deliver 15,000 new homes to these areas;
 - Delivering high quality, sustainable housing development;
 - Continuing to develop successfully but realistically;
 - Creating the conditions for a vibrant economy; and
 - Promoting independence through housing choice.

- 3.2 The regeneration of the priority Regeneration Estates and Brent Cross Cricklewood support the 'Future shape: principles of our future approach' of the Corporate Plan for 2010-13, through the following objectives:
- A new relationship with citizens
The new developments will offer more choice and promote independence by providing a number of different housing options such as shared ownership to residents and those in the wider community.
 - A one-public-sector approach
 - The Council is working together with other public sector partners to ensure the delivery of the schemes.
 - A relentless drive for efficiency
The Council is working with development partners to ensure that the schemes are delivered in the most cost effective way.
- 3.3 The redevelopment also complies with strategic objectives in the Council's Housing Strategy, approved April 2010.

4. RISK MANAGEMENT ISSUES

- 4.1 The Council has begun implementing its CPO on Stage A of the Grahame Park regeneration scheme. There is a risk that any outstanding debts owed to the Council by respective leaseholders and freeholders will not be paid to the Council if they are not deducted from the acquisition costs, prior to payment of compensation to the respective interest holders. It would be difficult and costly for the Council to collect debts owed to it by a former owner once they have been paid the full compensation. This same risk would apply to other regeneration estates at the implementation of any CPO for any of the regeneration estates. The Council is under a fiduciary duty to the tax payer, to, amongst other things, collect any debts owed to the Council.
- 4.2 From the date of publication a CPO has a lifespan of 3 years within which it should be implemented, otherwise it becomes void.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 The regeneration schemes will cumulatively deliver a mix of approximately 15,000 homes for private sale, social rented and intermediate over 20 years. The developments will also provide new community facilities and commercial units for business to rent or lease. The Council will have 100% nomination rights to the new affordable housing and the existing secure tenants will be offered re-housing on the existing housing estates. The regeneration schemes and other new affordable housing developments will provide a new area of mixed tenure housing with a greater choice of homes that will make this part of the Borough a better and more prosperous place to live, leading to improved community cohesion in an area with a diverse population.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

Finance

- 6.1 The Council entered into a CPO Indemnity Agreement for Stage A of the Grahame Park regeneration scheme with CfGP and PCHA 30 January 2007. This Agreement regulates the relationship between the Council, CfGP and PCHA with respect to the making and implementation of the Stage A CPO and is a funding mechanism that ensures that all costs relating to the CPO is cost neutral to the Council and is funded by CfGP.

- 6.2 Following committee approval on 28 November 2006 for the making of a CPO for the West Hendon Regeneration Area, as necessary, the Council entered into a CPO Indemnity Agreement for West Hendon regeneration scheme with Barratt Metropolitan Limited Liability Partnership (LLP) and Barratt Homes and Metropolitan Housing Trust Limited (MHT) on 8 January 2008. This agreement regulates the relationship between the Council, Barratt Metropolitan LLP and Barratt Homes and MHT with respect to the making and implementation of a CPO for West Hendon Estate and is a funding mechanism that ensures that all costs relating to the CPO is cost neutral to the Council and is funded by Barratt Metropolitan LLP.
- 6.3 Following Cabinet approval on 18 June 2007 for the making of a CPO for the Stonegrove Regeneration area, as necessary, the Council entered into a Strategic Indemnity Agreement for Stonegrove and Spur Road housing estates with Unitary Limited and Barratt Developments PLC on 27 November 2009. This agreement regulates the relationship between the Council, Unitary Limited and Developments PLC with respect to the making and implementation of a CPO for Stonegrove and Spur Road housing estates and is a funding mechanism that ensures that all costs relating to the CPO is cost neutral to the Council and is funded by Unitary Limited.
- 6.4 Following a review of a CPO implemented by the Council in 1997 the then Chief Executive of the Council directed under a memorandum dated 25 March 1997 that no payment of compensation to a former owner shall be made until a check is made with Finance and Council Tax departments as to any outstanding debts and if there is such debt, the same amount should be deducted from the compensation paid to a former owner, a process which acknowledges the difficulty which the Council would have recovering debts owed to the Council once compensation has been paid. The debts contemplated in this report would include but is not limited to Council mortgages, outstanding service charges, Council Tax arrears, any outstanding financial charges (general or specific) which may appear as a local land charge etc.

Property

- 6.5 The CPO Indemnity Agreements for Stage A of the Grahame Park regeneration scheme and West Hendon Estate contain Trust Declarations that require the Council to deal with land interests acquired as a result of the CPO at CfGP's and Barratt Metropolitan LLP's direction, once the Council enters and takes possession of any property within the regeneration scheme that is subject to the CPO.

7. LEGAL ISSUES

- 7.1 Section 14 of the Compulsory Purchase Act 1965 empowers the Local Authority to redeem any mortgages owed to the Local Authority and this provision would relate to Council mortgages which are also normally dealt with as matters of conveyance, because the Land owner cannot give clean title to the Council without first discharging the any mortgage on the property. Similarly all financial charges in favour of the Council, by the provisions of Section 101 of the Law of Property Act 1925.
- 7.2 Most other debts owed to the Council by the respective homeowners would usually be dealt with as part of the conveyancing process. The Council has a fiduciary duty to rate payers and in exercise of such duty, Council Officers ("The Officers") with the responsibility of completing CPO transactions should request information on debts owed to the Council from relevant departments of the Council at the inception of the CPO implementation process. The Officers should inform the representatives of the homeowners (their Surveyors or Solicitors) of such outstanding debts and request their consent, where necessary to make the deductions from the Compensation.

8. CONSTITUTIONAL POWERS

- 8.1 The Council's constitution in Part 3, Responsibility for Functions, paragraph 3.6 states the functions delegated to the Cabinet Resources Committee including all matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council.

9. BACKGROUND INFORMATION

- 9.1 The CPO for Stage A of the Grahame Park regeneration scheme was made 7 November 2007, confirmed 1 February 2008 and became operational 28 February 2008, the date on which it was published. From the date of publication the CPO has a lifespan of 3 years within which it should be implemented, otherwise it becomes void. The CPO can either be implemented through the making of a General Vesting Declaration or through the Notice to Treat/Notice of Entry procedure.
- 9.2 Notice to Treat was served on the remaining interest holders within Stage A of the regeneration scheme 6 April 2010. In June 2010 the Council's Property Services Department made written offers for the acquisition of the remaining interests within Stage A of the regeneration scheme, in accordance with the CPO legislation. Notice of Entry will be served on the remaining interest holders within Stage A of the regeneration scheme in August 2010. The purpose of a notice of entry is to allow the Council to take possession in advance of an agreement on price or completion of conveyance. The Council's proposes to enter and take possession of properties in Stage A of the Grahame Park regeneration scheme in November 2010 and January 2011, depending on the location of the property.
- 9.3 17 residential interest holders remain to be acquired within Stage A. These interest holders have approximate debts totalling £68,000 which would be deducted from the acquisition costs, prior to payment of compensation to the respective interest holders.
- 9.4 CPOs have not yet been made on any of the other regeneration estates but are now becoming an imperative to delivery. Cabinet has authorised the making of CPO's for the West Hendon Regeneration and for the Stonegrove and Spur Road Regeneration schemes. It is anticipated that at some stage in the life of the West Hendon Regeneration and the Stonegrove and Spur Road Regeneration schemes, the Council would have to make and implement a CPO to enable Land Assembly for the facilitation of the schemes.
- 9.5 It is also anticipated that CPOs would be made and implemented on the Dollis Valley Regeneration Scheme and on the Brent Cross Cricklewood Regeneration scheme.
- 9.6 This report records Cabinet Resources Committee's approval to deduct all outstanding debts owed to the Council by respective leaseholders and freeholders of properties being acquired compulsorily by the Council from the compensation payable to owners prior to payment of compensation to the respective interest holders and that the Deputy Chief Executive and Section 151 Officer or to his nominated deputy be given delegated authority to approve individual deductions from respective interest holders.

10. LIST OF BACKGROUND PAPERS

- 10.1 None.

Legal –TE
CFO – CM