

Meeting	Cabinet Resources Committee
Date	25 th February 2014
Subject	Annual update report on the Growth and Regeneration Programme
Report of	Leader of the Council
Summary of Report	This report seeks to update the Committee on the progress being made towards delivering the Borough's regeneration schemes and skills and enterprise activities, including key achievements and successes since December 2012, as well as expected activities in 2014/15

Officer Contributors	Pam Wharfe, Strategic Director for Growth and Environment Cath Shaw, Lead Commissioner Enterprise and Regeneration Martin Cowie, Assistant Director Strategic Planning and Regeneration Tony Westbrook, Head of Regeneration
Status (public or exempt)	Public
Wards Affected	All wards
Key Decision	Yes
Reason for urgency / exemption from call-in	Not applicable
Function of	Executive
Enclosures	Appendix 1 – Growth and Regeneration Programme Annual Report
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1. RECOMMENDATION

- 1.1 That the Committee endorse and/or comment on the general progress being made towards delivering the Borough's regeneration schemes and skills and enterprise activities, including key achievements and successes from November 2012 as well as expected activities in 2014/15.
- 1.2 That the Committee note the Forward Plan of Decisions for 2014/15.

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Cabinet, 14th September 2011 (Decision item 7) – approved the Regeneration Strategy, which provides an overview of current regeneration in the borough and sets out the strategic objectives for successful future delivery of the regeneration schemes.
- 2.2 Cabinet Resources Committee, 28th February 2012 (Decision item 17) – agreed the findings of the Regeneration Review and the proposed next steps (as set out in the detailed Action Plan).
- 2.3 Cabinet, 20th June 2012 (Decision item 6), agreed the Skills, Employment and Enterprise (SEE) Plan. As part of this, Cabinet agreed a £1m package of support for the NEET Platforms Programme. It was agreed that the Leader of the Council be authorised to agree any minor changes to the Skills, Employment and Enterprise Action Plan and proposed support package in order to ensure effective delivery.
- 2.4 Council, 11th September 2012 (Decision item 4.1) - approved the Local Plan Core Strategy and Development Management Policies for adoption.
- 2.5 Cabinet Resources Committee, 17th December 2012 (Decision item 11) – endorsed the general progress being made towards delivering the Borough's regeneration schemes and skills and enterprise activities, including key wins, achievements and successes in the last twelve months as well as current challenges and expected activities in 2013.
- 2.6 Health Overview and Scrutiny Committee, 12th December 201 – Agenda item 10, noted the update on GP Services in Barnet and referred the issue to refer this issue to the Health and Well-Being Board to consider alongside the refresh of the Joint Strategic Needs Assessment
- 2.7 Business Management Overview and Scrutiny Committee, 6th January 2014 – Agenda Item 8, considered the Interim Update Report on the Growth and Regeneration Programme.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The regeneration schemes and skills and enterprise activities that comprise the Growth and Regeneration Programme contribute to the delivery of the Corporate Plan 2013-2016 outcome 'to maintain the right environment for a strong and diverse local economy'. The four priorities under this outcome are: regenerating priority areas; improving skills and employment opportunities; engaging with businesses; and providing infrastructure to support growth.
- 3.2 The estate regeneration programmes and skills and enterprise activities also support the 'A Sustainable Community Strategy for Barnet 2010–2020' through the following objectives:
1. 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. The skills and enterprise agenda focuses on equipping residents and businesses with the tools and support to prosper and grow in Barnet.
 2. A one-public-sector approach - the Council is working together with other public sector partners to ensure the delivery of the programmes.
 3. A relentless drive for efficiency - the Council is working with development partners to ensure that the programmes are delivered in the most cost effective way.
- 3.3 Barnet's Core Strategy sets out a 15 year 'vision', helping to shape the kind of place that Barnet will be in the future. It contains the most fundamental, cross-cutting objectives and policies that the local authority and its partners will seek to deliver. Barnet has been set the challenge of meeting the 4th highest housing target in London. Over 28,000 new homes are expected to be delivered across the Borough by 2026. Local Plan Core Strategy sets out when, where and how this growth will be delivered. Over half of these are expected to be delivered in the Regeneration and Development Areas of Brent Cross, Mill Hill East and Colindale together with the Priority Estates of Dollis Valley, Grahame Park, Granville Road, and West Hendon. Barnet's Infrastructure Delivery Plan is the vehicle for highlighting infrastructure needs. It sets out key infrastructure programmes and projects to support the housing growth outlined in the Local Plan Core Strategy.
- 3.4 The regeneration schemes and skills and enterprise activities comply with strategic objectives in the Council's Housing Strategy 2010-2025 which include:
1. Increasing housing supply, including family sized homes, to improve the range of housing choices and opportunities available to residents
 2. Promoting mixed communities and maximising opportunities available for those wishing to own their home
 3. Supporting residents into employment.

- 3.5 Furthermore, the regeneration schemes and skills and enterprise activities support the strategic objectives in the Council's Regeneration Strategy (September 2011), including:
1. Enhance Barnet as a Successful London Suburb through delivery of quality new places and neighbourhoods in the areas of the borough in greatest need of investment and renewal
 2. Deliver sustainable housing growth and infrastructure, and improve the condition and sustainability of the existing housing stock
 3. Ensure residents in all areas of the borough can share in Barnet's success while taking responsibility for the well-being of their families and their communities
 4. Promote economic growth by encouraging new business growth while supporting local businesses and town centres
 5. Help residents to access the right skills to meet employer needs and take advantage of new job opportunities
- 3.6 Finally, the regeneration schemes and skills and enterprise activities are a key component of 'A Growth Strategy for Barnet'. The Strategy sets out the Council's commitment to mitigating the impact of continued austerity by creating the environment for growth in the local economy. The regeneration and enterprise activities are key drivers for growth as they bring significant investment in infrastructure, create new jobs and homes, support residents into work, reinvigorate communities, improve living standards and support local town centres.

4. RISK MANAGEMENT ISSUES

- 4.1 Despite the challenging economic climate over the past five years, the Council has continued to progress the physical regeneration schemes. Risks are monitored across the programme as well as at project level.
- 4.2 The viability of each of the physical regeneration projects is substantially dependent on the performance of the housing market over the lifetime of the developments. Delays to the delivery of the schemes could result in reduced resident satisfaction levels. To help mitigate this, continual monitoring of the local housing market and housing delivery takes place with the development partners. Economic sensitivity measures review mechanisms have been included in the Development Agreements.
- 4.3 In 2001 the Department for Transport, Local Government and the Regions issued guidance to local authorities on meeting 'decent homes' standards. The Council was advised that on the basis of the known data the homes on the priority regeneration estates would fail to meet the required standards. In response to the need to address problems around heating, condensation and general structural repairs, as well as the modernisation requirements for the homes on these estates, the Council decided to embark on the programmes to regenerate these estates to provide well designed, high quality and efficient homes. If the estate regeneration schemes do not complete, the Council will be required to bring the remaining properties up to Decent Homes Standard.

- 4.4 The Council's development partners are currently responsible for a substantial proportion of Council costs in delivering the regeneration schemes. These costs include, but are not limited to, the costs of making and implementing Compulsory Purchase Orders, statutory Home Loss and Disturbance Payments to secure tenants required to move, qualifying staff costs, Resident Independent Advisors and cost consultancy advice. The Principal Development Agreements set out the framework for these costs being recovered. It is the responsibility of Regional Enterprise (Re) to manage the reclaim of these costs on behalf of the Council, however if the developer defaults on these payments or the projects do not proceed to stages specified within the Principal Development Agreements, then the Council may not be able to recover all the costs incurred. To mitigate this risk, anticipated costs are agreed with the Development Partners in advance of expenditure wherever possible.
- 4.5 The Council also has obligations under the Principal Development Agreements and Regeneration Agreements. If the Council fails to fulfil these obligations for each scheme, it may be liable for damages and other financial liabilities given the investment in the regeneration schemes by the Council's development partners. It is the responsibility of Regional Enterprise (Re) to support the Council in meeting its obligations under the Development Agreements.
- 4.6 The Outer London Fund Town Centres projects required the Council to take on a level of financial risk by undertaking a grant agreement and the subsequent delivery of the works included in the project. The Council is obliged to fund the costs of delivering the project objectives prior to being reimbursed by the Greater London Authority (GLA) by the end of 2013/14.
- 4.7 There is a risk that the delivery of physical and socio-economic regeneration could be endangered due to restrictions in the availability of third party funding. This could lead to reputational issues for the Council and resident dissatisfaction. The Council and Regional Enterprise (Re) will maintain close working relationships with development partners, the Greater London Authority and other government bodies to ensure a flexible approach to future problems that may threaten individual projects. The Council and Regional Enterprise (Re) will also keep residents well informed through appropriate communications and will work with development partners to undertake continual value engineering of development proposals.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 Pursuant to the Equality Act 2010 ("the Act"), the Council has a legislative duty to have 'due regard' to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between those with a protected characteristic and those without; and promoting good relations between those with protracted characteristics and those without. The 'protected characteristics' are ages, race, disability, gender reassignment, pregnancy and maternity, religion or belief and sexual orientation. The 'protected characteristics' also include marriage and civil partnership, with regard to eliminating discrimination.

- 5.2 The Regeneration and Growth Programme will follow the principles set out in the London Borough of Barnet Equalities Policy (revised January 2014).
- 5.3 The Council is committed to improving the quality of life and wider participation for all in the economic, educational, cultural, social and community life in the Borough. This is achieved by pursuing successful regeneration of the Borough's regeneration areas. This will benefit all sections of society and the Borough's diverse communities who are seeking housing and contribute to addressing the shortage of housing in the Borough across all tenures.
- 5.4 The regeneration schemes will deliver a mix of approximately 15,000 new affordable, intermediate and private sale flats and houses (excluding Colindale). The developments will also provide new community facilities and commercial units for business to rent or lease. The Council will have 100 per cent nomination rights to the new affordable housing on the housing estate regeneration schemes and re-housing offers will be made to all the existing secure tenants on the existing housing estates who live in a property to be demolished. Thus the regeneration schemes will provide new areas of mixed tenure housing that will make these parts of the borough better place to live and contributing to improved community cohesion in areas with highly diverse populations.
- 5.5 The Skills, Employment and Enterprise Action Plan has the main aim of addressing unemployment and deprivation through specific initiatives to support our most vulnerable residents. It also aims to support business and employment growth.
- 5.6 Also included in the Skills, Employment and Enterprise programme is our work on town centres. The Outer London Funded town centre projects support Barnet's aspiration to create the right environment for vibrant and viable town centres in the borough. Integral to this is the need to respect the diversity of the town centre network and to take into account the different requirements of each town centre, and the different needs and preferences of those who use them. The actions aim to deliver economic uplift to the area, the benefits of which can be shared by all those who live, work and use the North Finchley and Cricklewood town centres. Work is also underway on other Priority Town Centres.
- 5.7 On 12th December, Health Overview and Scrutiny Committee considered an interim update report on GP services, from NHS England and the Council's Regeneration. The Committee resolved that health provision across the Borough is monitored by the Health and Well-being Board. An Estates Working Group had been established with representation from Barnet Clinical Commissioning Group, NHS England, NHS Property Services and the Council to improve joint working on NHS estates issues.
- 5.8 Work is also underway in partnership with the public health team, to understand the health challenges faced by communities in Barnet and identify the health priorities when designing places.

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

6.1 Finance

- 6.1.1 The Council's development partners are currently responsible for a substantial amount of the Council's costs to bring these schemes to fruition. The Principal Development Agreements and Regeneration Agreements allow the Council to recover its costs at certain stages of the regeneration projects.
- 6.1.2 On each scheme, the Council's costs are budgeted and recorded on a monthly basis, and are invoiced either quarterly or towards the end of each financial year, depending on the terms of the agreement with the development partner. It is the responsibility of Regional Enterprise (Re) to manage the project budgets and manage the reclaim of costs on behalf of the Council.
- 6.1.3 In order to receive the Outer London Funding for Cricklewood and North Finchley, the Council was required to provide an element of match funding. Details of this were set out in the Delegated Powers Report, 30 August 2012 (number 1,773).
- 6.1.4 Funding for the Platforms Programme was approved up to 31 March 2014. Platforms Phase 1 is now complete. Phase 2 contains two projects which are based on payment-by-results for completion of 3 month work placements through Internships and Voluntary Sector placements. The completion of some of these placements will be beyond 31 March 2014. Approval is being sought by a separate DPR to roll the funding into the financial year of 2014/15 to allow payments of this committed spend to the outcomes being completed.
- 6.1.5 The implications in relation to funding the regeneration programme have been included in the Council's Capital Programme 2014/15 where appropriate.

6.2 Performance and Value for Money

- 6.2.1 The Council and its development partners have obligations within the respective Principal Development Agreements to maintain a transparent and open book approach to the management and monitoring of each development. The Council has the right to access management accounts and other relevant documentation to ensure that information being provided in connection with financial matters is accurate and accords with 'Value for Money' criteria.

6.3 Property

- 6.3.1 The Principal Development Agreements for each of the estate regeneration schemes commit the Council, subject to certain pre-conditions, to the phased disposal of all land and property owned by the Council within the area for redevelopment to its respective developer partners, as and when certain pre-conditions and processes are satisfied, and subject to appropriate consent from the Secretary of State. In general the land will be disposed of at nil value. Where the land/property has been specifically acquired by the Council to enable the regeneration schemes to proceed (for example, properties acquired because of hardship, or pursuant to Compulsory Purchase Orders),

then all costs incurred by the Council in these acquisitions will be reimbursed as project costs. If the regeneration schemes yield profits above agreed thresholds, the Council will generally receive a share of the eventual profits known as overage.

6.4 Procurement, Staffing, IT and Sustainability

6.4.1 The Growth and Regeneration Programme is now delivered for the Council by Regional Enterprise.

6.4.2 Procurement requirements for technical experts and professional support services will be identified in the Council's Procurement Forward Plan as appropriate.

6.4.1 There are no issues to report around Procurement, Staffing, IT and Sustainability.

7. LEGAL ISSUES

7.1 All of the Council's regeneration schemes are regulated and governed by Development Agreements. Each of these Development Agreements are long term, legally binding agreements, under which, all parties, usually made up of the Council, a Private Sector Limited Company and a Registered Provider as well as any Special Purpose Vehicles or subsidiaries of the development partners required for the delivery of the schemes, have obligations and responsibilities which in the event they are not fulfilled, could give rise to legal liabilities.

7.2 Most of the Development Agreements and ancillary documents were made pursuant to the now defunct, "wellbeing power" under Section 2 of the Local Government Act 2000, whilst the more recent ones have been or are being entered into pursuant to the general power of competence provisions of Section 1 of the Localism Act 2011. In entering into disposal, appropriation and acquisition arrangements, the Council is also relying upon its powers to deal with land contained in the Local Government Act 1972, the Housing Act 1985 and the Town & Country Planning Act 1990.

7.3 Regional Enterprise (Re) is responsible for supporting the Council in meeting its obligations under the Development Agreements.

7.4 The Outer London Fund projected in Cricklewood and North Finchley required the Council to enter into legally binding agreements with the Greater London Authority for the period of the two year Grant.

8. CONSTITUTIONAL POWERS (Relevant section from the Constitution, Key/Non-Key Decision)

8.1 Council Constitution, Responsibility for Functions – Section 4.6 details the functions of the Cabinet Resources Committee which includes 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 An external review of the Council's Regeneration Service was undertaken in 2011. At its meeting on 28 February 2012, Cabinet Resources Committee agreed the findings of the Regeneration Review and the proposed next steps which included a recommendation for reporting on the regeneration schemes and skills and enterprise activities by way of an annual progress report. The rationale for an annual report was to provide momentum and an opportunity to report success, rather than the minutiae of delivery.
- 9.2 The first annual Regeneration Report was considered by Cabinet Resources Committee on 17th December 2012. The Committee endorsed the general progress being made towards delivering the Borough's regeneration schemes and skills and enterprise activities, including key wins, achievements and successes in the last twelve months as well as current challenges and expected activities in 2013.
- 9.3 From 1st October 2013, the Council's Regeneration Service was outsourced, as part of the development and regulatory services, to Re, the joint venture between Capita and the Council. The timing of the Annual Report has been altered to match the contractual cycle.
- 9.4 An interim update report on the Growth and Regeneration Programme was considered by Business Management Overview and Scrutiny on 6th January 2014. This report updated the Committee on the progress being made towards delivering the Borough's regeneration schemes and skills and enterprise activities, including key achievements and successes in the last twelve months as well as expected activities to end March 2014.
- 9.5 The Growth and Regeneration Programme Annual Report attached in appendix one, provides a detailed analysis on the progress being made towards delivering the Borough's regeneration schemes and skills and enterprise activities, including key achievements and successes since the report of November 2012, as well as expected activities for 2014/15.

10. LIST OF BACKGROUND PAPERS

- 10.1 None

Cleared by Finance (Officer's initials)	JH
Cleared by Legal (Officer's initials)	MA