

	Assets Regeneration and Growth Committee 24 July 2017
Title	Brent Cross Cricklewood Update Report
Report of	Deputy Chief Executive
Wards	Childs Hill, Golders Green and West Hendon
Status	Public with separate exempt report - Not for publication by virtue of paragraphs 3 and 5 of Schedule 12A of the Local Government Act 1972 as amended (as this relates to the financial affairs of the authority and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings).
Urgent	No
Key	Yes
Enclosures	Appendix 1 Executive Summary Brent Cross South Business Plan Appendix 1a (Exempt) Brent Cross South Business Plan A Appendix 2 First Phase Proposal Summary Appendix 2a (Exempt) First Phase Proposal Appendix 3 (Exempt) Note of agreed amendments to the First Phase Proposal Appendix 4 Emerging Station Design Appendix 4a (Exempt) Network Rail Heads of Terms
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Summary

This report provides a progress update since the last Committee on 24 April 2017 on key areas of activity and progress across the Brent Cross Cricklewood programme.

In particular, the report seeks approval of the Brent Cross South (BXS) Business Plan and BXS First Phase Proposal and notes that best value consideration for the council's land assets within the phase proposal has been confirmed by the council's phase proposal valuer. The report seeks authority for the Chief Executive to determine best consideration and that the value be re-invested in BXS to secure a revenue stream and that officers explore options for the nature of this re-investment for consideration by the Committee later this year. The report also includes a progress update on the station project, with particular focus on the forthcoming CPO3 in September and progress being made on private treaty negotiations with DB Cargo, North London Waste Authority and Network Rail. The report also provides the Heads of Terms of for a conditional contract to acquire the non-operational land currently owned by Network Rail. These Heads of Terms are currently being negotiated and are conditional on the station contract being let and being funded from the Thameslink project.

Recommendations

That the Committee note:

- 1) The content of this report and progress made on the BXC workstreams across the programme;**
- 2) That the BXS First Phase Proposal accords with the business plan submitted to this committee for approval and is within the parameters set by the BXS Project Agreement;**
- 3) That CBRE have confirmed the Phase Proposal with the agreed amendments represents Best Consideration in accordance with the Best Consideration Mechanism as detailed in the Brent Cross South Project Agreement, and that the indicative land value at this stage is £10.5m;**
- 4) The progress, as set out in paragraphs 1.49 – 1.53, that has been made with private treaty negotiations to acquire land and new rights within the CPO3 Order land, and to note that in accordance with the Committee approval given on 5 September 2016 the Deputy Chief Executive will be approving the entering into by the council of agreements and undertakings with third parties who are affected by CPO3 (including DB Cargo, North London Waste Authority and Network Rail).**

That the Committee:

- 5) Approve entering into an Integrated Programme Management Office (IPMO) co-operation agreement with Hammerson, Standard Life Investments and BXS JVLP to better manage areas of interface between BXN, BXS and Thameslink projects; and delegate to the Chief Executive in consultation with the Chairman of the Committee to negotiate and take all necessary steps to agree and enter into the IPMO**

co-operation agreement;

- 6) Approve the Brent Cross South (BXS) Business Plan and First Phase Proposal as attached to the Exempt report and summarised in Appendix 1 and 2;**
- 7) Authorise the Chief Executive to determine that the Best Consideration requirement has been met following approval of the Business Plan by the Committee and on receipt of a formal letter on Best Consideration from the Phase Proposal Valuer;**
- 8) Approve that the council Land Value be re-invested in BXS to secure a revenue stream;**
- 9) Authorise Officers to explore options for securing this investment in a way that is aligned to Argent Related's interests for consideration by the Committee later this year;**
- 10) Authorise the Chief Executive in consultation with the Chairman of the Committee to update and make any consequential changes as may reasonably be required to the Project Agreement in light of the Business Plan and First Phase Proposal;**
- 11) Delegate authority to the Deputy Chief Executive to agree and take all necessary steps to enter into Asset Protection Agreements with Network Rail to continue the GRIP 4 work.**

1. WHY THIS REPORT IS NEEDED

- 1.1 This report provides a progress update on the comprehensive regeneration of the Brent Cross Cricklewood area since the last Committee meeting on 24 April 2017 and seeks the required approvals to ensure that the project momentum is maintained.

Background

- 1.2 As the Committee is aware, Hammerson UK and Standard Life (the Brent Cross North Partners/HSL) intend to deliver the redevelopment of the shopping centre at Brent Cross and the land around it, together with the elements of the critical infrastructure that are required on and to the north of the North Circular, to support the comprehensive regeneration proposals. The council with Argent Related will deliver the southern parts of the Brent Cross Cricklewood Regeneration masterplan, including the southern elements of the infrastructure and the land to be redeveloped in connection with the station improvements. The council is leading on the delivery of the new Thameslink Station within the regeneration area, working together with public sector partners. The council is committed to steering and supporting the delivery of community engagement activities across the regeneration programme.

- 1.3 A progress update since the last Committee on 24 April 2017 is set out below and Members are referred to earlier reports for further context, particularly the Committee dated 17 March 2016 which details the BXS joint venture structure and legal documentation.

Project Update

Brent Cross North

- 1.4 The Brent Cross North Partners have now submitted a reserved matters application for the detailed design of the shopping centre. The application was registered under planning reference 17/2963/RMA on 19th May 2017. The BXN Partners have also submitted planning applications to undertake early enabling works, which are anticipated to start on site in November 2017. The Partners are continuing to progress the approval in principle infrastructure designs for approval by the Highways Authorities (LBB, TfL and Highways England) and negotiating the required Infrastructure Agreements to undertake the necessary works to the public highway and ensure the delivery of the significant road infrastructure improvements.
- 1.5 In respect of the relocation of the residents within the CPO1 area of the Whitefield Estate, the BXN Partners are continuing contractual negotiations with Catalyst (the selected preferred Registered Provider) and anticipate that this will be concluded by end of July. Whilst this is taking longer than anticipated, this delay does not impact upon the programme to deliver the replacement units.
- 1.6 The BXN Partners are now in the final stages of concluding third party investment into the scheme. Consequently, as reported to the Committee in April, the BXN Partners are now restructuring the joint venture and putting the necessary legal arrangements in place, which should be completed shortly. As part of the legal documentation, the parties have agreed to enter into an IPMO co-operation agreement to better manage areas of interface between BXN, BXS and Thameslink projects.
- 1.7 In relation to the programme, the BXN Partners continue to anticipate undertaking early construction work in autumn 2017, with an anticipated main construction start date for the Phase 1a Infrastructure and Phase 1b Shopping Centre works in mid-2018, with a target completion date September 2022.

Brent Cross South

- 1.8 The south side legal documentation (which includes the Project Agreement, Limited Partnership Agreement, Shareholder Agreement and associated documentation) was completed on 11 July 2016, and the Brent Cross South (BXS) Joint Venture Limited Partnership (JVLP) formally created. The report to the Committee dated 17 March 2016 summarises the joint venture structure and legal arrangements.

Business Plan

- 1.9 As previously reported, the BXS JVLP has been updating the BXS Business Plan, which describes the actions required to meet the BXS vision shared by the parties, and through this route guide the activity, roles, responsibilities and obligations of the parties. The Business Plan is a live document capable of being reviewed as required.
- 1.10 The Committee will recall approving the updated Strategy and Implementation chapters in April 2017. The updated financial model underpinning BXS has been used to inform the development content and the financial chapters of the Business Plan setting out the delivery of a phased development including the content of the Phases, projections of their financial viability and programme for implementation of the phase and project, which are now included within the final revised Business Plan for approval. The Executive Summary is attached at appendix 1.
- 1.11 Committee should note that the final confirmed copy of the Business Plan will be distributed with the final phase proposal. Committee should also note that any future changes to the Business Plan will need to be approved by the council acting as shareholder in the General Partner.

First Phase Proposal

- 1.12 In line with the draft Business Plan and in accordance with the Project Agreement, BXS JVLP submitted the First Phase Proposal (FFP) on 30 June to the council for approval. The first phase proposal is attached to the exempt report and a summary is attached at appendix 2. The document sets out the details of the proposed development within the BXS first phase setting out the floorspace, uses, infrastructure and public realm and timetable for development as well as the council's potential entitlement to land value.
- 1.13 The FFP represents the first important step in converting the vision of a new town centre for north west London into a physical reality, building upon the extension to the Brent Cross Shopping Centre.
- 1.14 The FFP covers an area of 4.61 hectares (11.41 acres) in the Market Quarter and part of the Eastern lands area to the west of the proposed Living Bridge, in addition to Claremont Park and Clitterhouse Playing Fields. The proposal includes 10 building plots providing 101,728.8 sqm (1,095,000 sqft) net internal development, including 1,165 new homes providing a mix of market flats for sale, build to rent and affordable housing, including the 110 Part 2 Whitefield Estate replacement units, 6503.21 sqm (70,000 sqft) of work, accommodation for 390 students; a 250 bedroom hotel, health and community facilities, and retail and restaurant space. Together with the units being provided by Hammerson this will ensure the reprovision of all Whitefields estate units, on at least a like-for-like basis. The uses outlined in the FFP will establish a mixed use sustainable community from the outset, providing homes for a wide range of demographic groups. The workspace will provide an important role in bringing early employment opportunities into the scheme

which will, alongside the supporting food and café uses, achieve the place making objectives in the early phases.

1.15 There are only limited grounds on which the Council (as landowner) can withhold approval (as landowner) of the FFP. As explained in the report to Committee dated 17 March 2016, the council's ability to withhold consent as landowner is limited to the following circumstances. Paragraphs 1.16-1.28 explain that none of these circumstances apply:

- 1) The council has not received confirmation of best consideration from the Phase Proposal Valuer (see below);
- 2) Where the matter is one of housing management and the council reasonably believes that vacant possession could not be obtained within the proposed programme;
- 3) The Phase Proposal includes open space which the council does not anticipate it will be able to dispose of having considered relevant representations;
- 4) The council believes that the consent of the Secretary of State is unlikely to be obtainable (where required);
- 5) The Phase Proposal does not include a drawdown conditions longstop date. In this regard, the parties have agreed that there will need to be a rolling programme of the dates by which Plots should be drawn down in order for the project to progress in accordance with the programme. In particular, note that JVLP cannot draw down Plots where it is in default under the terms of the Project Agreement.

1) The council has not received confirmation of best consideration from the PP valuer.

1.16 Based on the Best Consideration mechanism and overage provisions as set within the Project Agreement that was agreed by Assets, Regeneration and Growth Committee on 17th March 2016, the council's duty to obtain best consideration must be achieved at approval of the First Phase Proposal. At this time, the council is confirming that best consideration sign off has been achieved for the council to dispose its land assets to BXS JVLP for development. This sets the minimum council's land value to be achieved at the next viability appraisal date (see below). The indicative value at this stage for the Council's land interests in the first phase is £10.5m

1.17 The council's actual land value will be reviewed at the Phase Unconditional Date, at which time the scheme design will have significantly progressed with greater certainty on costs and assumptions, and the achievement of conditions relating to land assembly, planning, highways, developer, warranties, funding and pre-let. If the council land value is less than that agreed at the Phase Definition date, the viability test is not passed and the parties will work together to try and improve viability. Assuming the Phase

Unconditional Date does occur, the land value is not crystallised (and can go up and down therefore) until satisfaction of a subsequent viability test prior to drawdown of the individual development plots within a phase.

- 1.18 On 17th March 2016, Assets, Regeneration and Growth Committee approved the Best Consideration Mechanism for the council land assets in accordance with S233 of the Town and Country Planning Act 1990 as set out in the BXS Project Agreement and authorised the Chief Operating Officer (Section 151 Officer) to determine Best Consideration in accordance with the Project Agreement. As the Chief Operating Officer post no longer exists within the council structure, Committee approval is sought for the Chief Executive to determine best consideration based on the advice provided by the Phase Proposal Valuer as set out below.
- 1.19 Prior to presentation of a Phase Proposal by JVLP to the council, the council is given the opportunity to consider the inputs and assumptions made in the financial model which calculates (amongst other things) the potential viability of the proposed Phase and the council's potential entitlement to land value. The council at this point is able to consider how it wishes to receive its land value.
- 1.20 CBRE were instructed to undertake this valuation work as Phase Proposal Valuer (PP Valuer) following approval of their appointment by the Committee on 24 April 2017 in order to determine best consideration of the council's land assets with the Phase Proposal in accordance with Section 233 of the Town and Country Planning Act (TCPA) 1990. GL Hearn has continued to advise the council directly on all other BXS property matters. Whilst the council has not received independent advice from a quantity surveyor, the council will be benefiting from a collateral warranty from Gardiner and Theobald as to the reasonableness of the assumptions used in relation to the estimated cost of development.
- 1.21 Since 24 April 2017, CBRE have been meeting with Argent Related as development manager on a weekly basis to understand the emerging FFP with particular focus on the assumptions contained within the financial model. Following the submission of the First Phase Proposal to the council on 30 June, CBRE have now had the opportunity to undertake a detailed review of the phase proposal and the agreed amendments are set out in appendix 3.
- 1.22 It is expected that the council's land value will improve. However, as explained above, should the council land value fall below £10.5 million at the Phase Unconditional Date, the council has the decision whether to proceed, or wait for the council land value to improve.
- 1.23 In addition to the arrangements for payment of the council's land value, the council will also be entitled to a share of the surplus in JVLP as reported to the Committee on 17 March 2017 – a surplus will be generated within JVLP where the value of the land within the project exceeds the costs of acquiring and servicing (putting in infrastructure) that land. That increased land value is crystallised on the disposal of serviced plots to developers.

1.24 On this basis, CBRE have now confirmed to London Borough of Barnet (LBB) as landowner that best consideration has been achieved to dispose of the council's land assets within the First Phase Proposal to the Brent Cross Limited Partnership (BXSLP) under the Project Agreement in accordance with Section 233 of the Town and Country Planning Act (TCPA) 1990. This power is relevant as it is anticipated that all of the land has been or will be appropriated for planning purposes (and land not so appropriated is anticipated to be sold under s123 LGA 1972). Consequently following the approval of the updated Business Plan and receipt of a formal letter from CBRE, the Chief Executive will determine that the best value consideration test has been met.

2) Where the matter is one of housing management and the council reasonably believes that vacant possession could not be obtained within the proposed programme.

1.25 The majority of land is within the First Phase proposal is within council ownership and is also included within the CPO1 and CPO2 Order lands. Only the Whitefields estate is land to which matters of housing management could apply. The council believes that vacant possession within the proposed programme can be achieved.

3) The Phase Proposal includes open space which the council does not anticipate it will be able to dispose of having considered relevant representations.

1.26 The Phase Proposal does not include open space which the council does not anticipate it will be able to dispose of having considered relevant representations.

4) The council believes that the consent of the Secretary of the State is unlikely to be obtainable (where required).

1.27 The council believes that the consent of the Secretary of the State is obtainable (where required).

5) The Phase Proposal does not include a drawdown conditions longstop date. In this regard, the parties have agreed that there will need to be a rolling programme of the dates by which Plots should be drawn down in order for the project to progress in accordance with the programme. In particular, note that JVLP cannot draw down Plots where it is in default under the terms of the Project Agreement.

1.28 The Phase Proposal includes a programme establishing the drawdown conditions long stop date. The Phase Unconditional Longstop Date has been set at 17 December 2018.

Re-investment of council Land Value

- 1.29 The options for how the council takes its land value are set out in the Exempt report to the Committee on 17 March 2017. The council could take its land value as a capital sum at plot drawdown, which represents the most risk free approach. However, in order to take advantage of the value that will be created through the regeneration and placemaking in the early phases, the Committee is asked to approve that the council reinvest the council's land value in BXS and commission officers to explore options for consideration by the Committee later this year. The aim of such investment will be to secure a revenue stream for the Council, and align the Council's financial interests with those of its development partner.
- 1.30 In the delivery of major property development projects, it is generally accepted (although difficult to empirically prove) that, by virtue of their scale and capacity to re-shape the public realm and create successful new places, large projects are able to generate a property value gain across the phases of their delivery. This value gain is over and above any 'background' market inflation.
- 1.31 In February 2016 the Royal Institution of Chartered Surveyors (RICS), in conjunction with CBRE, published an Information Paper entitled "Placemaking and Value" (1st edition). The paper is the product research that sought to understand the relationship between the various design features and delivery mechanisms of a large residential scheme, and the end-sales values achieved. The research found that 'placemaking' does add commercial value but that there is considerable disparity in the size of the premium, from between five per cent and 50 per cent.
- 1.32 In embarking on the development of Brent Cross South, it is the opinion of Argent Related and the JVLP that the regenerative benefits of the scheme will lead a local 'placemaking premium' in both the existing local property market but also through the early phases of delivery. It is not possible though to formally or robustly forecast this change.
- 1.33 The Council, as landowner, always expected there to be a 'placemaking premium' through the delivery of Brent Cross South and the terms of the Joint Venture are designed to give the Council a number of ways to capture and benefit from such an outcome. The choice of whether to take a capital receipt for its land value, or to reinvest in the Phase in question, is just one of these opportunities.
- 1.34 The decision whether to invest in a given plot or given phase will be decided on its merits. Given the very early stage of delivery, and the large potential gains that may arise through delivery, Committee is asked to approve that the council reinvest the council's land value in BXS and commission officers explore options for consideration by the Committee later this year.

Thameslink Station

- 1.35 The council is continuing to work with the GLA, HM Treasury, DCLG, Network Rail and the Department for Transport to deliver the new Thameslink Station and associated infrastructure within the regeneration area..
- 1.36 In order to meet the Thameslink Station delivery timetable as explained in previous reports, Development Services/Implementation Agreements with Network Rail are required to progress the GRIP4 design development and allow intrusive ground investigation works, detailed planning applications to be submitted and engineering approval in principle designs (AIP) to be completed, enabling design freeze and cost certainty and mitigating the risk of any redesign as well as informing the GRIP5 (Detailed Design) process.
- 1.37 The GRIP4 design has been divided into three phases. As previously reported the phase A works were instructed in March 2017. The phase B works have now been instructed for the entire GRIP4 package in June 2017. Phase C covers the Asset Protection elements which is currently under review by the respective project teams to be agreed by August 2017.
- 1.38 Asset protection is an essential part of the GRIP4 process, ensuring the design of the line side rail systems, station design and associated signalling is reviewed and approved in accordance with appropriate Network Rail Asset Protection standards. This agreement will cover roles, responsibilities, indemnities and cost recovery costs. Consequently, the Committee's approval is sought to delegate authority to the Deputy Chief Executive to agree and enter into Asset Protection Agreements with Network Rail to continue the GRIP 4 work and address the matters outlined in paragraphs 1.36 and 1.37 above. These agreements are currently being reviewed and are anticipated to be entered into in August 2017 to maintain programme.
- 1.39 The new station design is progressing along the chosen option of 4 platforms, with a single bridge serving the purpose of a public right of way footbridge, as well as access to the new platforms. The emerging station design is attached at appendix 4.
- 1.40 The proposed station form consists of the following components:
- Western entrance building located in the existing cinema car park on Geron Way which includes vertical circulation to the station footbridge
 - Eastern entrance building which will be delivered by the Brent Cross South development
 - A footbridge across the railway lines from the western entrance building to the eastern entrance building which is a 24 hour public right of way
 - Station concourse which is at footbridge level above the railway lines and which is accessed by the footbridge
 - Two island platforms with two platforms faces each, one servicing the up and down slow lines and one servicing the up and down fast lines
- 1.41 As explained in section 5.7 of this report, public consultations and stakeholder sessions were carried out in April to support the Waste and Freight Facility design development. These sessions have resulted into a number of

modifications to the facilities taking responses into consideration. Further consultation was held between 26 June – 6 July seeking comments on the emerging Station design and updated Waste and Freight proposals. It is anticipated that the necessary planning applications for these works will be submitted to the council by the end of August 2017. The planning applications in respect of the relocated sidings will follow later in the year.

- 1.42 The first planning application has been submitted to support the Thameslink Works. A re-phasing application was submitted in June 2107 to bring forward the Thameslink Station and critical infrastructure into Phase 2 of the BXC scheme.

Station Naming Process

- 1.43 The selection process is underway as previously reported to the Committee. It is anticipated that a final decision on the name will be confirmed by October 2017. A more detailed update will be provided to the September meeting of the Committee.

Network Change

- 1.44 As the Committee is aware, the council is working closely with Network Rail with regards to the delivery of the Thameslink Station on a number of key workstreams in addition to design. Network Rail are taking the lead as the project sponsor for the regulatory processes that must be followed when a material change is proposed to the operation of the rail network, such as providing the Thameslink Station and Stabling/Sidings. This process is referred to as 'Network Change'.
- 1.45 The Network Rail Sponsor issued part 2, the 'Notice of Intended Scope' to the railway stakeholders. Responses have been received from the main stakeholders and these are being considered by Network Rail along with a revised timeframe for completion of the process in March 2018.

Procurement

- 1.46 The Thameslink Works programme is divided into a number of different work packages. Following the Committee approval in respect of the Procurement Strategy on 24 April 2017, the council is currently undertaking a detailed review of the proposed options and anticipate that recommendations will be made to the Chief Executive later this year. The Committee will be kept updated on progress.

BXC Assurance

- 1.47 As noted at the last meeting, the council, along with its public sector partners are commissioning a Gateway Audit led by HM Government Infrastructure & Projects Authority (IPA). Preparatory meetings have been arranged and the review is scheduled to take place in early September. IPA reports are not public documents, but it is anticipated that the report will be shared with the Audit Committee as a confidential item.

BXC Land Assembly

CPO1 AND CPO2

- 1.48 In respect of CPO1 and CPO2, the Committee will recall that the CPO Inquiry formally closed in July 2016 and the council is awaiting the Secretary of State decision. This is anticipated in Autumn this year. The council's advisors, GL Hearn are continuing to negotiate with landowners within the CPO areas to acquire the necessary land and rights needed for the Brent Cross North and South schemes.

CPO3

- 1.49 The making of a compulsory purchase order to assemble the land and new rights required to develop (1) the Thameslink station and associated infrastructure work packages and (2) the Station District that forms part of Brent Cross South was approved by the Committee on 5 September 2016 (known as CPO3). CPO3 was subsequently made on 7 September and the 28 day objection period expired on 13 October 2016. The Planning Inspectorate has now confirmed a CPO Inquiry Date of 5 September 2017. A Pre Inquiry Meeting was held on 7 June 2017.
- 1.50 Objections have been received from those with a property interest in the area as well as from those within the local community. These include objections from North London Waste Authority (NLWA), Network Rail, DB Cargo, Bestway (Palmbest), Cemex and GB Railfreight. The council and its advisor GL Hearn are continuing to address these objections and are seeking to negotiate by private treaty to acquire the land and interests required to deliver the Thameslink Station and Station District.
- 1.51 In respect of the legal agreements required to support the CPO process, the Committee will note that in accordance with the Committee approval given on 5 September 2016, the Deputy Chief Executive will be approving the entering into by the council of agreements and undertakings with third parties (including DB Cargo, North London Waste Authority and Network Rail) who have an interest in the CPO3 Order Land which needs to be acquired and/or over which new rights need to be created.
- 1.52 Negotiations for the necessary legal agreements with NLWA and DB Cargo are well advanced so as to deliver the waste and freight facilities respectively as detailed above. The completion of these agreements will enable their objections to the CPO3 to be withdrawn.
- 1.53 Network Rail has confirmed in writing their support in principle for the development of BXC including the Thameslink station. However, Network Rail has submitted an objection to CPO3, primarily on operational grounds, to preserve their ability to safely operate and maintain the railway. In order to resolve their objection the council and its legal advisors are negotiating a Deed of Undertaking with Network Rail to provide the framework for the

delivery of the station work packages and acquisition of the non-operational land for BXS.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The comprehensive regeneration of Brent Cross Cricklewood is a long-standing objective of the council and a key regeneration priority of the Mayor of London. The details of the scheme are set out in previous update reports to this Committee, most recently the report to December meeting, which can be accessed on this link:

<http://barnet.moderngov.co.uk/documents/s36613/121216%20-%20Final%20Draft%20BXC%20Update%20ARG%20Report%20v3.pdf>

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Alternative options have been considered and these options are summarised in previous reports.

4. POST DECISION IMPLEMENTATION

- 4.1 The council and its advisors will continue to progress all work streams to ensure delivery of the Brent Cross regeneration proposals as outlined in this report and approved by the Assets, Regeneration and Growth Committee.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.2.1 Previous reports describe in detail the ways in which the regeneration of Brent Cross Cricklewood supports the council's Corporate Plan 2015-20 as updated.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

Approved Capital Budget – Land Acquisitions

- 5.2.2 The current approvals for land acquisition are £59m with £37.2m available at the start of 2017/18, which covers Brent Cross North, South and some of the Thameslink development.

Brent Cross North

- 5.2.3 The Brent Cross Principal Development Agreement confirms that the Brent Cross North Partners (HSL) are obliged to pay the council's (and their consultants) costs in connection with this project – this covers a range of costs, including land acquisitions, fees, highways works.

- 5.2.4 In relation to CPO 1, there are two main elements of costs associated with any potential CPO process – the costs of preparing and promoting the CPO itself, and the compensation and consideration to be paid to those whose land

and interests are acquired. In terms of the costs for resourcing the private treaty acquisitions, this will require input from internal and external resources covering various disciplines, including senior officers, legal input, surveying and valuation expertise. In respect of these acquisitions which fall in the northern part of the scheme, the HSL will meet all of these costs (including land acquisition) through the CPO Indemnity Agreement (CPOIA).

- 5.2.5 The council's 2017/18 draft revenue budget estimate for recoverable costs from the Brent Cross North elements totals £1.64m.

Brent Cross South and Thameslink

- 5.2.6 In relation to the land required to deliver the BXS first phase south side development, there is approved capital funding (see 5.2.2). This funding will be later recouped from the anticipated capital receipts of the south side scheme.
- 5.2.7 The BXS Project Agreement provides the framework for agreeing the council's land value, and in this regard CBRE has undertaken the necessary valuation work in respect of the signing off the inputs and assumptions to the financial model in respect of the BXS Phase Proposal.
- 5.2.8 The BXS Project Agreement and corporate documentation between Argent Related and the council, which deals with the delivery of the redevelopment and regeneration of the land to the south of the North Circular is now completed. A CPO Indemnity Agreement, under which Argent Related provide the council with an indemnity in respect of the costs of promoting the CPO and the compensation payable to third parties in respect of whose land and interests within CPO2 has been completed, and the CPO Indemnity Agreement for CPO3 is being finalised.
- 5.2.9 The current total approved Capital Budget for Thameslink is £41.64m. This includes £27.4m as approved by the Policy and Resources Committee on 27 June 2017, leaving £33.3m available at the start of 2017/18. The delivery of the Thameslink works, including land acquisitions, will be funded initially from the existing council capital budgets, further borrowing and also £97m DCLG grant funding, which is specifically for Thameslink. The DCLG Grant Agreement and GLA Funding Letter (agreeing to the ring-fencing of business rates) have now been signed and the first DCLG grant payment of £6m has now been received.
- 5.2.10 In terms of the costs of pursuing the CPO, this will require input from internal and external resource covering various disciplines, including senior officers, legal input, surveying and valuation expertise, planning input, input from the preferred developer when selected, technical input from engineers and consultants, and the cost of witnesses at the public inquiry. There will also be costs associated with the organisation and holding of the public inquiry. This is being met by the existing Thameslink Station and land acquisitions budget. Ultimately, the CPO3 acquisition costs will be funded from either JVLP, if appropriate, or the £97m grant referred to above.

5.3 Social Value

- 5.3.1 As indicated in sections within this report, the Brent Cross Cricklewood programme will secure wider social, economic and environmental benefits.

5.4 Legal and Constitutional References

- 5.4.1 The council has a range of powers to enter into the legal agreements envisaged by this report, including the general power of competence under Section 1 of Chapter 1 of the Localism Act 2011 to do anything that individuals can do subject to any specific restrictions contained in legislation and Section 111 of the Local Government Act 1972 which provides that a local authority has power to do anything which is calculated to facilitate, or is conducive or is incidental to, the discharge of its functions.
- 5.4.2 Additionally the council has the power to acquire and dispose of land in accordance with Sections 120 to 123(2A) of the Local Government Act 1972, and subject to obtaining all appropriate consents and approvals.
- 5.4.3 Where land is being and has been appropriated for planning purposes, any disposal of land appropriated for such purposes is effected in reliance on Section 233 Town and Country Planning Act 1990. On any disposal of property the council is required to observe the requirements of s123(2) of the LGA 1972 and Section 233 Town and Country Planning Act 1990 to ensure that any disposal is not for a consideration less than the best that can reasonably be obtained. Any land held for the purposes of part 2 of the Housing Act 1985 can be disposed of under section 32 of that Act either in reliance on a general or express consent of the consent of the Secretary of State.
- 5.4.4 Procurement of public works and services contracts over the relevant value thresholds must observe the requirements of the Public Contracts Regulations 2015, to include the placing of OJEU notices where such contracts are not drawn down from a compliant framework. The Public Services (Social Value) Act 2012 requires the council to consider whether it can achieve an improvement to the economic, social and environmental well-being of an area as part of the procurement of these services. If so, the social value objectives identified must be written into the procurement process. All of this must be achieved with regard to value for money and in a way that is compliant with existing public procurement law. "Social value" objectives can include the creation of employment, apprenticeship and training opportunities for local people, trading opportunities for local businesses and the third sector; and the promotion of equality and diversity through contract delivery.

5.5 Risk Management

- 5.5.1 The key risks and mitigations are summarised in the 11th July 2016 report, please see link here - <http://barnet.moderngov.co.uk/documents/s33190/Brent%20Cross%20Crickle>

5.6 Equalities and Diversity

- 5.6.1 As reported in successive meetings, the Development Proposals support achievement of the council's Strategic Equalities Objective.
- 5.6.2 The development proposals for the Brent Cross Cricklewood scheme will make a significant contribution to the provision of additional, high quality affordable housing units in the Borough as well as providing employment through the creation of a new town centre with leisure, health and educational facilities. The delivery of the Thameslink Station will enhance public transport provision and improve accessibility and provide greater choice for all. It should be emphasised that a fully integrated and accessible town centre will be created as part of these proposals.

5.7 Consultation and Engagement

- 5.7.1 The council continues to work closely with development partners from the north and the south side to develop and implement a coordinated communications strategy and stakeholder engagement approach across the whole programme.
- 5.7.2 All three projects provided an All Member Briefing to councillors on 26 April 2017 which was well attended and attendees welcomed the update. A follow up Briefing is scheduled for October and invitations will be issued in early September.
- 5.7.3 The joint monthly communications meeting continues to be held, attended by the council, Brent Cross North Development Partners and Argent Related (including their advisors Tavistock and Soundings) as well as TfL. Most recently the Communications Group has discussed the need for a co-ordinated approach to the communications around Brent Terrace.
- 5.7.4 A programme wide communications, engagement and consultation forward plan continues to be updated with a 3 – 6 month forward look of all planned and upcoming communications and engagement activities across the whole programme to enable better coordination and joined up working.
- 5.7.5 The Communications Group has facilitated the recent cross promotion of the BXT and BXS consultations, and the joined up approach to the press release to promote these significant milestones.
- 5.7.6 The Transport Communications Group – a sub-group of the Transport Advisory Group (TAG) – has begun meeting regularly to develop the transport communications plan with the affected highways agencies and developers. A workshop to identify the impacts and affected transport users (including pedestrians and cyclists) for the early works was held in June. Work will continue with TfL due to produce a draft plan in July.

- 5.7.7 Barnet officers have been invited by LB Brent officers to provide a briefing to members. Agreement in principle has been given, but the detail is being developed.
- 5.7.8 PEP the Resident Independent Advisor continues to hold monthly resident surgeries on the Whitefield Estate. Argent Related, L&Q, HSL and the council have also distributed FAQs to residents, to provide them further reassurance on the agreed relocation principles.

Brent Cross North

- 5.7.9 Barnet Homes are carrying out new housing needs surveys on the secure tenants who are living on the Whitefield Estate in Brent Cross North. The last surveys were conducted in 2013 and HSL are aiming to use this data to confirm the property type for plots 53 and 54.
- 5.7.10 The Brent Cross North partners gathered good press coverage, particularly in trade press, of the registration of their detailed design reserved matters application for the Shopping Centre in May.
- 5.7.11 Discussions are on-going about the best approach to communicating appropriately about the early works scheduled towards the end of the year which are not the commencement of work on the shopping centre but could be perceived as such by some members of the public.

Brent Cross South

- 5.7.12 Argent Related and Soundings produced a hard copy newsletter update to residents in April 2017 and June 2017 to promote the July consultation on the first buildings and plans for open space.
- 5.7.13 An Open spaces workshop and public exhibitions about the 1BS Draft Designs will be held week commencing 10 July before the submission of Reserved Matters Applications in September.
- 5.7.14 In respect of the Whitefield Estate Part 2 relocations, a draft Resident Guide is being finalised by Argent Related and L&Q, and this will be distributed to residents following its review by the Whitefield Residents Steering Group. L&Q is also arranging individual meetings with secure tenants and leaseholders. Barnet Homes will engage with the small number of non-secure tenants in due course.
- 5.7.15 Argent Related and L&Q are running a series of Design Workshops for residents. The aim is to provide an opportunity for residents to record their aspirations and priorities for the design of their new homes and the surrounding areas. The council has also provided a design training session for residents facilitated by Open City.

Thameslink

- 5.7.16 Following early consultation on the designs for the Waste Transfer Station and Rail Freight Facility, designs have been developed and consultation is currently (July) being carried out on the revised designs. The changes have been broadly well received.
- 5.7.17 Consultation on the station designs is also being carried out as part of this July consultation, with two Stakeholder Workshops, three public exhibitions and two weeks of online consultation, which overlaps with the BXS consultation period. This has been supported by a leaflet drop, press release, local advertising, and social media promotion. The online consultation, and the consultation materials, can be viewed online here: <https://engage.barnet.gov.uk/Brent-Cross-Station-and-Bridge> Work continues on agreeing Project Communications Protocol with Network Rail to govern communication with lineside neighbours.

6 BACKGROUND PAPERS

- 6.1 Assets, Regeneration and Growth Committee, 17 March 2016, item 14, Brent Cross Cricklewood Compulsory Purchase Order (No.3), <https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=8312&Ver=4>
- 6.2 Assets, Regeneration and Growth Committee, 17 March 2016, item 16, Brent Cross Cricklewood <https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=8312&Ver=4>
- 6.2 Assets, Regeneration and Growth Committee, 24 April 2017, Brent Cross Cricklewood Update Report <https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=8641&Ver=4>