

	<p>Assets, Regeneration and Growth Committee</p> <p>13 June 2019</p>
<p style="text-align: center;">Title</p>	<p style="text-align: center;">UPPER and LOWER FOSTERS</p>
<p style="text-align: center;">Report of</p>	<p>Chairman of Assets, Regeneration and Growth Committee</p>
<p style="text-align: center;">Wards</p>	<p>Hendon</p>
<p style="text-align: center;">Status</p>	<p>Public with accompanying exempt report -Exempt from publication in accordance with paragraphs 3 and 5 of Schedule 12A of the Local Government Act 1972 on account that it contains information relating to the financial or business affairs of any particular person including the authority holding the information and information in respect of which professional legal privilege could be maintained in legal proceedings.</p>
<p style="text-align: center;">Urgent</p>	<p>No</p>
<p style="text-align: center;">Key</p>	<p>Yes</p>
<p style="text-align: center;">Enclosures</p>	<p>None</p>
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Summary

The Upper and Lower Fosters (ULF) Site is a typical post-war council estate extending to 3.19ha, and currently comprises a 1960s housing estate formed of 196 existing residential properties, including 28 'Sheltered Housing' units, across 11 residential blocks. The existing residential blocks range between 2 and 11 storeys. In addition to the existing residential accommodation, the site also comprises Cheshire Hall (D1 Use Class) within Cheshir House; green open space; and assorted outbuildings.

The purpose of this masterplan is to fulfil the site's capacity to accommodate additional

housing, integrated with local open space and street improvements to create a better place to live. This report seeks approval of the recommendations set out below which include the Outline Business Case to deliver 217 additional mixed tenure homes of which 50% are affordable creating additional housing supply including much needed Extra Care facilities. Wider benefits will see improved public realm supported by good quality architecture, reinforcing local identity.

Officers Recommendations

- 1. That the committee notes the progress of the Upper and Lower Fosters Scheme to date.**
- 2. That the committee notes the capital budget required to progress the Upper and Lower Fosters scheme to RIBA stage 4a and that this is referred to the Policy and Resources Committee for approval**
- 3. That the committee approves the Outline Business Case appended to this Report and notes that the Full Business Case (FBC) for this development and the preferred delivery option will be brought to Committee at a later date.**
- 4. That the Committee approves the procurement strategy set out in this report and report back the final contract sum in the FBC.**

1. WHY THIS REPORT IS NEEDED

- 1.1 The report sets out the preferred way forward for the development of the ULF Site.
- 1.2 The Assets, Regeneration and Growth Committee (ARG) approved at its meeting on 9 July 2014, the approach to, and the principles underpinning, the creation of a development pipeline on Council owned land.
- 1.3 The Council's draft Housing Strategy 2019-2024 sets out the intent to deliver homes that people can afford by increasing housing supply, regeneration and growth. The strategy sets out how a continuing pipeline of developing on council land will secure a range of tenures, including mixed tenure housing with affordable homes funded by private sales, new affordable homes to rent, extra care and wheelchair accessible homes to reduce demand for care, and private housing for rent. 194 further homes are on site and will be completed over the coming months.
- 1.4 The Assets, Regeneration and Growth Committee (ARG) approved at its meeting on 27 November 2018, the balance of Capital budget to progress the Upper and Lower Fosters scheme to RIBA stage 3, and to discharge the costs associated with the submission of the planning application and the securing of an acceptable permission for the scheme and the preparation of an Outline Business Case (OBC) for subsequent approval by the Committee.
- 1.5 On 5th March 2019 Budget the Council approved the Corporate Plan, Medium Term Financial Strategy 2019/24 and Budget for 2019/20. This report included Appendix D1 that within the Deputy Chief Executive's section included a substantial forward

programme of income generating activities for the Estates Service and Housing Service collectively.

- 1.6 This report notes that many assets owned by the Council do not currently maximise the potential of the land upon which they are built. Such assets generally offer the potential for redevelopment of the land to provide a mixture of uses on site. In general, this potential improved mix would be a combination of community-oriented / commercial use, alongside housing.
- 1.7 The Council is committed to deliver its Housing targets set out in the Adopted Local Plan 2012.

2. REASONS FOR RECOMMENDATIONS

2.1 The ULF estate in Hendon Ward occupies 3.19 hectares and contains 196 existing homes built in the 1960's to a relatively low density. The estate design is of its time with much open space across the land parcel, making it suitable for new infill development. The site is located approximately 350m north-east of Hendon Central Station, which provides Northern Line access to Euston in 18mins. There are a number of bus stops along Brent Street to the east of the site and Queens Road.

2.2 The key project requirements are to;

- Develop additional housing and an improved public realm;
- Provide new quality development and significant local environmental improvements
- Maximising the provision of good quality housing by releasing value through private-for-sale units to cross subsidise the provision of affordable homes

The project team have been working extensively with community members for over two years, to learn about their priorities and co-design the masterplan with them. Stages 1 and 2 were completed in 2017/18 and the team submitted a planning application on 1st May which is due for determination in September 2019.

The process of co-design process and masterplan evolution has responded to a wide range of objectives and priorities. These priorities relate directly to Barnet's corporate priorities relating to **place, enterprise and people**.

- In terms of 'place', the co-design process has put the quality of the Fosters Estate environment as a top priority. The community made clear through the co-design process that the open character of their estate should be a key asset which is fundamental to the masterplan evolution.
- In terms of 'enterprise', whilst this is a housing scheme, the masterplan proposals will improve the relationship between the Fosters Estate and surrounding streets and the local high street of Brent Street which provides the local community with its day-to-day shopping needs. More people will rely on this local centre which will help to underpin the viability of local shops.
- In terms of 'people', the co-design process has helped put local people first, giving greater weight to the views expressed by the local community in the design process.

- 2.3 Barnet has the largest population of any London Borough with 394,400 residents. The figure is expected to grow 452,000 by 2036. With a third of the borough designated green belt, Barnet Council has to be innovative in how new homes can be built in the borough.
- 2.4 The Council's draft Housing Strategy 2019-2024 identifies that delivering more homes that people can afford is a key priority. The recent Strategic Housing Market Assessment showed a need to provide at least 3,060 new homes a year, to accommodate an expected 16% population growth by 2041.
- 2.5 MHCLG published figures show Barnet delivered just under 2,000 homes per annum over the past three years; 82% of its current target. To deliver an increase in housing completions requires the Council and wider public sector to increase its own pipeline of housing delivery. To that end the Council is reviewing its assets to consider all suitable sites for redevelopment potential.
- 2.6 In terms of affordability, strong demand has resulted in average house prices increasing to 15 times the median household income for Barnet. The delivery of new affordable rented homes, funded in a variety of ways, including mixed tenure development, will ensure the Council's estate is used to help meet the Housing Strategy objective - this is to prevent and tackle homelessness by reducing the use of temporary accommodation, to help meet Housing Committee savings.
- 2.7 **The purpose of the Regeneration Strategy, working alongside the Local Plan.** The Local Plan (2021-2036) sets out the vision for growth and development in the borough and the delivery of 32,200 new homes and 20,000 new jobs by 2030. The Regeneration Strategy builds on this, articulating the Council's approach to delivering growth and focusing on the places that need intervention. The strategy creates a framework to inform future decision making, and is accompanied by a Delivery Plan (to follow) which sets out how the council will direct future investment, the approach to securing funding and how we will form strategic partnerships.
- 2.8 All the new homes provided will meet the former Lifetime Homes standard through a standardised approach centred around Building regulations. At least 10% will be fully wheelchair adapted, meeting the objective in the Council's Housing Strategy of providing housing to support vulnerable people. The Council already provides a range of housing options for vulnerable adults with a focus on helping people live as independently as possible.
- 2.9 The Council have been awarded a grant allocation of circa £9.2m from the Greater London Authority (GLA) to support the provision of new homes on the estate development. The grant conditions require the development to have commenced on site by end of March 2021 and that affordable rents will be set for the affordable tenure dwellings. Current the Council are awaiting confirmation if award.
- 2.10 Significant progress has been made to date with the Community Steering Group through the co-design process, further delays could jeopardize the project due to a lack of momentum and interest from the community and supply chain.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 The design options considered and discounted were set out in the Strategic Outline Case and are set out in the RIBA stage 3 report. The current proposed delivery options have been appraised and are set out in the Outline Business Case, further appraisal to confirm the preferred option will be set out in the Full Business Case (FBC).

3.1.1 Do nothing:

This would limit the Council's ability to deliver the much-needed affordable housing and make use of the available land for infill development. It would also result in no improvement to current issues identified on the estate such as anti-social behaviour and fly-tipping, which require physical changes to be resolved long term.

3.1.2 Do Minimum:

This option could see the delivery of the replacement of Chesir House with 75 Extra Care units, however the wider benefits of estate regeneration would remain unresolved and not meet the Council's objectives of increasing housing supply.

3.1.3 Do Maximum:

Option 4a) Open Door Homes (ODH)

Opendoor Homes is a Registered Provider subsidiary within The Barnet Group. It has an independent board and is regulated by Social Housing Regulator. It is currently building some 350 homes across the Borough with funding provided by the Council. It is also seeking to purchase some 500 homes over the next 5 years with support from the Council to ease homelessness pressures in Barnet.

Under this arrangement ODH would enter into a typical s106 agreement to secure planning obligations. LBB would transfer land for nil value with 100% nominations right across all Affordable units. The Shared Ownership units would be sold with a 25% equity release and will be subject to a 250-year head lease between the Council and ODH.

The financial arrangements for this option are that the working capital for the scheme would be provided by the Council. This would be funded by way of a Public Works Loan Board facility. ODH would pay the Council a £2,000 per home dividend for each affordable rent homes in perpetuity and an additional margin on the loan (subject to MRP requirements). This would produce an additional benefit to the general fund of circa £3.65m over 46 years. This equates to circa £80,000 per annum (roughly equally split between the homelessness dividend and the loan margin charged to Open Door Homes).

The Extra Care scheme is fully funded by the Council and GLA grant so would be owned by the Council and managed by Barnet Homes and Your Choice Barnet.

ODH will undertake the development and management of the proposed development through RIBA stage 4-7 by way of The Barnet Group development team who have strong experience of both infill and Extra Care. The Sales & Marketing of the Private units would be managed by the appointed sales agents, any surpluses generated would be retained by the Council, the market risk however sits with the Council as the developer.

Option 4b) The Council appoints another funder to offset Sales risk

In broad terms, this structure may involve a joint venture arrangement between the Council and the funder with the creation of a limited liability partnership (“LLP”). It is envisaged that the joint venture arrangements between the Local Authority and the funder pursuant to the terms of an LLP Agreement would involve an equal 50% interest in the LLP.

This option would provide new social housing and contribute to the supply of housing overall within the Borough and would reduce the financial exposure to the Council but not provide the financial benefits of on-lending and the “homelessness dividend”. It may also be possible for the Council to enter into a similar s106 as above with another RP on a more competitive basis. The Council has looked at conversion of the 106 Private dwellings to affordable however this does not currently generate the equivalent in Capital values – an initial calculation suggested that a 100% affordable would result in a circa - £12m viability gap. Further work would need to be undertaken on this variance to confirm the position.

The RIBA stages 4-7 development management arrangements could still be taken forward by The Barnet Group Development Team or the JV. As above, the Sales & Marketing of the Private units would be managed by the appointed sales agents, any surpluses generated would be retained by the JV.

The Extra Care scheme is fully funded by the Council and GLA grant, so would be owned by the Council and managed by Barnet Homes and Your Choice Barnet.

Option 4c) The Council fund the entire development via the HRA

The financial arrangement for this option would be to have LBB fund total Development cost via a combination of the GF, HRA and Grant from GLA at £100k Affordable Rented units and £28k Shared ownership units. The affordable rent units would remain under LBB ownership, with 25% equity being released on the SO units and the private units sold on either a long lease or freehold basis.

As per the above options, the Development Management could still be procured via The Barnet Group Development Team who will manage the estate.

The appointed sales agents would undertake the Sales & Marketing and sales revenue would be returned to LBB.

This option does require further assessment for ring-fence, tax and legal implications.

4. POST DECISION IMPLEMENTATION

- 4.1 Approval of the budget from the Policy and Resources committee to be obtained

- 4.2 The Council will commission The Barnet Group to conclude the design development of stage 4 and report back to committee with a Full Business Case prior to the appointment of a contractor.

Procurement of a contractor to support the project will commence in line with the Barnet Group's Contract Procedure Rules. The section below sets out the procurement strategy for this project.

- 4.3 Land & property matters including appropriation, statutory requirements and consents, transfers of land, highways and other ancillary matters will be addressed during RIBA stages 4-7
- 4.4 A value for money statement will be prepared by an independent cost consultant including a tender report that includes benchmarked costs analysis
- 4.5 The project team will commission private treaty negotiations to commence the acquisition of the pram sheds. The existing stores are in poor condition and are being replaced on a like for like basis following feedback from the community steering group. Currently there are a total of 168 pram sheds; 107 – Tenanted properties & 61 – Leased properties.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The Corporate Plan 2019-2024 sets out the aim to ensure Barnet is a pleasant, well maintained borough that is protected and invested in by:

- a) Ensuring decent quality housing that buyers and renters can afford, prioritising Barnet residents that will be delivered by increasing supply to ensure greater housing choice for residents and delivering new affordable housing, including new homes, on Council-owned land.
- b) Investing in community facilities to support a growing population, such as schools and leisure centres that will be delivered by investing in community facilities such as enhancing our indoor and outdoor sporting facilities and maintaining our 21st century libraries;
- c) Responsible delivery of our major regeneration schemes to create better places to live and work, whilst protecting and enhancing the borough - delivered by working with The Barnet Group to deliver housing on smaller sites across the borough.

- 5.1.2 The Corporate Plan further sets out how the Council will deliver these ambitions within financial constraints by ensuring that taxpayers money goes as far as it can through adhering to the following key principles:

- a) A fair deal - by delivering the services that matter most and making decisions to prioritise our limited resources alongside providing value for money for the taxpayer by ensuring we are transparent in how we operate.
- b) Maximising opportunity - by taking a commercial approach to generating income, and looking for new opportunities to generate revenue from our estate, alongside

capitalising on opportunities from responsible growth and development to boost the local economy

- 5.1.3 The current London Plan and Barnet's Local Plan recognise the need for more homes setting a minimum annual target for Barnet of 2,439 homes. The new Council's Housing Strategy 2019-2024 continues to emphasise that delivering more homes that people can afford is a key priority.
- 5.1.4 The Council's Housing Strategy, agreed in 2019 has the overarching objective of providing housing choices that meet the needs and aspirations of Barnet residents and sets out how the Council will deal with a number of challenges including high prices, a shortage of affordable housing and the potential threats to the qualities that make the Borough attractive.
- 5.1.5 The draft London Plan recognise the need for more homes in the capital. Managing housing growth and the provision of new homes is the first objective set out in Barnet's Core Strategy. The London Plan and Core Strategy set challenging targets for the delivery of new housing, with the former having increased the minimum annual target for Barnet to 3,134 homes per annum.
- 5.1.6 The 2017-18 Addendum to the 2015-2020 Adults and Safeguarding Commissioning Plan includes the following commissioning priorities:
- Developing best practice social care, focused on what people can do and how they can help themselves;
 - Diversifying Barnet's accommodation offer to help more people live independently;
 - Transforming day care provision to ensure that people remain active and engaged through access to employment and volunteering;
 - Integrating health and social care services to prevent crises and help individuals stay well and in their own homes;
 - Improving the borough's leisure facilities to support and encourage active and healthy lifestyles; and
 - Expanding evidence-based prevention and early support, including technology, to make sure people can use services closer to home to help them stay independent for as long as possible.
- 5.1.7 The expansion of Extra Care provision supports delivery of these priorities. It also supports the priorities of the Joint Health and Wellbeing Strategy (2015 – 2020) and the strategy's themes of wellbeing in the community and care when needed. In addition, The Right Home Commissioning Plan, which was approved by Adults and Safeguarding Committee in June 2017, supports the use of Extra Care to extend residents' independence as they get older. The expansion of Extra Care also contributes to meeting the commitments of the Dementia Manifesto for Barnet, supporting people with dementia to live a full and active life, and enabling them to live at home for longer as part of an active and supportive Extra Care community.
- 5.1.8 The Barnet Housing Strategy identifies the need for the Council to secure new types of housing for Barnet's older population and working age adults with additional needs. One of the areas identified for expansion is the provision of Extra Care housing.

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

5.2.1 Housing committee savings targets identify provision of new affordable homes as a means of reducing costs associated with temporary accommodation. To enable current and future savings to be delivered, suitable sites must be identified. The Housing Committee is responsible for the Housing Strategy and Homelessness Strategy. The Policy and Resources Committee is responsible for the Local Plan and therefore the Council's overall housing target.

5.2.2 Barnet is currently over reliant on residential care, in the absence of alternative forms of accommodation and support. The lack of alternatives to residential care has been identified as one of the factors influencing families, individuals and professionals when choosing residential care. The chart below shows Barnet's comparative performance for the number of adults aged over 65 with permanent admissions to sheltered accommodation.

5.2.3 The graph below shows that Barnet has a high number of older people admitted to residential and nursing care when contrasted with other comparable outer London boroughs. While the number of elderly clients has not decreased, residential admissions have declined more recently due to changes in the approach taken by Barnet Council's Adults Services: this includes moving away from residential care provision, making better use of existing Extra Care facilities, and accommodating residents' wishes to remain in their own homes.

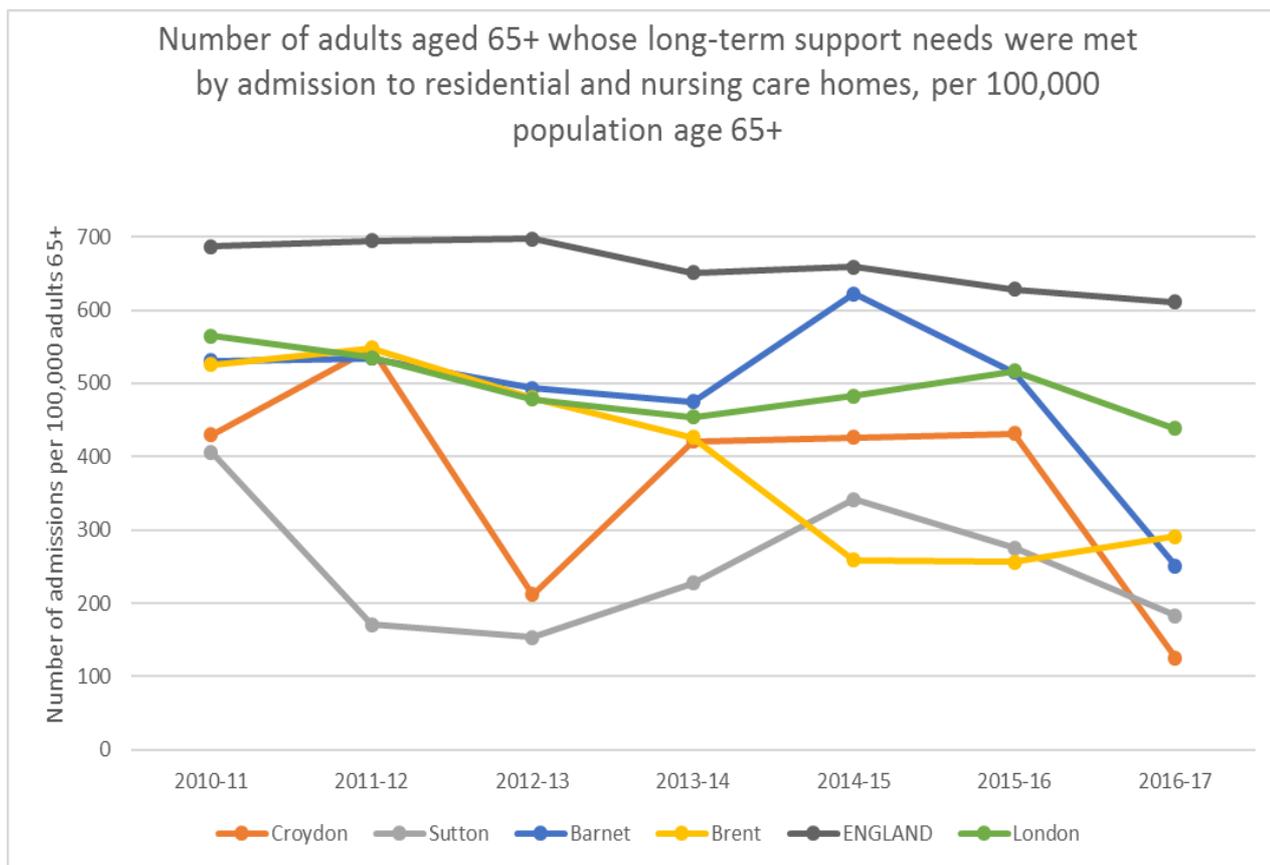


Figure 1 - Admission to residential and nursing care homes, 2010-17.

Source: Measures from the Adult Social Care Outcomes Framework 2016-17, NHS Digital.

5.3 Admissions to Residential Care Working Age Adults LBB 2010 – 2016

- 5.3.1 Residential care is a relatively costly form of provision. Using prices paid in 2015-2016 by the Council, the difference between the amount spent on clients in residential care and those in Extra Care was £308 per week.
- 5.3.2 The Cheshir House Extra Care Scheme is projected to realise financial benefits of approximately £200,000 in financial years 2020/2021-2023/24 through the cost avoidance associated with Extra Care as compared to residential care. This is included in the Council's draft Medium Term Financial Strategy (MTFS) 2019/20.
- 5.3.3 Delays in the progression of the extra care development at Cheshir House may put at risk the MTFS savings agreed for Adult & Social care for the replacement of residential care with extra care places for older people with additional needs. Replacement savings may need to be found if this risk materialises.
- 5.3.4 The Council have been awarded a grant allocation of circa £9.2m from the Greater London Authority (GLA) to support the provision of new homes on the estate development. The grant conditions require the development to have commenced on site by end of March 2021 and that affordable rents will be set for the affordable tenure dwellings.
- 5.3.5 The Council will also benefit from other financial benefits such as New Homes Bonus at c.£12,250 in year 1 (£49,000 over 4 years) and C/Tax benefit at c.£1,514 per property along with wider non- financial benefits such as health & well-being, improved infrastructure, environmental benefits, and increasing housing supply

5.4 Property

- 5.4.1 The existing estate belongs to the London Borough of Barnet who are undertaking an estate regeneration programme which includes replacement of 25 poor quality sheltered units (Cheshir House), pram sheds and demolition of a number of under-utilised garages and infilling with a number of new blocks and housing. 50% of the housing will be for private sale in order to pay for the development including the replacement of the extra care units.
- 5.4.2 Part of the site assembly for the development will include negotiations with various third parties including leaseholders to acquire their pram sheds to enable the development and agreement of terms on the replacement thereof.

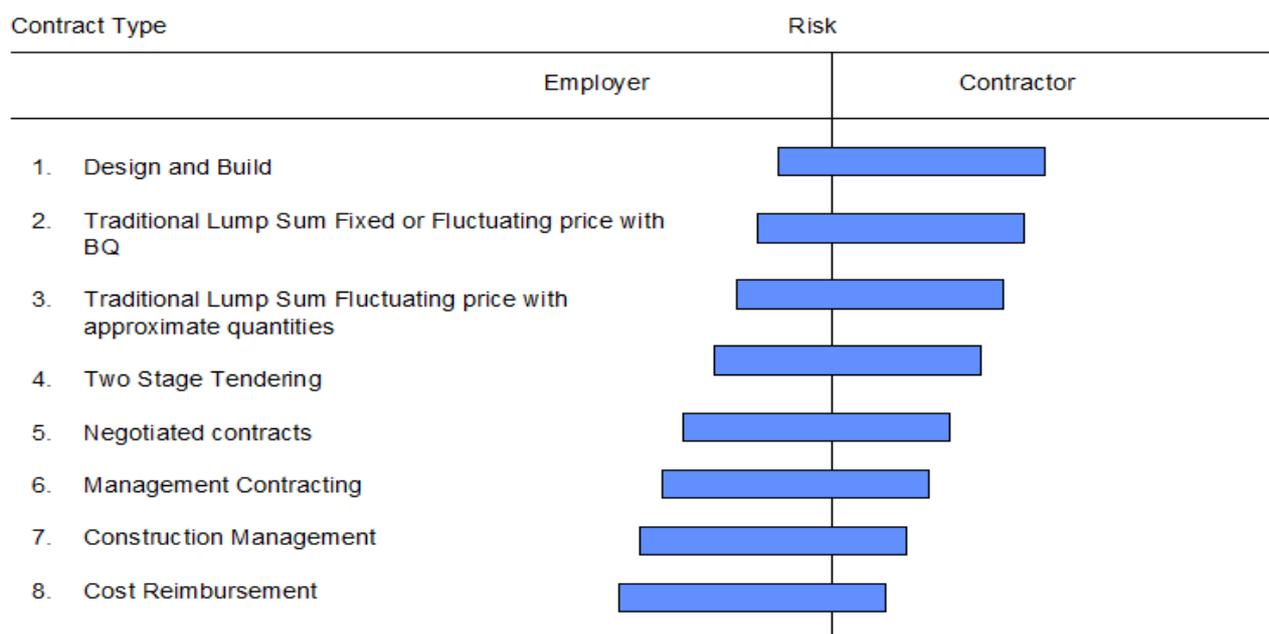
Negotiations are underway with UKPN to provide additional capacity to the existing sub-station on site by way of a surrender and grant of a new lease.

5.5 Procurement

- 5.5.1 Having considered a number of procurement routes set out in the OBC, the Council has agreed on a Single Stage Design & Build using a JCT contract 2016 with amendments. The 'call off' of a contractor will be competitively tendered via an appropriate framework. The below image summarises the proportion of risk assigned to employer and contractor for each of the different contract types considered in assessing possible procurement options.

- 5.5.2 When specifically applied to the Upper and Lower Fosters project the proposed contract is Design and Build and the contracting risk therefore needs to be assessed in terms of Single and Two Stage tendering under this form of contract.
- 5.5.3 On Single Stage Design and Build contracts the Employer places full design responsibility on the Contractor by incorporating a contract amendment to reflect this.
- 5.5.4 On a Two Stage Design and Build contract the Employer retains an element of risk in terms cost and programme through the second stage and a contractor will often produce a priced risk register at the completion of the second stage to seek to retain elements of risk with the Employer. This requires careful management through the second stage process to minimize the risk.
- 5.5.5 During the Stage 3 design process the complexity of the phasing and on-site constraints were fully reviewed with John Graham Construction Ltd and the potential benefits of an enabling contract should be explored within the framework of a Design and Build procurement route. This forms part of the current recommendation moving forward.

CONTRACTING RISK



- 5.5.6 Under client instructions, Johnson Associates have engaged with suppliers to obtain quotes for developing key elements of Stage 4 design prior to tender with the winning contractor taking responsibility for this design once appointed. During this stage the Council's professional team will prepare a full set Employers Requirements, specification and tender documents for a contractor to price against. At this stage it is envisaged the procurement process will commence upon planning being granted ensuring the design is fixed.

5.6 Finance & Viability

- 5.6.1 The initial options appraisals were supported by a GLA grant of £830k. The balance of the budget c.£1.7m up to RIBA stage 3 has been funded through the HRA.
- 5.6.2 Discussions are on-going with the GLA regarding additional grant to support the extra care and affordable housing. The balance of the capital expenditure for RIBA stage 4-7 will be funded through the HRA and or S106 contributions from ODH or other investment vehicle, which will be set out in the FBC.
- 5.6.3 The Council's costs associated with stage 4a design prior to procurement is c£.1.6m
- 5.6.4 **Construction Costs**
The Council has been liaising with a contractor who has provided an indication of the build programme, phasing and buildability of the scheme during RIBA stage 3. The budget construction costings prepared by Johnson Associates are included in the OBC.
- 5.6.5 **Market Residential Values**
The Council engaged with Knight Frank as their sale agent and they have provided a unit by unit valuation of the scheme which is included as an appendix in the OBC. Knight Frank have also produced a market research document in support of their valuation.
- 5.6.6 **Affordable Values**
In arriving at the affordable values which we adopted in our development appraisal, we have appraised on a ProVal model which is an industry recognised system for modelling and appraising affordable housing projects. The rental values for the affordable homes have been obtained from ODH via Strettons.
- 5.7 **Social Value**
- 5.7.1 Increasing the utility of existing assets through mixed use redevelopment will enable the Council's portfolio of assets to go further towards supporting local needs by helping to provide new opportunities for housing, (in particular, affordable housing) and new, improved community facilities.
- 5.7.2 Any contractors or development partners will be encouraged to provide opportunities for employment, training and apprenticeships for local people and use local suppliers where appropriate.
- 5.8 **Legal and Constitutional References**
- 5.8.1 Council Constitution Article 7.5 states that the remit of the Assets Regeneration and Growth Committee includes responsibility for regeneration strategy and oversight of major regeneration schemes, asset management, employment strategy business support and engagement.
- 5.8.2 The Council Constitution, Article 10 Table A states that Assets Regeneration and Growth Committee is responsible for authorising all acquisitions and disposals over 500K.
- 5.8.3 The Council has a range of powers 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.

5.8.4 The Council will need to consider, comply with and obtain any statutory and legal requirements /consents to give effect to the preferred option.

5.8.5 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 through contract delivery.

5.8.6 In the event the delivery option for the proposed development is by TBG with the assistance of a loan/grant then the Council must note that Under State Aid rules, in order to avoid the distortion of competition and trade within the European Union, no advantage should result from funding that is granted by public authorities on a selective basis to any organisations. It is essential that all legislation concerning State Aid is met, in particular such loans should be at normal commercial rates.

5.9 Risk Management

5.9.1 The main business and service risks associated with the potential scope for this project are shown below;

5.10 Programme / Delivery Risk

5.10.1 Regular engagement on a co-design basis with residents & stakeholders is critical to ensure buy-in through all development phases.

5.10.2 Prolonged phasing or delivery programme could add additional costs to the project and may not optimise delivery or return on investment

5.11 Financial risk

5.11.1 Securing the GLA Grant is ongoing & will have a significant financial impact if not secured, further burdening the Council's borrowing capacity.

5.11.2 Determination of the delivery options for the scheme including any third-party involvement such as Sage is critical to ensure project viability.

5.11.3 Commissioning of the balance of surveys is required to maximise cost certainty through Stage 4.

5.11.4 Agreeing project specifications as they are issued to maintain/improve values and highlight any cost issues.

5.11.5 A Value Engineering exercise has been undertaken which identifies various areas of saving that are to be reviewed at the commencement of stage 4.

5.12 **Market Risk**

5.12.1 Private Market Sales- Regular reviews of market conditions with Knight Frank including compiling a plot by plot sales schedule to ensure that values are tracked and maintained. Any drop in values puts the project at risk.

5.12.2 Construction market testing has been undertaken by the oversight contractor Graham Construction to seek to pick-up real-time market trends. Any increase in construction costs puts the project at risk.

5.12.3 Agree a project contingency plan should the sales market deteriorate in terms of the build programme / sectional completions and exposure.

5.12.4 Optimise phasing to seek to deliver private / income generating units at the earliest opportunity.

5.12.5 Macro-economic issues (such as BREXIT) could have an impact on both values and costs making the scheme unviable.

5.13 **Neighbourly Matter Risks**

5.13.1 Regular co-design meetings and workshops are critical to provide feed back into the design and construction process,

5.13.2 Party Wall and Rights of Light issues need to be managed and resolved so as not to impact on the delivery of the scheme. Surveyor's appointed, and related works / licences scheduled out and costed,

5.13.3 Design team to seek to work within acceptable risk parameters established by the above process,

5.13.4 Poor on site controls / phasing will give rise to significant negative publicity and potentially costs. Construction Management Plan and phasing are a real challenge within the existing estate and will require a thorough review and costing as the proposed delivery programme develops.

5.14 **Legal Risks**

5.14.1 Legal issues require resolution before the project can be delivered. HB Public Law are instructed to regularly review any ongoing title issues with a view to delivering a site capable of being developed in accordance with the planning permission and to advise on any title or other issues going forward

5.15 **Planning and Highways Risk**

5.15.1 Identify risks and non-compliance in areas such as highways given site constraints and seek to justify to the Planners and Highways. Failure to achieve agreement could result in no planning approval or a non-determination.

Failure of the GLA to approve / sign off the scheme which could result in a call In.

Excessive / onerous planning conditions could delay the project and add costs.

5.16 Equalities and Diversity

5.16.1 Under the Equality Act 2010, the Council must have due regard to the need to: a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; b) advance equality of opportunity between those with a protected characteristic and those without; c) promote good relations between those with a protected characteristic and those without. The 'protected characteristics' referred to are; age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation. It also covers marriage and civil partnership with regards to eliminating discrimination.

5.16.2 The Council is committed to improving the quality of life for all, and wider participation in the economic, educational, cultural, social, and community life in the Borough.

5.16.3 The development at Upper and Lower Fosters will make a significant contribution to the provision of additional high quality intermediate housing in the Borough to assist first time buyers, many of whom are currently priced out of the market. In addition, much needed affordable rented housing will also be provided, as well as promotion of further construction jobs in the borough.

5.16.4 At this stage, the proposal does not raise any issues under the Council's Equalities Policy and does not have a bearing on the Council's ability to demonstrate that it has paid due regard to equalities as required by the legislation. No immediate equality impacts are anticipated because of this proposal; however, a full EIA will be considered in due course.

5.17 Corporate Parenting

5.17.1 Barnet Council have a small number of care leavers in temporary accommodation. Increasing the supply of affordable housing is therefore a corporate parenting issue.

5.18 Consultation and Engagement

5.18.1 Barnet Council has adopted a community engagement and co-design strategy for this project, which encourages residents to play a full role in developing the improvement proposals from design through to post-delivery.

5.18.2 The aim has been to ensure that the masterplan and planning application for Upper and Lower Fosters is developed with the informed and representative participation of the community who live and work on and around the estate. The co-design strategy has been developed with the following values at its core:

- Representation – of all directly impacted community members and stakeholder groups, with participatory methods tailored to their specific needs
- Honesty and transparency – ensuring that communications are clear, timely, accurate and without hidden agendas
- Continuity – ensuring community input throughout the design and construction process
- Best practice – learning from case studies and best practice in the sector.

5.18.3 In doing so, this project ambitiously puts community members at the centre of deciding what gets built and where. This approach is referred to as co-design and has underpinned all major project milestones and design decisions.

5.18.4 The co-design process has been coordinated jointly by the external community coordinator and the design team. The external coordinator has been the point of liaison between the community and the project team, maintaining impartiality to the outcome of the design process. The co-design activities have been undertaken in dialogue and collaboration with Barnet Homes' community team to ensure a joined-up approach. It has comprised a number of activity streams including:

- Setting up and managing a Community Steering Group of residents, businesses and representatives from community organisations neighbouring the site
- Co-design open workshops, events and activities led by the masterplan lead designers and the community coordinator
- Regular communications updates to residents, businesses, community groups in the area via a variety of channels.

5.18.5 Re understand that to simply 'consult' with communities experiencing regeneration is inadequate. There must be genuine, meaningful involvement that secures relationships built on trust and clear communication channels that can address issues as they arise and mitigate potential 'flashpoints'. A stakeholder engagement plan has been developed and approved and monitored by the project board.

- The community immediately on and around the Fosters Estate represents a typically London mix of ethnicities and nationalities. The community on and immediately around the estate has a higher proportion of BAME residents than Barnet as a whole – within tenants of the estate, 54% identify as non-white and most of these identify as Black or Black British
- A relatively high proportion of residents in the local area were not born in the UK, at 53% - compared to the London and Barnet average (37% and 39% respectively)
- 27% of residents in the local area live in households for whom English is the first language of no-one in the household, which again is higher than Barnet and London averages. From Barnet Homes' tenant data, no other language predominates, with only one or two residents representing each other language present on the estate. This indicated that providing translation of consultation and co-design materials was unlikely

to be effective, but efforts should be made to ensure that the proportion of residents for whom English is not their main language, are engaged effectively and that use of language should prioritise clear and simple English.

- Employment rates for local residents are higher than Barnet averages, but the median income is significantly lower.
 - In the local area, 15.7% of households are lone parent households, higher than surrounding areas. This is validated anecdotally by the number of lone parent households encountered during the co-design process and represented in the Community Steering Group. 33% of households are one-person households, slightly higher than surrounding areas. This is also validated by the number of one-person households encountered during the co-design process and represented in the Community Steering Group. 15.8% of couple households have dependent children, slightly lower than surrounding areas.
 - While the ward as a whole has a strongly Jewish profile, and the Jewish communities are important stakeholders in the co-design process on the Fosters Estate itself and the immediately surrounding area (the LSOA), the religious profile is more mixed, with 18% Jewish and 12% Muslim reported in Census data.
 - On the estate, the named tenants are 58% female and older than the typical Barnet Homes tenant, with 41% aged 40-59 and 39% over 60. This correlates with the majority female participation in the co-design activities, and the slant towards older residents engaging with the process, but this is also normal for similar community engagement processes, which tend to engage more women and older people.
 - It is notable that there are many long-term tenants, with 60% having lived on the estate for more than five years. A large proportion of estate residents have lived on the estate for over twenty years, and some have lived on the estate or in the area, since it was built.
- 5.18.6 The co-design process was structured as a layered approach allowing community members to participate in varied ways to suit their interest and ability to commit time. At the core of the process, providing continuity over the two years of project development leading up to this planning application, was a Community Steering Group (CSG) composed of diverse members of the local community who met monthly throughout the process. This group has been key to developing the design and also challenging and validating the co-design process as a whole. The CSG was convened through an open call for involvement at an initial open meeting in February 2017, which was advertised through a letter drop to all estate residents, and all homes and businesses immediately bordering the estate. Further members were invited through the first community project newsletter that was distributed in June 2017, as well as through invitations to residents and local stakeholders approached by the community coordinator and introduced through local networks, during the scoping phase of the project.

5.19 Insight

- 5.19.1 The Council's Housing Strategy and emerging Local Plan respond to evidence such as the Strategic Housing Market Assessment and other needs assessments that have identified a need for increased housing delivery. Barnet has 393,000 residents and this figure is expected to grow by 76,000 over the next 25 years; an increase of 19%.

5.19.2 The delivery of new affordable rented homes will help to meet the objective in the Council's Housing Strategy to prevent and tackle homelessness, by reducing the use of temporary accommodation. There are currently more than 2,700 households living in temporary accommodation which presents significant budgetary pressures for the Council.

5.19.3 Barnet's Health and Wellbeing Strategy recognises the importance of access to good quality housing in maintaining Well-Being in the Community.

5.19.4 Lack of affordable housing is highlighted in Barnet's Joint Strategic Needs Assessment (JSNA) as one of the top three concerns identified by local residents in the Residents' Perception Survey.

6. BACKGROUND PAPERS

6.1 Assets, Regeneration and Growth Committee 12 December 2016
<https://barnet.moderngov.co.uk/documents/s36542/Upper%20and%20Lower%20Fosters.pdf>

<https://barnet.moderngov.co.uk/documents/s49857/UPPER%20and%20LOWER%20FOSTERS.pdf>