
Meeting	Cabinet Resources Committee
Date	7 November 2012
Subject	West Hendon Regeneration Project
Report of	Leader of the Council
Summary	<p>The report seeks to update Committee on the progress with the West Hendon Regeneration Scheme, including undertaking negotiations for revised terms for the West Hendon Principal Development Agreement, enabling the West Hendon Regeneration Scheme to progress with a new masterplan. Approval is being sought to further extend the expiry date of the Principal Development Agreement for a period of six months, expiring on 15 June 2013 and that a further twelve-month extension will be granted by the Deputy Chief Executive subject to Barratt Metropolitan Limited Liability Partnership submitting a hybrid planning application before 15 June 2013. Furthermore, Committee is being asked to reaffirm the resolution to make a Compulsory Purchase Order for the acquisition of all non-Council owned property and other proprietary interests in the West Hendon regeneration area.</p>
Officer Contributors	<p>Stephen McDonald, Interim Lead Commissioner – Enterprise & Regeneration</p> <p>Abid Arai, Regeneration Manager Strategic Planning & Regeneration</p>
Status (public or exempt)	Public
Wards affected	West Hendon
Enclosures	<p>Appendix 1 - Indicative plan of areas of land of proposed Compulsory Purchase Orders</p> <p>Appendix 2 - Zoning Strategy</p>
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in	Not applicable
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1. RECOMMENDATIONS

- 1.1 That Committee note the general progress on the West Hendon Regeneration Scheme as set out in this report since the last report to Committee on 28 February 2012.**
- 1.2 That Committee note that the outcome of the negotiations, being undertaken by the Deputy Chief Executive, for revised terms for the West Hendon Principal Development Agreement will be presented to Committee in early 2013 along with authority to enter in to a Deed of Variation to the existing Principal Development Agreement for the West Hendon Regeneration Scheme.**
- 1.3 That approval be given to further extend the expiry date of the Principal Development Agreement for the West Hendon Regeneration Scheme for a period of six months, expiring on 15 June 2013, in order to enable Barratts Metropolitan Limited Liability Partnership to have sufficient time to submit their Hybrid planning application.**
- 1.4 Subject to the extension referred to 1.3 above having been made & to the submission of a Hybrid planning application authority be given to the Deputy Chief Executive to authorise by delegated powers a further extension of the Principal Development Agreement for a period of 12 month to cover the period for the planning application to be considered.**
- 1.5 That Committee reaffirms the resolution to make a Compulsory Purchase Order for the acquisition of all non-Council owned property and other proprietary interests in the West Hendon regeneration area and that the appropriate Chief Officers be authorised to take all necessary action to secure the confirmation and implementation of the Compulsory Purchase Order.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Planning and Environment Committee, 27 July 2005 (Decision item 8); Outline planning consent for the West Hendon Regeneration Scheme (W13937/04), subject to an agreed Section 106 Agreement.
- 2.2 Cabinet, 30 August 2005 (Decision item 5); West Hendon Regeneration Scheme – Approval to enter into a Principal Development Agreement.
- 2.3 Cabinet, 11 October 2005 (Decision item 7); West Hendon Regeneration Scheme – resolved that the final arrangements for entering into the Principal Development Agreement be subject to approval by the Leader of the Council.
- 2.4 Planning and Environment Committee, 25 January 2006 (Decision item 7) - approved amendments to Outline Planning Consent (W13937/04), to vary the Section 106 Agreement Heads of Terms by inclusion of additional planning obligations relating to Energy Strategy and Accessibility and Inclusive Design.
- 2.5 Cabinet, 3 April 2006 (Decision item 8) – approved the final arrangements for entering into the Principal Development Agreement for the West Hendon regeneration project.

- 2.6 Cabinet Resources Committee, 28 November 2006 (Decision item 15) – resolved to make a Compulsory Purchase Order for the acquisition of all non-Council owned property and other proprietary interests in the West Hendon regeneration area as shown on the attached plan and that the appropriate Chief Officers be authorised to take all necessary action to secure the confirmation and implementation of the Compulsory Purchase Order.
- 2.7 Planning and Environment Committee, 19 March 2008 (Decision item 8) - approved amendments to Outline Planning Consent (W13937/04) to vary phasing; reconfigure the central square; make general changes to the alignment of building blocks and vary the layout of block 'L' and surrounding road layout.
- 2.8 Planning and Environment Committee, 22 December 2008 (Decision item 8) - approved Reserved Matters Application to develop Phase 2A of the development.
- 2.9 Delegated Powers Report, 7 August 2009 (number 870) – the Leader of the Council approved and agreed a Deed of Variation to extend the expiry date on the Principal Development Agreement and to make amendments to the provisions for the TUPE agreement and information on the Masterplan.
- 2.10 Delegated Powers Report, 15 February 2010 (number 993) – the Leader of the Council approved the extension of the Principal Development Agreement expiry date by four months to 15 June 2010, and to enter the Deed of Variation to the Principal Development Agreement for commencement of the Initial Phase (Pilot and Phase 2A).
- 2.11 Delegated Powers Report, 16 June 2010 (number 1092) – the Leader of the Council approved the extension of the Principal Development Agreement expiry date by six months to 15 December 2010.
- 2.12 Cabinet Resources Committee, 30 November 2010 (Decision item 7) - approved the extension of the Principal Development Agreement by twelve months to 15 December 2011 and authorised officers to grant a further extension of up to twelve months to 15 December 2012 (which has now been granted – see paragraph 2.13).
- 2.13 Delegated Powers Report, 3 October 2011 (number 1444) – the Interim Director of Environment, Planning and Regeneration approved an extension of the West Hendon Principal Development Agreement expiry date by 12 months to 15 December 2012 to review feasibility options.
- 2.14 Delegated Powers Report, 22 December 2011 (number 1524) – the Leader of the Council authorised that officers can undertake a mini tender competition to select external legal advisers for the West Hendon Regeneration Scheme. DLA Piper were the external legal advisors appointed under this tender exercise.
- 2.15 Cabinet Resources Committee, 28 February 2012 (Decision item 19) – approved that the Deputy Chief Executive be authorised to negotiate revised terms for the West Hendon Principal Development Agreement to enable the West Hendon regeneration scheme to progress with a new master plan that guarantees scheme viability, consulting relevant stakeholders as necessary and to report back to the Committee later this year on the result of these negotiations and any proposed changes.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The regeneration of the West Hendon estate supports the Corporate Plan 2012-2013 priority of 'A successful London Suburb' and the strategic objective under this priority to *sustain Barnet as a successful place through regeneration, and supporting enterprise and employment.*
- 3.2 The regeneration of the West Hendon regeneration estate also supports the 'One Barnet - 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.
 2. A one-public-sector approach - the Council is working together with other public sector partners to ensure the delivery of the schemes.
 3. A relentless drive for efficiency - the Council is working with development partners to ensure that the schemes are delivered in the most cost effective way.
- 3.3 The regeneration scheme also complies 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; and
 2. Promoting mixed communities and maximising opportunities available for those wishing to own their home.

4. RISK MANAGEMENT ISSUES

- 4.1 If the regeneration of the estate fails to proceed, the Council still has an obligation to bring the current housing stock up to 'Decent Homes' standard. The properties in Council ownership will require major investment to ensure that these properties remain habitable in the medium and long term. There is currently no financial provision to upgrade these homes so funding sources would need to be identified. This could have significant financial implications for the Council due to the poor state of repair of much of the estate.
- 4.2 A further extension to the West Hendon Principal Development Agreement is required to prevent it from being terminated. The rationale for granting an initial six month extension is to ensure that Barratt Metropolitan Limited Liability Partnership submit a Hybrid planning application in a timely manner as any delay in submitting this application with jeopardise the Get Britain Building funding secured through the Greater London Authority. Also If the Principal Development Agreement is terminated, the Council would have to commence a new procurement process to find a partner to regenerate the West Hendon estate. Appointing an alternative development partner at this stage is not being considered due to the major time and cost implications and because a fresh procurement exercise may not necessarily guarantee viable delivery solution. This process could take up to two years and would have significant cost implications. A new Principal Development Agreement would also be required for the regeneration and redevelopment of the area, affecting the programme duration and scheme costs.
- 4.3 This is preferred to the alternative route of the Council signing a new agreement as this will help reduce the risk to the Council of any legal challenge (a completely new agreement with the same developer or consortium would be regarded as an entirely new procurement within the Public Contracts Regulations).

- 4.4 Under the existing Principal Development Agreement, the Council's development partners are responsible for Council's historic costs of up to £500,000 some of which were recovered under the existing Deed of Variation to the Initial Phase. The Principal Development Agreement also enables the Council to recover costs of up to £100,000 per annum during the development period. These can be re-claimed when the conditions precedent set out in the Principal Development Agreement have been met. If the Principal Development Agreement terminates, the Council will no longer be able to recover these costs, Statutory Highways & Planning fees are covered outside the Principal development agreement.
- 4.5 In order to improve the scheme viability for the Initial Phase (see paragraph 9.2.1 below) the Council deferred the Section 106 contribution on the former site of the Lakeview Children's Centre to later phases of the regeneration scheme. If Barratt Metropolitan Limited Liability Partnership does not proceed with the rest of the regeneration, this contribution will be lost. The total amount deferred is circa £1.6 million (indexed linked).
- 4.6 The West Hendon Regeneration Scheme has reached a critical point. It was reported to Committee in February 2012 that the Council's development partner, Barratt Metropolitan Limited Liability Partnership, undertook an appraisal of the original master plan for the regeneration of the West Hendon Estate as it was unviable. While the economy remains fragile, much work has been done by the project team since Committee to work up a viable scheme since (see paragraphs 6.1.7 and 9.2.4 below). This has included an application to the Greater London Authority¹ for Get Britain Building funding along with a bid to Transport for London for infrastructure improvement works along the A5. Financial due diligence is now being undertaken for Get Britain Building and Heads of Terms agreed.
- 4.7 The planning application is of a size to be considered of strategic importance to London. Therefore, should the Planning and Environment Committee resolve to approve any eventual application, it will need to be referred to the Mayor of London for a decision. Initial meetings have been held with planning officers at the Greater London Authority.
- 4.8 Compulsory Purchase Orders are essential to enable satisfactory completion of the project. Because of the overall programme length (17 years) for the whole project, it is only practical to consider a number of Compulsory Purchase Orders for the project. Appendix 1 of this report shows an indicative plan of the areas of land for the proposed Compulsory Purchase Orders. Whilst it is hoped that all outstanding property interests can be acquired by negotiation, the project cannot proceed with the risk that negotiations may not prove successful in all cases and the scheme be brought to a halt. To avoid this potential risk to the financial viability of the scheme and its satisfactory delivery it will be necessary to seek the approval of three Compulsory Purchase Orders. If the orders are not confirmed, or are significantly amended the project would be undeliverable.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 The Council is committed to improving the quality of life and wider participation for all in the economic, educational, cultural, social and community life of the Borough. The West Hendon Regeneration Scheme will provide a mix of affordable and private sale properties. The new mixed tenure housing will improve the community cohesion in an area with a highly diverse population. It will provide increased choice and opportunity for

¹ As of April 2012 the Homes and Communities Agency's London functions have been devolved to the Greater London Authority.

Barnet residents. This supports the overall aim of the Council's Equalities Policy and the Council's duties under the Equality Act 2010.

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

6.1 Finance

Compulsory Purchase Orders

- 6.1.1 On the 11 August 2006, the Council entered into a Compulsory Purchase Order Indemnity Agreement with Barratt Metropolitan Limited Liability Partnership. Under the terms of the Compulsory Purchase Order Indemnity Agreement Barratt Metropolitan Limited Liability Partnership is required to cover all of the Council's costs in relation to the making and implementation of the Compulsory Purchase Order. These costs include the purchase price or any compensation for any land interest which the Council has to acquire either pursuant to the Compulsory Purchase Order or in consequence of the service of valid blight notices, including all payments made pursuant to the Compulsory Purchase Act 1965 and the Land Compensation Acts 1961 and 1973; any statutory interest payable and the Council's reasonable and proper internal and external costs including legal and surveying and other professional costs covered by the indemnity agreement.
- 6.1.2 All compulsorily acquired interests will be transferred to the developer partners for the purposes of the regeneration scheme, enabling them to override encumbrances. Any such interests transferred in advance of a development phase will be the subject of an option agreement enabling the Council to re-acquire the property for regeneration purposes if the Principal Development Agreement should be terminated.
- 6.1.3 Consultants will be assisting the Council with the preparation, making and progressing of the compulsory purchase order. Work carried out internally will be done within existing staffing resources.

General

- 6.1.4 As per paragraph 2.14 above, DLA Piper was appointed to act as the Council's external legal advisors on the renegotiation of the Heads of Terms of the Principal Development Agreement for the West Hendon Regeneration Scheme as well as assistance and preparation of relevant legal documentation, within the context of planning law. The current contractual arrangements with the development partner provide for the recovery of these and other external consultancy costs.
- 6.1.5 Under the revised masterplan proposals, Ramsey Close and part of West Hendon Broadway will be excluded from the regeneration proposals. The rationale behind this was to reduce the impact on existing residents of Ramsey Close, reducing financial and programme risk and creating a new enhanced local centre without demolition of The Broadway. Ramsey Close comprises 34 properties, 25 of which are owned and managed by Barnet Homes on behalf of the Council. These 25 properties were excluded from the Decent Homes programme which was completed in 2011 and from Barnet Homes' maintenance plans as they were then earmarked for demolition. If the revised masterplan proposals are approved, these properties will require some reasonable level of works to be undertaken to them in the next few years including replacing the heating systems, rewiring and replacement of windows together with other external works. The kitchens

and bathrooms may also need to be replaced. A budget for this work would need to be agreed with the Council which would be funded from the Housing Revenue Account. However, the Council will continue to benefit from a rental income for these homes into the future.

- 6.1.6 As a consequence of the delays to the West Hendon Regeneration Scheme, Barnet Homes Limited (the Council's Arms-Length Management Organisation), on behalf of the Council, has on-going maintenance responsibilities with the properties on the estate which are ultimately due for demolition. It was agreed that, upon conclusion of the masterplan review, Barnet Homes Limited will formally present the Council with a detailed programme of maintenance works which takes the proposed re-phasing into consideration and future maintenance of the remainder of the properties over the life time of the regeneration which is due to be completed in year circa 2024. This work is on-going and will be presented to the Council in due course.
- 6.1.7 It was reported to Cabinet Resources Committee in February 2012 that the financial viability of the scheme to deliver 1,977 new homes had been reworked whereby the viability gap had closed from £26m to approximately £7m. Various scenarios relating to differing levels of affordable housing, parking ratios and number of units were explored from February to August 2012. The proposed number of units has increased from 1,977 to 2,000 new homes to close this viability gap. The current valuation summary from Barratt Metropolitan Limited Liability Partnership shows a zero deficit, however, this will be the subject of financial due diligence before it is taken forward.

6.2 Procurement

- 6.2.1 It is intended that the proposals set out in this report will be taken forward by means of a variation to the existing Principal Development Agreement for the West Hendon Regeneration Scheme. The Deed of Variation will be subject to detailed legal advice from DLA Piper Limited Liability Partnership, the Council's external Legal Advisers on the scheme, in respect of any procurement issues.

6.3 Performance and Value for Money

- 6.3.1 The Council and Barratt Metropolitan Limited Liability Partnership have agreed to adopt a transparent and open book approach to the management of the West Hendon Regeneration Scheme. 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.
- 6.3.2 The original Principal Development Agreement allows for the Council to appoint monitoring consultants to ensure performance and Value for Money of the regeneration project. This function will also be provided for in the Deed of Variation to the Principal Development Agreement. A new monitoring consultant will be appointed through a procurement exercise when the new masterplan enters the implementation phase.

6.4 Property

- 6.4.1 The revised masterplan proposes to bring forward the regeneration of the estate in four zones, as shown on the Zoning Strategy drawing appended to this report (Appendix 2). Zone 1 is split into sub-zones but will deliver over 650 residential dwellings in total over a six-year period. Part of this zone of construction will be built on the site of a former residential care home owned by Catalyst Housing Group, as outlined in paragraph 4.7 above. This acquisition is critical for the delivery of this zone. Barratt Metropolitan Limited

Liability Partnership has agreed to reimburse the Council the costs associated with the acquisition of this site. A Stopping up Order is also required to enable the commencement of this zone; Barratt Metropolitan Limited Liability Partnership will be submitting a Stopping up Order in due course for Perryfield Way car park, Telford Road, NW9 to remove it from the public highway so it can be built upon. Consultation with local residents and business interests along the Broadway will be undertaken in advance of submission of an application.

6.5 Staffing, IT and Sustainability

6.5.1 There are no issues to report around, IT and sustainability. However the Council is in dialogue with Barratts Metropolitan around staff resource for both Planning & Highways as part of a Major Planning Application.

7. LEGAL ISSUES

7.1 Deed of Variation to the West Hendon Principal Development Agreement

7.1.1 Projects like the West Hendon Regeneration Scheme (which involve building or development obligations on the part of the developer to specific requirements or standards) are generally viewed by the courts as public works contracts which are required to be tendered within the Public Contracts Regulations 2006, (as amended). Any new arrangements with an alternative developer or consortium would very likely require the Council to run a formal public procurement competition under the Public Contracts Regulations - involving both considerable time and delay in the project and significant cost. Furthermore, given the effects of the recession on the housing market and the relatively few numbers of developers who have the necessary funding in place the Council may find it difficult to attract sufficient interest from bidders in running a new procurement exercise. Experience has shown that many developers are reluctant to commit the necessary funds and resources that are required to submit a formal tender under the Public Contracts Regulations.

7.1.2 The revised terms for the Principal Development Agreement with the existing developer for the West Hendon Regeneration Scheme are intended to enable the scheme to progress with a new masterplan that ensures scheme viability. Based on legal advice, the Council is proposing to document these changes through the Council entering into a Deed of Variation to the Principal Development Agreement which captures the terms that have been agreed between the Council and the other parties.

7.1.3 With reference to the risk identified above, the legal authorities on what would be regarded as a permissible change are not entirely clear and this is an area where the case law is still evolving. Recent judgements including the European Court judgement C-454/06 Presstext Nachrichtenagentur v Austria do provide broad guidelines. The courts have indicated that variations to an original public works contract may go beyond what is permissible if there is no functional link between the revised terms and the original bid assessment, if the proposed changes had been contemplated at the time of the original award would have resulted in a different outcome in the decision making or if the proposals would lead to what the courts regard as a 'distortion of competition'.

7.1.4 In the context of the proposals on the West Hendon Regeneration Scheme, the Council will need to strike the right balance between updating and modifying the terms in order to encourage the developer to progress the scheme - whilst ensuring that the fundamental commercial terms on which the original Principal Development Agreement do not change so as to result in a new contract being created which, due to the procurement legislation

and rules, may open the entire exercise to legal challenge. It will not be possible to remove any risk of legal challenge, but the Council will be essentially refining the existing arrangements (and improving viability) rather than making fundamental changes. The Council has taken legal advice through the course of the negotiations in order to ensure that any new arrangement complies with relevant legislation and case so as to manage and minimise the risks. The Council will also be seeking advice once Heads of Terms are finalised to ensure the proposals do not breach State Aid legislation.

7.2 Compulsory Purchase Order

- 7.2.1 The Council has the power to dispose of land held for housing purposes under Section 32 of the Housing Act 1985. Further, the Council has the power to dispose of land which is not held for housing purposes under Section 123 of the Local Government Act 1972.
- 7.2.2 The Council has the power through various enactments, including the Planning and Compulsory Purchase Act 2004 to make Compulsory Purchase Orders and to apply to the Secretary of State for confirmation of those orders.
- 7.2.3 Section 226 (1) (a) of the Town and Country Planning Act 1990, as amended by the Town and Country Planning Act 2004, provides that a local authority shall, on being authorised to do so by the Secretary of State, have power to acquire compulsorily any land in their area if they are satisfied that the acquisition will facilitate the carrying out of development, redevelopment or improvement on or in relation to the land. However the power must not be exercised unless the authority thinks that the development, redevelopment or improvement is likely to contribute to the achievement of the promotion or improvement of the economic, social or environmental well-being of their area. Compulsory purchase will enable regeneration to take place in accordance with an agreed programme and will provide certainty for site assembly and the implementation of the scheme – thus enabling the Council's objectives to be achieved in respect of the land the subject of the Compulsory Purchase Orders.
- 7.2.4 Consideration has been given to the provisions of the Human Rights Act 1998 including Article 8 (respect for private and family life and home) and Article 1 of the First Protocol (right to peaceful enjoyment of possessions). A decision to make Compulsory Purchase Orders must strike a fair balance between the public interest in the regeneration of the land and interference with private rights. Bearing in mind the provisions for compensation to be payable and the compelling case in the public interest for the acquisition of the interest, it is considered that the interference with private property rights is proportionate and strikes a fair balance between the public interest and the interests of objectors in compliance with the requirements of Article 1 of the First Protocol.

8. CONSTITUTIONAL POWERS

- 8.1 Constitution – Part 3 Responsibility for Functions – Section 3.6 Functions delegated to the Cabinet Resources Committee – All matters relating to land buildings owned, rented or proposed to be acquired or disposed of by the Council.

9. BACKGROUND INFORMATION

9.1 Context and Background

- 9.1.1 In 2002 the Council embarked upon a scheme for the regeneration of the West Hendon Estate which aimed to transform it into a thriving, 2,171-home mixed tenure community

with improved transport links and associated commercial and retail space. In July 2002, following a detailed procurement process, the Council selected Metropolitan Housing Trust, Bellhouse Joseph and Lovell Partnerships as the preferred development partner for the West Hendon regeneration scheme. However, Lovell Partnerships later withdrew from the scheme, and a new partnership was formed between Metropolitan Housing Trust and Barratt Homes in May 2005. This partnership is known as the Barratt Metropolitan Limited Liability Partnership.

- 9.1.2 The development partners submitted an outline planning application in December 2004 for the construction of 2,171 new dwellings and up to 10,000m² of associated commercial, retail and community space; associated public and private open space, landscaping, car parking, access arrangements and highway improvements.
- 9.1.3 Resolution to approve the outline planning application was given at the Planning and Environment Committee of 27 July 2005. An application was brought back to Planning and Environment Committee on 25 January 2006 for amendments to the Section 106 Agreement Heads of Terms and on 19 March 2008 for amendments to the phasing strategy in order to address viability issues. Following the completion of the Section 106 Agreement planning permission was formally granted on 1 July 2008.
- 9.1.4 The Council entered into a Principal Development Agreement with Barratt Metropolitan Limited Liability Partnership, Metropolitan Housing Trust, Metropolitan Living Limited, BDW Trading Limited and Barratt Development Plc on 11 August 2006, to provide for the regeneration of the West Hendon Estate.
- 9.1.5 A deed of variation to the Principal Development Agreement was entered into on 29 April 2010, to allow for delivery of an initial phase of 194 residential units (currently on site and due to complete in 2013) without the Principal Development Agreement becoming unconditional.
- 9.1.6 A Deed of Variation to the Section 106 Agreement for the main outline (W13937/04) and pilot (W13230A/07) applications was agreed at Planning and Environment Committee on 29 July 2010. This variation sought to defer triggers for education payments and to spread a requirement of circa £1.6m, attached to the pilot scheme, over later phases of the outline planning application. The Initial Phase was only able to start following the allocation of a proportion of the Council's Growth Area Funding pot, and Homes and Communities Agency gap funding (see paragraph 9.2.1 below).

9.2 Progress to date – Initial Phase and Review of the Masterplan

Initial Phase

- 9.2.1 An initial phase comprising 194 homes (including 43 homes for rent) started on site in March 2011 following the allocation of funding as outlined in Table 1 below.

Table 1: Funding to enable delivery of Initial Phase

Funding Type	Amount
National Affordable Housing Programme funding, Homes and Communities Agency	£4,775,299
Kick-start National Affordable Housing Programme funding, Homes and Communities Agency	£426,000
Gap funding (Kick-start Two), Homes and Communities Agency	£1,150,967
Council's Growth Area Funding towards infrastructure	£3,850,000
Total	£10,202,266

Deferment of Section 106 payments relating to education, Lakeview Children's Centre and an employment and training contribution to later phases also enabled commencement of this phase. A Deed of Variation to the West Hendon Regeneration Scheme Principal Development Agreement was signed to allow the delivery of this phase without triggering provisions in the main Principal Development Agreement. A Deed of Variation to the Section 106 Agreement was also agreed. 13 new homes for rent have been completed to date. All 194 new homes are on track for completion in spring 2013. 71 of the 151 new homes for private sale have been reserved, exchanged or completed to date.

Review of the Masterplan

- 9.2.2 As reported to Committee in February 2012, the original masterplan for the West Hendon Regeneration scheme is not financially viable. With the agreement of the Council, Barratt Metropolitan Limited Liability Partnership undertook a review of the masterplan, led by a professional team appointed in September 2011. The team was appointed to produce a strategy that could be supported by the Council for the viable and complete regeneration of the West Hendon Estate.
- 9.2.3 The masterplan review considered five options, of which Option '3' was recommended as the favoured option to be taken forward. This option included 1,977 new homes, retention of Ramsey Close, minimum Compulsory Purchase Order costs, creating a new town centre focus (but not redeveloping The Broadway commercial space) and highways junctions, highways capacity and pedestrian improvements. Following the Committee meeting, a public consultation event was held on 27 March 2012 on Option '3', whereby approximately 70 local residents, business owners and community group members attended the exhibition. The details of this proposal were also presented to members of the West Hendon Residents' Regeneration Forum.
- 9.2.4 Since February 2012, Barratts Metropolitan and their professional team, in consultation with the Council, have further developed the design. This will enable submission of a hybrid planning application for the regeneration of the West Hendon estate comprising a detailed planning application for the first sub-zone of the development (approximately 174 new homes) and an outline planning application for the remainder of the West Hendon Regeneration Scheme (approximately 1,826 new homes). It is anticipated that the hybrid planning application will be submitted in February 2013 for determination over a 16 week period by the Council's Planning and Environment Committee. Consultation with residents and local stakeholders will continue throughout the design, planning and development period. The further development of the design has included minor changes to Option '3' such as increasing the number of new homes to 2,000 to further improve viability and deliverability and eliminate the viability gap of circa £7m previously reported.

9.3 Expiry date of the Principal Development Agreement for the West Hendon Regeneration Scheme

- 9.3.1 On 2 October 2011, the Council agreed to enter into a Deed of Variation to the Principal Development Agreement for the West Hendon Regeneration Scheme which extended the expiry date of the Principal Development Agreement for a further twelve months to 15 December 2012. This extension enabled Barratt Metropolitan Limited Liability Partnership to develop the design of the revised masterplan in greater detail as well as undertake consultation and financial viability testing.
- 9.3.2 The original expiry date for the West Hendon Principal Development Agreement was 10 August 2009, however, all parties agreed to extend the expiry date to 15 February 2010 in accordance with the terms of the Principal Development Agreement. Further

extensions to the 15 June 2010, 15 December 2010, 15 December 2011 and 15 December 2012 ensued.

- 9.3.3 On the basis that Barratt Metropolitan Limited Liability Partnership has made progress on the masterplan review, officers would like to recommend a further extension to the Principal Development Agreement for a period of six months to 15 June 2013. Officers also recommend that the Deputy Chief Executive be authorised to agree an extension of up to twelve months if the conditions stipulated in this report are met. This further extension is considered necessary in order to enable the application to be determined and a start on site

9.4 Heads of Terms for a variation to the Principal Development Agreement

- 9.4.1 The design is being advanced sufficient to allow the Heads of Terms for a variation to the existing Principal Development Agreement for the West Hendon Regeneration Scheme to be agreed. The outcome of the negotiations, being undertaken by the Deputy Chief Executive, for revised terms for the Principal Development Agreement will be presented to Committee in early 2013 along with seeking authority to enter in to a Deed of Variation to the existing Principal Development Agreement.

9.5 Reaffirmation of resolution to make a Compulsory Purchase Order

- 9.5.1 On 28 November 2006, Committee resolved to make a Compulsory Purchase Order for the acquisition of all non-Council owned property and other proprietary interests in the West Hendon regeneration area. As aforementioned, Compulsory Purchase Orders are essential to enable satisfactory completion of the project. Because of the overall programme length (17 years) for the whole project, it is only practical to consider a number of Compulsory Purchase Orders for the project. Appendix 1 of this report shows an indicative plan of the areas of land for the proposed Compulsory Purchase Orders. Whilst it is hoped that all outstanding property interests can be acquired by negotiation, the project cannot proceed with the risk that negotiations may not prove successful in all cases and the scheme be brought to a halt. To avoid this potential risk to the financial viability of the scheme and its satisfactory delivery it will be necessary to seek the approval of three Compulsory Purchase Orders.

10. LIST OF BACKGROUND PAPERS

- 10.1 None

Legal – TE
CFO – MC