

<p style="text-align: center;"><b><u>COMMITTEE</u></b></p> <p style="text-align: center;"><b>CABINET RESOURCES</b></p>
<p style="text-align: center;"><b>DATE AND TIME</b></p> <p style="text-align: center;"><b>TUESDAY, 29 MARCH 2005</b></p> <p style="text-align: center;"><b>AT 6.30 PM</b></p>
<p style="text-align: center;"><b><u>VENUE</u></b></p> <p style="text-align: center;"><b>THE TOWN HALL, THE BURROUGHS,</b></p> <p style="text-align: center;"><b>HENDON, NW4 4BG</b></p>
<p style="text-align: center;"><b><u>PLEASE NOTE DATE AND TIME OF MEETING</u></b></p>

**TO: MEMBERS OF THE CABINET RESOURCES COMMITTEE (Quorum 3)**

**Chairman:** Councillor Anthony Finn

**Councillors:**

Melvin Cohen

Mike Freer

Matthew Offord

Victor Lyon

Roy Goddard  
Head of Committee

Democratic Services contact:  
Nick Musgrove, tel. 020 8359 2024

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Town Hall  
Hendon, NW4 4BG

## ORDER OF BUSINESS

Item No.	Title of Report	Page Nos.
1.	MINUTES	–
2.	ABSENCE OF MEMBERS	–
3.	DECLARATION OF MEMBERS' PERSONAL AND PREJUDICIAL INTERESTS	–
	<b>Report of the Cabinet Member for Education &amp; Lifelong Learning</b>	
4.	Proposed DfES targeted Capital Fund bid for new Jewish voluntary-aided school and rebuild of East Barnet School	1 – 4
	<b>Report of the Cabinet Member for Housing, Neighbourhoods and Community Safety</b>	
5.	Stonegrove Estate Regeneration – Disposal of Site C to Family Housing Association and Sites A and B to Unitary Limited or another developer partner	5 – 20
6.	ANY OTHER ITEMS THAT THE CHAIRMAN DECIDES ARE URGENT	-

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**AGENDA ITEM: 4**

Page nos. 1 – 4

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Meeting	Cabinet Resources Committee
Date	29 March 2005
<b>Subject</b>	<b>Proposed Department for Education and Skills Targeted Capital Fund bid for the establishment of a new Jewish Voluntary Aided Secondary School and the rebuild of East Barnet Secondary School</b>
Report of	Cabinet Member for Education and Lifelong Learning
Summary	<p>This report seeks approval to consult the Barnet Schools Organisation Committee for the establishment of a new Jewish VA Secondary School.</p> <p>The report also seeks approval for a joint, linked, bid to the DfES 2006-8 Targeted Capital Fund ( TCF ) by the LEA and sponsors of the new Jewish School, for the full capital cost of the new Jewish School and for the consolidation and rebuilding of East Barnet Secondary School on its existing Chestnut Grove site. This would then free its existing Westbrook Crescent site for use by the new Jewish School.</p>

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Officer Contributors	Head of Asset Management – Education Service
Status (public or exempt)	Public
Wards affected	East Barnet
Enclosures	None
For decision by	Cabinet Resources Executive Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	N/A
Contact for further information:	Head of Asset Management, Education Service

## **1. RECOMMENDATIONS**

- 1.1 That the proposed establishment of a new Jewish Voluntary Aided Secondary School be referred to the Barnet Schools Organisation Committee for consultation.**
- 1.2 That a joint bid be made by JCoSS and the LEA to the DfES, under the latter's 2006-8 Targeted Capital Fund ( TCF ) bidding round, for the full capital cost of construction of the proposed Jewish V.A. Secondary School on the current East Barnet Secondary School site at Westbrook Crescent.**
- 1.3 That a linked bid be made to the DfES under the same TCF bidding round, for the full capital cost of consolidation and rebuilding of East Barnet Secondary School on its existing Chestnut Grove site.**
- 1.4 That officers report back to Cabinet Resources Committee on the outcome of the bid for approval of these two schemes prior to them being included in the Council's capital programme.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 None.

## **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 Providing a first class education service is a Council priority. This is implemented through the Education Service Performance Management Plan objective of improving the learning environment for all children. This bid is intended to replace all existing accommodation at East Barnet School which the LEA's Asset Management Plan assesses as in poor condition and which is deemed less than suitable for delivering the contemporary curriculum. The linked bid provides for the establishment of an additional Voluntary Aided Jewish Secondary School within the Borough.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 This proposal would proceed only on the basis of the award of DfES Targeted Capital Funding which fully funded the construction of both schools. In the event that the JCoSS bid was successful but the East Barnet bid failed, the Westbrook Crescent site could not be made available to JCoSS. Likewise the re-building of East Barnet School is likely to be contingent on the sale or lease of part of the existing East Barnet Upper School site to JCoSS, in line with the Council's usual disposal procedures.
- 4.2 The proposals are subject to the grant of planning approval for the proposed developments at both sites.
- 4.3 Where a project such as JCoSS involves Statutory Proposals which have not been published or approved, the DfES will consider a provisional allocation for the project only where there is clear commitment from the LEA or promoters to publish the proposals by the end of May 2006. If, following a provisional allocation having been made, the Statutory Proposals have not been published by that date, or having been published, are not agreed by November 2006, funding for the project may be withdrawn. This sets a clear timetable for gaining the agreement of the School Organisation Committee.

## **5. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS**

- 5.1 There is no financial risk to the Council from this proposal as it would only proceed on the basis of the award of DfES Targeted Capital funding which fully funded the construction of both schools.
- 5.2 The proposed JCoSS development at Westbrook Crescent is dependant on the Council's sale or lease of part of the existing East Barnet Upper School site to JCoSS.

## **6. LEGAL ISSUES**

- 6.1 The Council owns the land freehold and there is nothing in the title to prevent the proposed development.

## **7. CONSTITUTIONAL ISSUES**

- 7.1 Constitution Part 3, section 3: Responsibilities of the Executive – powers of the Cabinet Resources Committee.

## **8. BACKGROUND INFORMATION**

- 8.1 JCoSS is a constituent of the Jewish Community Day Schools Advisory Board. They wish to sponsor the establishment of a Jewish Voluntary Aided Secondary School in Barnet. Their proposal is for :
- a Voluntary Aided school for pupils aged 11-19;
  - admissions criteria which give priority to children of Jewish faith;
  - admissions criteria which include proximity to the school, which would encourage Barnet children to attend;
  - an inclusive school providing for children with a range of special education need within a mainstream setting, including specialist provision for pupils with profound and complex needs, in partnership with Norwood.
- 8.2 East Barnet Secondary School occupies buildings on the Chestnut Grove site for the lower school, with the upper school occupying premises at Westbrook Crescent. The LEA's Asset Management Plan identifies premises at both sites as being in poor condition, and significantly impeding the school's ability to deliver curriculum. The LEA had proposed the re-building of this school, on one site, as an early priority in Barnet's bid for Building Schools for the Future ( BSF ) funding. In late November, Barnet was notified that it would not be included in BSF until 2016 with the "ambition" that the DfES would commit funding to **one** project by 2011.
- 8.3 Discussions between representatives of JCoSS, the LEA and DfES on the issue of possible funding for both the proposed new Jewish VA Secondary School and the rebuilding of East Barnet Secondary School identified the potential benefits of linking these developments.
- 8.4 On 25<sup>th</sup> February 2005, the DfES issued guidance for the 2006-08 Targeted Capital Fund national bidding round. This guidance specifically identifies two sets of criteria for bids which relate directly to the proposals contained in this report. These are;
- 8.4.1 "Arrangements for targeting funds to local authorities in the latter part of Building Schools for the Future, and not eligible for an Academy, so that they can address their school with the highest building need". (East Barnet Secondary School Rebuild)

8.4.2 “New V.A. Schools wishing to apply for funding to establish a school under section 28 of the School Standards and Framework Act 1998, in the interests of increasing diversity”. (New Jewish VA Secondary School)

8.5 The guidance also expressly allows for linkage between LEA and VA proposals within a single authority and requires that all such bids are submitted by the LEA. Projects in these two categories do not require capital contributions by the LEA or Sponsor.

8.6 Bids, must be submitted to the DfES by **29<sup>th</sup> April 2005**. Announcement of the outcome of this bidding round is expected during summer of 2005. In the meantime the Local Authority must consult the School Organisation Committee on the JCoSS proposal. In the event of the Borough’s bids being successful, Cabinet Resources committee would be asked to agree these two projects being included in the Council’s Approved Capital Programme.

8.7 If successful, it would be hoped to complete the construction of both new projects in time for occupation in September 2008.

8.8 In the interim the LEA will continue discussions with other community and faith groups who are considering proposals for V.A. schools.

## **9. LIST OF BACKGROUND PAPERS**

9.1 None.

<b>AGENDA ITEM: 5</b>	Page nos. 5 – 26
Meeting	Cabinet Resources Committee
Date	29 March 2005
<b>Subject</b>	<b>Stonegrove Estate Regeneration – Disposal of Site C to Family Housing Association and Sites A &amp; B to Unitary Ltd or another developer</b>
Report of	Cabinet Member for Housing, Neighbourhoods & Community safety
Summary	This report proposes a staged approach to the regeneration of Stonegrove & Spur Road estates through the initial disposal of discrete sites for new affordable and private housing. This enables the council to retain future control of the project and subsequent disposals.
Officer Contributors	Jon Lloyd Owen, Regeneration Manager Andrew Westcott, Stonegrove Project Director
Status (public or exempt)	Public
Wards affected	Edgware
Enclosures	Appendices A – D
For decision by	Cabinet
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not Applicable

Contact for further information: Jon Lloyd Owen x7126 Andrew Westcott x7131



## **1. RECOMMENDATIONS**

**It is recommended that:**

**Conditional upon the outcome of the Ground 10A procedures, any required consent of the ODPM, planning permission being granted and, as may be appropriate, independent advice that best consideration is being achieved, that**

- 1.1 the freehold sale of site C to Family Housing Association for an affordable housing development which accords with the master plan be approved in principle upon a best consideration basis with the final terms of disposal being approved by the Cabinet Member for Resources under delegated powers;**

**AND**

- 1.2 the freehold sale of site A and B for a scheme of housing for private sale which accords with the master plan be approved in principle upon a best consideration basis to Unitary Limited with the final terms of disposal being approved by the Cabinet Member for Resources under delegated powers;**

**OR**

- 1.3 If best consideration terms cannot be negotiated with Unitary Limited, the freehold sale of site A and B for a scheme of housing for private sale which accords with the master plan be approved in principle upon a best consideration basis with the site being marketed by way of non-binding tender with the final terms of disposal being approved by the Cabinet Member for Resources under delegated powers.**

## **2. *RELEVANT PREVIOUS DECISIONS***

- 2.1 10<sup>th</sup> December 2001, Cabinet approved selection of Family Housing Association as preferred Development Partner for the Stonegrove/Spur Road Estate Regeneration.

9<sup>th</sup> September 2002, Cabinet resolved "That the Heads of Terms agreed with the consortium of Family Housing Association and Unitary and with Edgware School as set out in the report, including the underwriting provisions, be approved in principle.

4th November 2003, Cabinet Resources Committee agreed that the Council enter into the Underwriting Agreement proposed with Family Housing Association and Unitary Limited.

- 2.2 22<sup>nd</sup> March 2004, Cabinet approved the leasing of land to the Edgware Academy with provision that parts of the land revert to the Council for the Regeneration of Stonegrove Estates subject to land at Spur Road, Edgware being acquired from All Souls College.
- 2.3 23<sup>rd</sup> September 2004, Cabinet Resources Committee approved the acquisition of the land at Spur Road Edgware from All Souls College, subject to conditions including 'agreement being reached with DfES ... regarding payment...' and other conditions, and 'that the Borough Solicitor be instructed to complete the transactions in a form to his approval'.
- 2.4 22<sup>nd</sup> September 2004, Planning and Environment Committee approved, subject to conditions and reserved matters the grant of an outline planning application for the regeneration of the Stonegrove and Spur Road estates.
- 2.5 10<sup>th</sup> February 2005, Cabinet Resources Committee rejected the disposal of Site C to Family Housing Association as a 'stand alone' transaction.

### **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 The proposed regeneration will help towards meeting the Council's obligations to achieve the Decent Homes Standards by 2010 in respect of the Council owned properties on the estate.
- 3.2 The proposals support the corporate policy of "Putting the Community First" and directly relate to the key priorities in the Corporate Plan, including:
  - 3.2.1 A First Class Education Service: The proposals are linked to the establishment of the London Academy.
  - 3.2.2 Tackling Crime: "Secured by Design" principles will be incorporated in the Masterplan designs and the community development strategy will support community safety.
  - 3.2.3 Supporting the Vulnerable in our Community: Regeneration of priority estates is one of the keys for helping the diverse members of the community to participate in shaping their future and in accessing wider opportunities.
  - 3.2.4 Supporting the Cleaner, Greener agenda through the development of new open spaces and other facilities.
  - 3.2.5 The regeneration will deliver improved and new roads, pavements, parking and pedestrian access.

## **4 RISK MANAGEMENT ISSUES**

- 4.1 The Council is under an obligation to bring the current housing stock at Stonegrove and Spur Road Estates up to Decent Homes Standards, and to maintain the estates thereafter. This represents a significant financial liability for which there is currently no provision. In the event that this project did not proceed this liability will have to be met.
- 4.2 A staged implementation provides the Council with an increased capacity to respond to the major project risks over time, as set out in this report. This development approach will minimise financial risks to the Council and provide a framework for the Council to monitor the project and to take action to avoid risks materialising. This is set out in the financial comments on Section 5 below. The framework has been drafted to produce the best forward plan for the area.
- 4.3 A summary table, prepared by the Council's Financial Consultants Abros, setting out the main risks and risk considerations in arriving at the recommended approach is appended.
- 4.4 In the event that the Council does not approve the recommendations 1.1 and 1.2 and does not resolve to proceed with this first stage as set out in this report, the provisions of the Underwriting Agreement may come into effect.
- 4.5 Any capital project of this nature, with a development period of some 10 years, and without assured guarantees from development partners, is subject to risk factors beyond the control of the Council. By adopting the phased approach recommended, The Council will remain best placed to manage these risks and factors, and thereby best promote the achievement of the whole project.

## **5 FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS**

- 5.1 The disposals of Sites A, B & C will generate capital receipts to the Housing revenue account which may be earmarked for the future regeneration of the Stonegrove and Spur Road Estates. The Borough Treasurer will take advice on the treatment of these receipts.
- 5.2 No financial risks are incurred in the disposals. There will be costs incurred in obtaining independent advice upon the best consideration issues relating to the proposed land transactions but these costs can be met from the HRA.
- 5.3 As these estates are part of the Regeneration Programme and there is no separate financial provision to bring the existing housing up to Decent Homes Standards. The recommendation will ensure that the first phase of the development is implemented. This will involve the demolition of 76 flats of which 26 are leasehold. All liability for the dwellings in Collinson, Powys and Goldsmith Courts will be removed from the Council.

- 5.4 The receipts will provide cover for the Underwriting Agreement and for costs associated with the release of the School lands. In the event that Cabinet approve and Sites A, B are sold to Unitary, and Site C to FHA the position on the underwriting agreements will have to be reviewed and to be clarified.
- 5.5 The viability of the balance of the regeneration scheme is a risk that is controllable by the Council. The timing, phasing, sequence and content of future disposals will be managed by the Council to promote the delivery of new social housing or decent homes on the rest of the estates.
- 5.6 There is no risk to the Council as a result of an estates wide Compulsory Purchase Order leading to claims for blight for which there is no funding.
- 5.7 The acquisition of the All Souls land is key to the viability of the later phases of the project.
- 5.8 The property implications are set out in this report.
- 5.9 There are no ICT implications.
- 5.10 There are no staffing implications.

## **6. LEGAL ISSUES**

The Council's legal advisers, Nabarro Nathanson, comment as follows

- 6.1 In deciding to change the approach for the regeneration of the Stonegrove and Spur Road estates to a phased one, the Council must act reasonably (in the sense of the leading case of Associated Provincial Picture Houses Limited v. Wednesbury Corporation) which means that it must take into account all relevant factors and disregard irrelevant ones and must not come to a decision that no reasonable authority would come to.
- 6.2 In our opinion the report sets out the relevant considerations as being the ability of the Council to secure by this means a greater degree of control and certainty in the regeneration of the Estates and to secure a greater ability to secure the financial viability of the whole scheme overall.
- 6.3 Since the land comprised in sites A, B, and C (in common with the remainder of the Land at Stonegrove & Spur Road, with the exception of the School lands) is held by the Council under Part II of the Housing Act 1985, it may dispose of the land pursuant to Section 32 of the 1985 Act, subject to the consent of The Secretary of State under that Section.

The Secretary of State for the Environment, Transport and the regions issued, in 1999, a number of consents to the disposal of dwelling houses and land held under Part II under Section 32 which remain extant. General consent E.3.1 provides consent to the disposal by a local authority of any land held under Part II for the best consideration that may be reasonably obtained on condition that any dwelling house included in the disposal is vacant and will be demolished without being used again as housing accommodation.

- 6.4 So far as Site C is concerned, it is understood that no dwelling houses are situated thereon, and provided the Council is satisfied that Family Housing Association (FHA) will be paying the best price that may be reasonably be obtained for that land, the Council may proceed with the disposal without further consent from the Deputy Prime Minister.
- 6.5 With regard to Sites A and B, any disposal of this land pursuant to the proposed conditional contract, may also be made under Section 32 and General Consent E.3.1 provided that:-
- (i) the Council is satisfied that Unitary Limited (or any other purchaser) will be paying the best consideration that may be reasonably be obtained for the land:- and
  - (ii) the dwelling houses on the land are vacant; and
  - (iii) the disposal is subject to a condition requiring the purchaser to demolish those dwellings and not to use them again as housing accommodation.
- 6.6 It is noted that from paragraph 8.6 of the report, that the conditional contract for the disposal of Sites A and B will also be conditional upon the grant of planning permission, and the obtaining of vacant possession of the dwelling houses situated on the sites by the Council.
- 6.7 It is noted that the Borough Valuer is instructed to negotiate terms for the disposal to FHA and Unitary to comply with the requirement for securing the best consideration that may reasonable be obtained for the land to be purchased by them and for the approval of those terms by both the Borough Solicitor and the Chairman of the Cabinet Resources Committee. It is also noted that if appropriate terms cannot be agreed with Unitary for the purchase of Sites A & B, these sites would be marketed on the open market.
- 6.8 With reference to paragraph 8.11, it is noted that the Council will seek to ensure that the development meets the provisions of Section 106 and Section 278 Agreements currently being negotiated with FHA and Unitary. In the change to a phased approach to the development, careful consideration will be required on how these provisions are to be met in part within each phase of the development and to the negotiation of the necessary agreements for each phase, especially where any phase might be developed by someone other than FHA or Unitary.

## **7. CONSTITUTIONAL POWERS**

7.1 The Constitution Part 3, Section 3: functions of the Executive.

## **8. BACKGROUND INFORMATION**

8.1 Family Housing Association and Unitary Ltd were selected as the preferred Regeneration Partners for Stonegrove and Spur Road Estates in November 2001 and this decision was reaffirmed by Cabinet in September 2002 when outline Heads of Terms were approved in principle including the following:-

8.1.1 the contribution of housing land at nil value

8.1.2 contribution of lands to be released from the Academy

8.1.3 contribution of £8 million grant from Barnet

8.1.4 the complete re-development of the site

8.1.5 the replacement and re-provision of all the social housing.

8.2 An overall masterplan design was developed through extensive consultation with estate residents and other stakeholders and in August 2003 residents expressed overwhelming support for the regeneration plans in an estate survey. In September 2004 Planning & Environment Committee resolved to approve the Outline Planning Application.

8.3 Stonegrove and Spur Road Estates are in poor condition and beyond economic repair to meet the Governments Decent Home Standards. It is therefore necessary to ensure that any contract with partners for the regeneration of the estates ensures completion of all the works. In addition the Estates are amongst the poorest and most deprived in the Borough. Members therefore agreed that the regeneration of the Estates should include new private housing for sale, to generate the necessary value from the land to pay for the replacement social housing, and also to ensure that the new development would be characterised by mixed tenure, producing a balanced community and bring to an end the single social rented tenure that stigmatises the area presently. The resolution for the Outline Planning Consent provided for the Council's required outputs from the regeneration which include:-

- The overall successful regeneration of the Stonegrove area
- 476 high quality new social rented housing dwellings to re-house existing secure Council Tenants and to replace all the remaining Council rented homes on the estates that are due to be demolished

- Provision of a range of home ownership options to be available to re-house the 44 resident leaseholders owners displaced by the regeneration scheme, who have indicated that they wish to remain in the area together with at least 118 new intermediate homes for low income working households, and key workers.
- 717 new, high quality homes and flats for sale, to provide for mixed tenure on the estates to ensure a balanced and sustainable community
- Re-provision of existing leisure and community facilities, including a Community Centre, a Church and Church Hall, a Health Centre, a local housing management office, and new open spaces and play facilities.
- Improved parking and vehicular access, together with improved pedestrian access.
- Community Development, training and employment programmes and opportunities.

8.4 Cabinet Resources Committee, on 10<sup>th</sup> February 2005, did not approve a recommendation to dispose of Site C on its own to Family Housing Association.

8.5 Site C is to be developed using some £8.6 million Social Housing Grant (SHG) from the Housing Corporation. The SHG must be taken up before the end of 2005/2006. The release of the SHG is conditional upon FHA entering into a signed contract, having possession of the land, and for contractors to make a start on site within the financial year 2005/2006. It is essential that a decision to dispose of the site is made now if this deadline is to be met. Failure to secure the grant will result in the loss of these funds with concomitant consequences for the rest of the regeneration.

8.6 The development of Site C will provide accommodation to re-house the 44 tenants and 17 leaseholders of whom 8 have currently indicated that they wish to be re-housed. A further 9 leaseholders will be bought out. The actual number of new dwellings in phase C will be subject to agreement with the planning authority. Disposal will be conditional on the granting of detailed planning consent and the consent of the ODPM, if required. Contractual arrangements for the disposal of Sites A & B will be conditional on the grant of detailed planning approval and on the Council obtaining vacant possession of the sites. The Borough Valuer will also need to be satisfied that best consideration is being obtained on the basis of advice from an independent valuer. For the secure tenants the Council will need to apply to the ODPM for Ground 10A consent which provides grounds for possession where suitable alternative accommodation is provided. The Council will seek to acquire any other interests by private treaty, and may have to promote a Compulsory Purchase Order in the event that terms cannot be agreed in all cases.

The current outline planning approval provides for a total of 179 flats for outright open market sale, and 72 for shared-ownership for key workers and others.

8.7 In marketing these sites now the Council will attract a capital receipt, minimising future risk to the Council and this will be earmarked for the future redevelopment of the Estates, and will provide for completion of an entire section of the project. Additionally sites A, B and C share common infrastructure requirements and these are most easily dealt within an integrated manner in concurrent phases and in a way that will ensure that there is a proper apportionment of these costs.

8.8 There have been detailed negotiations on Heads of Terms of a Principal Development Agreement between the Borough, Family Housing Association and Unitary Ltd since September 2004. Appraisal of the business plan indicated that the cost and income assumptions and projections were reasonable and as a whole the Stonegrove project is viable. This project is largely self-financing but it is exposed to two key risk factors.

- (i) it is reliant on the achievement of reasonable levels of sales growth (including any betterment achieved) over the course of the envisaged 10-year development period. Under-performance because of general or local housing market conditions is a key risk.
- (ii) The project is also exposed to the risk of any excessive construction cost inflation which is currently running above the historic trend. This reduces the margin on private sales (and thus the cross-subsidy to the re-provision of the affordable housing) and directly drives up the costs of the replacement social housing and thereby increases the subsidy required.

Reliable forecasts over such a time period for either of these factors are not available, and constitute a key risk of a whole estate development agreement for disposal.

The Council would have been required to promote a Compulsory Purchase Order for the whole estates. This could have triggered claims from all leaseholders for claims against the Council for blight. This could expose the Council to considerable financial risk.

8.9 The Council's partners, and their project business plan, were only able to provide limited cover for these risks. It was not possible to secure the agreement of the Partners to guarantee the output of all the social housing and the completion of the whole development. The balance of the risk would therefore have fallen on the Council, potentially resulting in termination of the project when only partially complete, a reduction in its required social housing and other outputs (which will be conditioned by the outline planning consent), or the need for the Council to inject additional subsidy. This represents a significant level of risk to the Council.

8.10 Without the required level of project assurance, it is recommended that the approach to the regeneration be changed. In order to reduce risk to the Council it is recommended that a staged approach is taken. This will provide greater flexibility for the Council to dispose of land at the most advantageous time, when the market is such that the private housing land is likely to attract the best price.



The Council will be better able to control the speed and the phasing of the development. Since the Council will be receiving the payment for the land it will be able to retain both the cash and the remaining land to assure the completion of the scheme, or to develop other options should this prove necessary. In this way the regeneration will be built out, phase by phase, and the opportunity will be retained to review the scheme at all stages.

Financial guarantees required from development partners for each phase will be considerably less than for the whole development, and because each section is to be completed within a foreseeable period there will be less provision to be made by future partners to cover themselves against inflation and the uncertainties of the property market.

The Council's exposure to blight would be contained by the promotion of CPO's only for each phase of the development.

- 8.11 The Council, as planning authority will need to ensure that the development meets the Section 106 and 278 Agreements and other reserved planning matters on an incremental basis as the development proceeds. With separate disposals this can be more easily controlled by the Council.
- 8.12 A major issue in the negotiations with the partners has been in relation to infrastructure costs (including drainage, roads, open spaces and electricity sub-stations). Further infrastructure design and costing is required (including the apportionment of costs between the private and affordable elements of the project) to provide assurance to the Council that these major costs have been established, and can be met within the financial assessment of each phase. Proceeding on a phase by phase basis will enable any such costs to be ascertained in full before the start of works, and for the Council to ensure that they are apportioned on a proper basis.
- 8.13 There will be further consultation with local residents both on the estates and in the surrounding neighbourhood, in relation to the detailed design of these first phases, and in relation to the further implementation the development.
- 8.14 Family Housing Association were selected by the Council in 2001 as the preferred partner for the social housing, and the strength of FHA's partnership with the residents of the estates is recognised. Agreement to further disposals to FHA will, however, depend on the Council and the ODPM being satisfied that the terms of the disposal and the value of each social rented unit represent best value.
- 8.15 It is essential that the regeneration of the estates meets the highest design quality. Over the next period a review of the masterplan will be undertaken in consultation with our partners to identify opportunities to enhance and improve the proposals (within the current planning resolution).

The phased approach recommended will allow this process to be controlled by the Council, both as local Housing Authority and as the Planning Authority and will now have to include a more detailed examination of the phasing and the programme for the release of land for private housing in order to minimise risk to the Council and maximise the project's viability as it moves forward.

- 8.16 The recommended approach will promote the regeneration of the estates in a measured, prudent and minimised risk way for the Council. The overall viability of the project is not affected by taking this approach. The disposals of the sites listed will give the Council capital receipts, and enable it to select the timing and content of later phases, whilst ensuring that the Council retains positive cash and land assets to support the development. The Council will retain the power to select the commercial partners most able to deliver the scheme.
- 8.17 The housing estates regeneration scheme was firmly linked to the acquisition of a long leasehold interest in the All Souls College land which in turn would lead to the release of the surplus school lands. Whilst the school lands will still be vital to proceeding with the remainder of the regeneration scheme, the sale and development of sites A, B and C are no longer dependent upon this other transaction.
- 8.18 The negotiations with All Souls College, the Academy and the DfES will continue. The DfES has an interest in the change of approach since it will impact upon how it is to achieve a capital payment from the release and development of the surplus school lands. At some point, if the acquisition of the All Souls land proceeds, the Council will be committed to a prudential borrowing sum of around £3m. However, this sum, together with a further circa £3m which will in all probability be payable to the DfES upon the start of development on the surplus school land, can be realised from the sale/transfer of these lands for housing development.

## **9. LIST OF BACKGROUND PAPERS**

- 9.1 None.

BS: JEL  
BT: CM

## Potential Benefits from the recommendation disposal of Sites, A, B & C.

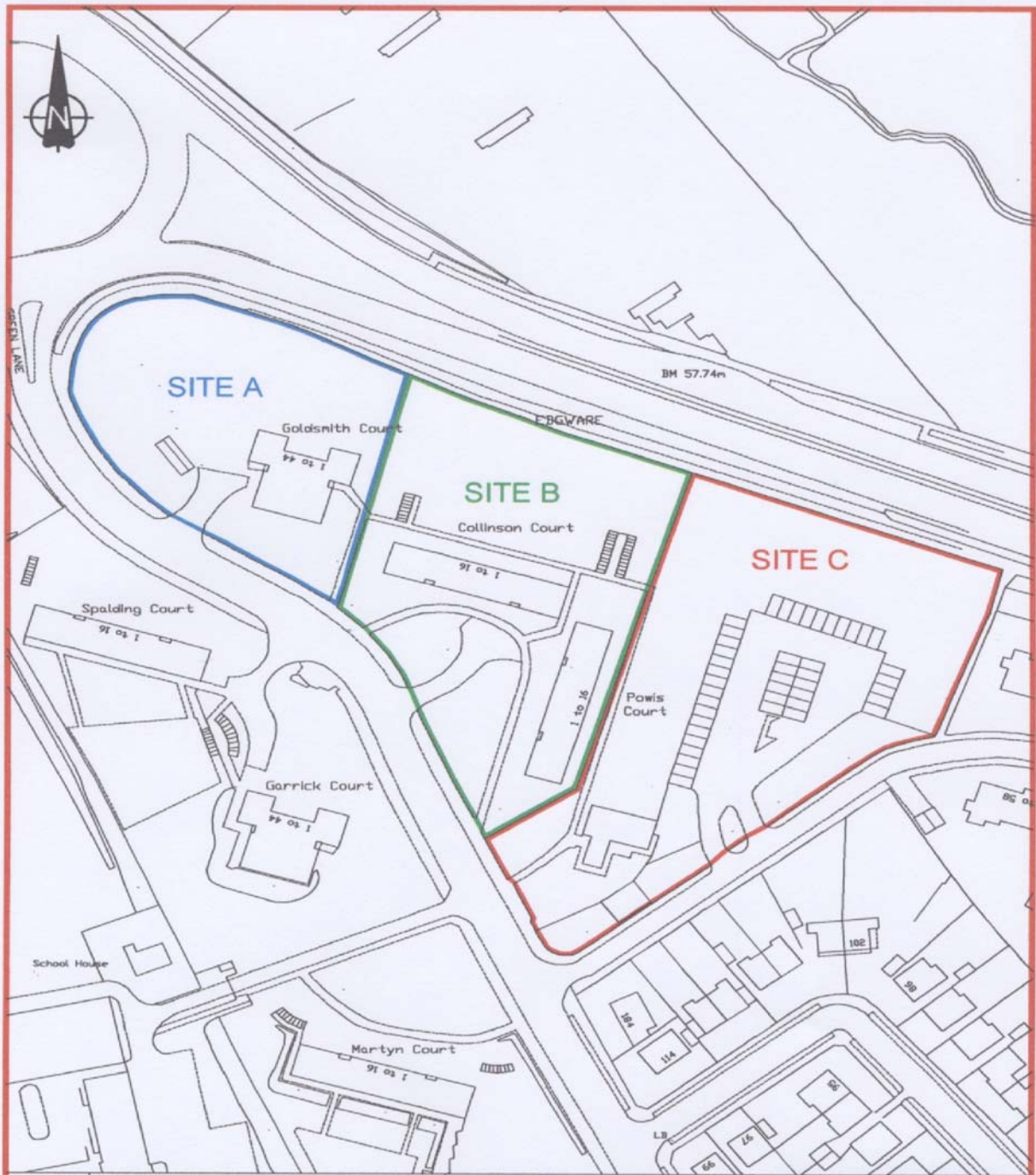
### Phase C - Affordable Housing

<b>Benefits</b>
Council receives guaranteed land value
Council obtains 'best value' for phase
Council receives contractual commitment (to be supported by performance bond) to complete the phase
FHA can proceed with its detailed design work
FHA can secure the Housing Corporation grant
Council can secure the London Housing Board grant
Council is able to keep the regeneration of the remainder of the estate under constant review
Council is able to obtain 'best value' on the disposal of subsequent phases
Council retain control of receipts (land value is received in advance of development)
Council retain control of its remaining land
No need for the Council to guarantee land availability on remainder of site
FHA assume risk of any construction cost inflation during the phase
FHA assume risk of abnormalities and unanticipated infrastructure costs
Council and FHA assume more limited exposure to blight due to sequential CPO approach
Opportunity for Council to negotiate a more acceptable tenanted market value based on the Housing Corporation Model
FHA's application for a separate planning permission less likely to be subject to challenge

**Table 2: Phases A & B – Private Housing – Revised Scheme**

<b>Benefits</b>
Council receives guaranteed land value
Council obtains 'best value' for phase
Council is able to keep the regeneration of the remainder of the estate under constant review
Council is able to obtain 'best value' on the disposal of subsequent phases
Council receives contractual commitment (to be supported by performance bond) to complete the phase
Developer Partner assume risk of cost inflation and value deflation during the phase
Developer Partner assumes risk of abnormalities and unanticipated infrastructure costs
Council retain control of receipts (land value is received in advance of actual development)
Council retain control of its remaining land
No need for the Council to guarantee land availability on remainder of site
Additional cross subsidy to be guaranteed by a lower level of financial guarantee which should be acceptable to Developer Partner
Developer Partner's application for a separate planning permission less likely to be subject to challenge

# Appendix B



Initiated by CD	<b>SCHEME:</b> STONEGROVE AND SPUR ROAD ESTATES	Nick Walkley, Director of Resources.	
Drawn by CB	<b>TITLE:</b> PLAN OF SITES A, B & C	London Borough of Barnet, North London Business Park, Oakleigh Road South, New Southgate, London, N11 1NP. Tel. 020 8359 2000	
Checked by KEB			<b>DRAWING No.</b>
Date 03.03.05	Scales 1:1250		23464

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LONDON BOROUGH OF BARNET - ESTATES REGENERATION

RISK REGISTER - PHASES A & B AND AN ONGOING PHASE BY PHASE APPROACH TO DEVELOPMENT

2.00 Project Risks												
REF	Description	Consequence	Management Action	By When?	Contingent Action	Risk Proximity	Likelihood			Impact		
							H	L	M	H	L	M
	Council unable to guarantee a fully balanced community regeneration of the estate at the outset	Scheme may not meet the desires and requirements of residents and the Council. There may be political ramifications depending on the degree to which aspirations are not met	Council retains control of remaining land and income (cross subsidy) from completed/ ongoing phases. It can therefore review the scheme as it progresses and control outputs	Ongoing	Council may review phasing or vary tenure mix to maximise opportunity	Throughout		M			M	
	Council unable to guarantee "Decent Homes Standards" across Estate at the outset	One of the principle aims of the redevelopment is to achieve Decent Homes Standards through regeneration. Council has not set aside additional funds to achieve this	If required, rather than provide new homes, the Council could use generated cross subsidy to refurbish sub-standard homes	1 month	Management action is predicated on Council re-phasing the scheme and letting phases for the replacement of the worst quality housing early in the project. This is achieved through it retaining control of land/ cross subsidy	Throughout		L			M	
	Council does take the risk of cost inflation impacting upon the land value obtainable on the disposal of a future phase	Possible delay to commencement of subsequent phases and/ or receipt of tenders at prices which take account of existing/ anticipated cost inflation (Council is exposed to tender price inflation which is more volatile than build cost inflation)	Delay disposal programme. Council is able to retain control of remainder of scheme.	Ongoing	Seek additional public subsidy	Throughout		M			H	Note - under the whole scheme approach, the Council was not exposed to build cost inflation in respect of the private element
	Council does take the risk of value deflation and insignificant inflation impacting upon the land value obtainable on the disposal of future phases	Possible delay to commencement of subsequent phases and/ or receipt of tenders at prices which take account of existing/ anticipated sales performance	Delay disposal programme. Council is able to retain control of remainder of scheme.	Ongoing	Seek additional public subsidy	Throughout		M			H	Note - under the whole scheme approach, the Council was exposed to week sales performance but not to deflation
	Cost of procurement	Increased costs in comparison to the whole scheme approach as full procurement process needs to be undertaken at commencement of each phase	Council will need to adopt a rigorous and efficient approach to procurement which can be replicated on subsequent phases	Ongoing	Council could consider use of a framework contract with an acceptable bidder subject to benchmarking of subsequent bids	Throughout					H	M
	Developer Partner fails to complete a phase.	Delay to project and possible cost overruns whilst Council has to re-market the remainder of the phase	Council will need to secure a performance bond from the developer partner (usually to the value of 10% of the phase construction cost) to assist with the re-marketing process and and time/ cost overruns	In advance	Council could consider re-marketing the 'halted' phase in conjunction with a new phase to make it a more marketable package.	Throughout		L			M	
	Council may obtain a worse offer from Unitary or the open market than it currently has	Project is less viable on a phased basis than currently and project is delayed whilst Council seeks better offers	Council will need professional advise at an early stage as to value for money of tenders and will need to be robust in early negotiations to secure commitments from bidding parties	Ongoing	Council could consider including additional phases or re-phasing to make an offer more attractive/ viable	Throughout		M			M	
	Phase in deficit	Council will be unable to market a phase which is likely to be in deficit as a stand alone package	Council will need to ensure that its phasing programme allows for groups of phases to be marketed as viable mini-projects	Ongoing	None	Throughout		M			M	
	Underwriting agreement: Council may face a claim from Unitary for its proportion of underwritten costs (more likely to claim if it is not the selected bidder)	Cost for the Council and/or costs of litigation	Nabarros' initial advice is that claim is unlikely to succeed unless made jointly with FHA	Ongoing	Arbitration before litigation	Throughout		M			M	

LONDON BOROUGH OF BARNET - ESTATES REGENERATION

RISK REGISTER - PHASES A & B AND AN ONGOING PHASE BY PHASE APPROACH TO DEVELOPMENT

2.00 Project Risks													
REF	Description	Consequence	Management Action	By When?	Contingent Action	Risk Proximity	Likelihood			Impact			
							H	L	M	H	L	M	
	Infrastructure costs	Costs need to be appropriately apportioned between phases and anticipated excessive costs need to be accounted for in earlier phases	Council will need professional advice to allow for detailed planning of infrastructure requirements and apportionments between phases. Council will need to hold monies from earlier phases in reserve in anticipation of future expenditure	Ongoing	Re-phasing/ non-completion of latter phases if anticipated infrastructure costs are too excessive	Throughout		H			M		
	Monitoring costs	Costs increase as Council needs to take an active roll in monitoring current phases and in evaluating the best way to procure future phases, adjusting for those risks set out in this matrix	Council to ensure appropriate budgets in place as not all costs may be chargeable to a current phase (where they relate to future phases)	In advance	None	Throughout		M			M		
	Phases overlap and different contractors operate on adjacent parts of the site	Difficulties in co-ordination of infrastructure works	Careful consideration to be given to marketing of phases in discreet packages to minimise risk. Take an active roll in project management.	Ongoing	None	Throughout		M			M		
	Proposed business plan is not viable	Phase unable to proceed/ delayed	Phased approach should allow bidders to assume higher levels of risks as the uncertainties associated with lengthy projects are mitigated	N/A	Change planning/ mix/ outputs. Obtain additional subsidy	Throughout		L			H		Note - risk is less than whole scheme approach as business plan likely to be agreed more rapidly
	Incorrect Apportionment of community development	Council need to ensure through the planning system and through PDA obligations that the community developments are secured as part of the phase by phase approach	Council will need to plan the phased disposal so as to secure the required community development (or contribution to it) from each phase	Ongoing	None	Throughout		L			H		
	Apportionment of s106, s276 and reserve matters between phases	Planners will need to ensure that there is the proper apportionment of planning obligations annexed to the planning permissions granted for various phases of the development. Dates will not	Council will need to coordinate and liaise with planners at an early stage and throughout the project as phases are let	Ongoing	None	Throughout		M			H		

**RISK REGISTER - PHASE C AND AN ONGOING PHASE BY PHASE APPROACH TO DEVELOPMENT**

1.00 Project risks									
REF	Description	Consequence	Management Action	By When?	Contingent Action	Risk Proximity	Likelihood	Impact	
							H M L	H M L	
	Council unable to guarantee a fully balanced community regeneration of the estate at the outset	Scheme may not meet the desires and requirements of residents and the Council. There may be political ramifications depending on the degree to which aspirations are not met	Council retains control of remaining land and income (cross subsidy) from completed/ ongoing phases. It can therefore review the scheme as it progresses and control outputs	Ongoing	Council may review phasing or vary tenure mix to maximise opportunity	Throughout	M	H	
	Council unable to guarantee "Decent Homes Standards" across Estate at the outset	One of the principle aims of the redevelopment is to achieve Decent Homes Standards through regeneration. Council has not set aside additional funds to achieve this	If required, rather than provide new homes, the Council could use generated cross subsidy to refurbish sub-standard homes	1 month	Management action is predicated on Council re-phasing the scheme and letting phases for the replacement of the worst quality housing early in the project. This is achieved through it retaining control of land/ cross subsidy	Throughout	L	M	
	Council does take the risk of cost inflation impacting upon the land value obtainable on the disposal of a future phase	Possible delay to commencement of subsequent phases and/ or receipt of tenders at prices which take account of existing/ anticipated cost inflation (Council is exposed to tender price inflation which is more volatile than build cost inflation)	Delay disposal programme. Council is able to retain control of remainder of scheme.	Ongoing	Seek additional public subsidy	Throughout	M	H	Note - under the whole scheme approach, the Council was exposed to a considerable element of build cost inflation which over the lifetime of the project which was unacceptable
	Cost of procurement	Increased costs in comparison to the whole scheme approach as full procurement process needs to be undertaken at commencement of each phase	Council will need to adopt a rigorous and efficient approach to procurement which can be replicated on subsequent phases	Ongoing	Council could consider use of a framework contract with an acceptable bidder subject to benchmarking of subsequent bids	Throughout	M	M	



**RISK REGISTER - PHASE C AND AN ONGOING PHASE BY PHASE APPROACH TO DEVELOPMENT**

1.00 Project risks									
REF	Description	Consequence	Management Action	By When?	Contingent Action	Risk Proximity	Likelihood	Impact	
							H M L	H M L	
	FHA fails to complete a phase.	Delay to project and possible cost overruns whilst Council has to re-market the remainder of the phase	Council will need to secure a suitable guarantee from the RSL to assist with the re-marketing process and time/ cost overruns. The Housing Corporation will have an interest in the land and step in rights/ a charge over the land	In advance	Council could consider re-marketing the 'halted' phase in conjunction with a new phase to make it a more marketable package.	Throughout	L	M	
	Phase in defect	Council will be unable to market a phase which is likely to be in defect as a stand alone package	Council will need to ensure that its phasing programme allows for groups of phases to be marketed as viable mini-projects	Ongoing	None	Throughout	M	M	
	Underwriting agreement: Council could technically face a claim from FHA for its proportion of underwritten costs although this is unlikely if the project proceeds with FHA	Cost for the Council and/or costs of litigation	Nabarros' initial advice is that claim is unlikely to succeed unless made jointly with Unitary	Ongoing	Arbitration before litigation	Throughout	L	M	
	Infrastructure costs	Costs need to be appropriately apportioned between phases and anticipated excessive costs need to be accounted for in earlier phases	Council will need professional advice to allow for detailed planning of infrastructure requirements and apportionments between phases. Council will need to hold monies from earlier phases in reserve in anticipation of future expenditure	Ongoing	Re-phasing/ non-completion of latter phases if anticipated infrastructure costs are too excessive	Throughout	H	H	
	Monitoring costs	Costs increase as Council needs to take an active roll in monitoring current phases and in evaluating the best way to procure future phases, adjusting for those risks set out in this matrix	Council to ensure appropriate budgets in place as not all costs may be chargeable to a current phase (where they relate to future phases)	In advance	None	Throughout	M	H	



**RISK REGISTER - PHASE C AND AN ONGOING PHASE BY PHASE APPROACH TO DEVELOPMENT**

1.00 Project risks									
REF	Description	Consequence	Management Action	By When?	Contingent Action	Risk Proximity	Likelihood	Impact	
							H M L	H M L	
	Phases overlap and different contractors operate on adjacent parts of the site	Difficulties in co-ordination of infrastructure works	Careful consideration to be given to marketing of phases in discreet packages to minimise risk. Take an active roll in project management.	Ongoing	None	Throughout	M	M	
	Proposed business plan is not viable	Phase unable to proceed/ delayed	Phased approach should allow bidders to assume higher levels of risks as the uncertainties associated with lengthy projects are mitigated	N/A	Change planning/ mix/ outputs. Obtain additional subsidy	Throughout	L	H	Note - risk is less than whole scheme approach as business plan likely to be agreed more rapidly
	Unable to secure £8m Social Housing Grant	Phase unable to proceed/ delayed	Council and RSL to liase with Housing Corporation to discuss process for moving forward	Ongoing	Consider possibility of additional public subsidy	Short	L	H	
	Council's planners/ members do not approve the development of phase C with reference to Phases A & B	Phase unable to proceed/ delayed	Council to liase with planners at early stage. Consider re-design of Phase C	Ongoing	None	Short	L	H	
	Incorrect Apportionment of community development	Council need to ensure through the planning system and through PDA obligations that the community developments are secured as part of the phase by phase approach	Council will need to plan the phased disposal so as to secure the required community development (or contribution to it) from each phase	Ongoing	None	Throughout	L	H	
	Apportionment of s106, s276 and reserve matters between phases	Planners will need to ensure that there is the proper apportionment of planning obligations annexed to the planning permissions granted for various phases of the development. Partners will not want to trigger planning obligations in respect of land over which they have no control	Council will need to coordivate and liase with planners at an early stage and throughout the project as phases are let	Ongoing	None	Throughout	M	H	
	Poor quality of design	Poor external and internal finishes to buildings, quality of materials mean increased maintenance costs, poorly lit areas increase fear of crime	Council to prescribe its design standards and requirements at the bid stage.	Advance	Council to be involved in monitoring the design process	Throughout	M	M	

## Appendix D

### Current Occupation – Sites A and B

	Secure Tenants	Non secure Tenants	Leaseholders	<b>Total</b>	1 Bed	2 Bed	3 Bed
Goldsmith Court (A)	34	4	6	<b>44</b>	1	43	0
Powys Court (B)	6	1	9	<b>16</b>	0	0	16
Collinson Court (B)	4	1	11	<b>16</b>	0	0	16
<b>Total</b>	<b>44</b>	<b>6</b>	<b>26<sup>1</sup></b>	<b>76</b>	<b>1</b>	<b>43</b>	<b>32</b>

### Indicative Occupation based on current Master Plan – Sites A and B

	Shared Ownership	Private Sale	<b>Total</b>
Site A	42	74	<b>116</b>
Site B	30	105	<b>135</b>

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<sup>1</sup> There are 17 resident leaseholders of whom 8 have indicated they wish to be rehoused.