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| <u>MEETING</u> POLICY AND RESOURCES COMMITTEE |
| <u>DATE AND TIME</u> TUESDAY 17TH MAY, 2016 AT 7.00 PM |
| <u>VENUE</u> HENDON TOWN HALL, THE BURROUGHS, LONDON NW4 4BQ |

Dear Councillors,


Please find enclosed additional papers relating to the following items for the above mentioned meeting which were not available at the time of collation of the agenda.

| Item No | Title of Report | Pages |
|---------|---------------------------------------|---------|
| 7 | BRENT CROSS FUNDING STRATEGY | 1 - 14 |
| 11.1 | BRENT CROSS FUNDING STRATEGY (EXEMPT) | 15 - 20 |

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AGENDA ITEM 7

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|  | <p style="text-align: center;">Policy and Resources Committee</p> <p style="text-align: center;">17 May 2016</p> |
| <p style="text-align: right;">Title</p> | <p>Brent Cross Cricklewood funding strategy</p> |
| <p style="text-align: right;">Report of</p> | <p>Chief Operating Officer Director of Resources</p> |
| <p style="text-align: right;">Wards</p> | <p>All</p> |
| <p style="text-align: right;">Status</p> | <p>Public with separate exempt report</p> |
| <p style="text-align: right;">Urgent</p> | <p>No</p> |
| <p style="text-align: right;">Key</p> | <p>Yes</p> |
| <p style="text-align: right;">Enclosures</p> | <p>Appendix A – Mayoral Decision from GLA</p> |
| <p style="text-align: right;">Officer Contact Details</p> | <p>Anisa Darr, Director of Resources, Anisa.Darr@barnet.gov.uk Karen Mercer, Programme Director, Re, Karen.Mercer@barnet.gov.uk</p> |

Summary

Following the approval of the full business case for Brent Cross Cricklewood Regeneration by Government, this report provides an update on the agreements with Greater London Authority (GLA) and Department of Communities and Local Government (DCLG) regarding the funding of the Thameslink Station; it also updates committee on funding in relation to Brent Cross North and Brent Cross South.

Recommendations

The report recommends that the Committee:

- 1.1 Approves the addition of the GRIP 4 detailed design costs to the capital programme as per para 1.4.8;**

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| 1.2 | Approves the increase to the capital financing requirement and required changes to the Treasury Management Strategy to accommodate borrowing requirement in relation to Brent Cross Cricklewood programme, as set out in para 1.6.6; |
| 1.3 | Notes the total funding requirement as detailed in para 1.6.6 and notes that it will be requested to consider and to approve this in subsequent relevant budget setting cycles (as detailed in para 1.6.5); |
| 1.4 | Approves engagement with the council's treasury advisors to find more preferential rates than Public Works Loan Board (PWLb) to secure funding; |
| 1.5 | Authorises officers to continue to work with DCLG and GLA to ring fence the growth in business rates from Brent Cross North in order to pay back the borrowing requirement. |

1. WHY THIS REPORT IS NEEDED

1.1 Executive Summary

1.1.1 Hammerson UK and Standard Life Investments Ltd (the Brent Cross North Partners/HSL) will deliver the redevelopment of the shopping centre at Brent Cross and the land around it, together with the northern elements of the infrastructure required to support the comprehensive regeneration proposals. The Council in a joint venture with Argent Related will deliver the southern parts of the Brent Cross Cricklewood Regeneration masterplan, including the southern elements of the infrastructure and the land to be redeveloped in connection with the station improvements.

1.1.2 Government (including Department of Communities and Local Government, Treasury and Department for Transport) announced the approval of the Council's Regeneration Full Business Case in March 2016; which confirmed the ring fencing of the local element (Barnet and GLA share) of the growth in business rates to fund the Thameslink station and associated critical infrastructure.

1.2 Brent Cross North

1.2.1 The Brent Cross North Partners are progressing the detailed design of the shopping centre. Early discussions on the detailed design are underway, and it is anticipated that a reserved matters application will be submitted in early 2017. This is running in parallel with highway and infrastructure workstreams. The Brent Cross North Partners are continuing to work with TFL and the Council's highways team to progress the transport modelling work to support the detailed design and to inform the required highway infrastructure agreements. It is anticipated detailed work on the highway infrastructure agreements will commence in April 2016.

1.2.2 The anticipated construction start date is early 2018, with phased opening with completion date end of 2021.

- 1.2.3 Following Assets, Regeneration and Growth Committee's approval on 30 November 2015 to amend the Brent Cross Property Development Agreement (BXN PDA) and Co-operation Agreement in accordance with the heads of terms set out in the report to committee, the council and Brent Cross North partners are now finalising the amended legal documents, and it is expected these will be completed by 20 May 2016.

1.3 Brent Cross South

- 1.3.1 The selection of Argent Related as the preferred development partner in March 2015 was subject to the Council and Argent Related jointly progressing the Business Plan alongside the project agreement and the corporate documentation required to govern formation of the new Joint Venture entity (JVLP) to be reported to the Assets, Regeneration and Growth Committee in March 2016 for approval, following which, the project documentation would be entered into and the JVLP formally created.
- 1.3.2 Assets, Regeneration and Growth Committee approved the Business Plan and legal documentation in March 2016 so that the JVLP could be created to deliver the south side regeneration. The project documentation has now been settled and it is expected that it will have been completed and the JVLP formally created by the time of the Committee meeting.

1.4 Thameslink Station

- 1.4.1 The council has been working with the GLA, HM Treasury, DCLG and Department for Transport (DfT) over the last year to develop the Business Case and funding strategy to bring forward the station proposals.
- 1.4.2 The Outline Business Case was considered by the Finance Sub-Committee in February 2015. Following this, the Government announced in its March 2015 Budget Statement that the government will provide £97m grant funding and ring-fence the local 50% share of business rate growth to support the London Borough of Barnet and the Greater London Authority plans for the regeneration of Brent Cross, and facilitating the delivery of 7,500 new homes.
- 1.4.3 This commitment was subject to approval of the Full Regeneration Business Case, which was to include a full transport business case; continuing to demonstrate adequate value for money (including regeneration effects) when developed; the Council committing to take on the full capital cost and risk of delivery of the new station and funding any operational subsidy to the Train Operating Company until the station becomes self-financing and working with DfT, Network Rail and train operators to develop a detailed plan for the funding and delivery of the new station throughout the project.
- 1.4.4 This funding commitment was reaffirmed by the Chancellor in the November 2015 Spending Review.
- 1.4.5 The Council submitted the Regeneration Full Business Case to HM Government on 22 January 2016 following the development of the Station Single Option design surrounding the station detailed below. The Government confirmed in the March 2016 Budget that the full business case has now been approved.

1.4.6 The procurement strategy to deliver the station and associated work packages is still under development. It is anticipated that this will be reported to ARG later this year so that a competitive tender can commence in early 2017 to enable a start on site in early 2018. The target opening date for the station remains late 2021.

1.4.7 In order to progress the station project in accordance with the programme, work now needs to start on the detailed design of the station and bridges alongside the rail systems (track signalling, telecoms and associated infrastructure, overhead electricity lines and mechanical and electrical works) as well as civils (platforms, foundations, CCTV). This work needs to be supported by survey and ground investigations work, which ideally should be undertaken over the summer this year. This work represents the GRIP 4 process as required by Network Rail in order to agree an approval in principle design.

1.4.8 The Council will renegotiate the Design Services Agreement with Network Rail to progress the project forward to GRIP 4 completion. The estimate for this work is £7.7m and the committee is asked to approve the addition of this to the capital programme.

1.5 Land assembly and CPO 1 and 2

1.5.1 The council has now made the two Compulsory Purchase Orders in respect of the land required to facilitate the first phase development.

1.5.2 The orders were made on 20 April 2015. The formal statutory Notices were served on those affected by the CPOs on 30 April 2015. Notices were also placed in local press as required and the statutory objection / consultation period to enable those affected by the CPOs to register their objections and make representations to the Secretary of State has now closed.

1.5.3 The Secretary of State has now confirmed that an Inquiry will be required and this scheduled to take place from 17 May – 24 June 2016. The Pre-Inquiry meeting was held on 24 February 2016.

1.5.4 The council and its Development Partners are responding to objections and undertaking necessary works in order to support the CPO Inquiry.

1.5.5 The council and its advisors are also continuing to actively progress private treaty negotiations with those businesses and residents affected by the CPO. In this regard, the council is leading on the acquisition of land within the south side compulsory purchase areas.

1.5.6 The Council and its Development Partners are continuing to consult with residents throughout this process. The Council is also holding CPO surgery meetings to meet directly with residents to discuss their concerns and next steps.

1.6 Funding

1.6.1 As per the report to P&R on 21 July 2014 there were six tests set by the S151 officer in order for the council to assure itself that the prudential code can be satisfied, before borrowing could be undertaken for Thameslink station and infrastructure.

1.6.2 These were:

- a) A guarantee of ring-fencing (or equivalent assurance) of business rates received from HMT and CLG (100% if fully funded from business rates, 50% if partially funded from business rates and partially funded by grant);
- b) Confirmation that business rates will still pay back borrowing in 25 years if estimates of total business rate expansion are reduced by 40%;
- c) That interest costs are capped at no more than 4.5%;
- d) That the expansion of Brent Cross has reached the “point of no return”, as verified independently;
- e) That a fixed price has been received from Network Rail for the station build; and
- f) That the general fund is in a sustainable position at the point of decision.

1.6.3 In respect of satisfying these tests, the current status is:

- a) The full business case was approved on the basis of 50% ring fencing of business rates and £97m funded by grant. This agreement is being formalised with Government and this test is considered to be satisfied;
- b) The current modelling shows that if the assumed business rates were to reduce by 40%, then the payback period would extend to 23 years. This is within the parameters set and this test is considered to be satisfied;
- c) Interest rates are currently 3.5% through Public Works Loan Board (PWLb) and although this test is considered to be satisfied, this will be kept under review and if possible a more favourable rate will be secured;
- d) The current timeframe for BXN to go unconditional is early 2018, this will be kept under review;
- e) The procurement strategy for Thameslink, as mentioned in para 1.4.6, shows cost certainty will be achieved by the end of 2017. This will be kept under review;
- f) The general fund in 2015/16 was overspent mainly due to pressures in Adult social care. The application of the social care precept in 2016/17 is intended to mitigate this pressure and therefore it is currently forecasted that the general fund will be in a sustainable position. This test is considered to be satisfied but will be kept under review.

1.6.4 In summary, tests A and B have been satisfied, tests C and F are satisfied at this point in time but will be re-verified at the point of borrowing and tests D and E are being worked towards being satisfied.

1.6.5 Tests C to E will be re-verified as the council gets to the point of borrowing the money for the station, which P&R will be requested to approve as additions to the capital programme through the council’s annual budget setting cycle and approvals of the Treasury Management Strategy.

1.6.6 The current estimate of the cost of the Thameslink station is shown below:

| Year | 2016/17 - 2019/20 | 2020/21 - 2023/24 | 2024/25 - 2026/27 | 2027/28 - 2029/30 | Total |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|--------------------|
| | £ | £ | £ | £ | £ |
| Expenditure | | | | | |
| Capital (Without Inflation) | 215,000,000 | 0 | 0 | 0 | 215,000,000 |

| | | | | | |
|---------------------|--------------------|-------------------|------------------|----------|--------------------|
| Capital (Inflation) | 23,131,627 | 0 | 0 | 0 | 23,131,627 |
| Revenue Interest | 22,046,198 | 22,003,338 | 3,744,852 | 0 | 47,794,388 |
| Total | 260,177,825 | 22,003,338 | 3,744,852 | 0 | 285,926,015 |

1.6.7 Additional investments are set out in the exempt report.

1.6.8 The cost is to be funded through grant and borrowing upfront and the borrowing will be repaid as per the table below:

| Year | 2016/17 - 2019/20 | 2020/21 - 2023/24 | 2024/25 - 2026/27 | 2027/28 - 2029/30 | Total |
|---|----------------------|----------------------|----------------------|----------------------|--------------------|
| | £ | £ | £ | £ | £ |
| Funded By: | | | | | |
| Business Rates Income | 29,324,698 | 94,983,159 | 57,769,244 | 0 | 182,077,101 |
| Grants (Greater London Authority) | 2,900,000 | 0 | 0 | 0 | 2,900,000 |
| Grants (HM Treasury) | 96,933,768 | 0 | 0 | 0 | 96,933,768 |
| Interest cost to be paid before BR growth | 4,015,146 | 0 | 0 | 0 | 4,015,146 |
| Total Funding | 133,173,612 | 94,983,159 | 57,769,244 | 0 | 285,926,015 |

1.6.9 This is a capital cost and any revenue costs associated with the station operating or on-going maintenance are assumed to be borne by Network Rail and the Train Operating Companies. The council will be responsible for the capital cost and risk of delivery of the new station and any required operational subsidy to the Train Operating Company until the station becomes self-financing.

1.6.10 The proposed funding approach within the Full Business Case is consistent with the Outline Business Case, with £97m grant funding being provided by HM Government and the remaining being funded by LBB borrowing and being repaid using the uplift in business rate growth resulting from the shopping centre expansion.

1.6.11 This funding strategy is still based on a 50% Business Rates Retention ring-fenced position. The payback period has extended from 10 to 14 years to reflect the increased cost commitment as a result of the infrastructure funding strategy approved by ARG on 30 November 2015. Following HM Government's approval of the Full Business Case, the council has received draft grant agreements from DCLG regarding the drawdown on funding and entering into an agreement with the GLA in respect of their share of the local business rates.

1.6.12 As set out in the exempt report.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The comprehensive regeneration of Brent Cross Cricklewood is a longstanding objective of the Council and a key regeneration priority of the Mayor of London. The London Plan identifies it as an Opportunity Area with an indicative employment capacity target of 20,000 jobs and a minimum new homes target of 10,000 homes. The Council's Core Strategy reinforces the significant comprehensive regeneration opportunity, which includes a new town centre, major new and improved transport and community facilities, and other infrastructure and public areas.
- 2.2 The area is significantly constrained by the existing road network and rail infrastructure, which creates a poor environment for those who live and work there. Nevertheless, given its location at the connection between the M1 and A406, the regeneration area has the potential to be a major and attractive gateway into London. The potential accessibility of the area is further enhanced by its connection with the A5 and A41, and its close proximity to the Northern Line at Brent Cross station, the Midland mainline, and Brent Cross bus station.
- 2.3 One of the reasons why the area has not been redeveloped to date is the need for substantial infrastructure to be provided to realise the area's potential. The comprehensive redevelopment and improvement of the Brent Cross Shopping Centre and other major development in the area provides the opportunity for the infrastructure to be funded and delivered, for the benefit of Brent Cross Cricklewood as a whole. In particular, in addition to major improvements to existing roads and public transport and social infrastructure, the proposals will create strong and attractive linkages between the communities to the north and south of the North Circular.
- 2.4 The development of this strategic gateway site will create a new town centre and residential quarter, uniting the areas north and south of the A406 North Circular, providing an attractive and vibrant place to live and work. It will contribute to the future prosperity of the Borough. The development to the north of the North Circular alone is expected to create 3,000 construction jobs, and an additional 4,000 permanent jobs over the next five to seven years. It will provide around 91,500 sq.m (net) of additional retail and commercial floorspace.
- 2.5 Brent Cross Cricklewood is a key element of the Council's regeneration and housing programme and will provide over 7,540 new homes over the next 20 years, including affordable homes and replacement homes for the Whitefield Estate. The scheme will also provide new and improved educational and health facilities for the community, and improved open space and recreational facilities for the community to enjoy and use.
- 2.6 The new Thameslink Station alongside the major highways and junction improvements (including those to junctions on the M1, A5, A406 (the North Circular), A407 and A41) will vastly improve the accessibility of the area and will help realise the regeneration of the area to its full potential. To address the existing barriers to accessibility between the communities to the north and south of the North Circular, as part of the first stage of development a series of bridges will be delivered including the Living Bridge (a new pedestrian and cycle bridge over the North Circular adjacent to Claremont Avenue and Market Square); the Templehof Bridge (replacing the existing Templehof Bridge over the North Circular); the A406/M1 Junction Pedestrian and Cycle Bridge – a new shared pedestrian and cycle bridge over

the A406 adjacent to this improved junction; changes to the Staples Corner Pedestrian Bridge; 9 road bridges across the improved and diverted River Brent, and a further two bridges for the use of pedestrians and cyclists only.

- 2.7 The regeneration of Brent Cross Cricklewood will be a major component of achieving the Council's priority objectives in its Corporate Plan 2013-2016, including to 'maintain the right environment for a strong diverse local economy', with the strategic objective under this priority being to sustain Barnet by 'promoting growth, development and success across the borough'.
- 2.8 The scheme also supports the achievement of the objectives set out in 'One Barnet - A Sustainable Community Strategy for Barnet 2010-2020', including:
"Sharing opportunities for success' and 'choice and responsibility', where the proposals will provide high quality homes. The Scheme itself will offer more choice by providing a number of different housing options such as shared equity, shared ownership and private homes for sale to residents and those in the wider community".
- 2.9 In addition, it will further the strategic objectives in the Council's Housing Strategy 2010-2025 which include:
- (a) increasing housing supply, including family sized homes, to improve the range of housing choices and opportunities available to residents; and
 - (b) promoting mixed communities and maximising opportunities available for those wishing to own their home.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Options were considered in respect of not bringing forward the delivery of Thameslink Station, however this led to a reduction of homes being delivered and the area not fully being regenerated.
- 3.2 With regards to funding the station, options were explored with Government which ranged from Government covering the full cost of the station to the local authority covering the full cost. We now have an option in which Government is paying half the cost upfront and has allowed the growth in the local elements of business rates to be ringfenced in order to pay back the remainder of the loan.

4 POST DECISION IMPLEMENTATION

- 4.1 Following approval of these recommendations, officers will progress workstreams in line with the approved recommendations.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The regeneration of Brent Cross Cricklewood supports the Council's Corporate Plan for 2015-20 which states the Council will work with local, regional and national partners to strive to ensure that Barnet is a place:
- Of opportunity, where people can further their quality of life;
 - Where people are helped to help themselves, recognising that prevention is better than cure;

- Where responsibility is shared, fairly;
- Where services are delivered efficiently to get value for money for the taxpayer.

5.1.2 The scheme to transform Brent Cross Cricklewood will play a major role in delivering future prosperity, doubling the size of the shopping centre and linking seamlessly to a new town centre for Barnet and North London across the North Circular Road. Brent Cross Cricklewood is one of Barnet's priority regeneration areas, and will provide approximately 7,500 new homes over the next 20 years. It is a key part of the wider revitalisation of the A5 corridor, linking Brent Cross Cricklewood with developments at West Hendon, Colindale and Edgware and improvements to Cricklewood Town Centre, to create a series of high quality modern suburbs.

5.1.3 The first phase of the Brent Cross Cricklewood project includes the redevelopment of the shopping centre, creation of major new infrastructure, improved links to the existing tube station, and delivery of around 2,461 new homes over the next 8-10 years. This will create an estimated 3,000 construction jobs, and 4,000 permanent jobs. The Thameslink Station is important to the success of the regeneration scheme in both place-making as well as viability terms. However, at present the scheme does not benefit from the delivery of the station until the later phases. Bringing the station forward in the delivery programme will increase the attractiveness of Brent Cross Cricklewood area as a place to live, shop and work and thereby improve the viability of Brent Cross Cricklewood South and will also increase the pace of delivery of new homes.

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

5.2.1 The anticipated costs in respect of Thameslink and associated critical infrastructure is as per para 1.6.6.

5.2.2 This is anticipated to be funded through internal and external borrowing in the first instance, with payback through the ring fencing of the growth in local business rates (Barnet and GLA element) and capital receipts. A detailed breakdown is provided in para 1.6.8.

5.2.3 The 100% localisation of business rates is not anticipated to impact this deal; however there is an agreement in principle with Government and GLA that as details of the new localisation scheme emerges, the impact on this deal will be assessed to ensure neutrality.

5.3 Social Value

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

5.4 Legal and Constitutional References

5.4.1 Section 1 of the Localism Act 2012 provides local authorities with a general power of competence which empowers them to carry out any act that an individual generally has the power to do so long as they act within the boundaries of any other statutory limitations restrictions or provisions such as those quoted below.

- 5.4.2 Section 21(2) of Part 1 of the Local Government Act 2003 requires local authorities to observe “proper practices” when using or expending capital. “Proper practices” include the observance of the Prudential Code for Capital Finance and SORP and CIPFA Accounting Codes of Practice.
- 5.4.3 By virtue of section 1 of Part 1 of the Local Government Act 2003 local authorities are empowered to borrow to invest in capital works and assets so long as the cost of that borrowing is within affordable limits and in line with principles set out in a professional Prudential Code, endorsed by the Chartered Institute of Public Finance and Accountancy.
- 5.4.4 The repayment of any grant or other financial assistance given to the local authority for the purposes of expenditure is capital expenditure according to Regulation 25 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 and is subject to the same “proper practices” under Regulation 2 of above-mentioned Regulations.
- 5.4.5 Section 1 of the Local Government Finance Act 2012 gives local authorities the power to keep up to half of the business rate growth in their area by splitting business rate revenue into the ‘local share’ and the ‘central share’. The central share is redistributed to councils in the form of revenue support grant in the same way as formula grant. Local share taxbase growth is retained within local government.
- 5.4.6 Section 111 of the Local Government Act 1972, relates to the subsidiary powers of local authorities.
- 5.4.7 Section 151 of the Local Government Act 1972 states that: “without prejudice to section 111, every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”.
- 5.4.8 All proposals emerging from the review of the budget setting process must be considered in terms of the council’s legal powers and obligations, including the budget management and monitoring requirements within the Council’s Financial Regulations and its overarching statutory duties such as the Public Sector Equality Duty.
- 5.4.9 The Council’s Financial Regulations state within Paragraph 4.4.3 (Capital Virements) that Policy and Resources Committee Approval is required for all capital additions to the Capital Programme. Capital additions should be included in the quarterly budget monitoring report to the Performance and Contracts Committee for noting.
- 5.4.10 Annex A of Article 15 of the Council Constitution sets out the terms of the Policy and Resources Committee, which include:
- To be the principal means by which advice on strategic policy and plans is given and co-ordinated on strategic issues such as the Council’s Capital and Revenue Budget setting, Medium Term Financial Strategy and ensuring effective Use of Resources and Value for Money.

- To be responsible for the overall strategic direction of the Council including strategic partnerships, Treasury Management Strategy and internal transformation programmes.

5.4.11 Decision makers should have due regard to the Public Sector Equality Duty when making their decisions. If negative equality impacts are found then decision makers may – or may not – decide to change their decisions after balancing all of the factors, including but not limited to equality considerations. The equalities duties are ongoing duties – they are not duties to secure a particular outcome. The equalities duties should be taken into account before a decision is made. It is important that decision makers have regard to the statutory requirements on them and make decisions in light of all available material. This will include the results of consultation and other comments that residents and organisations make on the proposals.

5.5 Risk Management

5.5.1 The key risks can be summarised as follows:

Brent Cross North

5.5.2 There is the risk that the Brent Cross North partners do not progress the shopping centre scheme, or deliver part of the scheme but fail to deliver the critical infrastructure needed to facilitate the comprehensive regeneration of the area. In this regard, the commercial agreements with the Brent Cross North partners require the delivery of critical infrastructure and there is also provision within the legal agreements enabling the Council to acquire Hammerson owned land needed to deliver the south side in the event the north does not progress. Furthermore, the commercial agreements with the Brent Cross North partners require the delivery of critical infrastructure to enable the Brent Cross Cricklewood South development to come forward in advance of the shopping development. This will ensure that the regeneration of the southern land is progressed.

5.5.3 This would have an impact on the council's ability to pay back the borrowing as the increase in business rates wouldn't materialise to the value anticipated, however there are three safeguards in this respect; modelling shows the borrowing undertaken would be payable within 25 years even if business rates were 40% less than assumed, majority of borrowing would be undertaken after Brent Cross North went unconditional and ultimately, if the Brent Cross North Partners did not proceed, the Council and Argent Related would work together to develop an alternative scheme for Brent Cross South (without any obligation on either party to do so). Legal advisors have confirmed that there would be no procurement issues in proceeding with such a scheme in the absence of Brent Cross North going ahead.

Thameslink

5.5.4 There is a risk that capital costs associated with works impacting the operational railway could escalate. Costs associated with interventions on the operational railway tend to escalate due to a lack of key resources, Signalling, Overhead Line Electrification and railway possessions costs. To mitigate this risk, opportunities exist on this project to reduce the reliance on specialist railway contractors and construct a proportion of the works in a "high-street environment" these opportunities will be explored further and value engineered throughout detailed design GRIP 4.

- 5.5.5 The construction of the Station is dependent on the Brent Cross North Partners starting on site in early 2018. The investment phasing is dependent on the Brent Cross North Partners commencing on site and the development agreement (PDA) going unconditional. The baseline programme has assumed Brent Cross North Partners commencing in early 2018. A mitigation programme has been developed should the long stop date move back to October 2019, moving the commissioning of the station back from mid-2021 to mid-2023.
- 5.5.6 Interest rate linked to the borrowing for the station and critical infrastructure increases. This funding strategy and early identification of a loan that can be secured within the interest rate threshold set by Committee, whilst balancing use of internal balances, is a key mitigation against this risk.

CPO

- 5.5.7 Affected parties failing to be identified in any potential CPO – a specialist land referencing firm, TerraQuest, have been appointed to undertake the land referencing exercise to mitigate against this risk. Also, the discussions being held by the Council and the Development Partners with those affected when seeking to acquire their land and interests are helpful in checking the parties with interests in the area.
- 5.5.8 Non confirmation of the CPO – to mitigate this risk the Council has retained external legal advice and Neil King QC throughout the CPO process.
- 5.5.9 There is a small risk that the Secretary of State consents could be refused. Lands will not be disposed of until all necessary consents are in place. If necessary the scheme would be revised and new consents would be sought.

S151 Sign off

- 5.5.10 In respect of the tests set out by S151 officer, detailed in para 1.5.2, there is a risk that the tests that haven't yet been satisfied, mainly cost certainty may not be achieved however our procurement strategy is being developed to mitigate the impact of this.

5.6 Equalities and Diversity

- 5.6.1 The Equality Act 2010 and The Public Sector Equality Duty, require all local authorities to pay due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010;
 - Advance equality of opportunity between people from different groups;
 - Foster good relations between people from different groups.
- 5.6.2 This places a legal obligation on the Council to pay due regard to equalities in an appropriate and proportionate manner and to take account of how the Council's decisions might impact on different groups across the borough including those identified in equality legislation as protected characteristics, namely: Age, disability, gender, gender reassignment, marriage, civil partnership, pregnancy and maternity, sexual orientation and religion or belief.
- 5.6.3 Equality and diversity issues are a mandatory consideration in the decision making of the Council. This requires elected Members to satisfy themselves that equality considerations are integrated into day to day business and that all proposals put to

committees have properly taken into consideration what impact, if any, there is on any protected group and what mitigating factors can be put in train.

5.7 Consultation and Engagement

5.7.1 In respect of the scheme extensive consultation has and will continue to be undertaken with key stakeholders and the community to ensure that the Brent Cross Cricklewood scheme reflects local needs including the needs of those with protected characteristics, as well as securing the future of North London's only regional shopping centre.

5.7.2 There has also been consultation and engagement with local stakeholders and the community during the planning process and the CPO process is designed to allow parties an opportunity to make representations and, if desired, attend a public inquiry and state their cases.

5.8 Insight

5.8.1 The council's treasury advisors will be used to ensure the most affordable and prudent borrowing is undertaken.

6 BACKGROUND PAPERS

| Item | Decision | Link |
|---|--|---|
| Policy and Resources Committee 21 July 2014 | Decision item 6 – Finance and Business Planning – Capital Programme and review of reserves | http://barnet.moderngov.co.uk/ie/ListDocuments.aspx?CId=692&MId=7860&Ver=4 |
| Assets, Regeneration and Growth Committee 17 March 2016 | Decision Item 14 – Brent Cross Cricklewood | http://barnet.moderngov.co.uk/ie/ListDocuments.aspx?CId=696&MId=8312&Ver=4 |

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By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A
of the Local Government Act 1972.

AGENDA ITEM 11a

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