

<p style="text-align: center;"><u>MEETING</u></p> <p style="text-align: center;">ASSETS, REGENERATION AND GROWTH COMMITTEE</p>
<p style="text-align: center;"><u>DATE AND TIME</u></p> <p style="text-align: center;">MONDAY 25TH MARCH, 2019</p> <p style="text-align: center;">AT 7.00 PM</p>
<p style="text-align: center;"><u>VENUE</u></p> <p style="text-align: center;">HENDON TOWN HALL, THE BURROUGHS, LONDON NW4 4BG</p>

TO: MEMBERS OF ASSETS, REGENERATION AND GROWTH COMMITTEE (Quorum 3)

Chairman: Councillor Daniel Thomas
Vice Chairman: Councillor Gabirel Rozenberg

Councillors

Councillor Richard Cornelius	Councillor Geof Cooke	Councillor Alex Prager
Councillor Peter Zinkin	Councillor Sara Conway	Councillor Sarah Wardle
Councillor Ross Houston	Councillor Kath McGuirk	

Substitute Members

Councillor Paul Edwards	Councillor Nizza Fluss
Councillor Alison Moore	Councillor Laithe Jajeh
Councillor Nagus Narenthira	Councillor Thomas Smith

In line with the Constitution's Public Participation and Engagement Rules, requests to submit public questions or comments must be submitted by 10AM on the third working day before the date of the committee meeting. Therefore, the deadline for this meeting is Wednesday 20th March at 10AM. Requests must be submitted to Abigail Lewis abigail.lewis@barnet.gov.uk 020 8359 4369

You are requested to attend the above meeting for which an agenda is attached.

Andrew Charlwood – Head of Governance

Governance Services contact: Abigail Lewis abigail.lewis@barnet.gov.uk 020 8359 4369

Media Relations Contact: Gareth Greene 020 8359 7039

ASSURANCE GROUP

Please consider the environment before printing. The average Print Cost for this Agenda is £21.09 per copy.

ORDER OF BUSINESS

Item No	Title of Report	Pages
1.	Minutes of the Previous Meeting	5 - 10
2.	Absence of Members	
3.	Declarations of Members Disclosable Pecuniary Interests and Non-Pecuniary Interests	
4.	Report of the Monitoring Officer (if Any)	
5.	Public Questions and Comments (if Any)	
6.	Members' Items (if Any)	11 - 14
7.	Burnt Oak Broadway Flats Rooftop Development Outline Business Case	15 - 46
8.	ARG Delivery Plan 2019/20	47 - 60
9.	Development Pipeline - Establishing new sites for consideration	61 - 76
10.	Grahame Park: PDA variation update	77 - 88
11.	Housing Revenue Account (HRA) Acquisitions (Phase 2)	89 - 112
12.	Quarter 3 2018/19 Assets, Regeneration and Growth Performance Report	113 - 126
13.	Pinkham Way Strategic Outline Business Case	127 - 160
14.	Brent Cross Cricklewood- Quarterly Update	161 - 174
15.	TW3 - Parking leases and licenses	To Follow
16.	Committee Forward Work Programme	175 - 176
17.	Any Other Items that the Chairman decides are Urgent	
18.	Motion to Exclude the Press and Public	

19.	Grahame Park PDA Variations - Exempt	177 - 186
20.	TW3 - Parking leases and licenses	To Follow
21.	Any Other Exempt Item(s) that the Chairman decides are Urgent	

FACILITIES FOR PEOPLE WITH DISABILITIES

Hendon Town Hall has access for wheelchair users including lifts and toilets. If you wish to let us know in advance that you will be attending the meeting, please telephone Abigail Lewis abigail.lewis@barnet.gov.uk 020 8359 4369. People with hearing difficulties who have a text phone, may telephone our minicom number on 020 8203 8942. All of our Committee Rooms also have induction loops.

FIRE/EMERGENCY EVACUATION PROCEDURE

If the fire alarm sounds continuously, or if you are instructed to do so, you must leave the building by the nearest available exit. You will be directed to the nearest exit by uniformed custodians. It is vital you follow their instructions.

You should proceed calmly; do not run and do not use the lifts.

Do not stop to collect personal belongings

Once you are outside, please do not wait immediately next to the building, but move some distance away and await further instructions.

Do not re-enter the building until told to do so.

This page is intentionally left blank

Decisions of the Assets, Regeneration and Growth Committee

27 November 2018

Members Present:-

AGENDA ITEM 1

Councillor Daniel Thomas (Chairman)
Councillor Gabriel Rozenberg (Vice-Chairman)

Councillor Richard Cornelius	Councillor Sara Conway
Councillor Peter Zinkin	Councillor Kath McGuirk
Councillor Ross Houston	Councillor Thomas Smith
Councillor Geof Cooke	(In place of Councillor Prager)
	Councillor Sarah Wardle

1. MINUTES OF THE PREVIOUS MEETING

RESVOLED that the minutes of the meeting held on 17 September 2018 be approved as a correct record.

2. ABSENCE OF MEMBERS

Apologies for absence had been received from Councillor Prager who had been substituted for by Councillor Smith.

3. DECLARATIONS OF MEMBERS DISCLOSABLE PECUNIARY AND NON-PECUNIARY INTERESTS

Councillor Houston declared a non-pecuniary interest in items on the agenda as the Council appointed representative on the Board of The Barnet Group Ltd.

4. REPORT OF THE MONITORING OFFICER (IF ANY)

None.

5. PUBLIC QUESTIONS AND COMMENTS (IF ANY)

Jasmin Parsons made a public comment in relation to item 13 (Quarter 2 2018/19 Assets, Regeneration and Growth Performance Report).

Details of the public question and response were circulated in advance of the meeting. An oral response was given to the supplementary question at the meeting. The Deputy Chief Executive advised the Committee that she would provide written responses to questions submitted from Mr Cox which had been disallowed as they did not relate to a substantive item on the agenda.

6. MEMBERS ITEMS (IF ANY)

None.

7. NORTH FINCHLEY TOWN CENTRE DEVELOPMENT - UPDATE

The Committee requested that the terms of reference of the North Finchely Partnership Board be included in the agenda for a future Committee meeting.

RESOLVED that:

- 1. The Committee notes the progress being made with proposals for the redevelopment of North Finchley Town Centre, including steps taken to secure financial backing and the establishment of the North Finchley Partnership Board.**
- 2. The Committee delegates authority to the Deputy Chief Executive in consultation with the Chairman of this Committee and the Chief Finance Officer to finalise and enter into a Site Assembly Agreement and Land Agreement with:**
 - Joseph Partners (either Jonathan Joseph trading as Joseph Partners, or Joseph Partners Limited); and/or**
 - U and I Group plc and/or one or more of its subsidiary companies; and/or**
 - the joint venture company or other legal vehicle or structure between (a) U and I Group plc and/or one of its group companies; and (b) Joseph Partners.**
- 3. In finalising and entering into the Site Assembly Agreement and Land Agreement, the Committee delegates authority to the Deputy Chief Executive in consultation with the Chairman of this Committee to extend the exclusivity period agreed with Joseph Partners in accordance with the terms of the Preliminary Agreement, should this be required.**

8. ENTREPRENEURIAL BARNET - ANNUAL UPDATE AND FORWARD PLAN

The Committee requested that future reports include detail on progress made in delivering against the Federation of Small Business actions detailed in their Small Business Partnership document.

The Strategic Lead, Growth and Development, undertook to circulate data on the number of small businesses winning Council contracts to the Committee.

RESOLVED that the Committee:

- 1. Notes the progress of Entrepreneurial Barnet in 2018.**
- 2. Recommends to Council that a Small Business Champion is appointed as mentioned in paragraph 6.3.2.**
- 3. Requests that the Local Plan Working Group consider including affordable workspaces as part of the new Barnet Local Plan.**

9. UPPER AND LOWER FOSTERS

The Committee noted a correction to the report of officers. Option 4 on page 46 should have referred to option 5.

RESOLVED that the Committee:

- 1. Notes the progress of the Upper and Lower Fosters Scheme to date**
- 2. Approves the balance of Capital budget as required to: (1) progress the Upper and Lower Fosters scheme to RIBA stage 3, (2) to discharge the costs associated with the submission of the planning application and (3) the securing of an acceptable permission for that scheme and the preparation of an Outline Business Case for subsequent approval by the Committee.**
- 3. Approves the making of a Compulsory Purchase Order (“CPO”) under section 17 of the Housing Act 1985 and the Acquisition of Land Act 198, in respect of acquiring such premises as are required to enable the development. The making of a CPO would be an option of last resort in the event that on-going negotiations and efforts to secure vacant possession proved unsuccessful.**
- 4. Delegates authority to the Deputy Chief Executive to instigate any required advertising and consultation procedures including for the possible appropriation of the land to include the consideration in consultation with the Chairman of the Committee of any representations received resultant on any advertising/consultation as may be required to comply with any statutory requirements and to authorise such applications for any statutory consents for the development of the Scheme, if required, to proceed with the formal appropriation and development of the land.**

10. BUSINESS PLANNING 2019-2024

Following consideration of the item, the Chairman moved to the vote. The votes were recorded as follows:

For	6
Against	4
Abstain	0

RESOLVED that:

- 1. That the Committee note the corporate priorities (Enclosure 1); and approve the additional priorities and approach to delivery for this Theme Committee, as set out in Enclosure 2, for final approval by Full Council.**
- 2. That the Committee considers the initial inequalities impact assessments and approve the savings proposals, for referral to Policy and Resources Committee, set out in Appendix A, prior to final approval by Full Council.**

11. COMPULSORY PURCHASE OF A LONG TERM VACANT PROPERTY

RESOLVED that:

- 1. The Committee authorise the making of a Compulsory Purchase Order, under Section 17 of the Housing Act 1985 and the Acquisition of Land Act 1981, in respect of the property identified as 'A' in the exempt report.**
- 2. The Compulsory Purchase Orders referred to in resolution 1 above, is submitted to the Secretary of State for Housing, Communities and Local Government for consideration and confirmation.**
- 3. In the event of the Secretary of State for Housing, Communities and Local Government returning any of the Orders for confirmation by the Council, the Deputy Chief Executive be authorised to confirm the Order.**
- 4. Following confirmation of the Order, to authorise the Deputy Chief Executive to proceed with the compulsory acquisition of any of the property in question.**
- 5. To authorise the Deputy Chief Executive to enter into negotiations for a private treaty acquisition of the property at current market value or to enter into alternative dispute resolution with the owner.**
- 6. In the event of a compulsory acquisition of property 'a', an options paper on the future use of the site will be brought back to the Assets, Regeneration and Growth Committee for a decision.**
- 7. To note that the financial costs of the CPO will be funded through the currently approved capital programme.**

12. BRENT CROSS CRICKLEWOOD - QUARTERLY UPDATE

The Committee requested a briefing on the legal requirements relating to step-free access at the new Brent Cross South station.

Following consideration of the item, the Chairman moved to the vote. The votes were recorded as follows:

For	6
Against	4
Abstain	0

RESOLVED that:

- 1) Approves that the council continues to progress the revised delivery strategy with BXN and BXS to enable BXS and the station project to be delivered ahead of BXN, and authorises the Deputy Chief Executive in consultation with the Chairman of the Committee to finalise the revised delivery strategy and agree the detail of the consequential changes required to a) the Brent Cross Property Development Agreement and Co-operation Agreement, CPO indemnity agreement and Grant Agreement and associated commercial documentation; and b) the BXS Project Agreement and required and associated legal documentation.**

- 2) **Note progress on agreeing an alternative funding strategy with HMG for the station works as explained in paragraphs 1.15.**
- 3) **Note the Station Works Procurement Strategy approved by the Committee on 24 April 2017 is being reviewed as set out in paragraphs 1.27 and that the final strategy will be reported to Policy and Resources Committee for approval.**
- 4) **Approve that the council enters into the Implementation Agreement with Network Rail to deliver the sidings and rail systems subject to the funding strategy being approved by Full Council on 18 December following consideration by Policy and Resources Committee on 11 December; and delegate authority to the Deputy Chief Executive in consultation with the Chairman of this Committee and the Chairman of Policy and Resources Committee to finalise the terms and enter into the Implementation Agreement with Network Rail.**

13. QUARTER 2 2018/19 ASSETS, REGENERATION AND GROWTH PERFORMANCE REPORT

The Deputy Chief Executive undertook to provide a written update to the Committee on Section 106 cases cleared annually which had been RAG rated RED.

The Committee agreed that there should be a detailed written update in January or March 2019 on items marked as Amber in Table 3: Overall Status for Priorities.

RESOLVED that the Committee note the financial, performance and risk information for Q2 2018/19 as set out in the report.

14. COMMITTEE FORWARD WORK PROGRAMME

The Committee noted the forward work programme.

15. ANY OTHER ITEMS THE CHAIRMAN DECIDES ARE URGENT

None.

16. MOTION TO EXCLUDE THE PRESS AND PUBLIC

The Chairman asked committee members if there were any questions on the exempt reports on the agenda. The Committee confirmed that there were no questions. There was therefore no requirement to move into exempt session .

17. EXEMPT - COMPULSORY PURCHASE OF A LONG TERM VACANT PROPERTY

RESOLVED that the exempt information be noted.

18. EXEMPT - BRENT CROSS CRICKLEWOOD FUNDING AND DELIVERY STRATEGY REPORT

RESOLVED that the exempt information be noted.

19. ANY OTHER EXEMPT ITEM(S) THAT THE CHAIRMAN DECIDES ARE URGENT

None.

The meeting finished at 8.35 pm



Assets, Regeneration and Growth Committee

AGENDA ITEM 6

25 March 2019

Title

**Member's Item in the name of
Councillor Ross Houston - North
Finchley Town Centre - regeneration
Partnership Board**

Report of

Head of Governance

Wards

All

Status

Public

Urgent

No

Key

No

Enclosures

None

Officer Contact Details

Salar Rida – Governance Team Leader (Acting)

Salar.Rida@Barnet.gov.uk

Summary

The report provides detail on the Member's Item submitted for the consideration of the Assets, Regeneration and Growth Committee and for instructions to be provided to Officers.

Officers Recommendations

That the Committee's instructions are requested in relation to the Member's item highlighted at section 1.1.

1. WHY THIS REPORT IS NEEDED

- 1.1 The below Member's Item was received before the deadline for this meeting of the Assets, Regeneration and Growth Committee:

Member	Details of Member's Item
Councillor Ross Houston	<p>North Finchley Town Centre - regeneration Partnership Board</p> <p>It has now been over a year since the Policy and Resources Committee agreed on 13 February 2018 to establish a partnership board for the North Finchley Town Centre regeneration.</p> <p>We were told it would be meeting in February, and residents would be leafleted in January to invite them to apply to join the Board, but the Board meeting has not happened.</p> <p>Residents have raised concerns that since the SPD was passed several buildings have been demolished since the SPD was agreed. Residents are also concerned to see the Schedule of Buildings of Local Architectural or Historic Interest (Local List) updated. There are a number of buildings of concern and members of the public should be able to take part in this process.</p> <p>I ask that the ARG Committee is provided with an update on the SPD and on the Local List, and, that a timetable to establish this Board and arrange the first meeting is agreed at the ARG Committee meeting on the 25th March.</p>

2. REASONS FOR RECOMMENDATIONS

- 2.1 The Committee is requested to provide its instructions in response to the Member's Item under section 1.1 of the report.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 Not applicable.

4. POST DECISION IMPLEMENTATION

4.1 Post decision implementation will depend on the decision taken by the Committee.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 As and when issues raised through a Member's Item are progressed, they will need to be evaluated against the Corporate Plan and other relevant policies.

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

5.2.1 None in the context of this report.

5.3 Social Value

5.3.1 Not applicable.

5.4 Legal and Constitutional References

5.4.1 The Council's Constitution (Members of the Council, Article 2) states that a Member, including appointed substitute Members of a Committee or Sub-Committee may have one item only on an agenda that he/she serves. Members' items must be within the term of reference of the decision making body which will consider the item.

5.5 Risk Management

5.5.1 None in the context of this report.

5.6 Equalities and Diversity

5.6.1 Members' Items allow Members of a Committee to bring a wide range of issues to the attention of a Committee in accordance with the Council's Constitution. All of these issues must be considered for their equalities and diversity implications.

5.7 Corporate Parenting

5.7.1 None identified in the context of this report. Any substantive report will consider and set out any relevant Corporate Parenting implications.

5.8 Consultation and Engagement

5.8.1 None.

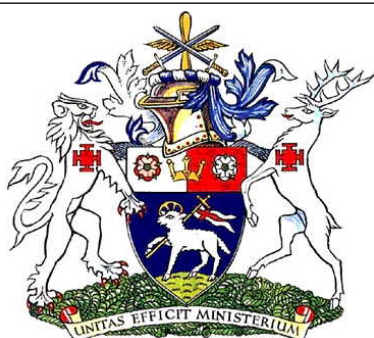
5.8 **Insight**

5.8.1 Not applicable.

6. **BACKGROUND PAPERS**

6.1 Email received by the Governance Service with details of the Member's item as set out in this report.

AGENDA ITEM 7



Assets, Regeneration & Growth Committee

25 March 2019

Title	Burnt Oak Broadway Flats Rooftop Development Outline Business Case
Report of	Chairman of the Assets, Regeneration & Growth Committee
Wards	Burnt Oak
Status	Public
Urgent	No
Key	Yes
Enclosures	Appendix 1: Outline Business Case – Burnt Oak Broadway Flats Rooftop Development Appendix 2: Site plan
Officer Contact Details	<p>Susan Curran, Commissioning Lead, Development & Regeneration, London Borough of Barnet susan.curran@barnet.gov.uk</p> <p>Derek Rust, Director of Growth & Development (Deputy Chief Executive), Barnet Homes Tel: 020 8359 4826 derek.rust@barnethomes.org</p> <p>Meera Bedi, Head of New Build, Barnet Homes Tel: 020 8359 5243 meera.bedi@barnethomes.org</p>

Summary

Barnet Homes has been commissioned to act as development agent on behalf of Barnet Council to develop a pipeline of affordable housing as rooftop developments on existing flatted accommodation.

This report sets out a recommendation to develop one additional storey above the existing flatted blocks at “Burnt Oak Broadway Flats” which includes Crokesley House, Curtlington

House, Clare House, Kedyngton House and Coleswood House. This development will continue the current strategy to provide new affordable accommodation within the Borough, delivering savings to the Council against its temporary housing costs.

Burnt Oak Broadway Rooftop Project represents the first rooftop development for affordable housing of this nature delivered by the Borough. It includes the development of 18 new homes and improvements to the estate's public realm, parking and communal areas. The new dwellings would be owned by the London Borough of Barnet and managed by Barnet Homes.

This report includes as an annex the Outline Business Case for the Burnt Oak Broadway development. The ARG report seeks approval of the Outline Business Case. Barnet Homes will continue to seek Planning consent for the project and the subsequent procurement of a building contractor. This report proposes to delegate authority to the Deputy Chief Executive to approve the final contract sum provided it is within the parameters of the budget agreed in the Housing Revenue Account Business Plan by Housing Committee in October 2017 and the associated Full Business Case.

Officers Recommendations

That the Assets, Regeneration and Growth Committee:

- 1. Note and approve the Outline Business Case for the Burnt Oak Broadway Flats Rooftop Development, attached at Appendix 1 and to delegate authority to the Deputy Chief Executive to approve the Final Business Case.**
- 2. Delegate authority to the Deputy Chief Executive to agree the final contract sum within the parameters of the approvals and business case and subject to the public procurement rules.**

1. WHY THIS REPORT IS NEEDED

- 1.1 Barnet Homes has been commissioned by Barnet Council to act as development agent on behalf of Barnet Council to develop a pipeline of affordable housing as rooftop developments of flatted accommodation.
- 1.2 The attached Outline Business Case sets out the option to develop one additional storey to the existing Burnt Oak Broadway Flats blocks to provide high quality affordable housing. The project will deliver 18 new homes for affordable rent as well as make improvements to the estate's public realm, parking and communal areas.
- 1.3 The approval of the Outline Business Case by the Assets, Regeneration and Growth Committee is required in order to submit a Planning application and work towards entering into a build contract to deliver the project.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The estate consists of five flatted blocks in a linear formation along the eastern side of the A5. This site has been selected for the proposed project for the following reasons:
- 2.1.1 The blocks require re-roofing at an estimated cost of almost £1,000,000, which could be avoided through delivery of the proposed project.
 - 2.1.2 The existing blocks are only three floors high and the addition of new dwellings is unlikely to visually detract from the current building form.
 - 2.1.3 The existing staircase arrangements mean the new build homes can be integrated into existing communities through shared stairwells, creating greater community cohesion.
 - 2.1.4 With the proposed redevelopment of the adjacent Stag House, new developments on the opposite side of the road, next door at the former Tesco store and at the old Bald Faced Stag as well as further north at the former Registry Office there is the opportunity to further enhance the built environment in this area with this scheme.
- 2.2 The new dwellings would be owned by the London Borough of Barnet and managed by Barnet Homes.
- 2.3 Subject to the approval of the Outline Business Case by the Assets, Regeneration and Growth Committee, Barnet Homes will be able to progress the submission of the Planning application and work towards getting the scheme through Planning Committee in summer 2019.
- 2.4 A contractor will then be appointed through an OJEU compliant tender process.
- 2.5 This report proposes to delegate authority to the Deputy Chief Executive to approve the final contract sum provided it is within the parameters of the budget agreed in the Housing Revenue Account Business Plan by Housing Committee in October 2017 and the associated Full Business Case.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 All options are listed within the Outline Business Case report (Appendix 1).
- 3.2 Do nothing i.e. do not proceed with the construction of additional homes and replace the flat roof on a like for like basis

- 3.2.1 This option is likely to cost in the region of £950,000 for which the existing leaseholders would be liable to pay their share of the works. This would also provide no additional benefit to the estate environment or block appearance.

3.3 Construct additional homes funded through an investor

- 3.3.1 The total number of affordable homes delivered would be reduced.
- 3.3.2 Barnet Homes would have little contractual relationship with the leaseholders, increasing the risk of poor communications and challenges around the management of the existing estate.
- 3.3.3 The quality of the new build units could not be guaranteed.
- 3.3.4 Reductions in benefits to the Council, in terms of revenue savings.

4. POST DECISION IMPLEMENTATION

- 4.1 Subject to Committee approval of the Outline Business Case, Barnet Homes will continue to work on the design of the scheme and will seek planning permission for the proposals.
- 4.2 Subsequently Barnet Homes will tender the project through an OJEU compliant process, in order to achieve best value on the scheme.
- 4.3 Delegated authority to the Deputy Chief Executive to approve the final contract sum provided it is within the parameters of the budget agreed in the Housing Revenue Account Business Plan by Housing Committee in October 2017 and the associated Full Business Case.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 Barnet Council's Housing Strategy 2015-2025 states that Barnet has the largest population of any London Borough with an estimated 393,000 residents in 2015. This is expected to grow by a further 19% over the next 25 years.
- 5.1.2 The London Borough of Barnet's LBB Housing Needs Assessment (HNA) has indicated that the Borough has a requirement for an additional 27,000 dwellings over the next 15 years and the GLA has set LBB a target of 28,000 dwellings by 2030.

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

- 5.2.1 A total budget of £4,989,000 was approved at Policy and Resources Committee in December 2016 and is contained in the Council's Housing Revenue Account capital programme.

- 5.2.2 The updated construction cost estimate of the proposed project is £5,128,912. It should be noted that this estimate is based on current market intelligence and is subject to change. Including on costs and contingency, the estimated Total Scheme Cost budget is estimated to be £6,103,405.
- 5.2.3 An initial cost modelling exercise of the Housing Revenue Account has demonstrated that the proposed project has a neutral impact on the Housing Revenue Account Business Plan.
- 5.2.4 The project will be tendered to a list of contractors through an OJEU compliant process. If the tender price exceeds the approved budget then a value engineering exercise may be considered.
- 5.2.5 If necessary, a bid request for additional funding will be reported to the Policy & Resources Committee for approval.
- 5.2.6 Barnet Homes has an established Development Team with the required experience to deliver this project. Barnet Homes manages the existing estate on behalf of London Borough of Barnet. They have successfully delivered works projects within occupied social housing settings and engaged with residents and leaseholders before, during and after the works are completed.
- 5.2.7 Barnet Homes will manage the project in accordance with the LBB project Management toolkit, which has been adopted for the delivery of this scheme. It incorporates monitoring and controls to ensure the project is delivered effectively and that budgets and programme are maintained and reported through the appropriate channels.

5.3 Social Value

5.3.1 Expected social value from this project will be:

- The provision of a sustainable development on an existing site with good public transport accessibility with access to local services.
- The opportunity to improve the public realm of the estate, to benefit residents existing and new.
- Contributing to the housing needs of residents within London Borough of Barnet.
- Making savings in temporary accommodation costs through the ability to allocate to new homes for affordable homes.
- Helping to address the shortfall of available accommodation within the Borough.
- New affordable homes which will provide a higher quality of accommodation and greater level of security for households

currently living in temporary accommodation and/or in poor private rented sector accommodation.

- Net increase in Council tax revenues.
- A much-improved street scene with a high-quality design.
- A ‘test’ development to ensure further rooftop developments are considered on other low-rise blocks around the Borough.

5.4 Legal and Constitutional References

5.4.1 The Council’s Constitution, Article 7 – Committees, Forums, Working Groups and Partnerships sets out the responsibilities of all council Committees. The ARG Committee has responsibility:

- For regeneration strategy and oversees major regeneration schemes, asset management, employment strategy, business support and engagement.
- To submit to the Policy and Resources Committee proposals relating to the Committee’s budget for the following year in accordance with the budget timetable.
- To make recommendations to Policy and Resources Committee on issues relating to the budget for the Committee, including virements or underspends and overspends on the budget. No decisions which result in amendments to the agreed budget may be made by the Committee unless and until the amendment has been agreed by Policy and Resources Committee.
- To receive reports on relevant performance information and risk on the services under its remit.

5.4.2 Barnet Homes will consult with the existing leaseholders on the estate regarding the impact of the proposed work on them. They will seek to vary the leases by agreement with lessees through deeds of variation, to represent the larger split of properties within each chargeable block, which will lead to a reduction in each leaseholders’ ‘share’ of the service charge.

5.4.1 The blocks are designated in the Housing Revenue Account.

5.5 Risk Management

5.5.1 The table below outlines the main risks that have identified for this scheme and the actions taken to mitigate against them:

Risk	Impact (1-5)	Likelihood (1-5)	Total (1-25)	Mitigating actions
That Planning consent is not granted	4	2	8	<ul style="list-style-type: none"> • Pre-application meeting held with Planners • Local stakeholder consultation held, including

				with ward members
Opposition from local residents	3	4	12	<ul style="list-style-type: none"> Local consultation exhibition completed in January 2019 Scheme design is Planning compliant
That the design is not fit for purpose	4	1	4	<ul style="list-style-type: none"> Experienced design team appointed Surveys carried out to inform design Robust employer's requirements drafted Housing Management teams have commented on design
That the HRA cannot fund the development	3	2	6	<ul style="list-style-type: none"> Consider delivery by Opendoor Homes, with financial benefit to LBB Use GLA grant as cross-subsidy Consider converting some affordable rent to shared ownership, to cross-subsidise cost
Delay to project delivery	4	2	8	<ul style="list-style-type: none"> Request contractor's programme as part of invitation to tender Compare programme to BCIS benchmarks of similar projects

				<ul style="list-style-type: none"> • Ensure regular programme reporting is requested and monitored
Lack of interest from tendering contractors	5	2	10	<ul style="list-style-type: none"> • Network Homes contractor's framework likely to be used • Soft market testing carried out • Packaging with the Stag House project will make this more attractive to contractors

5.6 Equalities and Diversity

5.6.1 This report presents evidence on how increasing Barnet's supply of homes will benefit individuals and the Council. The report sets out the benefits of new housing provision for Barnet, based on an understanding of Barnet's population profile and population need. This document also sets out the specific benefits of delivering a scheme of 18 new homes at the Burnt Oak Broadway Estate in Burnt Oak, HA8.

5.6.2 Over recent years national increases in homelessness against a backdrop of welfare and benefit reform has affected all local authorities and social housing providers, but particularly those in London. The increased demand for housing has placed pressure on an already strained and limited housing supply.

5.6.3 At a local level, Barnet has experienced increased high levels of demand for affordable housing, whilst sources of supply have been limited. Demand has been exacerbated by the buoyant private rental market in the borough, which is increasingly unaffordable for those on lower incomes. Loss of private rental accommodation is now the most common reason for a homelessness application, with residents who might previously have made their own arrangements in the private rental sector approaching the local authority.

5.6.4 In Barnet, there was an 42% increase in new housing needs assessment applications between 2011/12 and 2016/17. In addition, there was an overall 21% decrease in letting within Council stock from 2011/12 to 2016/17 and Barnet has below levels of social housing on average compared to other London boroughs.

5.7 Corporate Parenting

5.7.1 None in the context of this report.

5.8 Consultation and Engagement

5.8.1 Barnet Homes contacted the ward members in January 2019 to notify them of the proposed works and to invite them to a local consultation event.

5.8.2 On 29 January 2019 an exhibition was held to consult the local community on the development proposals. Over 300 local residents were invited, including residents of the existing site. Approximately 11 people attended.

5.8.3 Key comments can be summarised as follows:

- Concern from leaseholders over whether they would be recharged the cost of any of the works
- General support for improvements to the public realm
- Concern regarding the existing parking arrangement and future demand for spaces
- Concern regarding the impact to them of construction process

5.8.4 Barnet Homes has drafted a factsheet in response to these comments and distributed to the residents of the existing blocks.

5.9 Insight

5.9.1 Barnet has 393,000 residents and this figure is expected to grow by 76,000 over the next 25 years; an increase of 19%.

5.9.2 The Council's Housing Strategy 2015-2025 identifies the need to increase housing supply and to deliver homes that people can afford. The Burnt Oak Broadway Rooftop Development Flats project will facilitate the delivery of new homes for affordable rent in the borough to meet housing need. The affordable rent will be set at 65% of the market rent, in line with the Council's affordable rents policy.

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

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

5.9.5 Lack of affordable housing is highlighted in Barnet's Joint Strategic Needs Assessment (JSNA) as one of the top three concerns identified by local

residents in the Residents' Perception Survey.

6. BACKGROUND PAPERS

- 6.1 Assets, Regeneration and Growth Committee, 15 December 2014, Local Authority New Housing Programme (Barnet Homes)
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=7886&Ver=4>
- 6.2 Council, 20 October 2015, Report of Policy and Resources Committee – The Barnet Group – Creation of new legal entity and subsidiary
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=8340&Ver=4>
- 6.3 Assets, Regeneration and Growth Committee, 30 November 2015, Housing Development Pipeline- Barnet Homes
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=8311&Ver=4>
- 6.4 Assets, Regeneration and Growth Committee, 12 December 2016, Development Pipeline Tranche 3 - Affordable Housing Programme
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=8640&Ver=4>
- 6.5 Policy & Resources Committee, 1 December 2016, Business Planning – Medium Term Financial Strategy 2017/20 and Draft Budget for 2017/18
<https://barnet.moderngov.co.uk/documents/s36377/Appendix%20C%20-%20Capital%20Additions.pdf>
- 6.6 Housing Committee, 23 October 2017, Housing Revenue Account (HRA) Business Plan
<https://barnet.moderngov.co.uk/documents/s42698/Housing%20Revenue%20Account%20HRA%20Business%20Plan.pdf>

accompanying HRA business plan appendix
<https://barnet.moderngov.co.uk/documents/s42699/Housing%20Revenue%20Account%20HRA%20Business%20Plan%20App%201.pdf>

Outline Business Case (OBC): Burnt Oak Broadway Flats – Rooftop Development

Author:	Susanna Morales, Development Manager, Barnet Homes
Date:	15 February 2019
Service / Dept:	Barnet Homes Development (New Build) Team

Contents

Contents	1
1. Introduction and Strategic Context	2
2. Rationale.....	3
3. Project Definition.....	8
4. Options	9
5. Expected Benefits.....	12
6. Risks	13
7. Financial Appraisal	14
8. Project Approach	15
9. Project Assurance.....	17
10. Dependencies.....	17
11. Approach to Consultation	18
Document Control	19
Record the information relevant to this document in this section.....	19
Document History.....	19
Distribution List:.....	19

1. Introduction and Strategic Context

This report builds on the Strategic Outline Case submitted to the Affordable Housing Project Board in February 2018. The Strategic Outline Case set out the initial strategic rationale behind the proposals. This report provides further evidence to support the business case, drawing on local and national context and up-to-date information on the proposed scheme.

Barnet Homes has been commissioned to act as development agent on behalf of Barnet Council to develop a pipeline of rooftop developments on existing housing stock.

LBB's Housing strategy's priority is to increase housing supply, recognising the forecast demand for additional homes within the borough. The Council's commitment to address this priority includes the construction of homes on land it owns. The second priority is to deliver affordable homes, including increasing the supply of rented homes at local housing allowance rates.

The Housing Strategy links to the Council's Corporate Plan for 2015-2020. The 2017/18 Addendum to this plan included a focus on responsible growth, regeneration and investment with a specific commitment to "regeneration and investment in infrastructure... delivering a pipeline of new homes on Council land."

As part of meeting these objectives LBB have commissioned Barnet Homes to deliver new affordable housing. Many of these new homes are being constructed on land which forms part of the housing revenue account or general fund. However, the supply of such land is limited and therefore more creative solutions are needed to ensure there is an ongoing ability to construct new dwellings. The need to explore such solutions is supported by the Housing Strategy which states "we will also explore innovative solutions to increase the supply of affordable purpose built rented homes".

The ability to continue to construct new homes will help LBB to mitigate further pressures on the general fund in meeting increasing temporary accommodation costs and to maximise value of existing assets. The ability to construct new homes will also enable those who require housing within LBB to be housed in accommodation which is fit for purpose.

One solution is to seek to add additional floor(s) to existing accommodation and in particular existing blocks of flats. There are many successful examples of these types of schemes being delivered within urban environments enabling additional living accommodation to be incorporated into existing communities.

Recently the government consulted with Local Planning Authorities and professional bodies on proposals to make rooftop development above existing residential accommodation a permitted development right. Whilst the outcomes of the consultation have not been concluded, it is useful to understand in the wider context that there is increasing support and focus on this type of development.

This Outline Business Case proposes the development of 18 new flats in a rooftop development above the Burnt Oak Broadway flats, HA8. This estate consists of five flatted blocks in a linear formation along the east side of the A5. This site has been selected for the following reasons:

- The blocks require re-roofing at an estimated cost of almost £1,000,000
- The blocks are only three floors high and the addition of new dwellings is unlikely to visually detract from the current building form
- The existing staircase arrangements mean the new build homes can be integrated into existing communities through shared stairwells, creating greater community cohesion
- With the proposed redevelopment of the adjacent Stag House, new developments on the opposite side of the road, next door at the former Tesco store and at the old Bald Faced Stag as well as further north at the former Registry Office there is the opportunity to further enhance the built environment in this area with this scheme.

The current roof is in a poor condition, which frequently requires repair and is the cause of resident dissatisfaction and complaints. The cost to replace the roofs is almost £1,000,000; this could be avoided by adding the additional storey.

A sum of £4,989,000 has been allocated to the Council's Housing Revenue Account budget for this project.

A design solution has been proposed for the development and the relevant surveys have been commissioned to ensure the structural viability of the works. A pre-application meeting with the Planners has been held and feedback has been incorporated into the proposals. The housing management teams have been consulted, with their comments considered within the proposals. Barnet Homes have carried out local consultation, including with ward members. The Planning application is now ready for submission.

2. Rationale

Strategic case

The Strategic Case sets out the rationale, business needs and constraints for development of new homes on HRA land.

LBB policy context

Barnet Council's Housing Strategy 2015-2025 states that Barnet has the largest population of any London Borough with an estimated 393,000 residents in 2015. This is expected to grow by a further 19% over the next 25 years.

The LBB Housing Needs Assessment (HNA) has indicated that the Borough has a requirement for an additional 27,000 dwellings over the next 15 years and the GLA has set LBB a target of 28,000 dwellings by 2030.

The cost of homelessness in Barnet: a snapshot of supply and demand

- Since 2013/14 there has been a 30% increase in homelessness applications in Barnet with a total of 1,554 in 2017/18.
- There was an overall 58% decrease in letting within Council stock from 2011/12 to 2017/18.
- Barnet has below average levels of social housing on average compared to other London boroughs, with just over 2,600 households waiting for social housing (7th best London borough).
- There has been a significant increase (35%) in the number of households in temporary accommodation from January to March 2017.
- Barnet has the sixth highest number of households in temporary accommodation in the country.
- 68% of all the households in temporary accommodation in England are in London Authorities as of March 2018. This has led to increased pressure in competition for affordable supply.
- Whilst it is positive that the regeneration schemes in Barnet are progressing in their development, this has an impact on available supply as 'non-secure' tenants placed in regeneration units as long-term temporary accommodation are decanted and require rehousing, either to alternative temporary accommodation or social housing units.

The Barnet Group's business aim

In 2004 Barnet Homes was established as an Arm's Length Management Organisation (ALMO) for the London Borough of Barnet (LBB) to manage approximately 15,000 council-owned properties within Barnet. In 2012 Your Choice (Barnet) was created to receive the transfer of Adult Social Care services from LBB, and The Barnet Group, a Local Authority Trading Company (LATC) was created as the parent company to both Barnet Homes and Your Choice (Barnet).

The Barnet Group Business Plan 2019-2024 commits to deliver good services whilst supporting our customers and Barnet Council through the challenges they face. They want to continue their ambitious development and acquisition programmes in order to increase the housing supply within the borough and help to meet growing demand across different tenures. Their mission is to:

- Develop and empower people
- Provide customer-focused services
- Sustain their business through growth

The proposals included in this business case will facilitate the delivery of new homes, which will be let at affordable rents, enabling those in housing need in the Borough to be housed. The homes will be built to a high standard and be energy efficient to reduce residents' fuel costs, as well as creating an improved environment in the neighbourhoods where they are located.

Economic case

The investment objectives for this project are as follows:

1. Increase the supply of social housing provision within the borough through the HRA.
2. Improve the existing estate and street scene appearance through the sensitive addition of a new storey to an existing building together with improvements to the existing communal areas, building and the estate.
3. Integrate the proposed additional homes into the existing community through the use of shared estate facilities.
4. Provide secure homes on flexible tenancies and mitigate costs to the general fund in providing temporary accommodation.

The Economic case sets out the critical success factors for the business case, appraising various options and indicating which is preferred. The key Critical Success Factors (CSFs) for the preferred design solution have been drafted taking into account:

- The constraints of the existing building and estate
- The views of LBB's Planners through pre-application meetings
- The views of Barnet Homes' Housing Options team on the types of homes which are in greatest need and that can be successfully incorporated

The following CSFs have been established:

1. **CSF1: community needs** – current and future community needs are met by the final preferred solution
2. **CSF2: strategic fit** – the final preferred solution contributes to the London Plan, LBB Corporate Plan and LBB Housing Strategy targets
3. **CSF3: benefits optimisation** – the final preferred solution optimises the potential return on expenditure and improves the overall VFM
4. **CSF4: potential achievability** – the final preferred solution enables successful and timely achievement based on strong community engagement

Barnet Homes is the preferred vehicle for delivery as it meets all the CSFs:

- Barnet Homes will procure the works in accordance with its standing orders and in compliance with OJEU requirements as necessary.
- Barnet Homes has long experience of managing affordable housing and knows its customer base well.

The economic benefits of the business case are set out in the table below.

Scheme	Number of units	Repairs revenue cost savings	Temporary Accommodation cost avoidance per annum	Assumed Council Tax income	Total LBB revenue benefit per annum
Burnt Oak Broadway Rooftop Development	18	£950,000	£61,200	£19,029	£80,229

The temporary accommodation cost avoidance per annum is calculated at £3,400 per unit for non-accessible units.

The new properties will be Council tax band C. The Council tax band estimate was taken from the Council's website.

The estimated total revenue benefit inclusive of savings to Barnet Council is **£80,229** per annum.

Costs of around £950,000 would be avoided in replacing the existing flat roof and undertaking other works, such as the provision of safe access to the existing roof.

Commercial case

Land

The site is owned by the London Borough of Barnet. Barnet Homes would act as development agent, through the ALMO's management agreement.

Procurement

Procurement for a works contractor will be carried out in accordance with Barnet Homes' contract procedure rules with tenders being sought. The tenders shall be evaluated on the basis of cost and quality. Barnet Homes propose to use the Network Homes contractor's framework, to which they are a third-party subscriber. A mini-competition would be held with up to six suitable contractors invited to tender.

It is proposed that the scheme will be packaged and tendered with the Stag House Extra Care project on the adjacent site. This makes logistical sense, as both sites share one main access road. They may be able to utilise one site compound for both sites, reducing the contractor's preliminaries costs, and minimise disturbance to residents.

Barnet Homes have carried out soft-market testing and a number of contractors have expressed an interest in tendering for the project. They have each advised of their experience in both extra care and rooftop development construction. This will be a key quality question in the invitation to tender, as well as their delivery programme, to ensure that the appointed contractor has a demonstrable track-record and is able to deliver a project with such complexities.

The contract will be procured through a two stage tendering exercise and delivered through a JCT Design & Build contract. We have taken the advice of our procurement consultants on this approach as well as feedback from contractors and they concur.

Financial case

The Financial case considers the budgetary, financial and affordability impacts of this approach.

A total budget of £4,989,000 was approved at Policy and Resources Committee in December 2016 and is contained in the Council's Housing Revenue Account capital programme.

The updated construction cost estimate of the proposed project is £5,128,912. It should be noted that this estimate is based on current market intelligence and is subject to change. Including on costs and contingency, the estimated Total Scheme Cost budget is £6,103,405.

An initial cost modelling exercise of the Housing Revenue Account has demonstrated that the proposed project has a neutral impact on the Housing Revenue Account Business Plan.

If the tender price exceeds the approved budget then a value engineering exercise may be considered. If necessary, a bid request to the Policy & Resources Committee for additional budget approval.

A financial appraisal of the project has been undertaken and the scheme is considered financially viable, generating a positive net present value and various revenue benefits and savings to the Council and the Barnet Group. The financial appraisal is based on Barnet affordable rents and excludes any grant funding.

Management case

The management case provides the outline plan for programme management, governance, risk management and benefits realisation that will be required to ensure successful delivery. The project will follow the corporate project management guidelines, specifically around governance, reporting and risk management.

A Barnet Homes Project Manager will oversee the project and be responsible for the day to day running of the project. The project manager will report to the Development Manager who will act as the client for the purpose of the build contract.

The Project Manager will be responsible for liaising between relevant parties, managing communications with residents, including arranging and facilitating consultation events. The Project Manager will liaise with other departments within Barnet Homes and LBB as applicable to ensure the correct resource is available at the required timeframes.

Barnet Homes has significant experience of successfully delivering works projects within occupied social housing settings and engaging with tenants and leaseholders before, during and after the works are completed. Such engagement requires cross-team working within the organization. The processes developed to support such works will be used and refined as required to support the delivery of this project.

Project delivery will be reported at the Affordable Housing Board attended by representatives of LBB and Barnet Homes. Barnet Council as provider of land and project capital will receive regular financial and project monitoring information and more regular exception reporting should this be necessary.

Reporting to the Council will include:

- Overall progress against programme
- Financial progress against programme
 - Quarterly cost update
 - Cash flow
 - Cost variations
- Risk profile updates

Following completion of the tender process a Full Business Case will be presented to the Affordable Housing Board before entering into a build contract. This report proposes to delegate authority to the Deputy Chief Executive to approve the final contract sum provided it is within the parameters of the budget agreed in the Housing Revenue Account Business Plan. If the tender price exceeds the approved budget a bid request for additional funding will be submitted to the Policy & Resources Committee for approval.

3. Project Definition

Barnet Homes has been commissioned as development agent to deliver the rooftop development project on the Burnt Oak Broadway estate. The Development Team at Barnet Homes will manage the development process on behalf of Barnet Council, working closely with the Commissioners. The Burnt Oak Broadway represents the first project of this nature, with a potential pipeline of circa 100 more homes proposed through rooftop development of 12 other sites.

The existing homes on the Burnt Oak Broadway estate are owned by LBB. A number of them are occupied by long term leaseholders who acquired them through the right of buy. The majority are occupied by social housing tenants who pay a weekly rent.

Barnet Homes manages the properties and the estate on behalf of the LBB. Barnet Homes' role means they are the principle point of contact with both the social tenants and the leaseholders. Barnet Homes are responsible for a wide range of functions including the repair and maintenance of the dwellings, housing management and rent/service charge collections.

Directly adjacent to the estate is Stag House. Barnet Homes have Planning consent to develop a 51-bed extra care scheme on the site on behalf of LBB. They are currently awaiting vacant possession before progressing this project.

Barnet Homes have now completed the design to RIBA stages 1-3 for the Burnt Oak Broadway site, advancing the design so that an application is ready to be submitted to the Local Planning Authority.

It is proposed that 18 new 1 and 2-bed flats are constructed in a single-storey roof extension across the five individual blocks within the estate. As part of the works there will be improvements made to the public realm, such as the creation of informal play space to the front of the blocks as well as the relocation and enclosure of the refuse areas. Bike stores will be provided and the parking court will be enhanced. Within the existing blocks the communal areas will be redecorated following the extension of the stair cores.

4. Options

Due to the project objective, limited options were considered due to the desired outcomes from the Commissioning client.

There are three principle options available which are explored in further detail below.

- **Option 1** – Do not proceed with the construction of additional homes and simply replace the existing flat roof on the blocks in question on a like for like basis, together with undertaking other essential works such as providing safe access

for ongoing maintenance of the roof and installation of an integrated reception system.

- **Option 2** – Construct additional homes within a rooftop extension, funded by the HRA.
- **Option 3** – Enter into an agreement with an investor through a long-term lease or similar who would undertake the works.

Option 1 – Do not proceed with the construction of additional homes and replace the flat roof on a like for like basis

This option is likely to cost in the region of £950,000 for which the existing leaseholders would be liable to pay their share of the works (circa £12,500 per dwelling). Whilst this option would provide a satisfactory outcome to some of the residents' concerns from the estate (especially those on the upper floors who are affected by water ingress), it would do little to address other concerns or provide a long term legacy to enhance the appearance of the estate and to provide existing residents with other benefits.

Other concerns which residents on the estate have expressed in recent years concern the parking provision and use of the parking by persons not connected to the estate, the condition of the communal areas and unauthorized dumping of rubbish in the bins/on the estate. If only the roof replacement were undertaken it would not be possible to address these matters.

Advantages	Disadvantages
<ul style="list-style-type: none"> • Status quo of estate maintained in terms of number of homes. 	<ul style="list-style-type: none"> • Significant cost will be incurred in replacing the roof with no additional added benefit. • Like for like roof replacement will not bring further improvement in the appearance of the existing building. • Social housing stock within the borough continues to decline through RTB sales without replacement homes being constructed.

Option 2 – Construct additional homes funded through the HRA

This option is likely to cost in the region of £6.1m. This option will ensure that the new homes remain in the ownership of LBB and in the event that they are sold through the Right to Buy provisions there is a direct link between the long term tenant (leaseholder) and LBB. LBB will benefit from the rent and service charges from these properties.

advantages	Disadvantages
<ul style="list-style-type: none"> • Additional social housing units created and owned by LBB. • Management of the existing homes and new homes on the estate remains with one party (Barnet Homes). • Barnet Homes and LBB retain sole responsibility for the scheme, giving greater ability to work with existing residents and other interested stakeholders to develop a scheme that meets the needs and aspirations of all parties. 	<ul style="list-style-type: none"> • Initial up front cost borne by the HRA.

Option 3 – Construct additional homes funded through an investor

There are a variety of different models to this option; however, they all follow a similar principle. An air lease is entered into with an investor who will design and construct new homes at the roof level. The general principle is that the investor is able to sell on the open market a sufficient number of dwellings to cover their costs of design, construction and management of the new homes, together with their profit. This would mean that LBB/BH would gain less than 50% (and probably around 30%) of the new homes for the purpose of social housing with the remainder being sold by the developer. Given an air lease has been entered into it is likely that some form of lease back arrangement or similar would need to be put into place for the social housing units.

Advantages	Disadvantages
<ul style="list-style-type: none"> • Scheme could be completed at nil cost to LBB 	<ul style="list-style-type: none"> • Number of homes gained by the HRA for the purpose of social housing are significantly reduced. • Scheme becomes primarily about “profit” and ability to create an integrated community with further benefits to existing residents is less likely to be materialized, or realization of such benefits is at a cost of further social housing units. • The addition of new build homes which are for private sale is likely to change the dynamics of the estate. • BH/LBB potentially have little contractual relationship with the long term leaseholders who purchase the

	<p>new build units. Any relationship with such parties is then via another management party leading to poor communications and challenges around effective management of the estate.</p> <ul style="list-style-type: none"> • Reductions in financial benefits to LBB in terms of TA avoidance costs.
--	--

It is on this basis that Barnet Homes recommend Option 2 is progressed as part of this Outline Business Case.

5. Expected Benefits

Benefit Type	Description of the benefit	Who will benefit	Expected benefit value	Financial year that the benefit will be realised	Benefit Owner	How will the benefit be measured	Baseline value (£, % etc) and date
Benefit 1: Financial cashable Cost avoidance	A financial saving will be made through avoided costs, where Temporary Accommodation is not required for 18 families.	Council	£61,200 per annum	2021/22 onwards	Paul Shipway / Susan Curran	Measured by comparing the cost per year to provide Temporary Accommodation	Cost of Temporary Accommodation 2017/18
Benefit 2: Financial cashable Council tax revenue	Council tax revenue from the 18 new dwellings.	Council	£19,029	2021/22 onwards	Council	Calculated on an annual basis using Council tax rates	Using Council tax rates 2018/19
Benefit 3: Non-financial Strategic objective	Maintain the supply of social housing provision within the borough through the use of right to buy receipts to contribute towards the construction of replacement homes	Council / those in housing need	Provides occupation for 18 households	2021/22 onwards	Paul Shipway / Susan Curran	Measure occupancy rates	N/A

Benefit 4: Non-financial Strategic objective	Improve the existing estate and street scene appearance	Residents / local community	Expected increase in customer satisfaction	2021/22 onwards	Barnet Homes	Measure resident satisfaction	N/A
Benefit 5: Non-financial Strategic objective	Integrate the proposed additional homes into the existing community through the use of shared estate facilities	Residents / local community	Expected increase in customer satisfaction	2021/22 onwards	Barnet Homes	Measure resident satisfaction	N/A

6. Risks

Risk	Impact (1-5)	Likelihood (1-5)	Total (1-25)	Mitigating actions
That Planning consent is not granted	4	2	8	<ul style="list-style-type: none"> Pre-application meeting held with Planners Local stakeholder consultation held, including with ward members
Opposition from local residents	4	3	12	<ul style="list-style-type: none"> Local consultation exhibition completed in January 2019 Scheme design is Planning compliant
That the design is not fit for purpose	4	1	4	<ul style="list-style-type: none"> Experienced design team appointed Surveys carried out to inform design Robust employer's requirements drafted Housing Management teams have commented on design

That the HRA cannot fund the development	3	2	6	<ul style="list-style-type: none"> Consider delivery by Opendoor Homes, with financial benefit to LBB Use GLA grant as cross-subsidy Consider converting some affordable rent to shared ownership, to cross-subsidise cost
Delay to project delivery	4	2	8	<ul style="list-style-type: none"> Request contractor's programme as part of invitation to tender Compare programme to BCIS benchmarks of similar projects Ensure regular programme reporting is requested and monitored
Lack of interest from tendering contractors	5	2	10	<ul style="list-style-type: none"> Network Homes contractor's framework likely to be used Soft market testing carried out Packaging with the Stag House project will make this more attractive to contractors

7. Financial Appraisal

Current capital costs budget

A cost plan has been prepared by Keegans, the project cost consultant, using the RIBA stage 3a design pack. The estimated construction cost is currently £5,128,912.

The previous construction cost estimate at RIBA stage 2 was £4,625,453. The increase in estimated cost is due to the inclusion of a collapsible handrail to the roof (at Building Control's request), glass balustrades to balcony (as requested by the Planners) and risk increase due to potential material cost increases.

The anticipated project budget is therefore:

Construction costs	£5,128,912
On costs (14%)	£718,047
Contingency (5%)	£256,445
Total scheme costs	£6,103,405

The project on costs include the following services:

- Barnet Homes development agent fee (3.5%)
- Design including architect, structural engineer, services engineer and landscaping
- Planning fees
- Professional team including employer's agent and cost consultant

ProVal appraisal

Barnet Homes have carried out a ProVal appraisal of the proposed project. This assumes Barnet affordable rents, nil land costs and construction costs as noted above. On this basis the scheme provides a positive net present value (NPV).

Funding route

It is currently proposed that the scheme is funded through the Housing Revenue Account. At present a budget of £4,989,000 has been approved but it is noted that a revised budget may need to be sought if the tender prices are returned above the approved budget.

If the HRA does not have capacity to fund the project then the following funding sources could be considered by the Affordable Housing Board:

- Delivery by Opendoor Homes with on-lending by LBB through the Public Works Loan Board
- Use GLA grant from the Building Council Homes for Londoners allocation of £8,700,000 as cross-subsidy (project allocation of £1,566,0000)
- Consider converting some affordable rent properties to shared ownership, to cross-subsidise cost

8. Project Approach

Project approach

The project will be managed by Barnet Homes in accordance with the LBB project Management toolkit, which has been adopted for the delivery of this scheme. It incorporates monitoring and controls to ensure the project is delivered effectively and that budgets and programme are maintained and reported through the appropriate channels.

Project controls

The Affordable Housing Board consists of LBB Commissioners and the senior members of the Barnet Homes Development Team. The project board has responsibility for:

- Design sign-off at gateway reviews
- Monitoring the project programme
- Monitoring the project budget
- Reporting and reviewing progress
- Delivering project outputs and benefits

The project will also be reported to Barnet Homes' Board. The Committee will hear about the scheme's progress on site and handover and will monitor how the project is being managed.

The project team will be responsible for engaging with key stakeholders to ensure that all deliverables are delivered in line with service requirements and that the required quality standards are met.

Project plan and milestones

Stage	RIBA stage 3 Developed design	RIBA stage 4 Technical design	RIBA stage 5 Construction	Practical completion
Key dates	Q4 2018/19	Q1-4 2019/20	Q1 2020/21 – Q2 2021/22	Q3 2021/22
Milestones	<ul style="list-style-type: none"> • OBC approved • ARG Committee approval of OBC • Planning application submitted and consented 	<ul style="list-style-type: none"> • First stage tender completed • Detailed design and surveys completed • Contractor pricing finalised and contract sum agreed • Full Business Case approved • P&R Committee 	<ul style="list-style-type: none"> • Start on site date in line with programme 	<ul style="list-style-type: none"> • Scheme handed over on time and on budget • New homes let with minimal void period • Lessons learnt review undertaken

		approval (if required) <ul style="list-style-type: none"> Stakeholder consultation throughout 		
--	--	--	--	--

9. Project Assurance

Deliverable / Product	Quality Criteria	Author	Reviewers	Acceptor
Construction of 18 new homes	Meets London space standards and local Planning criteria	Council / Barnet Homes	Barnet Homes Development Team	Barnet Homes Development Team
Improved estate environment for existing residents	Improvements made to parking, refuse areas, internal communal areas and new play areas	Barnet Homes	Barnet Homes Development Team	Barnet Homes Development Team
Integrated communities	New dwellings accessed by existing stairwells, improvements to public realm	Barnet Homes	Barnet Homes Development Team	Barnet Homes Development Team

10. Dependencies

Dependency	Description
Financing arrangements	The scheme requires funding from the HRA. Any risk to the funding needs to be addressed at the earliest opportunity to prevent delay to the project.
Planning consent	There is a requirement to obtain Planning consent for the project. Barnet Homes continue to work closely with the Planners to ensure the proposals meet their requirements.
Utilities and statutory services	There are a number of existing utility provisions. It is assumed these can be extended and modified to allow for additional homes to be added; detailed surveys will be carried out pre-contract to ensure capacity.
Existing building survey and site information	There is an absence of existing building survey information to accurately establish existing baseline constraints. The design team have made some assumptions and have undertaken various surveys including the digging of trial holes to determine

	<p>the buildings foundations.</p> <p>The design team have discussed the proposals with their Housing Management and Repairs & Maintenance colleagues to help minimize the risk in this respect.</p>
Stakeholder consultation and engagement	<p>The local community and ward members have been consulted and will be engaged with throughout the process.</p>

11. Approach to Consultation

Barnet Homes has consulted with internal stakeholders throughout the design development process. Representatives from the Housing Management, Major Works and repairs & maintenance teams have reviewed and commented on the proposals. This has added value to the proposals specifically in relation to dwelling sizes, refuse arrangements, grounds maintenance and parking proposals.

Barnet Homes also contacted the ward members in January 2019 to notify them of the proposed works and to invite them to a local consultation event. None of the ward members were able to attend but Cllr Conway did respond to acknowledge that she was aware of the proposals.

On 29 January 2019 an exhibition was held to consult the local community on the development proposals. Over 300 local residents were invited, including residents of the existing site. Approximately 11 people attended.

Key comments can be summarised as follows:

- Concern from leaseholders over whether they would be recharged the cost of any of the works
- General support for improvements to the public realm
- Concern regarding the existing parking arrangement and future demand for spaces
- Concern regarding the impact to them of construction process

Barnet Homes has drafted a factsheet in response to these comments and distributed to the residents of the existing blocks.

Document Control

Record the information relevant to this document in this section

File path	Burnt Oak Broadway – Outline Business Case (OBC) FINAL
Reference	
Version	1.0
Date created	15 February 2019
Status	First version

Document History

If the document has been altered or amended please track the versions and changes in this section

Date	Version	Reason for change	Changes made by

Distribution List:

Enter the names of the people or groups that the document has been sent to, their role and when

Name	Role	Date

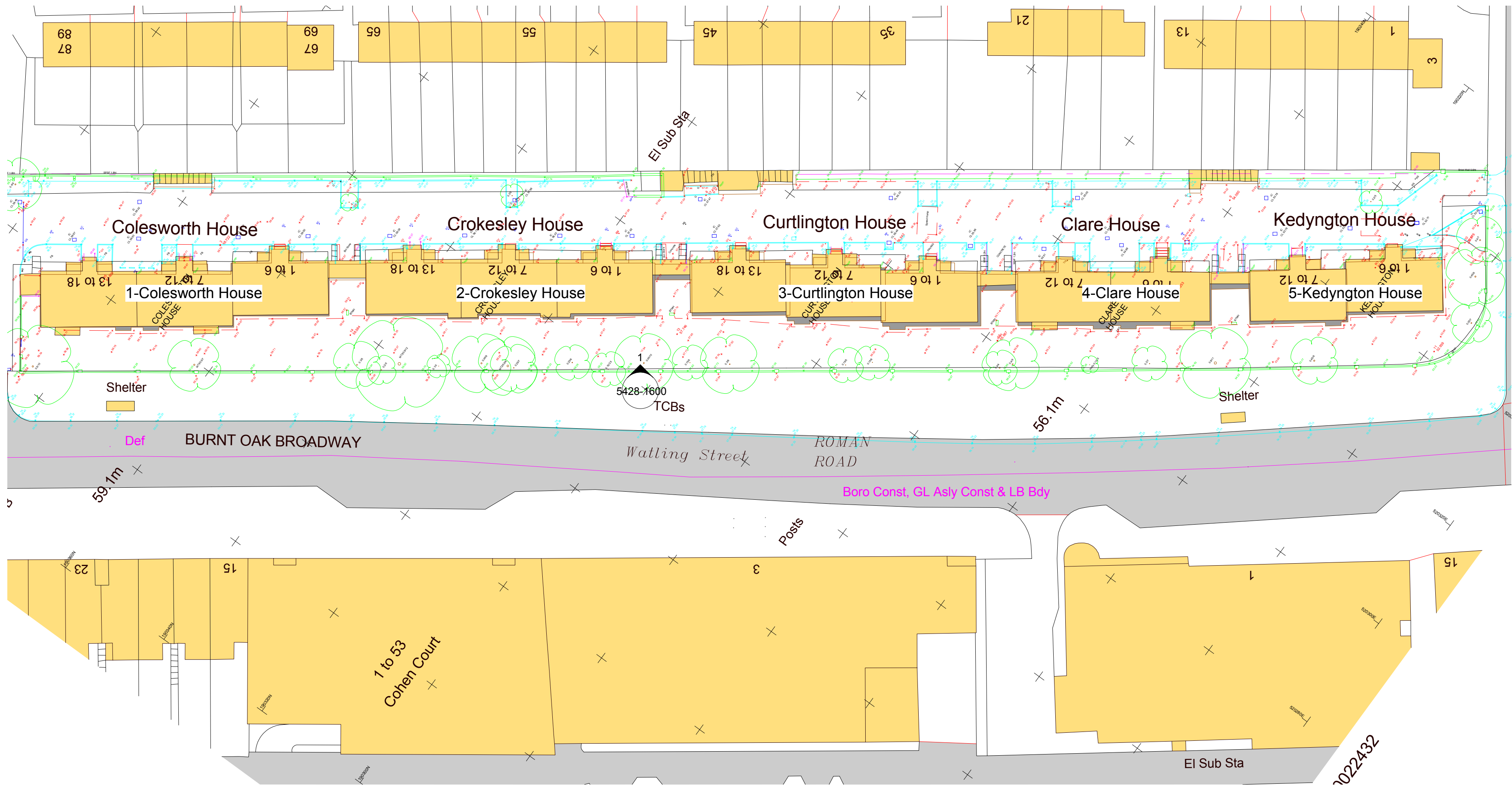
Approvals:

By signing this document, the signatories below are confirming that they have fully reviewed the Outline Business Case for the Burnt Oak Broadway project and confirm their acceptance of the completed document.

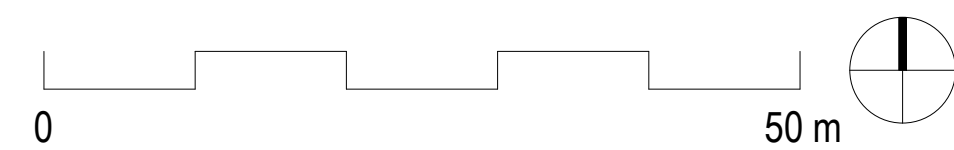
Name	Role	Signature	Date	Version
Gary Hussein	Finance Manager		5 March 2019	
Cath Shaw	Lead Officer		14 March 2019	
Anjam Beg	Senior Property Lawyer, HBPL		14 March 2019	
Abigail Lewis	Governance Officer		11 March 2019	

Enter the names and roles of the people who need to sign this document in order to show agreement with the business case's proposal, with space for them to sign it

This page is intentionally left blank



1 Site
1 : 500



© ECD Architects Ltd. All rights reserved. Including the right of reproduction.

ECD COMPUTER FILE

NOTES
1. Do not scale from this drawing. All dimensions to be checked by the Contractor before construction proceeds and prior to the fabrication of any component.

REVISION	DRAWING	CHECKED BY	DATE	DESCRIPTION
A	KP	LW	28/11/18	Issue for Information

DRAWING ISSUE
STAGE 3- Developed Design
CLIENT

Barnet Homes



Studio 3 Blue Lion Place
London SE1 4PU
t: 020 7939 7500
f: 020 7939 7501
e: ecda@ecda.co.uk
w: www.ecda.co.uk

PROJECT TITLE
Burnt Oak Broadway Rooftop
Development

DRAWING TITLE
EXISTING SITE PLAN

SCALE 1 : 500 @ A1	DRAWN KP
DATE Nov 2018	CHECKED LW
DWG REF 5428-1000	REVISION A

This page is intentionally left blank

	<h1 style="text-align: center;">Assets, Regeneration and Growth Committee</h1> <p style="text-align: right;">AGENDA ITEM 8</p> <h2 style="text-align: center;">25 March 2019</h2>
Title	ARG Delivery Plan 2019/20
Report of	Councillor Daniel Thomas - Chairman of Committee
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A: Additional priorities and approach to delivery Appendix B: Delivery Plan 2019/20
Officer Contact Details	Cath Shaw – Deputy Chief Executive, cath.shaw@barnet.gov.uk Chris Smith – Head of Estates, chris.smith@barnet.gov.uk Jamie Robinson – Head of Business, Employment and Skills, jamie.robinson@barnet.gov.uk Susan Curran – Commissioning Lead Regeneration and Development, susan.curran@barnet.gov.uk

<h2 style="text-align: center;">Summary</h2>
<p>The development of the council's Corporate Plan and Medium Term Financial Strategy (MTFS) have been aligned to cover the next five years (2019-2024). A business planning paper was taken to ARG Committee on 27 November 2019, which set out these documents in draft, alongside the priorities for this Committee over the next five years (Appendix A). This includes corporate priorities that the Committee is responsible for, as well as Committee specific priorities.</p> <p>This paper sets out an annual Delivery Plan for 2019/20 which shows specific actions for how the priorities for this Committee will be delivered over the next year, and how progress and performance will be measured. It also identifies any risks to delivery. The plan will be refreshed on an annual basis. The committee will receive a performance report each quarter updating on progress, performance and risk against the priorities.</p> <p>A final Corporate Plan and MTFS for 2019-2024 was agreed by Full Council on 5th March</p>

2019 for approval.

Officers Recommendations

1. That the Committee approve the Delivery Plan 2019/20 as set out in Appendix B.

1. WHY THIS REPORT IS NEEDED

- 1.1 This report is required as part of the business planning process in order for the Committee to discuss and approve the annual Delivery Plan for 2019/20.

2. STRATEGIC CONTEXT

- 2.1 Like all councils, Barnet is facing an increasingly difficult financial challenge with demand for services increasing and funding from central government decreasing, with an uncertainty around what future funding will look like. Therefore, the council must now make decisions to prioritise its limited resources effectively and develop plans for the next five years to deliver both statutory duties and ambitions for Barnet within these financial constraints.
- 2.2 To ensure the council has a plan that reflects local priorities, as well as a financial strategy that will support a financially sustainable position, the development of the Corporate Plan and MTFs have been aligned to cover the next five years (2019-2024). This will help to ensure there is a medium-term plan in place of how limited resources will be allocated in line with what we want to achieve for the borough.
- 2.3 The Corporate Plan, known as Barnet 2024, has been refreshed to reflect the priorities of the new administration who were elected in May 2018, and resident feedback on what matters. Feedback has been captured through public consultation and engagement that took place over the summer of 2018. The Corporate Plan sets the strategic direction of the council, including outcomes for the borough, the priorities we will focus limited resources on, and how we will approach delivery.
- 2.4 The three outcomes for the borough, as set out in the Corporate Plan, focus on place, people and communities:
- A pleasant, well maintained borough that we protect and invest in
 - Our residents live happy, healthy, independent lives with the most vulnerable protected
 - Safe and strong communities where people get along well
- 2.5 To support delivery of these outcomes, ARG Committee will be responsible for delivering any corporate priorities that fall within its remit, as well as any additional priorities that relate to matters the Committee is responsible for under its Terms of Reference. These were approved by ARG Committee on 27 November 2018 and can be seen in Appendix A.

- 2.6 These priorities will inform an annual Delivery Plan which sets out the key activities, performance indicators/targets and risks in relation to delivery of the corporate and committee priorities. Delivery Plans will be refreshed on an annual basis. The committee will receive a performance report each quarter updating on progress, performance and risk against the priorities.
- 2.7 The draft Delivery Plan for 2019/20 can be seen in Appendix B for approval by the Committee.

3. REASONS FOR RECOMMENDATIONS

- 3.1 A key element of effective strategic and financial management is for the council to have comprehensive business plans in place that ensure there is a clear strategy for addressing future challenges, particularly in the context of continuing budget and demand pressures, delivering local priorities and allocating resources effectively.

4. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 4.1 The alternative option is to not have long-term plans in place which could expose the council to significant risks. In addition, the absence of a Delivery Plan would make it difficult for progress against our outcomes to be measured.

5. POST DECISION IMPLEMENTATION

- 5.1 The priorities for this Committee will be delivered in accordance with the Delivery Plan 2019/20 set out in Appendix B.
- 5.2 The Delivery Plan will be refreshed on an annual basis. The committee will receive a performance report each quarter updating on progress, performance and risk against the priorities.

6. IMPLICATIONS OF DECISION

6.1 Corporate Priorities and Performance

- 6.1.1 The council's Corporate Plan, which sets out the outcomes, priorities and strategic approach, has been refreshed for 2019 to 2024. The Delivery Plan set out in this report supports delivery of the Corporate Plan and includes performance indicators/targets to monitor progress.

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

- 6.2.1 The Delivery Plan 2019/20 for ARG Committee supports the savings programme that was approved by P&R Committee on 11th December 2018. This will enable the council to meet its savings target as set out in the MTFS.

6.3 Social Value

- 6.3.1 The Public Services (Social Value) Act 2013 requires people who commission public services to think about how they can also secure wider social, economic and environmental

benefits. Before commencing a procurement process, commissioners should think about whether the services they are going to buy, or the way they are going to buy them, could secure these benefits for their area or stakeholders.

6.4 Legal and Constitutional References

6.4.1 The council's Constitution (Article 7, Article 7 – Committees, Forums, Working Groups and Partnerships) sets out the responsibilities of all Committees. ARG Committee is responsible for:

- Regeneration strategy and oversight of major regeneration schemes, asset management, employment strategy, business support and engagement.
- Receiving reports on relevant performance information and risk on the services under the remit of the Committee.

6.5 Risk Management

6.5.1 The council has an established approach to risk management, which is set out in the Risk Management Framework. Risks will be reviewed quarterly (as a minimum) and any high-level risks will be reported to the relevant Theme Committee and Policy and Resources Committee.

6.5.2 An integral part of the Delivery Plan (Appendix B) is the identification of any risks to delivering the corporate or committee priorities and key activities.

6.6 Equalities and Diversity

6.6.1 Equality and diversity issues are a mandatory consideration in the decision-making of the council. The Equality Act 2010 and the Public-Sector Equality Duty, requires elected Members to satisfy themselves that equality considerations are integrated into day-to-day business and that all proposals emerging from the business planning process have taken into consideration the impact, if any, on any protected group and what mitigating factors can be put in place.

6.6.2 This is set out in the council's Equalities Policy together with our strategic Equalities Objective - as set out in the Corporate Plan - that citizens will be treated equally with understanding and respect; have equal opportunities and receive quality services provided to best value principles.

6.7 Corporate Parenting

6.7.1 In line with Children and Social Work Act 2017, the council has a duty to consider Corporate Parenting Principles in decision-making across the council. The outcomes and priorities in the refreshed Corporate Plan reflect the council's commitment to the Corporate Parenting duty to ensure the most vulnerable are protected and the needs of children are considered in everything that the council does.

6.8 Consultation and Engagement

6.8.1 Public consultation and engagement on the Corporate Plan took place between 16 July 2018 and 23 September 2018. The findings from this have been considered and incorporated into the document.

6.8.2 Public consultation with residents and businesses on the 2019/20 budget took place between 12 December 2018 and 16 January 2019.

6.9 **Insight**

6.9.1 Not applicable.

7. **BACKGROUND PAPERS**

7.1 [ARG Business Planning – 2019 to 2024](#)

7.2 Policy and Resources Committee, 11th December 2018, Corporate Plan 2019-24, Business Planning – Medium Term Financial Strategy 2019/24 and Draft Budget for 2019/20, <http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=9460&Ver=4>

This page is intentionally left blank

Assets, Regeneration and Growth Committee

This committee is responsible for developing and overseeing strategies which maximise the financial opportunities of growth and regeneration, promoting skills and enterprise, and engaging with and supporting the business community.

Introduction:

Housing and employment are essential elements to achieving a good quality of life. We will support local businesses to thrive, which in turn will create jobs and grow the economy. Through responsible regeneration, we will revitalise communities and improve the quality of life for people living in the areas of greatest need in Barnet.

Committee Priorities for 2019-2024

Corporate priority	How we will deliver this by 2024
Investing in community facilities to support a growing population, such as schools and leisure centres	<ul style="list-style-type: none"> Investing in community facilities such as; <ul style="list-style-type: none"> – new and replacement schools; – enhancing our indoor and outdoor sporting facilities; – maintaining our 21st century libraries – transformation of parks and open spaces
Responsible delivery of our major regeneration schemes to create better places to live and work, whilst protecting and enhancing the borough	<ul style="list-style-type: none"> Working with partners to deliver the Brent Cross Cricklewood scheme which includes; a new town centre, train station, 27,000 jobs and 7,500 new homes Working with The Barnet Group to deliver housing on smaller sites across the borough Continuing to invest in Colindale, including through; <ul style="list-style-type: none"> • progressing the development of Grahame Park • enhancements to Colindale tube station • ensuring that the major housing developments in the area contribute to an overall sense of place
Helping people into work and better paid employment	<ul style="list-style-type: none"> Working with partners to provide employment support Offering employment schemes and apprenticeships on the regeneration sites Offering specific support to help people find work such as care leavers, people with disabilities and Universal Credit claimants Promoting apprenticeships across Barnet and supporting businesses to make use of the apprenticeship levy
Supporting local businesses to thrive	<ul style="list-style-type: none"> Streamlining council access for businesses and developing a clear business support offer through Entrepreneurial Barnet Reducing the numbers of vacant units to ensure key town centres are thriving Encouraging residents and local businesses to play an active role in shaping their high streets Supporting businesses to improve workplace health Making Barnet the best place in London to be a small business
Additional committee priority	How we will deliver this by 2024
Efficient and cost-effective asset management	<ul style="list-style-type: none"> Effectively managing council sites and buildings to maximise capacity and ensuring that any spare space is used appropriately Identifying opportunities to expand the estate, including acquiring sites and buildings to generate additional income Ensuring that all our tenants have up to date leases and that tenants of community buildings have engaged with our community benefit assessment process

This page is intentionally left blank

Assets, Regeneration and Growth (ARG) Committee Delivery Plan (Year 1 – 2019/20)

1. Committee Context

Assets, Regeneration and Growth Committee is responsible for regeneration strategy and oversight of major regeneration schemes, asset management, employment strategy, business support and engagement.

2. Financial Context

The total amount of savings identified for ARG Committee for 2019/20 is £1.064m. This is shown in Table 1.

Table 1: Savings proposals

Savings ref	Service area	Description of saving	2019/20 £000
ARG1	Estates	Exiting NLBP2 lease at lease termination (part year benefit in 20/21 ramping up to full benefit in 21/22)	
ARG2	Estates	Moving from rented accommodation to new offices in Colindale will generate savings. In addition, further savings could be generated by utilising other assets more efficiently.	(250)
Total			(250)
ARG3	Growth and Development	Regeneration and development schemes across the borough are projecting an increase in Council Tax over the MTFS. This increase is above current baseline projections and can therefore be used to reduce savings targets for other theme committees.	(657)
ARG4	Estates	Income to be generated through leasing out surplus buildings / space across the portfolio.	(150)
ARG5	Estates	Income from renting out spare space within building on an ad-hoc basis i.e. room hire.	(7)
ARG6	Estates	Lease for modular build	
ARG7	Estates	Increased ground rent from potential development (Bunn's Lane & Hendon Campus)	
ARG8	Estates	Commercial property acquisitions for improved place shaping and to meet other strategic in-borough objectives, resulting in incidental income. (estimate based on £50m capital investment)	
Total			(814)
Overall Savings			(1,064)

Table 2: Delivery Plan

Priority	How will we achieve this?	Year 1 Timescales	How will we measure this? *	Year 1 Targets	What are the key risks?
Investing in community facilities to support a growing population, such as schools and leisure centres	<ul style="list-style-type: none"> - Engage with Argent Related on the development strategies for the delivery of schools, community facilities, leisure and improved parks as part of Brent Cross South business plan - Continued to deliver community facilities as part of regeneration schemes <p>More detailed actions will be agreed by Committee in June 2019 as part of the Growth Strategy delivery plan</p>	<p>Mar 2020</p> <p>Mar 2020</p>			<ul style="list-style-type: none"> - If community facilities are not financially sustainable this could impact on their long-term viability - If robust stakeholder engagement plans are not in place, this could result in facilities that don't meet the needs of local communities
Responsible delivery of our major regeneration schemes to create better places to live and work, whilst protecting and enhancing the borough	<ul style="list-style-type: none"> - Develop a new Growth and Regeneration Strategy for the borough - Continue to deliver the council's estate regeneration schemes in partnership with the council's development partners 	<p>Draft for consultation Jun 2019. Final strategy Sep 2019</p> <p>Mar 2020</p>	<ul style="list-style-type: none"> - Regen KPI 03 – Delivery of Regeneration projects (deliverables and milestones) 	90%	<ul style="list-style-type: none"> - If robust stakeholder engagement plans are not implemented there could be opposition to schemes which could delay their delivery. - If market uncertainty grows this could impact on scheme

	<ul style="list-style-type: none"> - Procure a contractor to deliver the Brent Cross West Thameslink Station - Develop an outline business case and planning application for Upper and Lower Fosters - Develop an approach to delivering mixed tenure housing on council owned sites <p>More detailed actions will be agreed by Committee in June 2019 as part of the Growth Strategy delivery plan</p>	<p>Oct 2019</p> <p>Jun 2019</p> <p>Jun 2019</p>			viability resulting in a delay to housing delivery and the ability to meet housing targets
Helping people into work and better paid employment	<ul style="list-style-type: none"> - Support people to find work through active employment schemes - Develop new programmes to reduce levels of NEET (Not in Education, Employment or Training) to ensure they have access to employment and training opportunities 	<p>Mar 2020</p> <p>Dec 2019</p>	<ul style="list-style-type: none"> - Unemployment (of people on out of work benefits) 	Monitor	<ul style="list-style-type: none"> - If there are insufficient resources to support the programme this could lead to fewer employment schemes to support residents in need - If there are delays to construction caused by economic uncertainty, this will lead to a reduction in

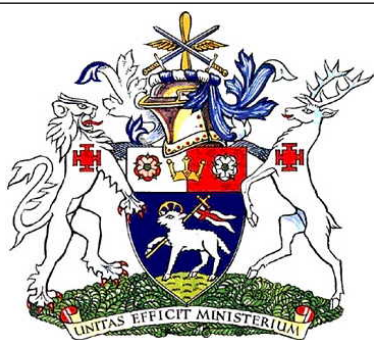
	<ul style="list-style-type: none"> - Work with development partners to maximise local apprenticeship and training opportunities through regeneration and development schemes. <p>More detailed actions will be agreed by Committee in June 2019 as part of the Growth Strategy delivery plan</p>	Mar 2020			<p>the delivery of training and apprenticeship opportunities</p> <ul style="list-style-type: none"> -
Supporting local businesses to thrive	<ul style="list-style-type: none"> - Support local businesses through the construction contracts that form part of the regeneration and development programmes - Work with local businesses to support the sustainability of town centres and improvements to the public realm in order to boost footfall, support local business and encourage residents to shop locally 	<p>Mar 2020</p> <p>Mar 2020</p>	<ul style="list-style-type: none"> - Business survival rates across the borough (no of Barnet businesses surviving for more than 2 years) - Reduce the number of "Vacant High Street Properties" across the borough - 2.5% pts better than comparable boroughs 	<p>5%pts more than comparable boroughs</p> <p>2.5% pts better than comparable boroughs</p>	<ul style="list-style-type: none"> - If the move of council staff to Colindale is delayed, this will reduce the impact of business engagement activities - If appropriate space for workspace cannot be identified within the LBB estate or through development this will lead to a delay in delivery. - If partner organisations are not fully engaged this could lead to a delay in the delivery of business support activities

	- Deliver a Colindale Business Engagement project to support the Council's move to the area.	Sep 2019			
	- Facilitate the provision of appropriate and affordable workspace for small and micro businesses, making use of available public- sector assets, and leveraging private sector development in the borough.	Mar 2020			
	- Deliver specialist support to entrepreneurs and business start-ups (Pop Up Business School, Entrepreneurial Barnet Competition)	Mar 2020			
	More detailed actions will be agreed by Committee in June 2019 as part of the Growth Strategy delivery plan				

**Additional indicators will be considered as part of the Growth Strategy Delivery Plan which will be submitted to Assets, Regeneration and Growth Committee in June 2019.*

Efficient and cost-effective asset management	<ul style="list-style-type: none"> - Identify, market and let surplus / commercial rooms / buildings from within the existing asset portfolio. 	Mar 20	<ul style="list-style-type: none"> - Achieving mid-year and end of year additional income targets for specific assets: <ul style="list-style-type: none"> o Mid-year – £64.9k o End of year - £157k 	£157k	<ul style="list-style-type: none"> - Insufficient staff / contract capacity and / or insufficient demand for assets could lead to a shortfall in income resulting in unforeseen budget pressures
---	---	--------	---	-------	---

AGENDA ITEM 9



Assets, Regeneration and Growth Committee

25 March 2019

Title	Development Pipeline – Establishing new sites for consideration
Report of	Chairman of the Assets, Regeneration and Growth Committee
Wards	All
Status	Public
Urgent	No
Key	Yes
Enclosures	None
Officer Contact Details	<p>Cath Shaw, Deputy Chief Executive. Cath.shaw@barnet.gov.uk</p> <p>Chris Smith, Head of Estates. Chris.smith@barnet.gov.uk</p> <p>Iliana Koutsou, Client Lead, Capital Works. Iliana.koutsou@barnet.gov.uk</p> <p>Susan Curran, Commissioning Lead – Regeneration and Development. Susan.curran@barnet.gov.uk</p> <p>Adam Driscoll, Commissioning Lead – Planning. Adam.driscoll@barnet.gov.uk</p>

Summary

The Development Pipeline Programme has built 130 homes, with a further 194 currently on site. To date, most development has focused on bringing forward sites within existing Council-owned housing land, although some sites related to other assets have also come forward for redevelopment.

The Council intends to continue to explore the potential for housing delivery (and other property classifications, such as retail, business premises, hotels, and community use, where appropriate) across its full portfolio of assets, to ensure that no opportunity is missed when considering the potential of the Council's assets to support the needs of the borough. This paper sets out the recommended process for considering how site potential is assessed, and then proposes a further portfolio of sites to be considered for development over the next few years.

This report recommends that Committee note the list of sites under consideration. The report further recommends that Committee approves the proposed process for reviewing sites, and that the planning potential of each site can be considered within the forthcoming Local Plan. Committee should note that subsequent papers will be brought to ARG that set out the details for each of the sites that will be taken forward, and how they are proposed to be delivered.

Recommendations

- 1. That Committee approves the list of assets for review in figure 2 and figure 3.**
- 2. That Committee approves the proposed process for reviewing the potential of sites in figure 1.**
- 3. That Committee approves the principle of developing the assets listed in figure 2 and figure 3, and that they be considered for allocation as development sites within the forthcoming Local Plan.**
- 4. That Committee approves the principle that detailed feasibility studies are undertaken, as required, to enable the potential of all sites to be assessed, and delegates the commissioning of all such work to the Head of Estates.**

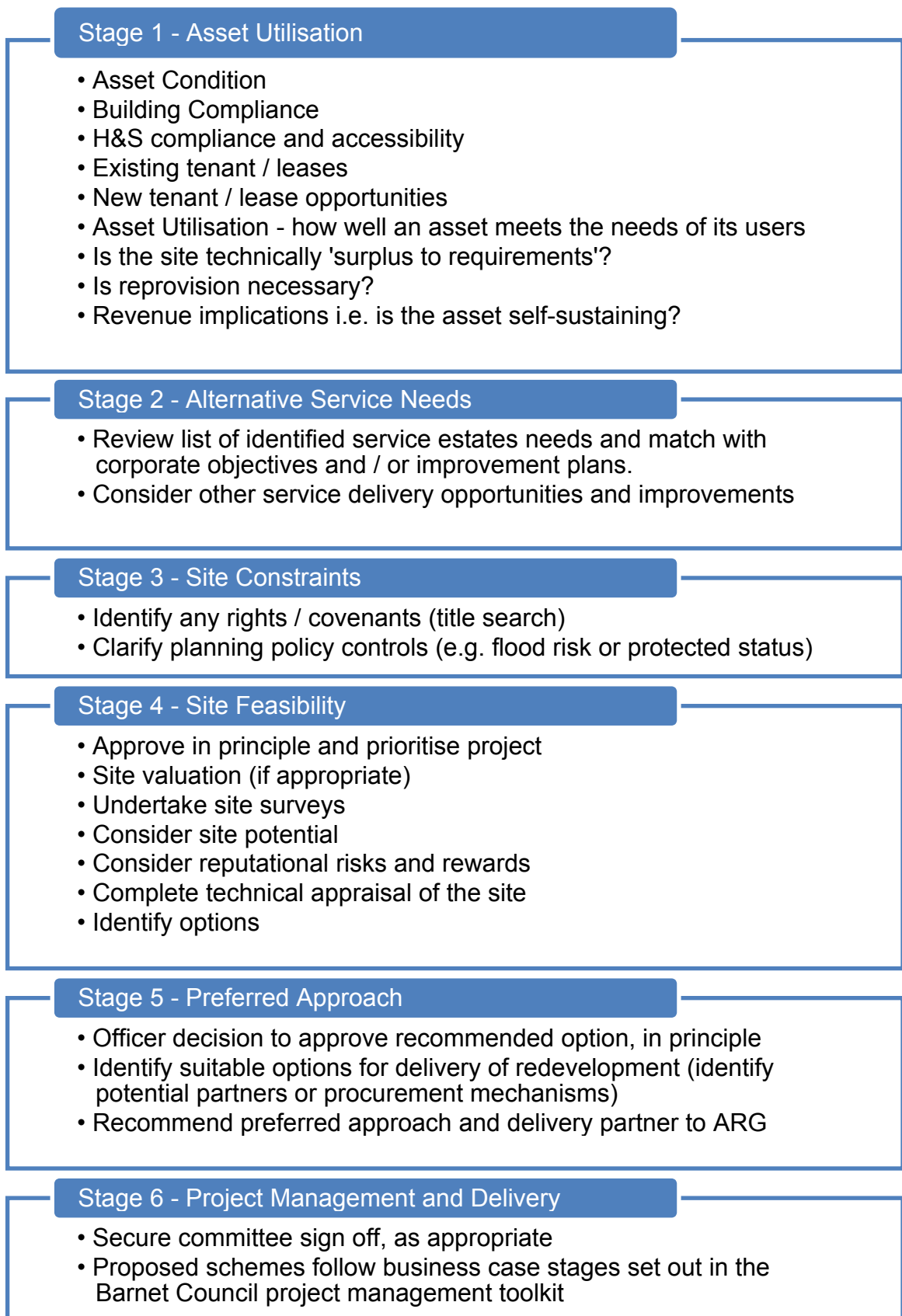
1. WHY THIS REPORT IS NEEDED

- 1.1 The Assets, Regeneration and Growth Committee (ARG) approved at its meeting on 9 July 2014, the approach to, and the principles underpinning, the creation of a development pipeline on Council owned land.
- 1.2 The Council's draft Housing Strategy 2019-2024 sets out the intent to deliver homes that people can afford by increasing housing supply, regeneration and growth. The strategy sets out how a continuing pipeline of developing on Council Land will secure a range of tenures, including mixed tenure housing with affordable homes funded by private sales, new affordable homes to rent on existing Council housing land, extra care and wheelchair accessible homes to reduce demand for care, and private housing for rent. 194 further homes are on site and will be completed over the coming months.

- 1.3 To date, Barnet Homes have delivered a 53-unit extra care scheme at Ansell Court in Mill Hill, and 40 units on Council housing land. A further programme of affordable housing delivery is underway by Opendoor Homes and 37 homes have completed as part of this.
- 1.4 On 17th September 2018 Assets, Regeneration and Growth Committee agreed a new approach to delivering mixed tenure schemes, including The Barnet Group becoming the Council's preferred development partner for the delivery of mixed tenure housing on Council land beginning with the sites listed in the report. A further report is being prepared setting out the process for deciding the delivery approach for additional sites, for consideration by Assets, Regeneration and Growth Committee in May 2019.
- 1.5 On 5th March 2019 Budget Council approved the Corporate Plan, Medium Term Financial Strategy 2019/24 and Budget for 2019/20. This report included Appendix D1 that within the Deputy Chief Executive's section included a substantial forward programme of income generating activities for the Estates Service and Housing Service collectively.
- 1.6 In order to deliver the programme, the guiding principle must be that, in relation to the Council's Assets, every asset the Council owns must be considered, whilst carefully balancing all other competing priorities and needs.
- 1.7 This report notes that many assets owned by the Council do not currently maximise the potential of the land upon which they are built. Such assets generally offer the potential for redevelopment of the land to provide a mixture of uses on site. In general, this potential improved mix would be a combination of community-oriented / commercial uses, alongside housing.
- 1.8 In addition, it is recognised that some existing assets within the borough are in a poor condition. Re-provision of assets through redevelopment clearly offers the potential to provide facilities of enhanced quality.
- 1.9 The process of reviewing assets may result in some sites being identified as technically surplus to Council requirements. Equally, opportunities to change the current use of an asset and / or to relocate facilities from within that asset may free up the current site for alternative uses. The decision to categorise a site as surplus to requirements will be made by the relevant Committee, based on the business case for that specific proposal.
- 1.10 The purpose of this report is to share details of the identified portfolio of assets that the Council intends to review next. Where Council properties have sitting tenants, the terms of existing leases will be respected and every effort will be made to either re-provide facilities for them within proposed developments or to re-locate them to suitable alternative premises.
- 1.11 In figure 1, the Council sets out the process to be followed when investigating the potential of sites and how they can contribute towards local needs. This will include a review of whether existing site uses should be maintained, whether they should be re-provided and if the asset should be declared surplus.

Decisions to declare sites surplus will be made by Committee, informed by a relevant business case.

Figure 1 - Process for reviewing assets and prioritising projects



- 1.12 The Council is committed to bringing forward a draft Local Plan in 2019-20. For the first time since the Unitary Development Plan (UDP) in 2006 is required to include reference to potential sites for allocation and will recognise their redevelopment potential for housing and/or other uses.
- 1.13 The Council identified a number of assets as potential sites for inclusion in the Local Plan whilst running a public 'call for sites' in 2017-18 and early 2018-19. The process has provided a once in 5-10-year opportunity to comprehensively look at the potential of all the Council's assets to help meet wider local needs.
- 1.14 Figure 2 below identifies an initial list of assets that will be reviewed to consider the potential for redevelopment. Some of these assets are newly identified, while others already have approvals in place. It is possible that not of all the sites included in the list will be found to be suitable for development.

Figure 2 – Table of sites

Site	Reason for identification	Relevant previous decision (Committee)
Bunns Lane car park	Potential for development above a car park or reconfiguration to support alternative uses alongside revised approach to car parking. Potential for increased ground rent from development identified in approved Budget 2019-20.	<i>Council 05/03/2019</i>
Hendon Sites: (Fenella, Ravensfield, Meritage Centre and adjacent land holdings)	Redevelopment of former offices and other assets near Middlesex University. The potential of these sites is currently being investigated through the One Public Estate programme. The potential for increased ground rent from development was identified in the approved Budget 2019-20.	<i>Council 05/03/2019</i>
Church Farm Leisure Centre	The leisure centre will be relocated to New Barnet Leisure Centre in Victoria Recreation Ground in summer 2019, therefore this site will be surplus to requirements.	<i>P&R 17/02/2015</i>
East Barnet library	The Partnership library in East Barnet will be re-located to the new leisure facility at Victoria Recreation Ground in summer 2019. Conversion of the building to a Family Friendly Hub is being actively considered but alternative uses for the site will need to	<i>P&R 10/01/2017</i>

	be considered, should it not be appropriate for the Hub.	
Former Barnet Mortuary	The mortuary has been declared surplus to requirements by Environment Committee following delivery of a 'Shared Public Mortuary Service'	<i>Env. Ctte</i> <i>10/03/2015</i>
Watling Avenue car park	Site identified within 'Burnt Oak Town Centre Strategy' as development site 6.1 within the strategy. Flood risk and potential for redevelopment has been investigated through One Public Estate project and short-term uses of the site are currently in-development. Capacity within the site is likely to be required to help meet parking demand in the short to medium term.	<i>CRC</i> <i>18/10/2012</i> <i>ARG</i> <i>27/11/2017</i>
Park House East Finchley	There has been a long-term ambition to make best use of this available site. The potential of the site requires further consideration.	<i>CRC</i> <i>13/01/2011</i>
Danegrove disused playing fields	Field opposite has been unused by school for extended period. Any future decision to declare 'surplus' would be subject to governing body, Dept. for Education and Sport England approval.	<i>None</i>
Osidge lane: community halls, library facility and health centre	Several assets and sites that should be reviewed in the round. Re-provision of library and community facilities as appropriate and subject to consultation will be included. Requires review of car parks and their use. Historically a joint project was proposed but grant funding was then withdrawn.	<i>Delegated Powers Report</i> <i>10/06/2009</i>
Hollickwood Park	Located adjacent to Pinkham Way. A masterplanned approach to development of the Pinkham Way area could deliver an enhanced open space. The Parks and Open Spaces strategy identifies this as a low quality, low value open space.	<i>Env. Ctte</i> <i>28/11/2018</i>
Canada Villa Youth Centre	This low-rise facility offers the potential for improved site utilisation. In addition, the opening of the new UNITAS facility in Burnt Oak in Summer 2019 may change the user demand and therefore it will be prudent to	<i>None</i>

	review utilisation in the coming few years.	
Mill Hill library	The NW7 group intend to re-locate the library as part of delivering the new NW7 hub. Alternative uses for this site will need to be considered.	<i>ARG 12/12/16</i>
Mill Hill Golf Club	Site has potential, should the clubhouse for the Golf Club be re-located to within the golf course– currently the course is only accessible from the clubhouse via a tunnel under A1. Planning application was previously approved to re-locate the clubhouse, but this permission has now expired.	<i>Hendon Area Planning Committee</i>

- 1.15 In addition to the sites listed in Figure 2, there are three other broad categories of asset that the Council is intending to review. These are set out in figure 3, below:

Figure 3 – Key categories of other future sites

Site	Reason for identification
Car Parks	The potential for development of borough car parks or more likely, the airspace above the car parks, will be a priority for consideration. A review of the utilisation of each car park will be essential to help inform any proposals, together with careful reference to Council policies (planning and highways policies), and future estimates for car use in cities more broadly.
Libraries and community assets	The potential for mixed-use redevelopment of all community assets will be considered but the re-provision of community facilities will be a key consideration when developing any proposals. Some existing assets are in a poor condition and require improvements. Moreover, opportunities for joining up sites and uses can be explored to ensure the Council is securing the maximum utility from all its assets in support of corporate objectives, whilst actively striving to improve the offer to residents.
Other Council-owned land and buildings	The Council holds a portfolio of other buildings and land, some of which is currently leased, some of which is utilised by services, and some is no longer used or underutilised. All these sites and lease arrangements should be considered and reviewed over time to ensure all the Councils assets are best utilised to help meet local needs.

2 REASONS FOR RECOMMENDATIONS

- 2.1 The Council's draft Housing Strategy 2019-2024 identifies that delivering more homes that people can afford is a key priority. The recent Strategic Housing Market Assessment showed a need to provide at least 3,060 new homes a year, to accommodate an expected 16% population growth by 2041.
- 2.2 All levels of Government agree that housing supply must increase significantly to meet housing need, but the target number of homes per annum is currently a matter of debate that will be clarified through the London Plan examination. Presently GLA figures set a target of 3,134 homes per annum and MHCLG figures set a target of 4,126 homes per annum. Whatever final target is set, the Council will have an important role to play to help secure increased housing delivery within the borough.
- 2.3 MHCLG published figures show Barnet delivered just under 2,000 homes per annum over the past three years; 82% of its current target. To deliver an increase in housing completions requires the Council and wider public sector to increase its own pipeline of housing delivery. To that end the Council is reviewing its assets to consider all suitable sites for redevelopment potential.
- 2.4 In addition, the ARG Committee's programme of savings requires increased utilisation of the estate and income / savings from development. Therefore, alongside delivery of social value, the Council must secure a commercial return from development of some assets to help deliver those savings.
- 2.5 In terms of affordability, strong demand has resulted in average house prices increasing to 15 times the median household income for Barnet. The delivery of new affordable rented homes, funded in a variety of ways, including mixed tenure development, will ensure the Council's estate is used to help meet the Housing Strategy objective - this is to prevent and tackle homelessness by reducing the use of temporary accommodation, to help meet Housing Committee savings.

3 ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Do nothing - This option would not contribute to the increased supply of new housing and particularly affordable housing, nor to the need to increase income from assets and help meet savings targets.

4 POST DECISION IMPLEMENTATION

- 4.1 Officers will complete the necessary investigations for the identified sites, and monitor completion of the various stages of work set out in figure 1.
- 4.2 Where any of the sites present a viable development opportunity, they will first be approved in principle by Council officers, and then be presented to ARG Committee with supporting business cases to inform the committee's decisions. All recommendations will include the preferred approach to delivery.

- 4.3 All the sites listed will be assessed and those that are appropriate to be referenced within the Local Plan site allocations will be included in the plan.
- 4.4 Appropriate updates on the programme will be provided to the Committee.

5 IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The Council's corporate plan sets out the aim to ensure Barnet is a pleasant, well maintained borough that is protected and invested in by:
 - a) Ensuring decent quality housing that buyers and renters can afford, prioritising Barnet residents that will be delivered by increasing supply to ensure greater housing choice for residents and delivering new affordable housing, including new homes, on Council-owned land.
 - b) Investing in community facilities to support a growing population, such as schools and leisure centres that will be delivered by investing in community facilities such as enhancing our indoor and outdoor sporting facilities and maintaining our 21st century libraries;
 - c) Responsible delivery of our major regeneration schemes to create better places to live and work, whilst protecting and enhancing the borough - delivered by working with The Barnet Group to deliver housing on smaller sites across the borough
- 5.1.2 The Corporate Plan further sets out how the Council will deliver these ambitions within financial constraints by ensuring that taxpayers money goes as far as it can through adhering to the following key principles:
 - a) A fair deal - by delivering the services that matter most and making decisions to prioritise our limited resources alongside providing value for money for the taxpayer by ensuring we are transparent in how we operate.
 - b) Maximising opportunity - by taking a commercial approach to generating income, and looking for new opportunities to generate revenue from our estate, alongside capitalising on opportunities from responsible growth and development to boost the local economy
- 5.1.3 The current London Plan and Barnet's Local Plan recognise the need for more homes setting a minimum annual target for Barnet of 2,439 homes. As noted above, this target looks set to increase by 50%-100% subject to debate at the London Plan examination in public between the GLA and MHCLG.
- 5.1.4 The new Council's Housing Strategy 2019-2024 continues to emphasise that delivering more homes that people can afford is a key priority.

- 5.1.5 Barnet's Health and Wellbeing Strategy recognises the importance of access to good quality housing in maintaining wellbeing in the community. The lack of affordable housing is highlighted in Barnet's Joint Strategic Needs Assessment (JSNA) as one of the top three concerns identified by local residents in the Residents' Perception Survey.

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

- 5.2.1 The ARG committee savings targets include generation of additional income through increased utilisation of the estate. The savings targets include securing income through estate development, including £50k from modular build (2019-20, and £200k from developments in Hendon (2022-23).
- 5.2.2 Housing committee savings targets identify provision of new affordable homes as a means of reducing costs associated with temporary accommodation. To enable current and future savings to be delivered, suitable sites must be identified. The Housing Committee is responsible for the Housing Strategy and Homelessness Strategy. The Policy and Resources Committee is responsible for the Local Plan and therefore the Council's overall housing target.
- 5.2.3 This report sets out a list of property assets that may be reviewed to consider their potential for redevelopment where appropriate. It notes that all assets owned by the Council should be considered to ensure the maximum potential benefit is realised; both financial and social considerations will be considered.
- 5.2.4 Management of this programme of work will require appropriate staffing within the estates service relative to the number of sites being considered at any one time. Presently it is expected that any site appraisal activities will mainly focus on sites listed within figure 2, but the pace and extent will be subject to the capacity of the team and available resources in the context of existing budgets.
- 5.2.5 The process of reviewing each site will incur cost in terms of staffing, but also in relation to survey/technical work; each site will require appropriate funding to complete the necessary site surveys and technical studies. For this reason, they will only be commissioned once the sites are identified as a suitable case for redevelopment with certainty around leases and covenants, alongside support from planning policy, confirmed.
- 5.2.6 Survey and technical work can be funded through grants (for example through the GLA small sites programme), but may also have to be funded from Estates revenue budgets. An example of potential grant funding is the Council's January 2019 application for £100k grant funding from the GLA, over the next two years, to help meet the costs of assessing small sites for redevelopment. The GLA's decision is awaited. Expenditure will only be incurred where the funding source has previously been identified.

5.3 Social Value

- 5.3.1 Increasing the utility of existing assets through mixed use redevelopment will enable the Council's portfolio of assets to go further towards supporting local needs by helping to provide new opportunities for housing, (in particular, affordable housing) and new, improved community facilities.
- 5.3.2 Any contractors or development partners will be encouraged to provide opportunities for employment, training and apprenticeships for local people and use local suppliers where appropriate.

5.4 Legal and Constitutional References

- 5.4.1 The Council's Constitution, Article 7 – Committees, Forums, Working Groups and Partnerships sets out the responsibilities of all council Committees. The ARG Committee has responsibility:
- For regeneration strategy and oversees major regeneration schemes, asset management, employment strategy, business support and engagement.
 - To submit to the Policy and Resources Committee proposals relating to the Committee's budget for the following year in accordance with the budget timetable.
 - To make recommendations to Policy and Resources Committee on issues relating to the budget for the Committee, including virements or underspends and overspends on the budget. No decisions which result in amendments to the agreed budget may be made by the Committee unless and until the amendment has been agreed by Policy and Resources Committee.
 - To receive reports on relevant performance information and risk on the services under its remit.
- 5.4.2 Council, Constitution, Article 10 Table A states that the Assets Regeneration and Growth Committee is responsible for authorising all acquisition of land for over £500k.
- 5.4.3 All proposals emerging from the Development Pipeline for Future Sites process outlined in this report will need to be considered in terms of the council's legal powers and obligations (including, specifically, the public-sector equality duty under the Equality Act 2010).
- 5.4.3 Site specific legal [title] matters for the sites referenced here will be explored as part of the process for reviewing each site as part of the feasibility and to identify any legal risks or constraints in respect of each site.
- 5.4.4 Where land is subject to third party rights it may be prudent to appropriate the land for planning purposes to extinguish third party rights. Section 122 of the Local Government Act 1972 empowers a local authority to appropriate land held by it from one statutory purpose to another if it considers the land is no longer required for the purpose for which it is currently held. Such matters will be explored through the process of site and legal review.

- 5.4.5 All the sites listed are held in the general fund. Local authorities are given powers under Section 123(1) of the Local Government Act 1972 (as amended) to dispose of land held by them in any manner they wish but the disposition must be for not less than best consideration that can be reasonably obtained assessed by a valuer. Any disposal less than best consideration that can be reasonably obtained requires the express consent of the Secretary of State. In determining best consideration, the Local Authority must have regard to commercial and/or monetary value to the Local Authority. Specific consent can be obtained for a particular site or it may be possible to dispose of the site using the General Consent 2003 (under LGA 1972). The general consent will apply where the Council considers the disposal of the site will contribute to the achieving or securing the promotion or improvement of the economic, social or environmental well-being of its area. The General Consent permits disposal at an undervalue in these circumstances but in all cases the disposal cannot be at an undervalue which exceed £2,000,000.
- 5.4.6 Where land is disposed of at less than market value or best consideration there is a concern about whether the State Aid provisions apply. An exemption to State Aid exists for services in the general economic interest but it is likely the relevant exemption may apply provided the land is acquired and developed for social/affordable housing to qualify for this exemption.
- 5.4.7 Where any of the Sites comprises public open space the advertising requirements for the disposal of open space pursuant to S.123 (2A) of the Local Government Act 1972 apply. The proposed disposal must be advertised for two consecutive weeks in a newspaper circulating in the area in which the land is situated, with any objections to the proposed disposal being considered by the Council. The advertisements in accordance with the statutory requirements should provide for a period of four weeks from the date of the first public notice for any objections to be made. Any objections made to the disposal will have to be considered before the disposal proceeds.

5.5 Risk Management

- 5.5.1 The key risks for the project are concerned with:

- **Finance** – The cost of investigating site potential cannot be capitalised prior to the business case stages of the process.

Mitigation – utilise receipts from any site sales to fund revenue costs of the process and secure income from grants wherever possible to minimise the additional cost of this work on general funds.

- **Resident acceptance of redevelopment** – Although this programme considers site potential on the assumption that existing uses will be replaced, residents may fear loss of services if assets are deemed 'surplus to requirement' following detailed investigation.

Mitigation – It will be necessary to emphasise that service delivery and management of the estate are two separate considerations, moreover all

decisions to deem any site surplus to requirement will be made by the relevant Committee, informed by a comprehensive business case.

5.5.2 The purpose of the investigation stage for each site is to identify risks associated with bringing forward sites, and therefore this programme is explicitly designed to manage and mitigate risk.

5.5.3 Equalities and Diversity

5.5.4 The 2010 Equality Act outlines the provisions of the Public Sector Equalities Duty which requires Public Bodies to have 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 and foster good relations between people from different groups.

5.5.4 Equalities Impact Assessments will be undertaken on individual schemes as they are brought forward.

5.5.5 The proposals in this report do not raise any negative impacts for equalities and demonstrate that the Council has paid due regard to equalities as required by section 147 of the Equality Act 2010.

5.6 Consultation and Engagement

5.6.3 Consultation and Engagement plans will be developed for sites that are deemed suitable for development and stakeholder engagement undertaken as the designs progress.

5.7 Insight

5.7.1 The Council's Housing Strategy and emerging Local Plan respond to evidence such as the Strategic Housing Market Assessment and other needs assessments that have identified a need for increased housing delivery.

6 BACKGROUND PAPERS

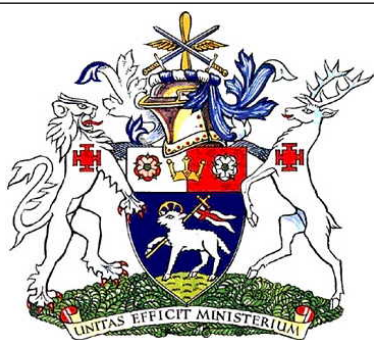
6.1.1 Cabinet Resources Committee, 24 June 2013, 'Local Authority New Housing Programme'
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=151&MId=7457&Ver=4>

6.1.2 Assets Regeneration and Growth Committee, 9 July 2014, Strategic Asset Management Plan
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=7960&Ver=4> .

- 6.1.3 Assets Regeneration and Growth Committee, 8th September 2014, Strategic Asset Management Plan
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=7885&Ver=4>
- 6.1.4 Assets Regeneration and Growth Committee, 15 December 2014, Strategic Asset Management Plan
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=7886&Ver=4>
- 6.1.5 Assets Regeneration and Growth Committee, 15 December 2014, Local Authority New Housing Programme (Barnet Homes)
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=7886&Ver=4>
- 6.1.6 Assets Regeneration and Growth Committee, 30 November 2015, Housing Development Pipeline- Barnet Homes
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=8311&Ver=4>
- 6.1.7 Assets, Regeneration and Growth Committee, 17 March 2016, Development of new affordable homes by Barnet Homes Registered Provider (“Opendoor Homes”)
<http://barnet.moderngov.co.uk/documents/s30501/Development%20of%20new%20affordable%20homes%20by%20Barnet%20Homes%20Registered%20Provider.pdf>
- 6.1.8 Delegated Powers Report, 2 June 2016 Commissioning Director of Growth
- 6.1.9 Assets, Regeneration and Growth Committee, 11 July 2016, Development of new affordable homes by Barnet Homes Registered Provider (“Opendoor Homes”)
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=8881&Ver=4>
- 6.1.10 Assets, Regeneration and Growth Committee, 17th September 2018, Mixed Tenure Housing Programme,
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=9764&Ver=4>
- 6.1.11 Cabinet Resources Committee, 13 January 2011
- 6.1.12 Cabinet Resources Committee 18 October 2012, decision item.
- 6.1.13 Environment 10 March 2015
<http://committeepapers.barnet.gov.uk/ieDecisionDetails.aspx?ID=5795>

- 6.1.14 P&R 17 February 2015 item 9, recommendation 4
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=7865&Ver=4>
- 6.1.15 P&R 10 January 2017 item 9, recommendation 2
<https://barnet.moderngov.co.uk/documents/s36986/Future%20Library%20provision%20in%20New%20Barnet.pdf>
- 6.1.16 Environment Committee, 28 November 2018, item 11 'Annual Parks and Open Spaces Update'. Appendix D – Assessing the Quality and Value of Open Space.
<http://barnet.moderngov.co.uk/documents/s49880/Implementation%20of%20the%20Councils%20Parks%20and%20Open%20Spaces%20Strategy.pdf>
- 6.1.17 Delegated Powers Report – Leader of the Council 10 June 2009. Brunswick Park Community Hub – Co-location Fund grant acceptance
<https://barnet.moderngov.co.uk/documents/s3610/Brunswick%20Park%20Community%20Hub%20Co-location%20Fund%20grant%20acceptance.pdf>
- 6.1.18 Assets Regeneration and Growth Committee 27 November 2017. Entrepreneurial Barnet - Annual Update and Forward Plan Decision 2 relating to Appendix 1 'Burnt Oak Town Centre Strategy'.
<https://barnet.moderngov.co.uk/documents/s43515/Entrepreneurial%20Barnet%20-%20Annual%20Update%20and%20Forward%20Plan.pdf>

AGENDA ITEM 10



Assets, Regeneration, and Growth

25/03/2019

Title	Grahame Park: PDA variation update
Report of	Cllr. Daniel Thomas
Wards	Colindale
Status	Public
Urgent	No
Key	Yes
Enclosures	<i>none</i>
Officer Contact Details	Cath Shaw, Deputy Chief Executive 0208 359 4716 Martin Smith, Regeneration Manager 0208 359 7419

Summary

The Grahame Park Regeneration Programme is nearing the successful completion of stage A. Following the mayoral refusal in December 2017 of an earlier proposal, the Council and its partners, Choices for Grahame Park Ltd (CfGP) and Notting Hill Genesis Housing (NHG) are about to embark on stage B with a new planning application for the concourse (plots 10,11, and 12) being developed for submission in summer 2019. As part of this they have agreed a wide range of adaptations to the phasing, design, delivery, and funding of the programme, building on variations agreed by this committee at its meeting of April 24th, 2017.

These amendments need to be included in the Principal Development Agreement (PDA), the agreed development contract between London Borough of Barnet (LBB), CFGP and NHG. There are three new important variations which the committee is requested to consider; a revised profit share agreement, an 'underwrite' of the demolition costs, and a 'carve-out' to permit early housing development within the existing red line by Barnet Homes.

Recommendations

1. That the Committee agrees in principle the proposed PDA variations at 2.14, 2.15 and 2.18 (with consequential and updating amendments) and authorises the Deputy Chief Executive, in consultation with the Chairman of the Committee to agree the final deed of variation.

2. That the Committee agrees that should it be necessary to underwrite the demolition costs at 2.15, that this is referred to the Policy and Resources Committee for approval

1. WHY THIS REPORT IS NEEDED

- 1.1 Since its formal adoption in 2007 the Grahame Park PDA has been varied by the agreement of both parties. Previous years have seen considerable changes within stage A, such as the construction of the council's new office and Barnet and Southgate College. The first phase of stage B is still in the early planning stages but major changes from the original masterplan are under consideration. To minimise the risk to both parties' significant changes to the scheme both retrospective and going forward need to be recorded in the PDA. The purpose of this report is to seek approval for three new and significant variations to the PDA.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The Grahame Park estate was built in the 1960s and 1970s by the Greater London Council, with 1777 units built around a central 'concourse'. In 2007 the Council signed a development agreement with CFGP and PCHA Limited for redevelopment of the estate to provide 3,400 units in two stages. Genesis Housing Association (GHA) later succeeded PCHA Limited and GHA have since merged with another housing association (Notting Hill) to form NHG, in keeping with common practice at the time, the development agreement sought to replace a mono-tenure estate with a mixed tenure development, enabling both a broader social mix and the use of profits from market sale housing to fund affordable housing and community facilities.
- 2.2 Stage A, comprising 685 new units, was partly delivered prior to the economic downturn and substantively completed in July 2018. A review of stage B in Autumn 2013 concluded that the original master plan was no longer fit for purpose, and should be updated to reflect the demand for family housing and more traditional street layouts. It noted that the critical first step was the demolition of the concourse, to challenge the 'estate feel', create a better environment for residents, and improve sales values. The Autumn 2013 report also concluded that there were significant viability and cash flow challenges in delivering the scheme.
- 2.3 Since then the Council has agreed a revised Supplementary Planning Document (SPD) to govern the development of Stage B. The SPD was formally adopted at full Council in July 2016. The SPD doesn't affect existing Council policy about re-housing council tenants i.e. secure council tenants housed before 2003 will be re-housed in a new home in Grahame Park

provided by GHA. The existing section 106 agreement, agreed in 2007 and still valid requires the provision of social rented, shared ownership and low-cost units. On completion of stage A, NHG will have provided a total of 685 new homes of which 299 (44%) will be private sale or rent. The remainder will be affordable with 236 (35%) social rent, 38 (5%) affordable rent and 112 (16%) shared ownership

- 2.4 In addition, Plot 8, which formed part of Stage A, has become the site for the Council's new office building and plot 7 the site for the re-located Barnet and Southgate College, Colindale library, and the Centre for Independent Living
- 2.5 Following formal agreement of the Principal Development Agreement (PDA) in 2007 both parties have periodically agreed amendments to the PDA to enable the scheme to continue in a changing financial and legislative climate.
- 2.6 GHA merged with Notting Hill Housing Trust in April 2018 to create a much larger and more financially stable entity (NHG). The newly merged organisation has Strategic Partner status for development with the GLA – which means that NHG has agreed to re-cycle surpluses and grant receipts across its development programme to fund the Grahame Park programme.
- 2.7 There are three significant new variations currently under consideration. The first two relate directly to the evolving plans for stage B; a proposed amendment to the profit share agreement between LBB and NHG and a commitment by LBB to underwrite the demolition costs of plot 10 in the event of a failure of the scheme to proceed. The third variation relates to proposed in-fill development, by Barnet Homes, in the retention and renewal area.
- 2.8 NHG is currently preparing a new planning application for the Concourse area (Stage B, which comprises 3 large plots), providing circa 2000 new homes (of which 50% are planned to be affordable) as well as new community facilities and the re-alignment of Lanacre Avenue to provide new transport links. They hope to make the formal planning submission in the summer of 2019
- 2.9 The proposed scheme will mean a commitment from NHG to invest in Stage B, including an investment subsidy allocated under NHG's Strategic Partnering agreement with the GLA and a further £56m of Government subsidy in the form of an infrastructure loan allocated by Homes England.
- 2.10 The financial arrangements in the PDA have not changed since 2007, despite there being a significant change in 2010 to the funding regime for affordable housing. Prior to 2010, Housing Associations received Government grant funding that covered approximately 75% of the cost of providing social rented affordable homes. In 2010 Government changes meant that housing associations were required to fund a much higher proportion of the cost of providing such homes - approximately 75% - through commercial borrowing and private investment. Therefore NHG, (like

other Housing Associations) must satisfy its lenders that it is running the business responsibly, is taking full account of the development risks, and must comply with a series of covenants from those lenders. As a result, the newly merged organisation, NHG, must set investment returns for new projects in order that the whole business can continue to operate within the lender's requirements.

- 2.11 NHG's lenders, in line with industry standard returns for development projects, therefore require new projects to achieve a minimum risk margin /profit (on the sale of private residential and commercial property only).
- 2.12 Under the PDA as currently structured, whereas LBB contributes the land element, NHG meets all the considerable upfront risk of buybacks and the rehousing costs of secure tenants. This is not now a sustainable position, especially given the significant changes in affordable housing funding since 2010 that now requires substantial internal subsidy by NHG to replace government grant for the social rented homes.
- 2.13 Estate regeneration projects rely on the cross-subsidy of profit from the sale of private homes to pay for the affordable homes, especially social rented homes which pay back far less than their cost of provision.

2.14 The profit share proposal;

NHG view the regeneration of Grahame Park as a corporate priority. They have continued to buyback leasehold properties and fund initial feasibility and design work. However, to continue with the regeneration of Grahame Park NHG is proposing that:

- Currently the PDA provides for any phase-by-phase profits to be rolled over, and any residual distributed at the end of the scheme. NHG are seeking instead to account for the project on a phase-by-phase basis.
- Each phase will be subject to a viability test with a hurdle rate of profit on the private residential and commercial unit development (only). Meeting the hurdle rate is a precondition to commencing the phase unless NHG waive the pre-condition. Surpluses more than the agreed rate would be shared between NHG and the Council.
- To facilitate viability, particularly given the significant proportion of affordable housing required of each phase, considering GLA grant, NHG will underwrite the cost of affordable tenures.

NHG believe this is the only way that it can take forward the regeneration of Grahame Park and meet its corporate commitments and commitments to lenders

NHG is much better resourced than GHA was (in terms of people, expertise and finance) to take on this challenging project and would hope to make rapid progress on Grahame Park in the next 12 months commencing with the demolition of plot 10.

NHG is now a major developer in London with a pipeline of almost 12,000 homes over the next 6 years. However, with increasing uncertainty in the housing market, NHG must take account of fluctuating sales market risk in terms of its longer- term business plans and commitments.

The impact of the proposed increase in NHG's profit on sales on LBB needs to be seen in the wider context of the scheme. NHG are bringing into the scheme significant additional capital funding (iro £20m) from within their own resources. Stage B of the Grahame Park scheme has always struggled with viability due to substantial up-front capital costs. Without this additional funding from NHG the scheme will fail to meet viability requirements and as such will be unable to proceed. Therefore, by accepting a reduction in potential profits LBB is ensuring the progress of the scheme as a whole and the delivery of massive and long- lasting change in Grahame Park

2.15 The demolition 'underwrite' proposal

- 2.16 The second variation to the PDA relates to the demolition of plot 10. Under the terms of the revised phasing plan this will be the first major intervention in Stage B. It is proposed that seven residential blocks comprising around 200 residential units; Nisbet, Napier, Nimrod, Nicholson, Nighthawk and Noel and around 30 garages are demolished initially. NHG have commenced the procurement of a demolition contractor and will award the demolition contract at their board meeting of July 25. The area to be demolished retains only one remaining leaseholder and a few guardians. Vacant possession therefore should be achieved to meet the demolition plan. Taking forward the demolition at this stage ahead of viability testing presents a risk to NHG if for any reason, the scheme failed to progress this expenditure would prove to be abortive. For this reason, NHG have requested that the PDA is amended so that LBB underwrite the full demolition costs and, in the event of a failure to meet the PDA conditions precedents the Council would repay NHG for the cost of demolition.
- 2.17 It should be emphasised that under the above scenario, LBB would retain full ownership of the site and that if the Council is to pay demolition costs, it is conditional on the demolition being carried out properly – if the Council must carry out any further work because the work is faulty or incomplete, the cost should be withheld by the Council. Also, the Council should have the ability to approve the cost. The existing buildings would, in any event have to be demolished as the money required to bring back the buildings

into active use would make any proposed retention entirely uneconomic. Furthermore, if in any future scenario LBB was procuring a new development partner for the site, the fact that it was cleared for development would bring an enhanced value. LBB would procure a partner to develop the site to achieve maximum outputs. The Council will seek a warranty by the company procured by NHG to carry out the demolition, so they have a remedy against them for faulty work. Therefore, it is officers' view that, should the underwrite be exercised, the Council's exposure is mitigated.

2.18 The in-fill proposal;

2.19 The third significant amendment to the PDA relates to a proposed in-fill development in the Little Strand area of Grahame Park

2.20 The SPD categorised large areas of the existing Grahame Park estate as renewal and retention zones. This means that they are not immediately identified for demolition and re-development for a range of spatial and economic reasons, but they might lend themselves to smaller scale, less intrusive development. In general, the council and NHG have placed these areas towards the end of the development programme i.e. 15-20 years away. However, a proposal has emerged from Barnet Homes to deliver such a development in parallel with the wider development of the Grahame Park Concourse area. This proposal will require a 'carve - out' of land from the PDA with the council retaining ownership. Similar 'carve – outs' have taken place elsewhere across the development site for the construction of Barnet and Southgate college and the Council's new offices on Bristol avenue

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 There isn't a 'do nothing' option. For the scheme to proceed in an orderly fashion the PDA must be updated to reflect historic and anticipated changes. NHG proceeding with Stage B was always conditional under the terms of the PDA and the redevelopment of Stage B did not satisfy the Stage B viability test under the current PDA provisions. This triggered the detailed Stage B review mechanism in the PDA which provides for a fundamental review and reconfiguration of the regeneration scheme to ensure that a deliverable Stage is implemented. NHG does not have to proceed if the scheme fails to meet viability thresholds. If the profit share isn't agreed NHG will be unable to release internal subsidy of around £20m which will render the scheme unviable. LBB are agreeing to amend the profit share to enable the scheme to proceed. IF NHG are unable to take the scheme forward the council would seek a new delivery partner to achieve their regeneration ambitions for GP. In the current economic climate that would be extremely challenging

4.0 POST DECISION IMPLEMENTATION

- 4.1 The Council and GHA will agree pre-contract Heads of Terms leading to formally signing and sealing the Deed of Variation containing the three key variations

5.0 IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The vision for 2020 expressed within the Council's corporate plan 2015- 2020 expresses the principles of fairness, responsibility and opportunity and the following strategic objectives;

- The council, working with local, regional and national partners, will strive to ensure that Barnet is the place of opportunity, where people can further their quality of life
- where people are helped to help themselves
- where responsibility is shared, fairly
- where services are delivered efficiently to get value for money for the taxpayer

- 5.1.2 The plan proposes several achievements. Those particularly relevant to this initiative as follows;

- More involved and resilient communities, with residents taking on greater responsibility for their local areas
- There will be a broad offer of skills and employment programmes for all ages

- A clean and attractive environment, with well-maintained roads and pavements, flowing traffic, increased recycling
- A responsible approach to regeneration, with thousands of new homes built and job opportunities created
- Customer services will be intuitive and flexible

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

- 5.2.1 There is a current agreement within the PDA that the Council can reclaim up to £200,000 pa from CGFP for its PDA related regeneration costs and an unlimited sum for its CPO related costs. As part of the renegotiation of the PDA the Council and CGFP have agreed the removal of the PDA cap in favour of an annual budget which is agreed with Genesis at the start of each financial year and monitored regularly through the Project Board. The council's legal costs will be re-claimed under this arrangement.
- 5.2.2 The first variation is a proposed change to the profit share arrangements between LBB and GHA
- 5.2.3 The second proposed variation s that LBB underwrites the NHG's demolition costs in the event of a failure of condition precedents
- 5.2.4 The third variation, the infill development proposal, has no immediate financial impact as the carve out will not require a compensation payment from LBB to NHG. Further downstream there may be reduction in potential profits to NHG but given that this site wouldn't be developed ordinarily for around 20 years this is difficult to assess. Barnet Homes will bring forward a full business case for consideration to a future meeting of ARG if the proposed variation is agreed which will consider risks/issues

5.3 Legal and Constitutional References

Article 7 of the Council's Constitution, section 7.5 Responsibility for Functions states that the Assets, Regeneration and Growth Committee terms of reference includes; Responsibility for regeneration strategy and oversee major regeneration schemes, asset management, employment strategy, business support and engagement.

Clause 33 of the PDA sets out the detailed "Stage B Review" indicating that both the Council and CfGP were aware that changes would be required to ensure that the Grahame Park regeneration project was delivered in its entirety. The clause permits a comprehensive review of implementing Stage B. Any changes are by the agreement of all parties.

The Public Contracts Regulations 2015 permit modifications to be made to existing contracts on several grounds including where the modifications are in accordance with existing review clauses in the agreement (Regulation 72(1)(a)); where none of the grounds of substantiality in Regulation 72(8) apply (Regulation 72(1)(e)); and where the value of the modification is less than 15% of the overall works value and less than the works threshold (currently £4,551,413) (Regulation 72 (1)(f)).

To ensure the additional Developer return is State aid compliant the Council will satisfy itself that it is acting as a market operator would (meaning the terms it agrees are those which the private sector would agree in the same circumstances) either by seeking evidence from its commercial adviser as to their opinion and/or by looking at comparable development schemes as to whether they have agreed comparable terms. The terms when settled will need to comply with this.

5.4 Risk Management

There is a range of risks/issues associated with the proposals.

Firstly, because the demolition will be completed ahead of the concourse regeneration proposals receiving full consent and proceeding a major scheme failure such as a second mayoral refusal or a sudden harsh recession may halt or completely de-rail the planning application effectively triggering a requirement that LBB repays the demolition costs. This is unlikely but the appropriate mitigation is to ensure there is an adequate capital allocation in the Council's capital housing account and to have checks on whether the cost incurred by NHG/CfGP is reasonable and whether the work is properly executed.

Secondly, there is a risk that even with the profit share for reasons outlined above and elsewhere the proposed concourse development cannot achieve viability and NHG seek further financial assistance from LBB, which LBB is not obliged to agree. The mitigation in this instance is for LBB to have developed a thorough understanding of all aspects of the scheme's viability from the earliest possible stage and that this understanding is enhanced through the engagement of an independent 3rd party analysis

Thirdly, there is a risk that the third- party infill development conflicts with the overall aims of the Grahame Park Masterplan/SPD and therefore obstructs at some future point the construction of a major arterial route. The mitigation of this risk is that Barnet Homes have a thorough understanding all the strategic interventions planned for Grahame Park and ensure through collaboration with NHG that their proposals are consistent with all the long- term plans. Furthermore, NHG have confirmed that the proposed development of the infill site is not in conflict with the proposed Masterplan at the current time.

5.5 Equalities and Diversity

5.6 The Equality Act 2010 places a duty on the Council as follows:

(1) A public authority must, in the exercise of its functions, have due regard to the need to—

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;

(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are—

age;

disability;

gender reassignment;

pregnancy and maternity;

race;

religion or belief;

sex;

sexual orientation.

This report has considered the Equality Act 2010 and how its proposals are designed to reduce the inequalities of outcome which result from socio-economic disadvantage. The Council is committed to improving the quality of life and wider participation for all the economic, educational, cultural, and social and community life within the borough. This is achieved by pursuing successful regeneration of the Borough's regeneration areas, in this instance Colindale and more specifically Grahame Park. This benefits all sections of society by directly addressing the shortage of housing in the Borough across all tenures

5.7 Corporate Parenting

There are no direct or indirect impacts on looked after children and care leavers arising from this report.

5.8 Consultation and Engagement

5.8.1 The Council and its partners GHA are engaged in a wide range of consultations which are required at every stage of the regeneration programme

5.8.2 The council and GHA and their appointed planning consultants HGH are currently engaged in the preparation of a planning consultation which is a central element in the preparation of the detailed planning application to be submitted in Summer 2019. This will include proposed public consultation events in March and June 2019

5.8.3 Further to the appointment of the new master planner architect, Patel Taylor the Council and GHA and their appointed planning consultants HGH are currently engaged in the preparation of a planning consultation which is a

central element in the preparation of the detailed planning application to be submitted in Summer 2019. This will include proposed public consultation events in March and June 2019.

- 5.8.4 Whilst there is no requirement to consult widely on the proposed changes in profit share and underwriting the new infill proposals will require extensive local consultation. Barnet Homes will include this detail in their formal submission later this year.

5.9 Insight

- 5.9.1 There are no data sources available that are applicable to this proposal

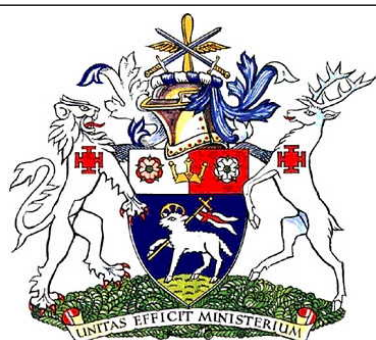
6.0 Social Value

- The re-development of Grahame Pak brings with it a range of social value, including;
- Enhancement including new retail and leisure opportunities within an area already designated as a local hub
- Environmental and highways improvements
- The creation of large scale local employment and training opportunities in a disadvantaged neighbourhood with disproportionately high levels of unemployment
- Major new housing, education, health, childcare and other key infrastructure developments

7.0 BACKGROUND PAPERS

- 7.1 None

This page is intentionally left blank



Assets, Regeneration and Growth Committee

25 March 2019

Title	Housing Revenue Account (HRA) Acquisitions
Report of	Chairman of Assets, Regeneration and Growth Committee
Wards	All
Status	Public
Urgent	No
Key	Yes
Enclosures	Appendix 1– HRA Acquisitions (Phase 2) Outline Business Case
Officer Contact Details	Shahid Navapurwala, Growth & Development, Barnet Homes. shahid.navapurwala@barnethomes.org , 020 8359 2491

Summary

Against a backdrop of increasing housing demand and rising costs associated with providing temporary accommodation, this report sets out the business case for purchasing up to or in the region of a further 82 residential properties in borough for use as affordable accommodation, to be let on flexible tenancies, or other types of tenancy, and managed by Barnet Homes.

Due to the lack of affordable housing supply in the borough acquiring additional properties will provide the opportunity to further increase affordable housing supply relatively quickly at a lower cost than other temporary accommodation alternatives, as well as providing security of tenure to help satisfy Barnet's long-term housing needs.

Officers Recommendations

1. That the Committee approve the business case for the acquisition of on the acquisition of up to or in the region of a further 82 properties purchased from Q1 2019/20 onwards funded through HRA borrowing as outlined in Appendix A, subject to approval of the capital budget of £31 million at Policy and Resources Committee.

2. That the authorisation of purchases of individual properties for HRA Acquisitions Programme (Phase 2) is delegated to the Deputy Chief Executive

1. WHY THIS REPORT IS NEEDED

- 1.1 Due to continuing high demand for housing and rising housing costs, the number of households in temporary accommodation has had increased by 17% since 2012.
- 1.2 Due to the lack of affordable housing supply in the borough acquiring additional properties will provide the opportunity to further increase affordable housing supply relatively quickly at a lower cost than other temporary accommodation alternatives, as well as providing security of tenure to help satisfy Barnet's long-term housing needs.
- 1.3 Building upon the successes of the initial tranche of acquisitions, Barnet Homes have carried out an assessment of the viability of purchasing additional homes directly on the private market, to be owned by the Council and let and managed by Barnet Homes, and have developed a business case for proceeding with this as set out at Appendix 1.

2. REASONS FOR RECOMMENDATIONS

- 2.1 Acquisition of additional properties will provide the opportunity to increase affordable housing supply relatively quickly at a lower long-term cost than other forms of temporary accommodation.
- 2.2 The on-going cost of the accommodation will be more predictable than that procured through third party providers and will serve to better control temporary accommodation cost inflation.
- 2.3 The programme will be utilised to deliver an additional supply of larger family homes to meet the housing needs of the borough's housing applicants.
- 2.4 The Council would need to provide capital investment of an average of £378,007 for each property acquired, but the business model shows that this could be recouped over a 50 year period, during which time the value of the property would be expected to increase.
- 2.5 The initial proposal is for approximately 82 properties to be acquired in borough which would require capital investment of approximately £31m. This has the potential to deliver total revenue savings of approximately £34.5m over 50 years when compared to the cost of temporary accommodation.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

Do nothing - this would mean that the Council does not utilise the opportunity to acquire additional affordable housing supply delivered through additional HRA borrowing capacity.

4. POST DECISION IMPLEMENTATION

- 4.1 The accommodation will be used as affordable housing, let on flexible tenancies or other types of tenancy.
- 4.2 Barnet Homes would seek to acquire approximately 82 one, two, three and four bedroom homes that could be demonstrated to fit within the parameters of the business case. These units would be expected to be acquired from Q1 2019/20.
- 4.3 Barnet Homes would provide a full management service for properties purchased and units would be used to provide affordable accommodation, let at 65% of market rents.
- 4.4 The Council would monitor progress and expenditure of the project through Contract Performance monitoring, which is sponsored by the Deputy Chief Executive.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 By reducing the cost of temporary accommodation, the acquisition of homes outside of London aligns with the Council's Corporate Plan 2015-2020 objective:

- Where services are delivered efficiently to get value for money for the taxpayer

5.1.2 And with the London Borough of Barnet's Housing Strategy 2015-2025 that aims to:

- Increase the supply of affordable housing available to homeless households.
- Explore the possibility of purchasing homes directly in more affordable areas which could be let to households who can no longer afford to remain in the borough.

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

- 5.2.1 The Council would need to provide capital investment of approximately £378k for each property acquired, but the business model shows that this could be recouped over a 50-year period, during which time the value of the property would be expected to increase.
- 5.2.2 The proposal is for approximately 82 properties to be acquired from Q1 2019/20 onwards, which would require a capital investment of approximately £31m, and has the potential to deliver total revenue savings of approximately £34.5m over 50 years.
- 5.2.3 The project would be funded through Housing Revenue Account borrowing, and supported through the use of Right to Buy receipts. Approval will be sought from Policy and Resources Committee on 11 April 2019 for this expenditure.
- 5.2.4 The table below indicates the potential overall financial position delivered by the scheme using average purchase prices and rents expected to be delivered through the scheme.

Table 1 – Revenue position vs. existing TA options

Activity /	Year 1	Year 10	Year 20	Year 30	Year 40	Year 50
Existing TA	2,857	38,381	92,534	168,080	273,566	420,985
HRA	7,261	57,811	87,234	83,779	40,247	52,140
Saving	(4,404)	(19,430)	5,300	84,301	233,319	368,845

Table 2 – Capital position

	HRA purchasing
Average property price	340,610
Average delivery costs	49,592
Subsidy	12,195
Total borrowing per unit	378,007
Peak cash deficit	90,169 (Year 25)
NPV (50 years)	254,521

- 5.2.5 The proposal to acquire properties for use as affordable housing included in the Housing Revenue Account Business Plan agreed by the Housing Committee on 14 January 2019.

- 5.2.6 The figures included in the business case attached at Appendix 1 have been modelled in the HRA Business Plan, and show that the acquisitions proposed will provide a net benefit to the HRA. The net General Fund cost of Temporary Accommodation is also expected to be reduced following implementation of recommendation of this report.

5.3 Social Value

- 5.3.1 The Public Services (Social Value) Act 2012 requires the authority to consider how in conducting the procurement of a service, it may act so as to secure the improvement of the economic, social and environmental wellbeing of the area. Procurement of a service is not under consideration in this decision.

5.4 Legal and Constitutional References

- 5.4.1 The acquisition of properties utilising private investment falls within the remit of the Assets Regeneration and Growth Committee - Council Constitution, Article 7 – Committees, Forums, Working Groups and Partnerships “Responsibility for regeneration strategy and oversee major regeneration schemes, asset management” and other matters.
- 5.4.2 Section 120 of the Local Government Act 1972 gives the Council the power to acquire property whether situated inside or outside of their area for the purposes of:
- (a) any of their functions under the 1972 or any other enactment, or
 - (b) the benefit, improvement or development of their area.
- 5.4.3 Where the Council uses right to buy receipts pursuant to the retention agreement with the Department for [Communities](#) and Local Government completed in 2012 to purchase property, it must comply with the conditions of that agreement. These include a requirement to use the funds for the provision of social housing, which is defined in the agreement as low cost rental accommodation as per section 69 of the Housing & Regeneration Act 2008 namely:

“Accommodation is low cost rental accommodation if–

- (a) it is made available for rent,
- (b) the rent is below the market rate, and
- (c) the accommodation is made available in accordance with rules designed to ensure that it is made available to people whose needs are not adequately served by the commercial housing market.”

5.5 Risk Management

5.5.1 There are a number of key risks associated with the delivery of this programme:

- There is a risk that there will be an insufficient volume of units available for purchase at the projected average purchase price of £340k. To mitigate against this risk, inflationary increases throughout the year have been factored in to the proposed average purchase price. Where there are no properties available for purchase that meet the modelled conditions, no additional units will be acquired.
- There is a risk that the assumptions made are not realised and that the programme would fail to deliver the projected revenue savings over the life of the scheme. To mitigate against this risk there are a number of options the Council has, including stock disposal.
- There is a risk that there will be an insufficient volume of units available for purchase that deliver the required revenue benefits. To mitigate against this, where there are no properties available for purchase that meet the modelled average revenue outcome across the whole scheme, no additional units will be acquired.

5.6 Equalities and Diversity

5.6.1 The 2010 Equality Act outlines the provisions of the Public Sector Equalities Duty which requires Public Bodies **to have 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 and foster good relations between people from different groups.

5.6.2 A full equalities impact assessment was completed for The Housing Strategy 2015-2025 which identified that the Strategy would have a positive impact on all sections of Barnet's Community.

5.6.3 Analysis of data has shown that women and members of Barnet's black and minority ethnic communities are over represented among those living in temporary accommodation. Over 70% of households in temporary accommodation are from non-white households, compared to around 40% of the Borough's population as a whole. Of those in temporary accommodation the main applicant is female in 65% of households.

- 5.6.4 It is not expected that these groups will be adversely affected by implementing the policies set out in this report, however the impact will be monitored to ensure that these groups are not adversely affected.
- 5.6.5 All units of accommodation that are procured will meet minimum standards and in placing households into accommodation the Council will consider the needs of protected groups.

5.7 Corporate Parenting

- 5.7.1 In line with Children and Social Work Act 2017, the council has a duty to consider Corporate Parenting Principles in decision-making across the council. It is not anticipated that this report has any implications for the council's corporate parenting duties.

5.8 Consultation and Engagement

- 5.8.1 A range of stakeholder consultation and engagement has occurred as part of the public engagement programme developed for the London Borough of Barnet's Housing Strategy.

A summary of these activities includes:

- The Housing Strategy consultation ran for three months, from 5th November 2018 to 11th February 2019, alongside the Homelessness and Rough Sleeping Strategy consultation. It primarily consisted of an online survey on Engage Barnet. Supporting documents were also available on Engage Barnet, allowing residents to view the draft strategy on there.
 - In addition, presentations were made to the Barnet Homes Performance and Advisory Group, the Children's Partnership Board, the Youth Board and Health and Well Being Board.
- 5.8.2 A roadshow was also held in November 2018 for residents to meet the chair of the Housing Committee, and give their views on the strategy. This event had a particular focus around private renters, inviting attendees to share their experiences of residing in that sector.

5.9 Insight

- 5.9.1 A reduction in the supply of affordable housing, coupled with sustained levels of increased demand provide the rationale for this programme:
- There has been a 39% increase in new part VII homelessness applications between 2011/12 and 2017/18.
 - There was an overall 26% decrease in letting within Council stock from 2011/12 to 2017/18 and Barnet has below levels of social housing on average compared to other London boroughs.

- There has been a significant increase (17%) in the number of households in temporary accommodation (numbers have increased from 2,172 in April 2012 to their current level of 2,534 at the end of January 2019).

6.0 BACKGROUND PAPERS

- 6.1 Appendix 1 – HRA Acquisitions Business Case
- 6.2 Housing Revenue Account Business Plan agreed by the Housing Committee on 14 January 2019.
- 6.3 The Housing Strategy 2015-2025



HRA Acquisitions Programme

Business Case

Outline Business Case (OBC): HRA Acquisitions Programme

Author:	<i>Nick Lowther</i>
Date:	<i>13 February 2019</i>
Service / Dept:	<i>Growth & Development, The Barnet Group</i>

Contents

Contents	2
1. Executive Summary	3
2. Introduction and Strategic Context	4
3. Rationale.....	5
4. Project Definition.....	5
5. Options	6
6. Expected Benefits	7
7. Risks	8
8. Financial Appraisal	8
A breakdown of the anticipated mix of units is provided in the table below.....	8
Table 1 – Expected unit breakdown	8
The tables below summarise the overall position of the models proposed, using average property purchase prices and rents expected to be delivered through the scheme.	8
9. Dependencies	9
10. Approach to Consultation.....	10
Appendix A: Benefits Realisation	11
Appendix B: Financial model.....	12
Appendix c: Initial Risk Register.....	14
Document Control	16
Document History	16
Distribution List:.....	16
Approvals:	16

1. Executive Summary

This paper outlines a proposed second phase of the Housing Revenue Account (HRA) Acquisitions Programme, to build upon the successes of earlier phases, and to provide the Council and The Barnet Group with an opportunity for growth that delivers wider financial benefits for both organisations.

In November 2016 the Council approved an outline business case for the delivery of new affordable homes acquired with HRA borrowing (Phase 1). This programme saw the delivery of 21 new affordable homes for housing applicants.

Building upon this success, the Council approved various phases of purchases utilising General Fund borrowing which saw the deployment of an additional 13m budget (Phases 1 and 2) and plans to acquire an additional tranche of affordable homes outside London. By the end of Q1 2019-20, The Barnet Group will have delivered over 170 new affordable homes for Barnet's housing applicants in a little over 2 years.

	Locations	Budget	No of Units
General Fund (Phase 1)	Bedfordshire	5m	28
HRA (Phase 1)	Greater London	6.4m	21
General Fund (Phase 2)	Bedfordshire & Cambridgeshire	8m	41
General Fund (Phase 3)	Greater London	40m	106
Total		59.4m	196

The proposed programme will reflect learning and insights gained through the successful delivery of Phases 1, 2, and 3 and deliver:

- A robust procurement process that has been developed and refined over time
- Expertise and organisational knowledge that has been acquired through the delivery of successful programmes to date
- Scalability that affords the capacity to deliver new affordable homes in volume

The proposed programme is part of a raft of actions and mitigations introduced by The Barnet Group, in partnership with the Council to help address homelessness and General Fund temporary accommodation budget pressures. Initiatives such as the development of new affordable homes, investing in homelessness prevention activities and additional private rented sector supply through the successful let2barnet brand are key elements to the Council's approach to managing homelessness demand. The delivery of a further phase of acquisitions is another key mitigation measure that complements the range of actions undertaken and plays an important role in helping manage General Fund homelessness budget pressure.

The proposed financial model for the new programme will also generate wider benefits for both the Council and housing applicants, with funding used to acquire larger family homes within the borough, the buy-back of properties acquired under the right-to-buy programme and section 106 affordable homes in the borough.

2. Introduction and Strategic Context

With a lack of affordable housing supply, high private sector rents and the impact of welfare reforms, the last few years have been a challenge for all Local Authorities with increasing homelessness demand and growing numbers in temporary accommodation which has placed pressure on already limited housing supply.

This picture has been replicated at a local level, with Barnet experiencing increased high levels of demand for affordable housing, with limited sources of affordable supply. Demand has been exacerbated by the buoyant private rental market in the borough which is increasingly unaffordable for those on lower incomes. Loss of private rental accommodation is one of the most common reasons for a homelessness application, with residents who might previously have made their own arrangements in the private rental sector approaching the local authority. To further compound matters, the Homelessness Reduction Act has generated additional demand for the borough since April 2018.

Supply & Demand in Barnet: A Snapshot

- There has been a 39% increase in new Part VII homelessness applications between 2011/12 and 2017/18.
- There has been a significant increase (17%) in the number of households in temporary accommodation (numbers have increased from 2,172 in April 2012 to their current level of 2,534 at the end of January 2019).
- There was an overall 26% decrease in letting within Council stock from 2011/12 to 2017/18 and Barnet has below levels of social housing on average compared to other London boroughs.
- At the end of January 2019 there were 117 households in 4-bedroomed temporary accommodation that cost the Council approximately £190,000 per annum (before voids and bad debt) over and above rents collected

This has posed a major challenge to Barnet Homes' Housing Options Service – for example, trying to ensure that the limited supply of housing is provided to those with the greatest need, and that emergency and temporary accommodation is used effectively, whilst also attempting to identify new sources of housing supply. In addition, the cost of providing temporary accommodation has increased significantly. A key priority for Barnet Homes since 2013 has to been to strive to reduce the impact that the high cost of temporary accommodation has on the Council's General Fund (GF).

To help provide affordable housing solutions, Barnet Homes has developed and delivered a range of solutions, including developing successful cost effective long-term temporary accommodation solutions. This proposal seeks to build upon the successes and framework established in previous phases of our successful acquisition programmes to deliver a greater volume of affordable housing solutions.

3. Rationale

The opportunity to acquire additional affordable housing has been revisited in line with the London Borough of Barnet's Housing Strategy and The Barnet Group's Business Plan. The removal of the HRA borrowing cap has provided Councils with the opportunity to review their HRA business plan and consider more opportunities to deliver affordable homes.

The project will involve the use of borrowing to acquire additional properties will provide the opportunity to further increase affordable housing supply relatively quickly at a lower cost than other temporary accommodation alternatives, as well as providing security of tenure to help satisfy Barnet's long-term housing needs.

This proposal supplements the previously approved HRA programme and focuses on the acquisition of a further 82 properties purchased from Q1 2019/20 onwards funded through HRA borrowing.

This approach aligns with the London Borough of Barnet's *Housing Strategy 2015-2025* that aims to:

- Increase the supply of affordable housing available to homeless households (page 27)
- Encourage institutional investment in the private rented sector (page 20)

And with the Council's Corporate Plan:

- Where services are delivered efficiently to get value for money for the taxpayer

4. Project Definition

Project Objectives

The key objectives of this project are to:

- Increase affordable housing supply by procuring affordable homes from the open market and from affordable housing developments
- Reduce the cost of temporary accommodation and subsequent pressure on the Council's General Fund
- Increase the asset base of the borough's Housing Revenue Account

Project Deliverables & Outcomes

The key project deliverables are listed in the table below:

Deliverable	Details	Timeframe
Business Case (incorporating options analysis)	Undertake research analysis and identify options for acquisition of properties. Development of a business case that includes options analysis, preferred option, financial modelling, risk management etc.	December 2018 to February 2019
Presentation of	Presentation of options, and preferred approach	March 2019

Deliverable	Details	Timeframe
recommendations	to the London Borough of Barnet	
Approval	Approval (approach)	March 2019
Approval	Approval (budget)	March 2019
Implementation	Procurement of properties in accordance to the preferred approach	Q1 2019/20
Review	Review & benefits realisation	On-going

5. Options

Our learning and insight gained through the delivery of a successful acquisitions programme since Q3 2016/17 has proven invaluable and has helped formulate future scheme planning. The market in London has recently stabilised and our experience to date has evidenced that there is a supply of units to be acquired that can be delivered at more affordable levels than temporary accommodation alternatives.

In response to the analysis and feedback received on our existing schemes, the following approaches have been explored in more detail.

1. Do nothing - continue to acquire properties outside London on licence from existing temporary accommodation providers

Existing temporary accommodation rates mean that for each new household placed in 2-bed emergency temporary accommodation costs the Council approximately £2,400 net per annum. With bad debt provision and management costs factored in, this figure increases to approximately £3,400 net per annum, per household. Where properties are sourced outside London, these costs reduce significantly, however it still represents a net cost per unit of almost £1,900 per annum at current prices.

This 'do nothing' position represents a potential net present value of cash flow of (£146k) per unit over the next 40 years and would mean there is no positive financial impact to forecasted future General Fund budget pressures. Should inflation in the cost of delivering alternative temporary accommodation options increase, then this will further increase the pressure on the Council's General Fund. It is therefore not recommended.

2. The Council acquires assets from the open market, and affordable housing developments in Barnet, funded through Housing Revenue Account borrowing

The Barnet Group would source and deliver assets secured from the open market and purchases would be funded by the Council via PWLB borrowing at a current rate of approximately 2.8%.

Barnet Homes would provide a full management service for properties acquired and units would be used to provide secure accommodation, at 65% of the market rent. The units would be let on flexible tenancies.

The programme will be part subsidised with £1m right-to-buy receipts.

Proposed hurdle rate

To provide TBG with flexibility with which it secures assets for the programme, it is proposed that the following conditions be set as minimum requirements for acquisitions:

1. Assets acquired must deliver a **positive NPV of cash over a 50-year period**
2. Assets acquired must be within the London Borough of Barnet

Learning from previous phases has demonstrated that the success of programmes is contingent on the level of flexibility afforded through governance. The proposed minimum requirements will enable TBG to consider a wider range of opportunities (including s106 acquisitions and bulk purchases) based upon their outputs and provide the ability to act swiftly to secure assets for the Group.

Key benefits

There are several key benefits realised through this model:

- Delivers at a net cost of **£40k per property over a 40-year** period that is more favourable than existing methods of providing **temporary accommodation which could potentially cost £274k per unit** over a similar period.
- Delivers a significantly **better NPV** to alternative temporary accommodation options over a 40-year period (198k vs -146k) for alternative temporary accommodation).
- Would provide an almost immediate, positive impact to the Council's General Fund, through the delivery of additional affordable homes as an alternative to existing temporary accommodation.
- The model provides certainty of long-term temporary accommodation costs with future costs not subject to as yet unknown inflationary pressures.
- The model provides security of tenure to satisfy the Borough's long-term housing needs.
- The Council will be able to acquire a mixture of s106 units, ex-Council stock and a series of larger units from the open market to help meet demand for larger households.

Treasury strategy

The proposed approach will take advantage of increased borrowing capacity within the HRA. The risk of increased borrowing is minimal as this is borrowing to fund affordable housing, recognised as a low risk investment. The risk of rising interest rates in the period before drawdown will be mitigated by a gateway review of each borrowing commitment, confirming the capacity of the model to repay the loan within 50 years.

Suggested approach

It is recommended that the option to purchase units from the open market and affordable housing developments (option 2 is approved).

6. Expected Benefits

Please refer to **Appendix A** for a summary of expected benefits for this project.

7. Risks

Please refer to **Appendix B** for a summary of key risks and mitigating actions.

8. Financial Appraisal

The project would be funded through HRA borrowing. The programme would deliver approximately 82 units of affordable homes in borough.

A breakdown of the anticipated mix of units is provided in the table below.

Table 1 – Expected unit breakdown

Property Size	Number of acquisitions
One Bedrooms	5
Two Bedrooms	26
Three Bedrooms	31
Four Bedrooms	20
Total	82

The tables below summarise the overall position of the models proposed, using average property purchase prices and rents expected to be delivered through the scheme¹.

Table 2 - Summary of cash flow impacts per unit

Activity / cumulative impact	Year 1 Revenue Cost	Year 10 Revenue Cost	Year 20 Revenue Cost	Year 30 Revenue Cost	Year 40 Revenue Cost	Year 50 Revenue Cost
Existing TA	2,857	38,381	92,534	168,080	273,566	420,985
HRA purchasing	7,261	57,811	87,234	83,779	40,247	52,140
Saving	(4,404)	(19,430)	5,300	84,301	233,319	368,845

Table 3 – Summary of impacts per unit

	HRA purchasing
Average property price	340,610
Average delivery costs	49,592
Subsidy	12,195
Total borrowing per unit	378,007
Peak cash deficit	90,169 (Year 25)
NPV (50 years)	254,521

Where the Council were to acquire 82 units through Housing Revenue Account borrowing, the overall financial impact would likely deliver significant financial benefits.

¹ Figures quoted relate to prospective purchases in Barnet only.

Table 4 – Overall scheme summary

	HRA purchasing
Volume of units	82
Total revenue cost after 50 years	(4.28m)
TA cost avoidance over 50 years	34.5m
Capital growth over 50 years	61.3m
Total Rent Roll pa (Year 1)	1,186,842

Acquiring affordable homes through HRA borrowing delivers a significantly better net present value of cash flow than existing temporary accommodation options.

Table 5 – Net Present Value of cash flow over 40-year period

	NPV
Existing TA	(176,911)
HRA purchasing	254,421

Stress-testing of the financial model

Given the length of term of the programme and arrangements that the Council would be required to commit to, stress testing the assumptions is important to gauge the financial impact where some of the assumptions are not realised. The table below indicates the potential impact per unit where some of the key assumptions vary.

Table 6 – Stress testing financial models

	HRA Purchasing Net Present Value	HRA Purchasing Revenue Surplus @40 years
Base Case	254,421	52,140
10% increase in average purchase price	234,107	(37,653)
10% reduction in average rent	195,573	(69,916)
1% Increase in borrowing rate	197,247	(136,863)

In summary, where there are variances in the assumptions, the model continues to realise benefits in comparison to alternative temporary accommodation options.

9. Dependencies

Assumptions

- Timely provision of any requested information and input from senior stakeholders.
- On-going political support for The Barnet Group to undertake acquisitions and for the on-going management of these properties.
- Ability to implement cost effective, quality management and maintenance arrangements for the acquired properties.
- Supply of stock suitable for purchase remains available and market conditions remain favourable.

Constraints

- There may be a lack of available supply in borough that satisfies the requirements of the programme

Interfaces / Dependencies

- The Council and will need to approve the proposed approach, for the project objectives to be achieved
- There are other initiatives and projects underway that are also aimed at increasing affordable housing supply.

10. Approach to Consultation

A range of stakeholder consultation and engagement has occurred as part of the public engagement programme developed for the London Borough of Barnet's Housing Strategy.

A summary of these activities includes:

- The Housing Strategy consultation ran for three months, from 5th November 2018 to 11th February 2019, alongside the Homelessness and Rough Sleeping Strategy consultation. It primarily consisted of an online survey on Engage Barnet. Supporting documents were also available on Engage Barnet, allowing residents to view the draft strategy on there.
- In addition, presentations were made to the Barnet Homes Performance and Advisory Group, the Children's Partnership Board, the Youth Board and Health and Well Being Board.
- A roadshow was also held in November 2018 for residents to meet the chair of the Housing Committee, and give their views on the strategy. This event had a particular focus around private renters, inviting attendees to share their experiences of residing in that sector.

Appendix A: Benefits Realisation

Benefit Type	Description of the benefit	Who will benefit	Expected benefit value	Financial year that the benefit will be realised	Benefit Owner	How will the benefit be measured	Baseline value (£, % etc) and date
Financial	Temporary accommodation cost avoidance	LBB	Up to £22.5m over 40 years	From Q1 2019/20	LBB	Financial monitoring	
Strategic	Increase of affordable housing stock	LBB Housing Applicants	82 units	From Q1 2019/20	LBB	Performance monitoring	
Financial	Capital growth	LBB	Up to £47.9m over 40 years	From Q1 2019/20	LBB	Financial monitoring	

Appendix B – Financial Model

1. Individual unit Income and Expenditure sheet (HRA Purchasing Model)

	Year 1	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35	Year 40	Year 45	Year 50
Income											
Rent	14,474	16,290	17,986	19,858	21,925	24,206	26,726	29,508	32,579	35,970	39,713
Gross income	14,474	16,290	17,986	19,858	21,925	24,206	26,726	29,508	32,579	35,970	39,713
Expenditure											
Routine Maintenance	750	812	896	990	1,093	1,206	1,332	1,471	1,624	1,793	1,979
Management Cost	500	541	598	660	728	804	888	980	1,082	1,195	1,319
Service Charge & Ground Rent	1,200	1,299	1,434	1,583	1,748	1,930	2,131	2,353	2,598	2,868	3,167
Void Loss & Bad Debt	579	652	719	794	877	968	1,069	1,180	1,303	1,439	1,589
Interest	10,395	10,395	10,395	10,395	10,395	10,395	10,395	10,395	10,395	10,395	10,395
Major Works	750	812	896	990	1,093	1,206	1,332	1,471	1,624	1,793	1,979
MRP	7,560	7,560	7,560	7,560	7,560	7,560	7,560	7,560	7,560	7,560	7,560
Net Expenditure	21,734	22,071	22,499	22,972	23,494	24,071	24,707	25,410	26,186	27,042	27,988
Net Revenue	(7,261)	(5,780)	(4,513)	(3,114)	(1,570)	136	2,019	4,098	6,393	8,927	11,725
Cumulative Net	(7,261)	(32,660)	(57,811)	(76,236)	(87,234)	(90,033)	(83,779)	(67,531)	(40,247)	(779)	52,140

2. Financial modelling assumptions

	HRA Purchasing
Annual Rent Inflation	2% (3% for first 5 years)
Void Loss and bad debt provision	4.00%
Subsidy	3% of total expenditure
Maintenance Costs	£750 per annum
Housing Management Costs	£500 per annum
Inflation	2%
Major Works	£750 per annum
Service charge and ground rent	£1,200 per annum
Net Present Value Discount Rate	3.00%
House Price Inflation	2.5%

Some of the above assumptions have been adjusted from Opendoor Homes modelling assumptions to reflect scheme conditions and market requirements:

- An acquisition fee of 3% has been assumed within the capital cost to cover the cost of delivery

Appendix C: Initial Risk Register

Ref	Risk type	Risk description	Risk Owner	Date raised	Initial assessment			Control actions	Consequences/ potential impact
					Probability	Impact	RAG		
001	Project management	There is a risk that there is insufficient resource to deliver the project within planned timescales and to meet the scale requirements	Acquisitions Programme Manager	Feb 19	Low	Medium		Project plans and resource planning to be developed to identify key milestones and capacity required to deliver.	Expected savings will not be achieved, and/or project activity will fall behind schedule.
002	Financial	There is a risk that the assumptions made in modelling are not accurate and that the financial benefits are not realised	Acquisitions Programme Manager	Feb 19	Medium	High		Closely monitor activity to track financial benefits and early identification of risks. There are a number of options the Council has, including alternative lettings routes	Rents charged will not be affordable and will impact on the financial viability of the scheme
003	Financial	There is a risk that there will be an insufficient volume of units available for purchase that deliver the required revenue benefits	Acquisitions Programme Manager	Feb 19	Low	High		Where there are no properties available for purchase that meet the modelled average revenue outcome across the whole scheme, no additional units will be acquired.	Delivery of new acquisitions may not be met, if unable to purchase properties at the right price.
004	Financial	There is a risk that legislation, and housing duties will change significantly over the term of the lease and Barnet Homes will have insufficient numbers of suitable applicants to let properties to, increasing void times and impacting on affordability	Acquisitions Programme Manager	Feb 19	Medium	Low		Lettings capacity will be closely monitored and where necessary, TBG will consider other lettings routes for properties acquired	The cost of delivering the scheme will increase

Ref	Risk type	Risk description	Risk Owner	Date raised	Initial assessment			Control actions	Consequences/ potential impact
005	Financial	There is a risk that supply of new stock on the open market will not be sufficient to meet demand	Acquisitions Programme Manager	Feb 19	Medium	Low		Supply of new stock on the market will be closely monitored	Delivery of new acquisitions may not be met, if unable to purchase properties at the right price.
006	Financial	There is a risk that house price inflation will exceed levels anticipated in modelling and impact on the viability of units	Acquisitions Programme Manager	Feb 19	Medium	Low		Where HPI exceeds expectations, further review of the business model will be carried out.	Delivery of new acquisitions may not be met, if unable to purchase properties at the right price.
007	Financial & Reputational	There is a risk that there will be conflicting demands on TBG's acquisition services which in turn impact on the properties sourced for the programme	Acquisitions Programme Manager	Feb 19	Medium	Low		To minimise potential conflict, procurement areas are broadened and particular types of units are prioritised for their respective programmes. Hurdle rates for other programmes will also impact on the ability to acquire in-borough properties, resulting in Barnet properties being prioritised for this programme.	Delivery of new acquisitions may not be met, if unable to purchase properties at the right price.

Document Control

File path	
Reference	
Version	1.3
Date created	15 February 2019
Status	Draft

Document History

Date	Version	Reason for change	Changes made by
13/02/19	1.0	Document creation	Nick Lowther
14/02/19	1.1	Revised following comments	Nick Lowther
15/02/19	1.2	Revised following comments	Nick Lowther
04/03/19	1.3	Revised following comments	Nick Lowther

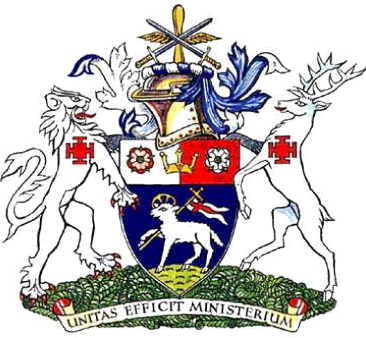
Distribution List:

Name	Role	Date
Derek Rust	Deputy CEO, The Barnet Group	14/02/19
Mike Gerrard	Finance Director, The Barnet Group	14/02/19

Approvals:

By signing this document, the signatories below are confirming that they have fully reviewed the Business Case for the out-of-borough acquisitions project and confirm their acceptance of the completed document.

Name	Role	Signature	Date	Version

	<p style="text-align: center;">Assets, Regeneration and Growth Committee</p> <p style="text-align: center;">25 March 2019</p>
<p>Title</p>	<p>Quarter 3 2018/19 Assets, Regeneration and Growth Performance Report</p>
<p>Report of</p>	<p>Councillor Daniel Thomas – Chairman of Committee</p>
<p>Wards</p>	<p>All</p>
<p>Status</p>	<p>Public</p>
<p>Urgent</p>	<p>No</p>
<p>Key</p>	<p>No</p>
<p>Enclosures</p>	<p>None</p>
<p>Officer Contact Details</p>	<p>Alaine Clarke, Head of Performance and Risk alaine.clarke@barnet.gov.uk</p>

Summary

This report provides an update on the Theme Committee priorities in the Corporate Plan 2018/19 Addendum for **Quarter 3 (Q3) 2018/19**, including budget forecasts for revenue and capital, progress on activities, performance of key indicators and any high level risks.

Officer Recommendations

1. The Committee is asked to review the financial, performance and risk information for Q3 2018/19 and make any referrals to Policy and Resources Committee or Financial Performance and Contracts Committee in accordance with the terms of reference of these Committees.

1. PURPOSE OF REPORT

Introduction

- 1.1 The Assets, Regeneration and Growth Committee has responsibility for regeneration strategy and overseeing major regeneration schemes, asset management, employment strategy, business support and engagement. The priorities for the year ahead (see table 1) are set out in the Corporate Plan 2018/19 Addendum, which is available online at <https://www.barnet.gov.uk/citizen-home/council-and-democracy/policy-and-performance/corporate-plan-and-performance>
- 1.2 This report provides an update on these priorities for **Q3 2018/19**, including budget forecasts for revenue and capital, progress on activities, performance of key indicators and any high level risks.
- 1.3 This report is in addition to the Q3 2018/19 Strategic Performance Report to Policy and Resources Committee (20 February 2019) and the Q3 2018/19 Contracts Performance Report to Financial Performance and Contracts (FPC) Committee (11 March 2019). These reports will be published on the committee section of the council's website at <https://barnet.moderngov.co.uk/ieDocHome.aspx?bcr=1> prior to the committees.

Table 1: Assets, Regeneration and Growth Committee priorities for 2018/19

Priorities	Key activities
Regenerating Brent Cross Cricklewood	<ul style="list-style-type: none">Commence the early works (utilities diversion) on Brent Cross North and works to the shopping centre and highwaysStart the infrastructure works for Brent Cross SouthComplete the design of the new Thameslink stationCommence the construction of freight and waste facilities and enabling works for the station and sidings
Increasing the housing supply, including Colindale	<ul style="list-style-type: none">Complete the first affordable housing developments by Opendoor Homes by October 2018Complete 402 homes in Colindale, including 10 at Grahame ParkObtain vacant possession of Stag House and submit the full business case for the extra care schemeSubmit the outline business cases and planning applications for the extra care scheme at Upper and Lower Fosters in Hendon
Helping people into work	<ul style="list-style-type: none">Support people to find work through active employment schemes available on the regeneration sitesDevelop new programmes to reduce levels of NEET (Not in Education, Employment or Training) care leavers to ensure they have access to employment and training opportunities
Investing in key Town Centres and making Barnet the best place in London to be a small business	<ul style="list-style-type: none">Distribute business rates relief to eligible businessesDevelop materials for a business directory and inward investment portalOpen a series of workspaces in libraries to support new start-upsDevelop town centre strategies for North Finchley and Edgware

Budget forecasts

- 1.4 The forecast **revenue outturn** (after reserve movements) at Q3 2018/19 for Re Guaranteed Income and Management Fee is set out in table 2. The Re Managed Budget has been reported to Environment Committee.

Table 2: Revenue forecast (Q3 2018/19)

Service*	Revised Budget	Q3 18/19 Forecast	Variance from Revised Budget Adv/(fav)	Reserve Move-ments	Q3 18/18 Forecast after Reserve Move-ments	Variance after Reserve Move-ments Adv/(fav)
	£000	£000	£000	£000	£000	£000
Guaranteed Income	(16,549)	(15,120)	1,429	0	(15,120)	1,429
Management Fee	17,301	17,999	698	(770)	17,229	(72)

*Excludes Re managed Budget, which has been reported to Environment Committee

- 1.5 There is a £1.429m adverse variance against Guaranteed Income as a result of a shortfall in net income compared to the total income generated by Re. Of this, £0.900m relates to income to the HRA that has been allowed against Re's contractual target, but which cannot contribute to the budget as this is in the General Fund. (This matter has been corrected in 2019/20). The £0.072 favourable variance on the Management Fee is due to a £0.350m Brent Cross Rebate, offset by the council's client costs, relating to additional bad debt provision of £75k and Legal fees.
- 1.6 The projected **capital outturn** at Q3 2018/19 for Re (Regeneration) was **£115.751m** (slippage of £20.415m).

Table 2: Capital forecast (Q3 2018/19)

Service	18/19 Revised Budget	Additions/ (Deletions)	(Slippage)/ Accelerated Spend	Q3 18/19 Forecast	Forecast variance from Approved Budget
	£000	£000	£000	£000	£000
BXC - Funding for Land Acquisition	22,358	0	0	22,358	0
Colindale – Highways and Transport	1,500	0	(800)	700	(800)
Colindale – Parks, Open Spaces and Sports	1,436	0	(100)	1,336	(100)
Colindale Station Works	6,500	0	(5,000)	1,500	(5,000)
Grahame Park – Community Facilities	1,000	0	(940)	60	(940)
Town Centre	720	0	(532)	188	(532)
Thameslink Station	69,913	0	(5,000)	64,913	(5,000)
Development Pipeline	0	13	0	13	13

Service	18/19 Revised Budget	Additions/ (Deletions)	(Slippage)/ Accelerated Spend	Q3 18/19 Forecast	Forecast variance from Approved Budget
	£000	£000	£000	£000	£000
Development Pipeline					
Strategic Opportunities Fund	5,633	0	0	5,633	0
Strategic Infrastructure Fund	23,000	0	(7,000)	16,000	(7,000)
Disabled Facilities Grants Programme	2,602	0	0	2,602	0
Refurbish and regenerate Hendon Cemetery and Crematorium	1,149	0	(1,000)	149	(1,000)
Hendon Cemetery & Crematorium Enhancement	116	0	0	116	0
Decent Homes Programme	232	0	(52)	180	(52)
DECC - Fuel Poverty	7	0	(4)	3	(4)
Re (Regeneration)	136,166	13	(20,428)	115,751	(20,415)

- 1.7 The **Re** capital programme shows slippage of £5.000m on the Colindale Station following an updated timescale from TFL. The Thameslink station (£5.000m) and Strategic Infrastructure fund (£7.000m) projects have been re-profiled. The Hendon Cemetery refurbishment has slipped by £1.000m as a result of delays to the scheme design, and the Colindale Highways and transport project will slip £0.800m into 2019/20 following delays by TFL for junction works. The Grahame Park community facility project has re-profiled £0.940m into 2019/20 following re-planning of this project after initial plans were refused planning consent by the GLA.

Committee priorities

- 1.8 The update on Committee priorities includes performance and risk information as follows:
- Progress on activities
 - Performance of key indicators¹
 - High level (scoring 15+) risks from the Corporate Risk Register²
 - Strategic issues/escalations related to Theme Committee.

¹ RAG rating reflects the percentage variance of the result against the target as follows: On target = **GREEN (G)**; Up to 9.9% off target = **AMBER (A)**; 10% or more off target = **RED (R)**. The Direction of Travel (DOT) status shows the percentage variation in the result since last year e.g. Improving (**↑ I**), Worsening (**↓ W**) or Same (**→ S**). The percentage variation is calculated as follows: Q3 18/19 result minus Q3 17/18 result equals difference; then difference divided by Q3 17/18 result multiplied by 100 = percentage variation. Any results not for three months of quarter, illustrated by (c) = cumulative from start of financial year; (s) snapshot at end quarter; or (r) rolling 12 months.

² The Corporate Risk Register includes strategic risks (strategic and business critical risks) and high level (scoring 15 and above) service/joint risks (service and contract delivery risks). All risks are managed in line with the council's risk management framework. The risk registers are live documents and the Q3 18/19 Corporate Risk Register provides a snapshot in time (as at end December 2018).

- 1.9 An overall status for each of the Committee's priorities is shown in table 3. This reflects the Q3 2018/19 position on budget forecasts, progress on activities, performance of key indicators and any high level risks.

Table 3: Overall status for priorities (Q3 2018/19)

Assets, Regeneration and Growth Committee priorities	Overall status
Regenerating Brent Cross Cricklewood	Amber
Increasing the housing supply, including Colindale	Amber
Helping people into work	Green
Investing in key Town Centres and making Barnet the best place in London to be a small business	Green

Regenerating Brent Cross Cricklewood

- 1.10 An update on Brent Cross Cricklewood was reported to ARG Committee on 27 November 2018. This reported on progress since September 2018 and sought the necessary approvals to maintain the programme over the forthcoming period. A brief overview of the report is provided below. The full report is available online at: <https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=9482&Ver=4>

- **Brent Cross North** – the development partners have continued to submit detailed information to satisfy the pre-commencement planning conditions that are required to be discharged before works can start. The partners have also entered into contract with L&Q to deliver the CPO1 replacement homes for the Whitefield Estate.
- **Brent Cross South** – Reserved Matters Planning Applications have been submitted for the next two development plots (Plots 11 and 13) on 25 and 26 October 2018. The council has continued to assemble the land within the Claremont Industrial Estate, so that the site preparatory works can commence in early 2019.
- **Brent Cross Thameslink** – the council entered into the contract with Network Rail for the rail systems and sidings site set up works in December 2018, with the main works of this contract due to be instructed in February 2019 to ensure the station opens in May 2022. Planning Committee approved the sidings planning application on 11 December 2018, allowing the main works to commence in January/February 2019 once funding is confirmed and the main works contract is instructed.

A report on the Thameslink Funding Strategy was submitted to Policy and Resources Committee on 11 December 2018 and subsequently referred to Full Council on 18 December 2018. The report is available online at:

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=9460&Ver=4>

The Ministry of Housing, Communities and Local Government (MHCLG) has requested a new business case on the preferred options, which was submitted for initial review on 18 December 2018 and was considered by the Investment Sub-Committee on 6 February 2019. A further report on the outcome of this meeting will be presented to Policy and Resources Committee on 20 February 2019.

- 1.11 There are no key indicators linked to this priority in the Corporate Plan
- 1.12 There are two high level (scoring 15+) service risks linked to this priority.

- **DCE002 - Brent Cross funding strategy (residual score 15).** Risk that the funding strategy will not be agreed in time for the required committee approvals could lead to delays in the Brent Cross project, including delivery of the Thameslink station. The long-term funding strategy has not yet been agreed. The potential for delays to the project remains high. A short term funding solution has been agreed to last until March 2019 to ensure works continue. A report went to Policy and Resources Committee on 11 December 2018 about the funding options and was referred to Full Council on 18 December 2018. Agreeing a longer-term finance strategy is critical and needs to be agreed. Regular meetings are being held with the MHCLG, Treasury and Greater London Authority (GLA) to resolve this. The outcome of these discussions will be reported to Policy and Resources Committee for approval in February 2019.
- **OP27 - Affordability of the Thameslink project (residual score 15 – increased from 10).** If the Thameslink project becomes un-affordable this could lead to the project not going ahead and potentially the grant being clawed back from Government, impacting on the viability of Brent Cross South. The final estimate from Network Rail has not yet been finalised; however, recent figures suggest an increase to the last reported number. The Regeneration team have instructed external consultants, Currie and Brown, to review the estimate and ensure value for money is being received. Alternative procurement strategies are also being investigated to deliver some packages of works where appropriate. The updated funding agreement discussions are continuing with Government partners and the finalised estimate will be included within this agreement. The target for agreeing this is February 2019 where it will be reported to Policy and Resources Committee for approval, along with the agreed Network Rail costs to complete the project. The likelihood score has increased from 2 to 3, resulting in an increased residual score of 15 (from 10).

Increasing the housing supply

- 1.13 The second site within Opendoor Homes' **affordable housing** delivery programme, Basingway Garages, completed in November 2018. This will deliver 14 new homes.

Work has progressed on the **extra care schemes** being delivered by Barnet Homes on behalf of the council. Ansell Court completed in January 2019; and open days have been held for potential clients. The programme for obtaining vacant possession of **Stag House** for the development of the extra care scheme has been delayed until the spring 2019.

ARG Committee has approved the capital expenditure to progress the **Upper and Lower Fosters** scheme to RIBA stage 3. The bid to the Greater London Authority (GLA) for grant funding to support the delivery of **Upper and Lower Fosters** has been confirmed. This will support the development of new homes on top of medium sized blocks, 'tophatting'. An outline business case will be submitted to ARG Committee on 25 March 2019.

Planning Committee has approved the phase 2 planning application for the former Peel Centre site (**Colindale Gardens**) in November 2018. This will deliver 1,208 units and 7,094 sqm of non-residential floorspace. Works to Montrose and Silkstream parks have commenced on site in November 2018.

The Compulsory Purchase Order (CPO) in relation to the pram sheds at **Granville Road** was confirmed in January 2019. The planning application for **Dollis Valley** phase 3, which will deliver 135 homes, was deferred by Planning Committee until 4 February 2019. Progress has continued at **West Hendon**. Sealing of the CPO3 Statement of Reasons and supporting documentation has taken place and CPO Notices were delivered to all affected parties. The Silkstream Bridge Reserved Matters Application (RMA) has been approved via delegated powers.

1.14 There are five key indicators linked to this priority in the Corporate Plan; and **affordable housing completions** (linked to a Housing Committee priority) has been included for information. New homes completed, affordable housing completions and statutory compliance with civic estate (planned inspections) are 'Monitor only' indicators for the quarter. Homes started on site through the development pipeline is also a 'Monitor only' indicator for the quarter and has worsened from last year. One indicator has not met the quarterly target.

- **Homes started on site through the development pipeline – 56 homes.** 320 homes are due to be completed as part of the development pipeline (Opendoor Homes) programme. Construction has started on site for 151 homes in 2018/19, with 56 starting this quarter.
- **Income from the estate (RAG rated RED) - £2.2m against a target of £2.78m.** Some leases / licences due in Q3 have not yet been finalised. Once they are, there should be a spike in income because those that are outstanding will be backdated to the point at which the new agreement came into effect. This means £1.5m in income is still to be secured before the end of the financial year, as opposed to the originally expected £0.93m at Q3.

Indicator	Polarity	17/18 EOY	18/19 Target	Q3 18/19			Q3 17/18	Benchmarking
				Target	Result	DOT	Result	
New homes completed	Bigger is Better	2208 ³	3100	Monitor	277	↑ I +31%	211	No benchmark available
Affordable housing completions	Bigger is Better	303 ⁴	294	Monitor	84	↑ I	0	No benchmark available
Homes started on site through development pipeline programme ⁵	Bigger is Better	97	Monitor	Monitor	56	↓ W -30%	80	No benchmark available
Statutory compliance with civic estate (planned inspections)	Bigger is Better	100%	100% (1861) ⁶	Monitor	1300	N/A	N/A ⁷	No benchmark available

³ Confirmed result (2,208) as of October 2018. Final result will be published in the GLA Annual Monitoring Report in 2019.

⁴ Confirmed result (303) as of October 2018. Final result will be published in the GLA Annual Monitoring Report in 2019.

⁵ This indicator relates to schemes developed by Opendoor Homes (the development pipeline). The target is for 264 starts on site and 320 completions in 2018/19. Note, starts on site may not be completed within the same year.

⁶ Annual target may change throughout the year as building are removed due to being closed, falling under project works or leased out.

Indicator	Polarity	17/18 EOY	18/19 Target	Q3 18/19			Q3 17/18	Benchmarking
				Target	Result	DOT	Result	
Income from the estate (c)	Bigger is Better	£4.05m	£3.70m ⁸	£2.78m	£2.2m (R)	↑ I +4.8 %	£2.1m	No benchmark available
Running costs of estate (designated civic buildings only) (c)	Smaller is Better	£5.03m	£6.88m ⁹	£5.16m	£4.3m (G)	↓ W +3.1 %	£4.2m	No benchmark available

1.15 There are no high level (scoring 15+) risks linked to this priority.

Helping people into work

1.16 The council's employment and apprenticeship schemes have continued, including work in JobCentres to support Universal Credit claimants.

Some focused work on supporting care leavers into education, employment and training has commenced, with 11 care leavers starting a re-engagement programme run by the local organisation, Bridging the Gap (BtG), to work on their confidence and motivation. Eight of these young people achieved the Level 1 Money Management certificate. Nine young people have enrolled onto the BEST traineeship programme that combines learning and work experience. These young people will be supported into apprenticeships or other employment or training. Three care leavers embarked on an apprenticeship with the council in Q3.

The council's employment scheme in the south of the borough, BOOST Childs Hill, has been operating for a year. The centre at 184 Cricklewood has benefitted from a renovation by Morgan Sindell who completed the work as part of their social value contributions to the borough. These works have created a space for training and activity and increased the space available for advice.

Across the Burnt Oak and Childs Hill BOOST projects 65 clients moved into work. The teams saw 2,450 visitors in the period and signed up 150 new clients. BOOST assisted 17 young people (age 16-24) into work and three into training or education. In addition, the Welfare Reform Taskforce assisted 57 clients into employment and off the Benefit Cap.

The West London Job Show took place at Wembley Stadium on 10 October 2018. 400 Barnet jobseekers attended and there were thousands of jobs available across around 80 employer stands. The Barnet stand promoted internal job opportunities, and the 'Retail Job Shop' Christmas Vacancies at Brent Cross, along with Apprenticeships across Barnet's Regeneration sites. The BOOST team also attended the stand to raise awareness of the employment support in Childs Hill and Burnt Oak.

On 22 October 2018, the Urban Plan educational initiative took place at Whitefield School, with five volunteers from both Hammerson and Argent staff working with

⁷ 2017/18 programme covered five buildings. The programme in Q3 2018/19 covered 95 buildings.

⁸ Annual target revised from £3.046m to £3.70m after publication of Corporate Plan 2018/19 Addendum.

⁹ 2018/19 budget has increased from £4.54m to £6.88m, so target revised to reflect this. The original budget was intended for seven buildings, but is now funding 95 buildings.

groups of 16-18 year olds to re-develop a mythical town. Whitefield School is part of the Brent Cross South development and the school has enjoyed these workshops for three years. In 2019, plans are in place to also deliver these workshops in other local schools.

- 1.17 There is one key indicator linked to this priority in the Corporate Plan. The unemployment rate is a 'Monitor only' indicator. Unemployment (4.6%) has slightly increased on the same time since last year (4.5%).

Indicator	Polarity	17/18 EOY	18/19 Target	Q3 18/19			Q3 17/18	Benchmarking
				Target	Result	DOT	Result	
Unemployment (of people on out of work benefits) (r)	Smaller is Better	4.4% (Jan – Dec 17)	Monitor	Monitor	4.6% (Oct 17-Sep 18)	↓ W 2.2%	4.5% (Oct 16-Sep 17)	London 5.1% National 4.2% (Oct 17-Sep 18, Nomis)

- 1.18 There are no high level (scoring 15+) risks linked to this priority.

Investing in key Town Centres and making Barnet the best place in London to be a small business

- 1.19 Over two weeks in November 2018, the Pop Up Business School ran at Brent Cross Shopping Centre. There were 114 attendees, of which 41 were unemployed and 20 were referred from the JobCentre. There were a range of business ideas coming out of the course and attendees will be supported to continue to meet and develop these. Attendees will also be encouraged to apply to the Entrepreneurial Barnet competition, which was launched with Middlesex University and Barnet and Southgate College, and was promoted in Barnet First and on social media.

The West Hendon Broadway Strategy was completed and the North Finchley revitalisation project continued to be developed. Preparation was undertaken for the North Finchley Partnership Board, which will start recruitment in Q4. Recruitment for a new Town Centres Investments Manager is underway.

The council supported the Capital West London initiative with the first West London Growth Summit, which brought together key stakeholders from the public and private sectors. A decision on the council's application to the GLA's Good Growth Fund was announced in December 2018, but was not successful.

- 1.20 There are four key indicators linked to this priority in the Corporate Plan. Three are annual indicators and will be reported later in the year. **Council spend with local business** is a 'Monitor only' indicator and has been provided for information.

- **Council spend with local businesses (excluding direct debits) – 36% of council spend is with local businesses.** There has been a significant reduction in the number of local suppliers from 593 to 338 to remove dormant and infrequent suppliers. Spend with local businesses has increased to £153m from £133m (34%) last quarter. But remains much lower than the same time last year (44%). The consolidation of local suppliers has concentrated spend with the smaller number of local businesses.

Indicator	Polarity	17/18 EOY	18/19 Target	Q3 18/19			Q3 17/18	Benchmarking
				Target	Result	DOT	Result	
Council spend with local businesses (excluding direct debits) (r)	Bigger is Better	32% ¹⁰	Monitor	Monitor	36% (Sep 17 – Sep 18)	↓ W -6.1%	44% (Sep 16 – Sep 17)	No benchmark available
Business survival rate (Annual)	Bigger is Better	70.5% ¹¹	5%pts more than comparable boroughs	N/A	Due Q4 18/19	N/A	N/A	Comparable boroughs 76.5% (2017, Nomis)
Vacant High Street Properties (Annual)	Smaller is Better	5.7% ¹²	2.5% better than comparable boroughs	N/A	Due Q4 18/19	N/A	N/A	Comparable boroughs 6.78% (2017, Nomis)
Business satisfaction with the council and area (Annual)	Bigger is Better	27%	Monitor	N/A	Due Q4 18/19	N/A	N/A	No benchmark available

1.21 There are no high level (scoring 15+) risks linked to this priority.

Strategic issues/escalations

1.22 There are no strategic issues/escalations for Policy and Resources Committee.

¹⁰ The indicator is reported for a 12 month period a quarter in arrears. EOY 2017/18 updated to show April 2017 to March 2018 (previously reported as 31% for January to December 2017, as a quarter in arrears).

¹¹ This indicator compares Barnet's rate of improvement (from a 2011 baseline) with comparable boroughs (Brent, Bromley, Harrow, Havering). The comparable boroughs business survival rate of 76.5% represents a 1.32% pts improvement on the 2011 baseline position. Barnet's 70.5% business survival rate represents a 3.90% pts improvement on its 2011 baseline. The target represents the achievement of a minimum 6.2% pts.

¹² This indicator compares Barnet's rate of improvement (from a 2011 baseline) with comparable boroughs (Croydon, Havering and Hounslow). The comparable boroughs vacancy rate of 6.78% represents a 5.82% pts improvement on the 2011 baseline position. Barnet's 5.73% vacancy rate represents a 7.57% pts improvement on its 2011 baseline. The target represents the achievement of a minimum 5.98% pts.

2 REASONS FOR RECOMMENDATIONS

- 2.1 These recommendations are to provide the Committee with relevant financial, performance and risk information in relation to the priorities in the Corporate Plan 2018/19 Addendum. This paper enables the council to meet the budget agreed by Council on 6 March 2018.

3 ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 None.

4 POST DECISION IMPLEMENTATION

- 4.1 None.

5 IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The report provides an overview of performance for Q3, including budget forecasts for revenue and capital, progress on activities, performance of key indicators and any high level risks.
- 5.1.2 The Q3 2018/19 results for all Corporate Plan indicators are published on the Open Barnet portal at <https://open.barnet.gov.uk/dataset>
- 5.1.3 Robust budget, performance and risk monitoring are essential to ensure that there are adequate and appropriately directed resources to support delivery and achievement of council priorities and targets as set out in the Corporate Plan.
- 5.1.4 Relevant council strategies and policies include the following:
- Corporate Plan 2015-2020
 - Corporate Plan - 2016/17, 2017/18 and 2018/19 Addendums
 - Medium Term Financial Strategy
 - Performance and Risk Management Frameworks.
- 5.1.5 The priorities of the council are aligned to the delivery of the Health and Wellbeing Strategy.

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

- 5.2.1 The budget forecasts are included in the report. More detailed information on financial performance will be provided to Financial Performance and Contracts Committee.

5.3 Social Value

- 5.3.1 The Public Services (Social Value) Act 2012 requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits. Before commencing a procurement process, commissioners should think about whether the services they are going to buy, or the way they are

going to buy them, could secure these benefits for their area or stakeholders. The council's contract management framework oversees that contracts deliver the expected services to the expected quality for the agreed cost. Requirements for a contractor to deliver activities in line with Social Value will be monitored through this contract management process.

5.4 Legal and Constitutional References

5.4.1 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". Section 111 of the Local Government Act 1972, relates to the subsidiary powers of local authorities.

5.4.2 Section 28 of the Local Government Act 2003 (the Act) imposes a statutory duty on a billing or major precepting authority to monitor, during the financial year, its income and expenditure against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the authority must take such action as it considers necessary to deal with the situation. Definition as to whether there is deterioration in an authority's financial position is set out in sub-section 28(4) of the Act.

5.4.3 The Council's Constitution (Article 7 – Committees, Forums, Working Groups and Partnerships) sets out the responsibilities of all council Committees. The responsibilities of the Assets, Regeneration and Growth Committee include:

- (1) Responsibility for regeneration strategy and oversee major regeneration schemes, asset management, employment strategy, business support and engagement.
- (2) To submit to the Policy and Resources Committee proposals relating to the Committee's budget for the following year in accordance with the budget timetable.
- (3) To make recommendations to Policy and Resources Committee on issues relating to the budget for the Committee, including virements or underspends and overspends on the budget. No decisions which result in amendments to the agreed budget may be made by the Committee unless and until the amendment has been agreed by Policy and Resources Committee.
- (4) To receive reports on relevant performance information and risk on the services under the remit of the Committee.

5.4.4 The council's Financial Regulations can be found at:

<http://barnet.moderngov.co.uk/documents/s46515/17FinancialRegulations.doc.pdf>

5.5 Risk Management

5.5.1 The council has an established approach to risk management, which is set out in the Risk Management Framework. All high level risks (scoring 15 or above) associated with the priorities for this Committee are outlined in the report.

5.6 Equalities and Diversity

5.6.1 The Public Sector Equality Duty at s29 of The Equality Act 2010 requires organisations exercising public functions to demonstrate that due regard has been

paid to equalities in:

- Elimination of unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010.
- Advancement of equality of opportunity between people from different groups.
- Fostering of good relations between people from different groups.

5.6.2 The Equality Act 2010 identifies the following protected characteristics: age; disability; gender reassignment; marriage and civil partnership, pregnancy and maternity; race; religion or belief; sex and sexual orientation.

5.6.3 In order to assist in meeting the duty the council will:

- Try to understand the diversity of our customers to improve our services.
- Consider the impact of our decisions on different groups to ensure they are fair.
- Mainstream equalities into business and financial planning and integrating equalities into everything we do.
- Learn more about Barnet's diverse communities by engaging with them.

This is also what we expect of our partners.

5.6.4 This is set out in the council's Equalities Policy together with our strategic Equalities Objective - as set out in the Corporate Plan - that citizens will be treated equally with understanding and respect; have equal opportunities and receive quality services provided to best value principles.

5.6.5 Progress against the performance measures we use is published on our website at: www.barnet.gov.uk/info/200041/equality_and_diversity/224/equality_and_diversity

5.7 Corporate Parenting

5.7.1 In line with Children and Social Work Act 2017, the council has a duty to consider Corporate Parenting Principles in decision-making across the council. There are no implications for Corporate Parenting in relation to this report.

5.8 Consultation and Engagement

5.8.1 Consultation on the Corporate Plan 2015-2020 was undertaken between summer 2013 and March 2015. Consultation on the new Corporate Plan 2019-24 was carried out in the summer 2018. The Corporate Plan will be approved by Council in March 2019.

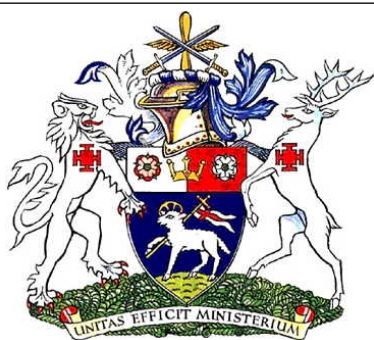
5.9 Insight

5.9.1 The report identifies key budget, performance and risk information in relation to the Corporate Plan 2018/19 Addendum.

6 BACKGROUND PAPERS

6.1 Council, 6 March 2018 – approved 2018/19 addendum to Corporate Plan
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=9162&Ver=4>

This page is intentionally left blank



Assets, Regeneration & Growth Committee

25 March 2019

Title	Pinkham Way Strategic Outline Business Case
Report of	Chairman of the Assets, Regeneration and Growth Committee
Wards	All
Status	Public with accompanying report and site plan
Urgent	No
Key	Yes
Enclosures	Appendix 1: Strategic Outline Business Case – Pinkham Way Appendix 2: Map of proposed site plan
Officer Contact Details	<p>Susan Curran, Commissioning Lead, Development & Regeneration, London Borough of Barnet susan.curran@barnet.gov.uk</p> <p>Emma Watson, Head of Strategic Planning, Development & Regulatory Service, London Borough of Barnet emma.watson@barnet.gov.uk</p> <p>Derek Rust, Group Director of Development & Growth (Deputy Chief Executive), Barnet Homes Tel: 020 8359 4826 derek.rust@barnethomes.org</p> <p>Meera Bedi, Head of New Build, Barnet Homes Tel: 020 8359 5243 meera.bedi@barnethomes.org</p>

Summary

Barnet Homes has been commissioned to act as development agent on behalf of Barnet Council to progress proposals for developing the Pinkham Way site. Pinkham Way is located just beyond the eastern boundary of the borough in the London Borough of Haringey. The site is owned by Barnet Council and falls within the administrative area of Haringey Borough Council, as local planning and highways authority. Immediately to the north and in specific parcels adjacent is land owned by the North London Waste Authority (NLWA). As shown for identification on the attached plan, the site boundary includes Hollickwood Park to the west and the Freehold Community Centre.

The land owned by LB Barnet has been identified as having the potential for housing to be built and it is considered that circa 200 new residential units could be developed. A high-level master-plan including land owned by Barnet Council and NLWA will be submitted to Haringey's planning authority along with a planning application for the Barnet Council land only.

The masterplanning exercise has been commissioned, with some initial site surveys and due diligence completed. The Borough has been awarded a grant allocation from the Ministry of Housing, Communities and Local Government (MHCLG) of £1,500,000 to fund preparation of a planning application and is dependent on planning consent being in place by the end of March 2020.

This report seeks approval of the Strategic Outline Business Case so that the Council can progress the design and consultation of the proposed project. A planning application will be submitted in early autumn 2019. Barnet Homes will return to the Assets, Regeneration and Growth Committee to provide regular updates.

Officers Recommendations

That the Assets, Regeneration and Growth Committee:

- 1. Note and approve the Strategic Outline Business Case for the Pinkham Way project proposals, attached at Appendix 1.**
- 2. Approve the progression of the project to planning and outline business case stage.**

1. WHY THIS REPORT IS NEEDED

- 1.1 Barnet Homes has been commissioned by the council to act as development agent on behalf of Barnet Council to progress proposals for the design and consultation of a residential and mixed-use development at Pinkham Way (as shown on the attached plan). The potential development site includes an area of land previously occupied by sewage infrastructure, Hollickwood Park and Freehold Community Centre.
- 1.2 The attached Strategic Outline Business Case sets out the proposal to progress the residential design option for the site. It is anticipated that the project could deliver approximately 200 new homes along with a re-provided park and community centre.

- 1.3 A high-level master-plan including land owned by Barnet Council and NLWA will be submitted to Haringey's planning authority along with a planning application for the Barnet Council land only.
- 1.4 Consultants have been commissioned to survey the site in terms of its importance for nature conservation. The Phase 1 survey shows that the site can accommodate development without significant impact. However, a more detailed Phase 2 survey will be undertaken to accompany the planning application and the proposed development scheme will be designed to mitigate any impact.
- 1.5 The approval of the Strategic Outline Business Case by the Assets, Regeneration and Growth Committee is required in order to progress the proposed design ahead of submitting a planning application.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The ability to continue to construct new homes will help Barnet to mitigate further pressures on the general fund in meeting increasing temporary accommodation costs, deliver new housing supply in accordance with local, regional and national planning and housing policy as well as maximising value of existing assets and to optimise the use of scarce land resources. The ability to construct new homes will also enable those who require housing within London Borough of Barnet (and the London Borough of Haringey, subject to any final nominations arrangement) to be housed in accommodation which is fit for purpose.
- 2.2 Barnet Homes have delivered a new build residential scheme in the local area already and are currently on site with another, due to finish later this year.
- 2.3 The new affordable dwellings could be owned by the London Borough of Barnet and managed by Barnet Homes.
- 2.4 Subject to the approval of the Strategic Outline Business Case by the Assets, Regeneration and Growth Committee, Barnet Homes will be able to progress the submission of the planning application to London Borough Haringey in early Autumn 2019.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 All options are listed within the Strategic Outline Business Case report (Appendix 1).
- 3.2 Do nothing i.e. do not develop the site

3.2.1 This option would not contribute to the supply of new housing overall, or to the Council's ambition to build more homes. The existing site will require investment from the Council.

3.2.2 It should be acknowledged that this is the preferred option of some local residents.

3.3 Sell the site

3.3.1 Whilst this could deliver a capital receipt, the Council would be forgoing the wider economic benefits through the direct delivery of a housing development scheme.

3.3.2 It is likely any prospective sales receipt would be discounted significantly to take account of risk associated with the planning process, project viability arising from known site constraints and the lack of intrinsic value in its existing use.

3.3.3 Reductions in benefits to the Council, in terms of revenue savings. This includes savings by providing wheelchair accommodation for residents in need and temporary accommodation cost avoidance.

3.4 Redevelop the site for employment land

3.4.1 Redeveloping the site for employment land would be consistent with the Haringey Local Plan.

3.4.2 This option will be further considered as part of the project.

4. POST DECISION IMPLEMENTATION

4.1 Subject to Committee approval of the Strategic Outline Business Case, Barnet Homes will continue to work on the design of the scheme and engagement with local stakeholders.

4.2 A planning application will be submitted in early autumn 2019.

4.3 Barnet Homes will return to the Assets, Regeneration and Growth Committee to provide regular updates. The Council's Greenspaces team propose to advise Policy & Resources Committee that Hollickwood Park is included within a feasibility study.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 Barnet Council's Housing Strategy 2015-2020 states that Barnet has the largest population of any London Borough with an estimated 393,000 residents in 2015. This is expected to grow by a further 19% over the next 25 years.

5.1.2 The London Borough of Barnet's LBB Housing Needs Assessment (HNA) has indicated that the Borough has a requirement for an additional 27,000 dwellings over the next 15 years and the GLA has set LBB a target of 3,134 homes per annum (or 31,340 homes by 2030). The recent Strategic Housing Market Assessment shows that there is a need to provide up to 3,060 new homes a year.

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

5.2.1 The Council are in receipt of a grant allocation from the MHCLG's Land Release Fund to the value of £1,500,000. This is included in the Capital Programme.

5.2.2 The grant funding is to enable the Council to achieve a planning consent by the end of March 2020. It is contingent upon land being owned by the local authority, the release of the land by 2020 and producing proposals that are deliverable.

5.2.3 There is the potential requirement to return the MHCLG revenue grant if planning consent is not granted by March 2020. To mitigate this, an experienced project team has been appointed to ensure capacity and capability to meet the project milestones, as well as regular monitoring of the project plan by the Project Board. The project board will identify alternative funding streams should the MHCLG grant need to be returned.

5.2.4 A construction cost consultant will draft a cost plan for each design stage. This will be incorporated into a development viability appraisal, both of which will be presented at Outline Business Case stage.

5.2.5 Should the project receive an outline planning consent, the Council's preferred funding route is to be determined and will be subject to approval at Outline Business Case stage by the Council's Policy & Resources Committee.

5.2.6 Barnet Homes has an established Development Team with the required experience to deliver this project.

5.2.7 Barnet Homes will manage the project in accordance with the LBB project management toolkit, which has been adopted for the delivery of this scheme. It incorporates monitoring and controls to ensure the project is delivered effectively and that budgets and programme are maintained and reported through the appropriate channels.

5.2.8 All expenditure will need to be recorded appropriately (i.e. between Revenue and Capital) with the grant matched accordingly to ensure adherence to accounting and audit regulations.

5.3 Social Value

5.3.1 Expected social value from this project will be:

- The provision of a sustainable development on an existing site with good public transport accessibility with access to local services.
- The opportunity to improve the local environment, to benefit existing and new residents.
- Potential for job creation and training through the construction process.
- Potential for job creation in new commercial spaces.
- Contributing to the housing needs of residents within London Borough of Barnet.
- Making savings in temporary accommodation costs through the ability to allocate to new homes for affordable homes.
- Helping to address the shortfall of available accommodation within the Borough.
- New affordable homes which will provide a higher quality of accommodation and greater level of security for households currently living in temporary accommodation and/or in poor private rented sector accommodation.
- Net increase in Council tax revenues (likely to be received by the LB Haringey).
- A much-improved street scene with a high-quality design.
- Improvements for health and wellbeing by better access to open space and amenity areas.

5.4 Legal and Constitutional References

- 5.4.1 Council Constitution, Article 7.5 states that Assets Regeneration and Growth Committee is responsible for asset management.
- 5.4.2 Any sale or lease of land including public open space will need to be advertised in a local newspaper for two consecutive weeks, and the replies to such advert will need to be considered by decisions makers in the process of deciding whether to dispose of any public open space.
- 5.4.3 Any terms attached to the grant by MHCLG's Release Fund will need to be adhered to.

5.5 Risk Management

- 5.5.1 The table below outlines the main risks that have identified for this scheme and the actions taken to mitigate against them:

RISK	PROBABILITY	IMPACT	TOTAL	ACTIONS TO MITIGATE
Not securing a resolution to grant planning consent by March 2020	4	5	20	<p>Establishing a clear project plan for the planning process including structured and clear liaison with key stakeholders.</p> <p>Establishing a communications plan as early as possible for engaging with the local community and stakeholders.</p> <p>Early and continued engagement with the Haringey local planning authority. This includes discussions regarding the Haringey Local Plan for developing land for employment use.</p> <p>Good project management and timely decision by the project team and the Project Board.</p>
Potential requirement to return the MHCLG revenue grant if planning consent not granted by March 2020	3	5	15	<p>Appointment of an experienced project team to ensure capacity and capability.</p> <p>Regular monitoring of the project plan by the Project Board.</p> <p>Identifying alternative funding streams should the MHCLG grant need to be returned.</p>
Identifying whether the project and development strategy is viable	3	4	12	<p>Undertaking a development appraisal including robust cost and property values analysis. Identifying potential gaps and issues in the viability and strategy and highlighting potential risk mitigation measures to the project board including grant funding. Ensuring satisfactory technical work and surveys are undertaken to inform both the cost plan and design work. Ensure the design evolution is regularly tested and separate professional disciplines connect to ensure a holistic approach.</p>
Over-spending on the costs to achieve a resolution to grant planning consent	3	4	12	<p>Ensuring formal fee proposals are in place with all consultants and technical specialists and their progress and performance is regularly monitored and carefully project managed.</p>
Stakeholder opposition to development	3	4	12	<p>Ensuring a clear stakeholder engagement and consultation plan is prepared and delivered.</p>

5.6 Equalities and Diversity

- 5.6.1 This report presents evidence on how increasing Barnet's supply of homes will benefit individuals and the Council.
- 5.6.2 Over recent years national increases in homelessness against a backdrop of welfare and benefit reform has affected all local authorities and social housing providers, but particularly those in London. The increased demand for housing has placed pressure on an already strained and limited housing supply.
- 5.6.3 At a local level, Barnet has experienced increased high levels of demand for affordable housing, whilst sources of supply have been limited. Demand has been exacerbated by the buoyant private rental market in the borough, which is increasingly unaffordable for those on lower incomes. Loss of private rental accommodation is now the most common reason for a homelessness application, with residents who might previously have made their own arrangements in the private rental sector approaching the local authority.
- 5.6.4 In Barnet, there was an 42% increase in new housing needs assessment applications between 2011/12 and 2016/17. In addition, there was an overall 21% decrease in letting within Council stock from 2011/12 to 2016/17 and Barnet has below levels of social housing on average compared to other London boroughs.
- 5.6.5 An Equalities Impact Assessment will be undertaken as part of the masterplanning process.
- 5.6.6 The 2010 Equality Act outlines the provisions of the Public Sector Equalities Duty which requires Public Bodies to have 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 and foster good relations between people from different groups.

5.7 Corporate Parenting

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

5.8 Consultation and Engagement

- 5.8.1 Consultation will be required with a range of key stakeholders where required by law.
- 5.8.2 Findings from consultation will form a central part of decision-makers consideration of project proposals and any subsequent policies. In considering the findings decision makers will consider the alternatives and all the countervailing circumstances including where appropriate the budgetary requirements when making their decision.
- 5.8.3 A full Consultation and Engagement Plan will be used to demonstrate how the council has consulted with its citizens at various stages of the project life cycle, and a library of evidence for the findings will be kept by the project team. Proper record-keeping encourages transparency and we will publish consultation findings with relevant council papers.
- 5.8.4 Prior to the planning application being submitted to London Borough Haringey (which itself will be subject to consultation), pre-application consultation will be undertaken in accordance with Haringey's adopted processes.

6.1 Insight

- 6.1.1 Barnet has 393,000 residents and this figure is expected to grow by 76,000 over the next 25 years; an increase of 19%.
- 6.1.2 The Council's Housing Strategy 2015-2025 identifies the need to increase housing supply and to deliver homes that people can afford. The Pinkham Way project will facilitate the delivery of new homes for affordable rent in the borough to meet housing need. The affordable rent will be set at 65% of the market rent, in line with the Council's affordable rents policy.
- 6.1.3 The delivery of new affordable rented homes will help to meet the objective in the Council's Housing Strategy to prevent and tackle homelessness, by reducing the use of temporary accommodation. There are currently in excess of 2,700 households living in temporary accommodation which presents significant budgetary pressures for the Council.
- 6.1.4 Barnet's Health and Wellbeing Strategy recognises the importance of access to good quality housing in maintaining Well-Being in the Community.
- 6.1.5 Lack of affordable housing is highlighted in Barnet's Joint Strategic Needs Assessment (JSNA) as one of the top three concerns identified by local residents in the Residents' Perception Survey.

7. BACKGROUND PAPERS

None

Project Brief including Strategic Outline Case (SOC): Pinkham Way

The main purpose of the Project Brief including Strategic Outline Case (SOC) is to make the case for change and establish the need for investment.

Author:	Derek Rust
Date:	19 February 2019
Service / Dept:	Development (New Build), Barnet Homes

Contents

Contents	1
1. Introduction and Strategic Context	2
2. Rationale.....	3
3. Project Definition.....	13
4. Project Approach	15
5. Project Assurance.....	15
7. Risks	16
8. Dependencies and Relationships	18
9. Approach to Equalities.....	18
10. Approach to Consultation	19

1. Introduction and Strategic Context

Barnet Homes has been commissioned to act as development agent on behalf of Barnet Council to progress proposals for developing land owned by the London Borough of Barnet at Pinkham Way.

Pinkham Way is located just beyond the eastern boundary of the borough in the London Borough of Haringey. The site is owned by Barnet Council and falls within the administrative area of Haringey Borough Council, as local planning and highways authority. Immediately to the north and in specific parcels adjacent is land owned by the North London Waste Authority (NLWA). The potential development site includes an area of land previously occupied by sewage infrastructure, Hollickwood Park and Freehold Community Centre.

The land owned by LB Barnet has been identified as having the potential for housing to be built and it is considered that circa 200 new residential units could be developed along with a re-provided park and community centre.

A high-level master-plan including land owned by Barnet Council and NLWA will be submitted to Haringey's planning authority along with a planning application for the Barnet Council land only.

A concept study for RIBA stage 1 was completed in 2018. The original intention had been to deliver almost 200 affordable homes on a temporary basis, for ten years, using modular construction. Through further examination and discussion with stakeholders it was established that the site would be available on a long-term basis and that a more permanent solution is desirable and beneficial.

Consultants have been commissioned to survey the site in terms of its importance for nature conservation. The Phase 1 survey shows that the site can accommodate development without significant impact. However, a more detailed Phase 2 survey will be undertaken to accompany the planning application and the proposed development scheme will be designed to mitigate any impact.

An early masterplanning feasibility exercise has been commissioned, with some initial site surveys and due diligence completed. The Borough has been awarded a revenue grant allocation from the Ministry of Housing, Communities and Local Government (MHCLG) of £1,500,000 to secure a planning consent by the end of March 2020.

LBB's Housing Strategy's priority is to increase housing supply, recognising the forecast demand for additional homes within the borough. The Council's commitment to address this priority includes the construction of homes on land it owns. The second priority is to deliver affordable homes, including increasing the supply of rented homes at local housing allowance rates.

The Housing Strategy links to the Council's Corporate Plan for 2015-2020. The 2017/18 Addendum to this plan included a focus on responsible growth, regeneration and investment with a specific commitment to "regeneration and investment in infrastructure... delivering a pipeline of new homes on Council land."

The ability to continue to construct new homes will help LBB to mitigate further pressures on the general fund in meeting increasing temporary accommodation costs, deliver new housing supply in accordance with local, regional and national planning and housing policy, to maximise value of existing assets and to optimise the use of scarce land resources. It will also enable those who require housing within LBB (and the LB Haringey, subject to any final nominations arrangement) to be housed in accommodation which is fit for purpose.

The development of the site will be of benefit to the wider area by decontaminating the land and creating a sense of 'space'. It will protect and enhance the local environment and habitat species.

Accordingly, the Pinkham Way site has been identified and selected for the above reasons.

2. Rationale

Purpose

The purpose of the Strategic Case is to set out the rationale, business needs and constraints for the development of Pinkham Way.

Corporate Priorities and Performance

The Corporate Plan 2015 – 2020 sets out the Council's vision and strategy for the next five years based on the core principles of fairness, responsibility and opportunity to make sure 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; and where services are delivered efficiently to get value for money for the taxpayer.

The 2018/19 Addendum to the Corporate Plan outlined the key areas of strategic focus for the Council for 2018/19. These included:

- Increasing the housing supply
- Delivering the family-friendly Barnet vision

Within these priority areas, the Addendum to the Corporate Plan included commitments to undertake specific activities. Specifically, the Responsible Growth priority area included a commitment to “regeneration and investment in infrastructure... delivering a pipeline of new homes on Council land.”

The proposal will help meet these objectives by providing good quality private and affordable homes, through a well thought out and designed scheme that strengthens community relations and confidence in the Council.

It should be noted that the Council’s Corporate Plan 2019 – 2024 is currently being drafted. The Outline Business Case will be updated to reflect the revised version once published.

The Growth Strategy for Barnet recognised that growth is vital for ensuring the future prosperity of the Borough, and maintain Barnet as a successful London suburb.

The Council’s Local Plan adopted in 2012, sets out a 15 year ‘vision’ to help shape the kind of place that Barnet will be in the future. It supports the delivery of new homes including affordable dwellings and the use of brownfield land for high quality and sustainable suburban development.

The Council’s Housing Strategy has the overarching objective of providing housing choices that meet the needs and aspirations of Barnet residents and sets out how the Council will deal with a number of challenges including high property prices, a shortage of affordable housing and the potential threats to the qualities that make the Borough attractive.

Local context

Barnet has the largest population of any London borough with 393,000 residents. This figure is expected to grow by 76,000 over the next 25 years; an increase of 19%. With a third of the borough designated green belt, Barnet Council has to be innovative in how more homes can be built and delivered whilst retaining the borough’s distinctive outer London character.

As detailed in the Housing Strategy (2015-2025), and in response to the need for more housing in Barnet and in London as a whole, Barnet Council has committed to increasing the supply of housing in the borough, particularly affordable housing whilst maximising the Council’s land resources.

With this in mind a Development Pipeline Programme was established identifying Barnet owned sites that could provide locations for housing development schemes. The programme directly supports the Corporate Plan objective of responsible growth and regeneration.

As a strategic housing authority, the London Borough of Barnet has considered how best to meet future housing demand based upon limited resources available in terms of land.

The London Plan and Barnet's Local Plan recognise the pressing need for more homes in the capital. Managing housing growth and the provision of new homes is the first objective set out in Barnet's Core Strategy. The Council seeks to achieve this objective by increasing housing supply and maximising the Council's land resources to meet future housing demand whilst creating a long-term revenue stream.

The development of this site for residential purposes will provide much needed housing accommodation on land owned by Barnet and at a site adjacent to the borough boundary, albeit physically situated in the London Borough of Haringey.

In line with all levels of policy - national, Mayoral and local policy and guidance, the development will optimise the use of this property and (subject to the planning process) provide much needed private and affordable housing.

Local and Regional Need

The Pinkham Way scheme will provide new affordable homes which, subject to agreeing a nominations protocol with the LB Haringey, will directly contribute significantly towards reducing the costs to the Council of providing temporary accommodation to households in need. The maximum total cost avoidance is calculated to be approximately £272k per year for the Council, although this depends on agreement with London Borough of Haringey regarding nominations rights.

A net increase of affordable dwellings will contribute to meeting the London Borough of Barnet and London Borough of Haringey's additional homes targets set by the Greater London Authority either in terms of planning policy and/or homes delivered through a grant-supported programme.

The LBB Housing Needs Assessment (HNA) has indicated that the Borough has a requirement for an additional 27,000 dwellings over the next 15 years and the GLA has set LBB targets of 3,134 homes per annum (or 31,340 homes by 2030).

Population Need and Demand Management

Barnet's population is expected to increase from 391,500 in 2017 to reach 466,500 by 2041.

The Council's Housing Strategy 2015-2025 identifies the need to increase housing supply and to deliver homes that people can afford.

The Pinkham Way scheme will facilitate the delivery of new homes for affordable rent to meet housing need. It is currently anticipated that affordable rent will be set at no greater than 65% of the market rent, in line with Barnet Council's current affordable rents policy.

The delivery of new affordable rented homes will help to meet the objective in the Council's Housing Strategy to prevent and tackle homelessness, by reducing the use of temporary accommodation. There are currently in excess of 2,700 households in Barnet that live in temporary accommodation which presents significant budgetary pressures for the Council. Similar challenges exist in the London Borough of Haringey

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

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

The cost of homelessness in Barnet: a snapshot of supply and demand

- Since 2013/14 there has been a 30% increase in homelessness applications in Barnet with a total of 1,554 in 2017/18.
- There was an overall 58% decrease in letting within Council stock from 2011/12 to 2017/18.
- Barnet has below average levels of social housing on average compared to other London boroughs, with just over 2,600 households waiting for social housing (7th best London borough).
- There has been a significant increase (35%) in the number of households in temporary accommodation from January to March 2017.
- Barnet has the sixth highest number of households in temporary accommodation in the country.
- 68% of all the households in temporary accommodation in England are in London Authorities as of March 2018. This has led to increased pressure in competition for affordable supply.
- Whilst it is positive that the regeneration schemes in Barnet are progressing in their development, this has an impact on available supply as 'non-secure' tenants placed in regeneration units as long-term temporary accommodation are decanted and require rehousing, either to alternative temporary accommodation or social housing units.

The Barnet Group's business aim

In 2004 Barnet Homes was established as an Arm's Length Management Organisation (ALMO) for the London Borough of Barnet (LBB) to manage approximately 15,000 council-owned properties within Barnet. In 2012 Your Choice (Barnet) was created to receive the transfer of Adult Social Care services from LBB, and The Barnet Group, a Local Authority Trading Company (LATC) was created as the parent company to both Barnet Homes and Your Choice (Barnet).

The Barnet Group Business Plan 2019-2024 commits to deliver good services whilst supporting its customers and Barnet Council through the challenges they face. They want to continue their ambitious development and acquisition programmes in order to increase the housing supply within the borough and help to meet growing demand across different tenures. Their mission is to:

- Develop and empower people
- Provide customer-focused services
- Sustain their business through growth

The proposals included in this strategic outline business case will facilitate the delivery of new homes. Subject to planning consent, at least 40% of these will be affordable, giving access to new housing and homes to those in housing need in the Borough. The homes will be built to a high standard and be energy efficient to reduce residents' fuel costs, as well as creating an improved environment in the local neighbourhood.

Economic case

The critical success factors for this project have been identified as follows:

1. Increasing the provision of affordable and private accommodation delivered by and/or owned by the Borough.
2. Reducing the number of families in temporary accommodation.
3. Delivering a financially viable and successful mixed tenure housing development scheme.
4. Making effective commercial use of Council-owned land and buildings; this includes recognising Council stock's potential for development, contributing to the Council's development pipeline of affordable housing as set out in the Barnet Housing Strategy 2015 to 2025.
5. Potentially providing a capital/and or revenue receipt to the Council whilst maintaining the freehold of the site.

The estimated income and expenditure relating to this project has not yet been determined. Further detailed financial analysis and appraisal will be undertaken to ascertain viability and corresponding financial implications, as well as risk analysis.

Permission will not be granted, or indeed sought, to enter into contract for development until the Outline and subsequent Full Business Cases are agreed.

Options

Considering the project objective and the desired outcomes from the commissioning client, the following options will be considered:

Option A – Do nothing (i.e. do not develop the site)

This option would not contribute to the supply of new housing overall, or to the Council's ambition to build more homes. The existing site will require investment from the Council.

The 'Do nothing' option would fail to achieve any of the critical success factors as set out above.

The 'Do nothing' option fails to recognise the development potential of the site.

Option B – Sell the site

Sell the site on the open market; whilst this could deliver a capital receipt, the Council would be forgoing the wider economic benefits through the direct delivery of a housing development scheme.

In addition, it is likely any prospective sales receipt would be discounted significantly to take account of risk associated with the planning process, project viability arising from known site constraints and the lack of intrinsic value in its existing use.

Option C – Develop the site as a mixed tenure scheme (current preferred option)

Direct delivery of mixed tenure homes provides the opportunity to maximise potential development profit by bringing the best product to the market. This option achieves all the critical success factors as set out above.

It should be noted that it is highly likely that Barnet would need to secure an appropriate development partner that would take the risk on the market sale elements of any future scheme as well as have the capability and experience to construct new homes and infrastructure.

Option D – Develop the site for employment land

Redeveloping the site for employment land would be consistent with the Haringey Local Plan.

In this option would fail to achieve most of the critical success factors as set out above.

This option will be further considered as part of the project.

Economic benefits

The economic benefits of the affordable tenure in the current proposals of this business case are set out in the table below.

Scheme	Number of units	Saving for wheelchair occupants in accessible homes (units circa 10%) per annum	Temporary Accommodation cost avoidance per annum	Assumed Council Tax income (likely to be received by the LB Haringey)	Total revenue benefit per annum
Pinkham Way (affordable tenure accommodation)	80 *estimated number	£92,000	Up to £272,000	£211,433	£575,433

The temporary accommodation cost avoidance per annum is calculated at £3,400 per unit for non-accessible units.

The wheelchair provision cost avoidance per annum is calculated at £11,494 per unit.

The new properties may be Council tax band C. The Council tax band estimate was taken from the Council's website.

The estimated total revenue benefit inclusive of savings to Barnet Council (with some benefit directly or indirectly to the London Borough of Haringey) is **£575,433** per annum.

Depending on the development delivery route chosen, the economic benefits of the market sale tenure and/or agreement with a developer could include sales profits and land value receipts. These benefits would be further explored in the Outline Business Case.

Commercial case

Land

The site is owned by the London Borough of Barnet. Barnet Homes would act as development agent through the ALMO's management agreement.

Procurement

Barnet Homes will seek advice from leading development, construction and legal consultants regarding the range of procurement options for delivering the project.

This will likely include:

- Direct delivery – Barnet Homes delivers all aspects of the scheme and contracts with a constructor for the build.
- Joint development – Barnet Homes agrees on a tailored development or collaboration agreement with a developer/constructor to share risk and reward.
- Joint venture - establishment of a Special Purpose Vehicle to formalise the approach to the programme.
- Contract out - contract with an external third party to deliver the whole programme.

This will be further explored and considered at Outline Business Case stage.

Design and Construction of the Scheme

The project will be designed by applying best practice in urban design and place-making and using good quality and durable materials. It will incorporate many measures that will generate a proficient sustainable proposal, including:

- Use of natural and heat recovery as part of the ventilation strategy where possible.
- Standards of thermal insulation and avoidance of leakage will be in excess of current building regulation standards where possible.
- Careful selection of building materials using the 'Green Guide to Materials' to minimise the impact on the environment.
- Early preparation and implementation of waste management during the construction period and when the scheme is in use – especially recycling/composting.
- Low cost in use on utility bills for future residents.

Financial case

The Financial case considers the budgetary, financial and affordability impacts of this approach.

Cost Savings

Revenue benefits to both LB Barnet and the host Council, LB Haringey will include:

- Community Infrastructure Levy
- Net Council Tax increase
- Temporary accommodation avoidance
- Wheelchair accessible homes

Current capital costs budget

The Council are in receipt of a grant allocation from the MHCLG to the value of £1,500,000. This grant funding is to enable the Council to obtain a Planning consent by the end of March 2020.

The grant is contingent upon the land being owned by the local authority, the release of the land by 2020 and producing proposals that are deliverable.

There is the potential requirement to return the MHCLG revenue grant if planning consent is not granted by March 2020. To mitigate this, an experienced project team has been appointed to ensure capacity and capability to meet the project milestones, as well as regular monitoring of the project plan by the Project Board. The project board will identify alternative funding streams should the MHCLG grant need to be returned.

As part of the process to prepare a development solution for the Pinkham Way site, a construction cost consultant will draft a cost plan for each design stage. This will be incorporated into a development viability appraisal, both of which would be presented at Outline Business case stage.

The budget allows for the following services:

- Architectural masterplanning and design
- Construction consultancy
- Surveys and site due diligence

Development viability appraisal

A development viability appraisal will also be completed at each design stage. These will assess the financial viability of delivering the project.

It should be noted that while the viability appraisal will demonstrate the feasibility of the scheme as a standalone project, it does not consider the significant financial benefits of providing additional affordable housing, which could include the reduction in costs associated with temporary housing.

Funding route

The Council's preferred funding route is to be determined and will be subject to approval at Outline Business Case stage by the Council's Policy & Resources Committee.

Management case

The management case provides the outline plan for programme management, governance, risk management and benefits realisation that will be required to ensure successful delivery. The project will follow the corporate project management guidelines, specifically around governance, reporting and risk management.

A Barnet Homes Senior Project Manager will oversee the project and be responsible for the day to day running of the project. They will be supported by a project manager. They will report to the Development Manager who will act as the client for the purpose of any development agreement and/or build contract.

The Senior Project Manager will be responsible for liaising between relevant parties and managing communications with residents, including arranging and facilitating consultation events. The Senior Project Manager will liaise with other departments within Barnet Homes and LBB as applicable to ensure the correct resource is available at the required timeframes.

Project delivery will be reported at the Project Board attended by representatives of LBB and Barnet Homes. Barnet Council as provider of land and project capital will receive regular financial and project monitoring information and more regular exception reporting should this be necessary.

Reporting to the Council, in line with the project management toolkit, will include:

- Overall progress against programme
- Financial progress against programme
 - Quarterly cost update
 - Cash flow

- Cost variations
- Viability updates and reviews
- Risk/issues profile updates

Benefits

Benefit Type	Description of the benefit	Who will benefit	Expected benefit value	Financial year that the benefit will be realised	Benefit Owner	How will the benefit be measured	Baseline value (£, % etc) and date
Benefit 1: Financial cashable Cost avoidance	A financial saving will be made through avoided costs, where Temporary Accommodation is not required for approximately 80 families.	Council	Up to £272,000 per annum	TBC	Paul Shipway / Susan Curran	Measured by comparing the cost per year to provide Temporary Accommodation	Cost of Temporary Accommodation 2017/18
Benefit 2: Financial cashable Council tax revenue	Council tax revenue from the 200 new dwellings.	Council/ LB Haringey	£211,433 per annum	TBC	Barnet Council	Calculated on an annual basis using Council tax rates	Using Council tax rates 2018/19 (band C)
Benefit 3: Financial	Potential land value and profit share for LBB	Council	TBC	TBC	Barnet Council	Measure sales values and land transaction receipt	N/A
Benefit 4: Non-financial Strategic	Maintain the supply of social housing provision	Council / LB Haringey/ those in housing	Provides occupation for approximately 80 new homes	TBC	Paul Shipway / Susan Curran	Measure occupancy rates	N/A

objective	within the borough and region	need					
Benefit 5: Non-financial Strategic objective	Improve the local environment	Residents / local community	Expected increase in customer satisfaction	TBC	Barnet Council	Measure resident satisfaction	N/A
Benefit 6: Non-financial Strategic objective	Integrate the proposed additional homes into the existing community	Residents / local community	Expected increase in customer satisfaction	TBC	Barnet Council	Measure resident satisfaction	N/A

3. Project Definition

Scope of the project

The scope of the project in this Strategic Outline Business Case is to progress proposals for the development of the Pinkham Way site.

Barnet Homes have been commissioned as Development Agent to lead this process on behalf of Barnet Council. Barnet Homes have appointed a professional team to draft an architectural masterplan, construction consultants to advise on the potential project costs and construction methodology as well as planning consultants and specialist surveys as required for a project of this size.

Site context

Pinkham Way is located just beyond the eastern boundary of the borough, within LB Haringey and bordering both London Boroughs of Enfield and Barnet. A portion of the site is owned by London Borough of Barnet while the other portion is owned by North London Waste Authority. The site falls within the administrative boundary of Haringey Borough Council.

This Strategic Outline Business Case relates only to the part of the site owned by Barnet Council.

The site has been identified as having potential for approximately 200 residential units. A number of these will be an affordable tenure product, in line with Barnet Council's Housing Strategy as well as Haringey Council's Planning policy.

The site is located close to the New Southgate Railway Station. It can be accessed on foot from within the grounds of Hollickwood Park. It is bordered by the North London Waste Authority's derelict sewage works as well as the Muswell Hill Golf Club and A406 to the north.

A number of land surveys have been completed. These identified the presence of contamination within the ground that would need to be identified, managed and removed as part of the construction process.

The completed surveys also identified areas of high-quality ecological importance. It is also a designated Site of Importance for Nature Conservation. This will need to be carefully considered so that affected areas are retained, enhanced and managed as part of any development proposal.

Other site constraints that will need to be identified during the pre-planning design process include:

- Access arrangements – there is currently only one accessible road into the site
- Metropolitan Open Land to the west of the site
- Noise from the A406 which could have implications for residential development on the site
- Presence of Japanese Knotweed that will need to be eradicated and disposed

4. Project Approach

Project plan and milestones

The indicative project plan for the scope included in this Strategic Outline Business Case is as follows:

Stage	RIBA stage 1 Preliminary feasibility study	RIBA stage 1-2 Options review	RIBA stage 2 Develop concept design		
Key dates	Complete	2019/20 Q1-2	2019/20 Q2	2019/20 Q3	2019/20 Q4

Milestones	<ul style="list-style-type: none"> Initial feasibility study complete Initial site surveys commissioned and completed DWLG enabling grant received 	<ul style="list-style-type: none"> Surveys extended where necessary Planning pre-application process commences Options appraisal cost and viability review 	<ul style="list-style-type: none"> Concept design developed Public consultation Concept design cost and viability review 	<ul style="list-style-type: none"> Prepare Planning application Further public consultation Submit Planning application On-going viability and cost review 	<ul style="list-style-type: none"> Resolution to Grant Planning consent received On-going viability and cost review Establishment of outline development and delivery strategy
-------------------	---	---	---	--	---

The latter stages of the project plan, subject to subsequent Outline Business Case approval, is as follows:

RIBA stage 3 Developed design	RIBA stage 4 Technical design	RIBA stage 5 Construction
2019/20 Q4 – 2020/21 Q2	2020/21 Q3-4	2021/22 Q1
<ul style="list-style-type: none"> Developed design progresses Tender pack prepared and issued Full Business Case approved by Assets, Regeneration & Growth and Policy & Resources Committees Development partner/contractor appointed 	<ul style="list-style-type: none"> Technical design completed Developer/contractor's lead-in period 	<ul style="list-style-type: none"> Start on site

5. Project Assurance

Project management

The project will be managed by Barnet Homes in accordance with the LBB Project Management toolkit, which has been adopted for the delivery of this scheme. It incorporates monitoring and controls to ensure the project is delivered effectively and that budgets and programme are maintained and reported through the appropriate channels.

Project controls

The Project Board consists of LBB Commissioners and the senior members of the Barnet Homes Development Team. The project board has responsibility for:

- Design sign-off at gateway reviews
- Monitoring the project programme
- Monitoring the project budget
- Reporting and reviewing progress
- Delivering project outputs and benefits
- Reviewing on-going viability reports and assessments of the project

The project will also be reported to Barnet Homes' Board. The Board will hear about the scheme's progress on site and handover and will monitor how the project is being managed.

The project team will be responsible for engaging with key stakeholders to ensure that all deliverables are delivered in line with service requirements and that the required quality standards are met.

7. Risks

Risk management

Primary risk management at Board level will be undertaken by the Barnet Homes' Development and Growth Board. Barnet Homes Development Team will produce regular 'Highlight Reports' for the Project Board Borough officers sit on the Project Board and receive regular updates through the Highlight Reports.

These documents set out the RAG-rated performance of the scheme, against the following categories:

- Time
- Cost
- Viability
- Quality
- Cashable and non-cashable benefits
- Resources

This RAG rating of key indicators allows for the Project Board to identify deviation and approve mitigating actions. A tracker of scheduled milestones also allows the Board to identify any delay to forecasted dates.

The Highlight Report also contains a summary of key risks and actions put in place to avoid and mitigate these risks. The Project Board determines risk

ownership. Current key risks, generally design-related and financial in nature, are presently owned by the Barnet Homes Development Team. Raising risks at the Project Board ensures the awareness of key partners, and enables risks to be allocated on a shared basis where appropriate.

The Highlight Report document seen by the Project Board communicates the impact and likelihood of residual risk (i.e. the modified risk after the application of internal controls) and the target risk. Based on this information, the Project Board determines the action to take to avoid or mitigate risks, or whether to escalate the risk higher.

Key project risks

RISK	PROBABILITY	IMPACT	TOTAL	ACTIONS TO MITIGATE
Not securing a resolution to grant planning consent by March 2020	4	5	20	Establishing a clear project plan for the planning process including structured and clear liaison with key stakeholders. Establishing a communications plan as early as possible for engaging with the local community and stakeholders. Early and continued engagement with the Haringey local planning authority. This includes discussions regarding the Haringey Local Plan for developing land for employment use. Good project management and timely decision by the project team and the Project Board.
Potential requirement to return the MHCLG revenue grant if planning consent not granted by March 2020	3	5	15	Appointment of an experienced project team to ensure capacity and capability. Regular monitoring of the project plan by the Project Board. Identifying alternative funding streams should the MHCLG grant need to be returned.
Identifying whether the project and development strategy is viable	3	4	12	Undertaking a development appraisal including robust cost and property values analysis. Identifying potential gaps and issues in the viability and strategy and highlighting potential risk mitigation measures to the project board including grant funding. Ensuring satisfactory technical work and surveys are undertaken to inform both the cost plan and design work. Ensure the design evolution is regularly tested and separate professional disciplines connect to ensure a holistic approach.
Over-spending on the costs to achieve a resolution to grant planning consent	3	4	12	Ensuring formal fee proposals are in place with all consultants and technical specialists and their progress and performance is regularly monitored and carefully project managed.

Stakeholder opposition to development	3	4	12	Ensuring a clear stakeholder engagement and consultation plan is prepared and delivered.
---------------------------------------	---	---	----	--

8. Dependencies and Relationships

Dependency	Description
Existing building survey and site information	The design proposals will rely upon robust survey information, such as the location of utilities and contamination.
Site assembly and legal title	The project will rely upon robust site assembly in terms of legal ownership and title.
Planning consent	In order to take up the MHCLG grant, there is a requirement to obtain Planning consent for the project by March 2020. Barnet Homes will continue to work closely with the Haringey Planners to ensure the proposals meet their requirements.
Financing arrangements	The scheme will require a funding and development strategy in order to enable it to proceed to construction. Any risk to the funding needs to be addressed at the earliest opportunity to prevent delay to the project.
Utilities and statutory services	There are a number of existing utility provisions. It is assumed these can be extended and modified to allow for additional homes to be added; detailed surveys will be carried out pre-contract to ensure capacity.
Stakeholder consultation and engagement	The key local stakeholders will be been consulted and engaged with throughout the process.

9. Approach to Equalities

The project team will take a proportionate approach to equalities by conducting an Equalities Impact Assessment. In all cases the decision maker should consider which groups with protected characteristics are likely to be affected, whether this is a large or small group and the level of impact; nil, minimal or significant.

The equality duties are a mandatory relevant consideration in decision-making. Equalities issues will form a central part of decision-makers consideration of project proposals and any subsequent policies. In considering the duties decision makers will consider the alternatives and all the countervailing circumstances including where appropriate the budgetary requirements. In considering any analysis completed, decision makers will consider the quality of the analysis in assessment when making their decision. Decision-makers will consider equalities at gateway reviews and as part of the Outline Business Case.

The Public Sector Equalities duty is a continuing one. Usually an Equalities Improvement Plan is used to outline the review process that considers the impact / cumulative impact of decisions implemented on groups with protected characteristics.

A full audit trail will be used to demonstrate that the council has considered and complied with their equality duties. Usually an Equalities Analysis form is used to record considerations. Proper record-keeping encourages transparency and we will publish analysis with relevant council papers.

10. Approach to Consultation

Consultation will be carried out where legally required. Consultation is required where an express statutory duty to consult exists. Duties to consult may also exist where at common law and where there is a legitimate expectation based on custom and practice or promise of consultation.

Findings from consultation will form a central part of decision-makers consideration of project proposals and any subsequent policies. In considering the findings decision makers will consider the alternatives and all the countervailing circumstances including where appropriate the budgetary requirements when making their decision.

The project team must recognise any statutory consultations linked to the project. In particular the project team will need to ensure the decision makers are given consultation findings including but not limited to the likely impact on any protected characteristics as defined in the Equality Act 2010.

A full Consultation and Engagement Plan will be used to demonstrate how the council has consulted with its citizens at various stages of the project life cycle, and a library of evidence for the findings will be kept by the project team. Proper record-keeping encourages transparency and we will publish consultation findings with relevant council papers.

Prior to the planning application being submitted to London Borough Haringey (which itself will be subject to consultation), pre-application consultation will be undertaken in accordance with Haringey's adopted processes.

Document Control

Record the information relevant to this document in this section

File path	Pinkham Way – Strategic Outline Case FINAL
Reference	
Version	1.0
Date created	19 February 2019
Status	

Document History

If the document has been altered or amended please track the versions and changes in this section

Date	Version	Reason for change	Changes made by
19 February 2019	1.0	First draft	

Distribution List:

Enter the names of the people or groups that the document has been sent to, their role and when

Name	Role	Date

Approvals:

By signing this document, the signatories below are confirming that they have fully reviewed the Project Brief including Strategic Outline Case (SOC) for the Pinkham Way project and confirm their acceptance of the completed document.

Name	Role	Signature	Date	Version
Cllr Daniel Thomas	Committee Chairman		13 March 2019	
Cath Shaw	Chief Officer		14 March 2019	
Louise Middleton	HB Public Law		14 March 2019	
Gary Hussein	Finance		15 March 2019	
Salar Rida	Governance		14 March 2019	

Enter the names of the people and their roles who need to sign this document in order to show agreement with the brief's proposal, with space for them to sign it

This page is intentionally left blank



Do not scale from drawings unless by agreement with HTA. Use figured dimensions only.
Check all dimensions on site prior to commencing the works. Drawing to be read in conjunction with other relevant consultant information.

This drawing is the copyright of HTA Design LLP and must not be copied or reproduced in part, or in whole, without the express permission of HTA Design LLP. Drawing to be read in conjunction with specification.

Key

Land in LB Barnet's Ownership

05.03.19 DNA Land owned by BL Barnet

Rev Date Drawn Description

Status

FOR INFORMATION

client / project

BARNET HOMES
Pinkham Way

drawing title

Land in LB Barnet's Ownership

drawing number

HTA A DR 011

scale @ A1

1:1000

HTA Design LLP

www.hta.co.uk

London | Edinburgh | Manchester | Bristol

revision

-

project code

LBB-PIN

ht

This page is intentionally left blank



Assets Regeneration and Growth Committee

25 March 2019

Title	Brent Cross Cricklewood Update Report
Report of	Councillor Daniel Thomas
Wards	Childs Hill, Golders Green and West Hendon
Status	Public
Urgent	No
Key	No
Enclosures	None
Officer Contact Details	<p>Cath Shaw, Deputy Chief Executive, cath.shaw@barnet.gov.uk</p> <p>Karen Mercer, Programme Director Re, Karen.Mercer@barnet.gov.uk, 0208 359 7563</p>

Summary

This report provides a progress update on the comprehensive regeneration of the Brent Cross Cricklewood (BXC) area since the last Committee meeting on 27 November 2018, with particular regard to the Revised Funding Agreement (RFA) agreed with HM Government (HMG) to enable the Brent Cross Thameslink scheme to proceed.

Officers Recommendations

That the Committee:

- 1) notes the progress made across the scheme since the last committee on 27 November, including the entering into the Implementation Agreement Contract with Network Rail (paragraph 1.2); agreement of a revised funding package for the Thameslink Station and critical infrastructure and

the commissioning of Schedule 2 (Rail Systems and Sidings) works as set out in paragraph 1.9; entering into contract with Grahams in respect of the Train Operating Compound, (paragraph 1.19) and Waste Transfer Station enabling and demolitions works (paragraph 1.22), and the required Asset Protection Agreement with Network Rail (paragraph 1.19)

1. WHY THIS REPORT IS NEEDED

- 1.1 This report updates on progress since the last Committee meeting on 27 November 2018, with particular regard to the Revised Funding Agreement (RFA) with HM Government (HMG) to enable the Brent Cross Thameslink (BXT) project to be proceed.
- 1.2 Following approval by this Committee on 27 November 2018 and then subsequently Policy and Resources (P&R) Committee on 11 December 2018 and Full Council on 18 December 2018 to proceed with the station project (BXT), the council entered into the Implementation Agreement (IA) with Network Rail to deliver the Rail Systems and Sidings and instructed the Schedule 1 Site Setup works (which are now underway); and commenced an OJEU procurement for the station platforms and station access / pedestrian bridge. The links to the reports are included within section 6.
- 1.3 Full Council also delegated to the P&R Committee the decision to commission the Part 2 (Rail Systems and Sidings) works provided: (a) the RFA has been agreed with HMG; and (b) that the RFA does not expose the council to unacceptable risk having regard to the updated financial tests approved by P&R on 11 December 2018. Full Council also noted that the final RFA and any consequential capital budget approvals required would be reported to the Committee on 20 February 2019.

Update on Revised Funding Agreement with HMG

- 1.4 The report to the P&R Committee on 20 February 2019 set out progress on the RFA with HMG. The link to that report is included within section 6.
- 1.5 The key points are summarised as follows.
 - a) The council submitted an update to the 2016 HMG approved BXC Full Regeneration Business Case (2019 FBC) to Ministry of Homes, Communities and Local Government (MHCLG) on 30 January 2018. This took into account the substantial scheme development since February 2016 and the changes in delivery responsibility associated with BXN Partners decision to defer start on site. The 2019 FBC updated the strategic, economic, financial, commercial and programme cases, with regard to value-for-money and the level of risk in line with the letter from MHCLG dated 11 December (and appended to the report to Full Council on 18 December 2018). The 2019 FBC established a benefit cost ratio of 2.6:1 with jobs and 2.2:1 without jobs based on a south side only scheme, confirming that the project continues to provide value for money. The reports to P&R on 11 December and Council on 18 December, and the business case submitted to MHCLG, identified the preferred funding option as HMG forward funding and investment in the station to unlock 7,500 new homes in

return for 100% of the ringfenced local share of business rates growth for an agreed period, (Option 1, paragraph 1.17 P&R, 11 December 2018).

- b) The Business Case was considered by the MHCLG Investment Sub-Committee (ISC) on 6 February 2019. The Panel concluded that the BXC programme continued to meet their investment requirements and indicated that financial support will be provided through an additional grant of £319.5m.
- c) The 2019 FBC is based on a) the total BXT anticipated final cost of £365m (2016 prices inflated) to acquire the necessary land and deliver the Rail Systems and Sidings, Station platforms and station access / pedestrian bridge, Train Operating Compound (TOC) and new Waste Transfer Station and highway works; and b) the BXC core critical infrastructure totalling £55m, which is now being delivered by the council and Brent Cross South through the revised delivery strategy.
- d) The costs associated with the rail systems, sidings, TOC and station elements have been reviewed by external costs advisors Currie and Brown who have confirmed that the costs within the Anticipated Final Cost (AFC) are appropriate. An allowance for risk has been made for each project at an appropriate level based on a quantified risk assessment and a separate contingency budget is held within the council. The total funding investment required in the RFA is £419.47m, including the £97m grant agreed in 2016.

1.6 As the details of the RFA had not been finalised by 20 February 2019, the P&R Committee unanimously agreed to amend Recommendation 3 of that report to delegate to the Chief Executive, in consultation with the Chairman of the Policy and Resources Committee, approval of the Revised Funding Agreement agreed with HM Government having regard to the revised financial tests set by this Committee on 11 December 2018 for the council to assure itself that the prudential code can be satisfied so that the council can make the required capital commitment to deliver the Thameslink Station.

1.7 On 6 March 2019, the Minister of State for Housing confirmed in writing to the Chief Executive that HMG will provide grant funding to enable the station project to proceed.

1.8 The RFA now has the following key characteristics:

- (i) Government will meet the council's costs of delivering the Thameslink up to the value of £419.5m – an addition of £319.5m over the £97m already granted. This is in addition to £2.9m of business rates previously provided by the GLA.
- (ii) This will be in the form of a partially repayable grant, to be drawn down monthly on evidence of spend.
- (iii) The grant is conditional on meeting key project milestones, and HMG retain the right to clawback the grant if these milestones are not met. This is in line with the terms of the existing £97m grant.
- (iv) The grant will be repayable, as set out in (v) and (vi) below.

- (v) The current ring-fence, which sets aside the growth in business rates from the expansion of Brent Cross Shopping Centre, will remain in place. Rather than using income to repay borrowing, the council will use it to repay the grant.
 - (vi) HMG will receive 50% of LBB profits from the Brent Cross South scheme (i.e. those arising from land receipts and joint venture surpluses) on a phase by phase basis, side by side with the council, and verified by independent RICS advisors. This condition reflects that the south side business rates will no longer be used to fund BXT.
 - (vii) The council will not be liable to repay the grant beyond the return of business rate growth to Government and 50% of the south side surpluses, unless it breaches the terms of the grant agreement.
 - (viii) That the council work with HMG to minimise the impact on government finances and ensure that the BXC project has a positive, or no more than a de minimis negative, effect on the overall balance sheet.
- 1.9 Having reviewed and evaluated the terms of the RFA against the revised financial tests set by the P&R Committee on 11 December 2018, the Chief Executive, in consultation with the Chairman of the Policy and Resources Committee is satisfied that the RFA does not expose the council to unacceptable risk and has approved the commissioning of Schedule 2 (Rail Systems and Sidings) works as delegated by the Policy and Resources Committee on 20 February 2019.
- 1.10 The link to the Delegated Powers Report is found at <http://barnet.moderngov.co.uk/ieDecisionDetails.aspx?ID=7163>. This report was shared in draft with all Members of the Assets, Regeneration and Growth and Policy and Resources Committees prior to approval.
- 1.11 As MHCLG has confirmed the terms of the RFA in writing, the council can now commission the Part 2 Rail Sidings and Station works to maintain the station May 2022 opening date. The RFA will be completed by the end of March 2019, and will be the subject of a separate DPR.

BXC Programme Wide Progress Update

- 1.12 The Committee is also asked to note the following programme wide progress update
- 1.13 Hammerson issued their end of year results on 25th February along with a media presentation. Whilst there was no confirmed start on site, BXN re-confirmed their commitment to working with the council and Argent Related in ensuring the wider scheme can continue ahead of BXN.
- 1.14 The council has concluded the legal negotiations with the Brent Cross North (BXN) Development Partners Hammerson and Aberdeen Standard (HASI) in respect of the revised delivery strategy so that the council and Brent Cross South (BXS) can bring forward the necessary core critical infrastructure to deliver the first phases of BXT and BXS. These works relate to delivery of the replacement homes for the Whitefield Estate, highway works and power/utilities with associated land assembly and will enable BXS and the station project to be delivered ahead of BXN. In this regard, this Committee has

delegated to the Deputy Chief Executive in consultation with the Chairman of the Committee to finalise the revised delivery strategy and agree the detail of the consequential changes required to a) the Brent Cross Property Development Agreement and Co-operation Agreement, CPO indemnity agreement and Grant Agreement and associated commercial documentation; and b) the BXS Project Agreement. The legal documents with BXN are currently being finalised and will be entered into in due course

- 1.15 The required planning submissions to support the revised delivery strategy and construction sequencing will be submitted for consideration to the Local Planning Authority by the end of March 2019.

Brent Cross South

- 1.16 The BXS Reserved Matters Planning Applications for Plot 11 was unanimously approved at planning committee on the 4 March along with the associated highways drop-in application. A further RMA for Plot 13 is under review and is expected to be considered at the April planning committee.
- 1.17 The council is continuing to assemble the land within the Claremont Industrial Estate so that the BXS site preparatory works can commence. Vacant possession of the Estate is close to being achieved.
- 1.18 BXS is in negotiations with Homes England to secure funding for use in delivering both physical and social infrastructure to accelerate development. An update will be provided to a future meeting of the Committee and required approvals sought.

Thameslink

- 1.19 The BXT Early Works for the Thameslink Sidings, which included invasive species removal and ground remediation to allow the start on site of the new sidings development and TOC compound, was completed in early 2019. The council have entered into contract with the council's framework contractor Graham's to deliver the TOC compound and fuel farm that forms part of the Thameslink sidings work package. As part of this delivery the council has also entered into an Asset Protection Agreement (APA) with Network Rail to ensure the operational railway is protected during this work. This work was originally part of the Implementation Agreement with Network Rail but was split out in line with the updated procurement strategy reported to Policy and Resources committee on 11 December. Construction on the TOC is due to start imminently.
- 1.20 Following approval at Policy & Resources Committee on the 11 December, and Full Council on the 18 December, the council entered into Part 1 of the Implementation Agreement to deliver the Rail Systems and Sidings work package with Network Rail on 21 December 2018. Site set up is now complete. The weekend 10/11 March marked a key milestone on the programme - the first rail possession in which Network Rail and Amey made alterations to the railways track and signalling equipment as part of the staged works to bring into use the newly constructed railway sidings by the end of the year.
- 1.21 The council / Re teams are currently evaluating the Selection Questionnaire's (SQ) received following the issue of the OJEU Notice on 1 February 2019 to select a contractor for the delivery of the station platforms and station / pedestrian access bridge.

Nine responses have been received from a mix of large and small contractors. It is anticipated that up to three contractors will be selected to proceed to the Invitation to Tender stage in April. The tender process is set to last 8 months with a recommendation due to be considered by this Committee in September 2019, with contract award by October 2019.

- 1.22 Contract negotiations are ongoing with Grahams, the council's framework contractor, to deliver the new Waste Transfer Station. The contract is due to be agreed by 9 May (Sub-Structure Only) with work due to commence on 29 May 2019. Vacant possession of the Selco building has been secured, and enabling & demolitions contract with Grahams signed on 2 January 2019 for works due to begin within the next two weeks.
- 1.23 The council has also commissioned the design integration study in respect of the West Orbital route and will be reported to the Committee prior to the submission of the station reserved matters application in early summer.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The comprehensive regeneration of Brent Cross Cricklewood is a long-standing objective of the Council and a key regeneration priority of the Mayor of London. The details of the scheme are set out in previous update reports to this Committee, including the report to the November 2017 meeting, which can be accessed on this link:
<http://barnet.moderngov.co.uk/documents/s36613/121216%20-%20Final%20Draft%20BXC%20Update%20ARG%20Report%20v3.pdf>

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

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

4. POST DECISION IMPLEMENTATION

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

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

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

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

Budget Monitoring

- 5.2.1 The council has put in place procedures to ensure the effective monitoring of the financial performance of the BXC Programme. The BXC Governance Board comprising senior officers of the council, including the Chief Executive and the Director of Finance, receives a detailed report each month setting out the financial performance of the BXC Programme. This report includes a breakdown of the performance against the approved budgets and details of the individual Officers responsible for managing the budgets included within the BXC Programme.

Land Acquisitions

- 5.2.2 The approved budget for land acquisition to facilitate the BXC programme in 2018/19 and future years is £37.482m split £22.355m in 2018/19 and £15.124m in 2019/20.
- 5.2.3 To date this year, £20.0m has been spent acquiring strategic sites to enable the development of the Brent Cross South area by the JVLP.

Thameslink Station and Critical Infrastructure

- 5.2.4 As stated in this report, the council has agreed with HMG the revised funding solution to support the delivery of the Thameslink station and other critical infrastructure to facilitate the regeneration of the BXC area and the delivery of the 7,500 new homes.
- 5.2.5 The approved budget in the capital programme is £365m for BXT, and £55m for core critical infrastructure, totalling £419m for Brent Cross Cricklewood. The spend profile across financial years is as follows:

Spend Profile by year (£m)	Cumulative to end of FY18/19	19/20	20/21	21/22	22/23	TOTAL £M
Thameslink	87.24	181.54	61.43	29.11	5.15	364.47
Critical Infrastructure		12.2	42.8			55.00
TOTAL						419.47

- 5.2.6 Spend to date (including expenditure committed but not yet paid) is £79.17m and anticipated spend to 31 March is £87.24m.
- 5.2.7 The Thameslink works, including land acquisitions and the core critical infrastructure is contained within the council's capital programme and funded by the MHCLG grant and new homes bonus. To date £99.7m has been claimed from MHCLG to fund project costs and land acquisitions.

Brent Cross North/London

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

Brent Cross South

- 5.2.9 As previously reported, the council has agreed to provide funding of £23m to the council's Joint Venture Limited Partnership with Argent Related (the JVLP) to provide infrastructure to facilitate the development of the southern area. The details of that facility are currently being finalised.

Social Value

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

5.3 Legal and Constitutional References

- 5.3.1 The council's Constitution, Article 7.5 responsibility for function, states the functions of the Assets, Regeneration and Growth Committee, includes responsibility for regeneration schemes and asset management.

5.4 Risk Management

- 5.4.1 Risk management has been applied across all levels of the programme. As reported to Committee in September, owners and mitigation plans are identified and risks are measured against impact and likelihood to give an overall rating. High rating risks are escalated and reported through the defined reporting procedure with top risks reported to BXC Governance Board. Currently the key risks and mitigations are summarised below:
- 5.4.2 Programme and funding – There is a risk that BXN does not progress or that planning dates are not achieved across the programme. This risk has been significantly mitigated through the Revised Funding Agreement with Government.
- 5.4.3 Station Delivery Date – there is the risk that the May 2022 station opening date cannot be achieved. This would result in additional costs due to programme prolongation as the earliest viable opening date would be December 2022 due to restrictions on timetable changes. This could be later depending on other works on the railway. Railway possessions are already being booked. To mitigate this risk there are project and programme review boards in place that regularly monitor and challenge deliverables at all levels. Specific project risks are identified and managed at the work package level with clear owners and mitigation plans for each. Any risk that results in an impact on a key milestone is reviewed by the programme team and BXC governance board taking into consideration time and cost implications alongside impacts on BXS given the interdependencies and criticality of delivery of the station on the BXS programme.
- 5.4.4 Thameslink delivery costs – as with all major programmes there is the risk that costs will increase during programme delivery. The council/Currie and Brown have undertaken an independent review of the Network Rail cost estimates. BXT/Currie and Brown have now endorsed the Target Cost Estimate between NR/Amey in respect of the Rail Systems and Sidings works as required before commissioning of the Schedule 2 works of the NR Implementation Contract signed on 21 December 2018. The contract between the Council and NR is an Emerging Cost contract. As indicated in previous reports, all emerging cost contracts entered into will require strong contract management to ensure

all costs incurred are reasonable. As part of the signed IA the council will have open book access to all of Network Rail's financial information relating to invoiced costs incurred on the programme. This will extend to Network Rail contractors where an emerging cost contract is in place. As referred to in the report to ARG in November 2018, the council also has the right (subject to notice and personal safety) to access the site and attend meetings.

5.4.5 The most important control mechanism for the council is to employ experienced staff who will provide diligent review and challenge of the NR cost base, and reject any costs which are not reasonably and properly incurred. The council's Client and Re Thameslink delivery team comprises professionals used to working on the railway within Network Rail and are experienced in delivering large railway projects. The challenge to NR will need to operate at several levels, including:

- a. A full-time site presence that stays abreast of issues that arise on site, and monitors the detail and impact of any events, or failure to meet programme milestones, quality standards etc. The site team/person will also systematically log these events/issues and share this information with NR.
- b. Whilst it will always be difficult to isolate costs associated with NR/Contractor failure, from genuine cost, it is important that NR are discouraged from passing on contractor valuations without themselves challenging whether a deduction should be made to take account of notified failures.
- c. Attendance at key NR meetings. This is in addition to the role set out in (a), targeting any issues which may not have been picked up by the site based teams, but for the same purpose as (1).
- d. A strong commercial challenge that scrutinises and interrogates any unexpected costs which emerge during the pre-invoice (valuation) process, and repeats this when the main invoices are submitted.

5.4.6 The Council is in control of the TOC, waste, highways and station programmes. It is the rail systems and sidings through Network Rail that carry the greater risk. The council has put in place an experienced team to ensure robust cost management processes are in place across the programme and ensure early warning signs of any divergence from the AFC are identified and mitigation plans put in place, and escalated if necessary, to manage the outturn cost. DfT are in a position to influence if necessary given DfT's relationship with NR. BXT costs will be reported to and monitored regularly by the Council as well as the Government Assurance Board, who will review and agree any contingency plan.

5.4.7 Residential – There is a risk that further delays to the BXN development will lead to uncertainty for residents and business owners who are being affected by the development either through relocation or disruption from construction activities. This is being mitigated through many communication activities and resident steering groups that have been setup specifically to keep affected parties up to date with the latest programme dates.

5.4.8 Economic – There is a risk that the prevailing economic position for the traditional retail sector will continue. This could result in reduced demand for retail space and

administration to existing retailers. To mitigate this the BXS development partners are exploring a diversification of offer for BXS. Wider macro-economic shocks may also impact the residential and office markets in London.

- 5.4.9 Planning – There is a risk that the BXN Partners do not meet the timescales established in the s73 Permission. To mitigate this the regeneration team are exploring ways in which the planning permission can be amended to enable BXS and BXT to be delivered ahead of BXT.

5.5 Equalities and Diversity

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

5.6 Corporate Parenting

- 5.6.1 None in the context of this report.

5.7 Consultation and Engagement

Revised Funding Agreement

- 5.7.1 MHCLG Secretary of State James Brokenshire announced MHCLG investment In BXC on 14 March 2018. The press release can be accessed using the link below:

<https://www.gov.uk/government/news/brokenshire-announces-570-million-to-deliver-london-housing-near-transport-links>

- 5.7.2 The Council subsequently issued a press notice welcoming the grant funding which is here:

<https://www.barnet.gov.uk/news/new-station-brent-cross-be-catalyst-thousands-new-homes>

BXC Programme wide

- 5.7.3 The council is continuing to work closely with development partners in reviewing the overarching Brent Cross Cricklewood communications strategy to align with the receipt of the further government grant to enable the council to build the new Brent Cross West station. This has provided an opportunity to reassess how community consultation and engagement is carried out and to seek a formal restructuring of efforts for the benefit of members, stakeholders and the wider community.
- 5.7.4 The BXC communications strategy will include protocols for benefit delivery, construction communications to keep residents and neighbouring communities informed of impactful works, community liaison requirements of each contractor, Considerate Constructors

Scheme obligations and a clear route for residents' queries to be addressed.

- 5.7.5 A first meeting between development partners and contractors working on the BXC programme and residents on the east side of the Midland Mainline who will be most impacted by the first main construction works was held on 7 February at Claremont Community Church. The BXT team presented information on the sidings and rail systems works with partners Network Rail and contractor Graham explained the works due to start for the driver accommodation block. London and Quadrant set out their illustrative construction programme for construction of replacement homes for Whitefield estate residents affected by CPO1. Demolition of the Claremont industrial estate and associated tree works were explained by Argent Related who are carrying out the works on behalf of the council. More information can be found [here](#).
- 5.7.6 A schedule of briefings for councillors is due to be reactivated in the Spring through the shareholder working group and all member briefing sessions to update on progress periodically particularly in advance of key committee papers being published and more regular written briefings.
- 5.7.7 The BXC partner communications group will be meeting regularly to plan ahead as the programme enters delivery stage and is assessing and developing the appropriate channels to ensure the most up to date and relevant information is available. A new one stop Brent Cross Cricklewood website is in development and expected to be launched in the spring along with supporting standalone social media feeds with ability to sign up to regular e-newsletters.

Brent Cross London

- 5.7.8 Hammerson announced its end of year results on 25 February 2019 confirming that the expansion of the Brent Cross shopping centre would remain deferred until there was more certainty in the UK retail market. Their presentation to shareholders is [available](#).
- 5.7.9 Their statement issued in response to their involvement with Brent Cross Cricklewood regeneration programme said:
- "The team continues to work closely with our development partners, Barnet Council and Argent Related, to advance the wider Brent Cross Cricklewood regeneration programme and progress outstanding issues in preparation for future delivery. Both Hammerson, and our joint venture partner Aberdeen Standard Investments, remain committed to Brent Cross and recognise its significance as a leading London destination."*
- 5.7.10 Work is progressing to develop a full communication and engagement strategy to support the future transition of Whitefield estate residents affected by CPO1 from the estate, into their new homes and also to engage the community they are moving too on Brent Terrace.

Brent Cross South

- 5.7.11 The community liaison manager for Argent Related has been meeting with key resident/community group representatives on the east side of the Midland Mainline to gain insight for the BXS community engagement plan. This will include promotion and

delivery of the Employment and Skills Action Plan which will unlock the section 106 funding for employment and training opportunities offered by the regeneration of BXS. It will also include a modest programme to support community generated initiatives which will require community involvement.

- 5.7.12 The BXS community liaison group continues to be the primary forum for community leaders to attend and input into the shaping of the future community and progressing works which will have the aim once fully established, of meeting every two months. Going forward, this should include proactive council support in addressing existing residents' concerns on outstanding issues in the local area.
- 5.7.13 The council and Argent continue to work together to ensure the most effective and coordinated way to share information with key stakeholders and residents and to seek their input in good time.
- 5.7.14 There has been a longstanding commitment to bring forward a programme of community projects across the BXS impact area starting later in 2019. Work is continuing to develop the governance of this process for residents to input on what they view as priority and options to assist funding is currently being development.

Brent Cross Thameslink

- 5.7.15 Work has begun onsite with mobilising works for the sidings rail systems and driver accommodation block. Letters have been issued to lineside neighbours to set out the forthcoming programme of works including the piling work for rail systems which will be taking place overnight starting next month. Residents have asked for further information to be aware before works begin.
- 5.7.16 In follow up to the meet the contractors meeting on 7 February, Brent Terrace residents met with the BXT team at the Cricklewood site office. They received a presentation on the impact of the most disruptive works and the proposed mitigation measures BXT would put in place for noise, movement of construction vehicles, air quality etc. The residents were taken on a tour of the site to view progress already made with the early works clearing invasive species and preparing the site for installation of the new driver accommodation block which is closest to Brent Terrace properties.
- 5.7.17 Each project/contractor has appointed a community liaison officer to deal with community inquiries. A named individual has been identified by Network Rail (contractor Amey) for sidings rail systems; for construction of driver accommodation (contractor Graham); waste transfer station (contractor Graham).
- 5.7.18 A separate community liaison officer will be appointed to support the construction of the station once the contract is awarded in the autumn.
- 5.7.19 All contractors are required to sign up to the Considerate Constructors Scheme and to abide by the requirements for community engagement and acting as a good neighbour during construction.
- 5.7.20 BXT is developing a project communications plan which sit as an appendix to the BXC regeneration communications strategy.

Brent Cross West Station

- 5.7.21 A press notice was issued to support the launch of the procurement competition seeking a delivery partner for the construction of the new Brent Cross West station. This was amplified via Barnet Council's social media channels.
- 5.7.22 The RMA for the station will be submitted in summer 2019. In advance of that, BXT as the applicant will undertake public consultation events on the plans to be submitted for consideration by the LPA. Once submitted to the LPA, the statutory consultation through the Barnet Council planning portal will go live for 28 days. Currently, two public events are currently planned for:
Wednesday 3 April 5-9pm at Whitefield School
Thursday 4 April 10am-4pm at Clayton Crown Hotel
- 5.7.23 On 24 January, the BXT team presented to the Consultative Access Forum (CAF) on the issue of accessibility of the new station. This included addressing seating, signage, hearing loop and step free access. BXT consultation events in summer 2018 highlighted the issue of level access for the station and the public perception that a new station in between existing Hendon and Cricklewood stations, which are not fully step free, should aim to provide fully independent and accessible travel.
- 5.7.24 BXT conveyed the intention to undertake a feasibility study to examine the technical, engineering and rail regulation options around level access from pavement to train and invited members of the CAF to participate in the study. BXT will reengage with CAF prior to submission of the planning application.
- 5.7.25 A feasibility study, previously approved by ARG, is also progressing to examine the future integration of the West London Orbital which continues to attract residents' interest.

Waste Transfer Station

- 5.7.26 The first [newsletter](#) to highlight the forthcoming construction programme of the waste transfer station has been issued to nearby residents. The newsletter includes contact details for the community liaison officer with works due to commence soon after 18 March.
- 5.7.27 Hoardings have been erected to surround the site during construction. They will be dressed with the BXC branding and key messages to help convey the benefits that the scheme will deliver.

Rail Freight Facility

DB Cargo, operators of the Rail Freight Facility, are required to provide an integrated communication plan as part of their implementation agreement. After a hiatus of public engagement, DB Cargo is beginning to re-engage with residents on proposal for the redesign of the bund to be erected close to the Railway Cottages and their construction programme.

6 BACKGROUND PAPERS

- 6.1 Assets, Regeneration and Growth Committee, 27th November 2018, Brent Cross Cricklewood Update Report
<http://committeepapers.barnet.gov.uk/documents/s49849/Brent%20Cross%20Cricklewood%20Update%20Report.pdf>
- 6.2 Policy and Resources Committee 11 December 2018 Brent Cross Funding
<https://barnet.moderngov.co.uk/documents/g9460/Public%20reports%20pack%2011th-Dec-2018%2019.00%20Policy%20and%20Resources%20Committee.pdf?T=10>
- 6.3 Full Council 18 December 2018 Brent Cross Cricklewood Update Report
<https://barnet.moderngov.co.uk/documents/g9454/Public%20reports%20pack%2018th-Dec-2018%2019.00%20Council.pdf?T=10>
- 6.4 Policy and Resources Committee 20 February 2019 Brent Cross Funding
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=9461>

**London Borough of Barnet
Assets, Regeneration and
Growth Committee Forward
Work Programme
April 2019 - July 2019**

Contact: Abigail Lewis abigail.lewis@barnet.gov.uk 020 8359 4369

Title of Report	Overview of decision	Report Of (<i>officer</i>)	Issue Type (Non key/Key/Urgent)
13 May 2019 – Reserve meeting			
13 June 2019			
Regeneration Strategy Update	An update on the Emerging themes and evidence base of the Regeneration Strategy	Deputy Chief Executive	Key
Golders Green Town Centre Strategy	To receive a report on the proposed Golders Green Town Centre Strategy.	Deputy Chief Executive	Key
Annual Growth and Regeneration Report	To receive the annual growth and regeneration report.	Deputy Chief Executive	Key

AGENDA ITEM 19

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank