

MEETING

ASSETS, REGENERATION AND GROWTH COMMITTEE

DATE AND TIME

MONDAY 16TH SEPTEMBER, 2019

AT 7.00 PM

VENUE

HENDON TOWN HALL, THE BURROUGHS, LONDON NW4 4BG

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

Chairman: Councillor Richard Cornelius

Vice Chairman: Councillor Sarah Wardle

Councillors

Councillor Daniel Thomas Councillor Gabriel Rozenberg Councillor Kath McGuirk	Councillor Peter Zinkin Councillor Ross Houston Councillor Alex Prager	Councillor Geof Cooke Councillor Sara Conway
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Substitute Members

Councillor Paul Edwards

Councillor Alison Moore

Councillor Nizza Fluss

Councillor Laithe Jajeh

Councillor Thomas Smith

Councillor Anne Clarke

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 the 11th September at 10AM. For further information around the procedure for submitting questions please read Article 3 of the Council's Constitution:

<https://barnet.moderngov.co.uk/ecSDDisplay.aspx?NAME=SD330&ID=330&RPID=660240150>

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

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Decisions of the Assets, Regeneration and Growth Committee

13 June 2019

Members Present:-

AGENDA ITEM 1

Councillor Richard Cornelius (Chairman)
Councillor Sarah Wardle (Vice-Chairman)

Councillor Daniel Thomas	Councillor Geof Cooke
Councillor Gabriel Rozenberg	Councillor Sara Conway
Councillor Peter Zinkin	Councillor Kath McGuirk
Councillor Ross Houston	Councillor Alex Prager

1. MINUTES OF THE PREVIOUS MEETING

RESOLVED that the minutes of the meeting held on the 25th March 2019 be approved as a correct record.

2. ABSENCE OF MEMBERS

None.

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

Councillor Wardle declared a non-pecuniary interest in relation to item 7 – End of Year Performance Report - by virtue of being a resident of West Hendon Estate and her employer carrying out activities on behalf of Barrett.

Councillor Wardle declared a non-pecuniary interest in relation to item 10 – The Annual Regeneration Report - by virtue of her employer carrying out activities relating to parts of the regeneration in the borough.

Councillor Houston declared a non-pecuniary interest by virtue of being a council appointed member of the Barnet Group Board.

4. REPORT OF THE MONITORING OFFICER (IF ANY)

None.

5. PUBLIC QUESTIONS AND COMMENTS (IF ANY)

Details of the public question and response were circulated in advance of the meeting. An oral response was given to the supplementary questions at the meeting.

6. MEMBERS' ITEMS (IF ANY)

None.

7. END OF YEAR PERFORMANCE REPORT 2019/20

The Director of Growth introduced the End of Year Performance report which provided an annual overview of the Assets, Regeneration and Growth Committee priorities in the corporate plan 2018/19, including budget out-turns, performance on activities and key indicators and any high-level risks.

Following consideration of the item, the Chairman moved to vote on the recommendations as set out in the report. The Committee unanimously agreed the following recommendations:

RESOLVED that:

The Committee review the financial, performance and risk information for EOY 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.

8. 22 EDGEWORTH AVENUE, NW4

The Director of Growth introduced the report, which notified the Committee that the property 22 Edgeworth Avenue, London, NW4 was compulsorily purchased pursuant to a report to the Cabinet Resources Committee in December 2008, however following legal challenges, appeals and further evaluation of options for the future use of the property, the most viable option identified was to sell the property at public auction.

Following discussion of the item, the Chairman, seconded by Councillor Wardle proposed to amend recommendation 1 of the report to the following:

That the Assets, Regeneration and Growth Committee authorise the sale by public auction or by private tender as appropriate, of the property identified as 22 Edgeworth Avenue, London NW4 4EH and authorise the Deputy Chief executive to agree the final terms of the sale having regard to the best of interests of the Council.

Votes on the amendment to recommendation 1 of the report were recorded as follows:

For	7
Against	0
Abstain	3

Following further consideration of the item, the Chairman moved to vote on the recommendations as set out in the report, including the change to recommendation 1 as outlined above.

The Committee unanimously agreed the following:

RESOLVED that:

1. That the Assets, Regeneration and Growth Committee authorise the sale by public auction or by private tender as appropriate, of the property identified as 22 Edgeworth Avenue, London NW4 4EH and authorise the Deputy Chief executive to agree the final terms of the sale having regard to the best of interests of the Council.

2. That the proceeds of sale are returned to the Council's Capital Programme (Empty Property Project).

9. UPPER AND LOWER FOSTERS REPORT

The Director of Growth introduced the report on Upper and Lower Fosters sites, seeking approval of the Outline Business Case to deliver 217 additional mixed tenure homes.

Following consideration of the item the Chairman, with unanimous agreement of the committee moved the motion to amend recommendation 3 of the report to the following:

That the committee (1) approves the Outline Business Case appended to this Report and (ii) notes that the Full Business Case (FBC) for this development and (iii) chooses the preferred delivery option which will be brought to Committee at a later date for approval.

The Chairman then moved to vote on the recommendations as outlined in the report, including the amendment to recommendation 3 as outlined above.

The Committee unanimously agreed the following:

RESOLVED that:

1. That the committee notes the progress of the Upper and Lower Fosters Scheme to date.

2. That the committee notes the capital budget required to progress the Upper and Lower Fosters scheme to RIBA stage 4a and that this is referred to the Policy and Resources Committee for approval.

3. That the committee (i) approves the Outline Business Case appended to this Report and (ii) notes that the Full Business Case (FBC) for this development and (iii) chooses the preferred delivery option which will be brought back to Committee at a later date.

4. That the Committee approves the procurement strategy set out in this report and report back the final contract sum in the FBC.

10. ANNUAL REGENERATION REPORT 2018-19

Officers introduced the Annual Regeneration Report which updated the Committee on the current policy context for growth and development, regeneration scheme achievements, challenges and progress and an update on the closedown of the Stonegrove and Spur Road regeneration scheme.

The Leader thanked all the officers involved in the regeneration schemes over the past year and commented that there had been an immense amount of development and achievements in Barnet. The Chairman noted that a total of 2232 home has been built in Barnet in 2018.

Following consideration of the item, the Chairman moved to vote on the recommendations as set out in the report.

The Committee unanimously **RESOLVED** the following:

That Assets Regeneration and Growth Committee resolves to

1. Note the report.

2. Give the Deputy Chief Executive delegated authority to make any non-material changes to the attached Annual Regeneration Report.

11. GROWTH STRATEGY

The Director of Growth introduced the Growth strategy report which provided an update to the Committee on the new draft Growth Strategy. The strategy focuses on the

Council's role in driving forward growth, focusing on the areas that require intervention and ensuring growth will bring the greatest possible benefits to residents.

The Committee raised concerns about the provision of GP care in the West of the borough and how these would be dealt with. The Committee also commented on the growth of night time economy and the variation across the borough, with the need for the right mix of options to suit the residents. A distinction between evening and night time economy was also recommended.

Following consideration of the item, the Chairman moved to vote on the recommendations as set out in the report.

The votes were recorded as follows:

For	6
Against	0
Abstain	4

RESOLVED that:

- 1. The proposed Draft Growth Strategy be approved for consultation.**
- 2. That a delivery plan be prepared to accompany the final strategy.**
- 3. The results of the consultation be reported back to this Committee together with Officer recommendations for any revisions where appropriate.**

12. HENDON REDEVELOPMENT

The Committee agreed to move this item to the end of the agenda to allow the exempt information to be discussed in private session.

13. BRENT CROSS CRICKLEWOOD UPDATE

Officers introduced the report on Brent Cross Cricklewood, which provided an update on the comprehensive regeneration of Brent Cross Cricklewood area since the last Committee meeting.

Members discussed the relocation of Donoghues and the need to find a suitable location, which would meet residents needs and be in-line with national policy. Officers confirmed that site searches within Barnet and other neighbouring boroughs were continuing and that a meeting would be held with the GLA in June for further discussions.

Members enquired as to whether improvements to travel across the borough from east to west would be part of the long-term travel strategy. Officers confirmed improvements to travel across the whole borough was a key part of the strategy.

Following discussion of the item, officers recommended a change to recommendation 5 (having regard to section 5.3.3 of the Report) and also to paragraph 1.1 of the report to the following:

Recommendation 5-

- approves in principle that the council enters into the Direct Agreement with Homes England to facilitate the Housing Building Fund Loan between BXS JVLP and Homes England to fund infrastructure and accelerate housing delivery; and

delegates authority to the Chief Executive in consultation with the Chairman of this Committee to finalise the terms and enter into the Direct Agreement with Homes England including any associated or ancillary documentation required in connection with the same.

The Committee unanimously agreed the change to recommendation 5 and to paragraph 1.1 of the report to reflect the same amendment in the interests of consistency.

The Chairman then moved to vote on the recommendations as set out in the report, including the changes to recommendation 5 and paragraph 1.1 of the report.

The votes were recorded as follows:

For	6
Against	0
Abstain	4

RESOLVED that the Committee:

- 1) notes the progress update across the scheme since the last report to the committee on 25 March 2019**
- 2) approves and authorises the Deputy Chief Executive to extend the scope of Conway Aecom's commission through the LoHAC framework to undertake the Southern Junctions Highways Works as explained in paragraphs 1.17 - 1.20 of this report;**
- 3) approves the provision of its land within BXC as security for the Homes Building Fund Loan subject to Homes England entering into the Direct Agreement within the parameters explained in this report in paragraph 1.15.**
- 4) notes that the aim of the Direct Agreement between Homes England and the council is to ensure that in the event of a breach of the loan agreement by BXS JVLP, the council retains influence over the future use of the land and delivery of the scheme.**
- 5) approves in principle that the council enters into the Direct Agreement with Homes England to facilitate the Housing Building Fund Loan between BXS JVLP and Homes England to fund infrastructure and accelerate housing delivery; and delegates authority to the Chief Executive in consultation with the Chairman of this Committee to finalise the terms and enter into the Direct Agreement with Homes England including any associated or ancillary documentation required in connection with the same.**

14. MOTION TO EXCLUDE THE PRESS AND PUBLIC

It was unanimously agreed to move the motion to exclude the press and public in order to discuss the exempt item on the agenda. **RESOLVED** that under Section 100A (4) of the Local Government Act 1972 the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 3, 5 of Part 1 of Schedule 12A of the Act (as amended).

15. HENDON REDEVELOPMENT

RESOLVED – that the information contained in the exempt report be noted.

Following discussion of the exempt item, the public were readmitted to the meeting.

Officers noted that an amendment to recommendation 3 was required, as the Capital Strategy Board has no decision-making powers. Therefore recommendation 3 should read as follows: **That the Committee agree to delegation of approval of the OBC to the Section 151 Officer.**

Following consideration of the item, the Chairman moved to vote on the recommendations as set out in the report, including the amendment to recommendation 3.

The Committee unanimously agreed the following:

RESOLVED that:

- 1. The Committee approves the overall development strategy for Hendon.**
- 2. The Committee agree to the delegation of development of Outline Business Case (OBC) & Full Business Case (FBC) to the Director of Growth & Regeneration, at an approximate cost of £275k.**
- 3. That the Committee agree to delegation of approval of the OBC to the Section 151 Officer.**
- 4. That the Committee notes that the Full Business Case for this development and the preferred delivery option will be brought to Committee in September or December 2019.**

16. COMMITTEE WORK PROGRAMME

Agreed.

17. ANY OTHER ITEMS THAT THE CHAIRMAN DECIDES ARE URGENT

None.

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

None.

The meeting finished at 21.03



Assets, Regeneration and Growth Committee

16 September 2019

Title	Quarter 1 (Q1) 2019/20 Delivery Plan Performance Report
Report of	Councillor Richard Cornelius – Chairman of Committee
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	None
Officer Contact Details	Catherine Peters, Finance Business Partner for Housing and Regeneration catherine.peters@barnet.gov.uk Alaine Clarke, Head of Programmes, Performance and Risk alaine.clarke@barnet.gov.uk

Summary

This report provides a thematic overview of performance for Quarter 1 (Q1) 2019/20 focusing on the budget forecasts and activities to deliver both corporate and committee priorities in the ARG Committee Annual Delivery Plan.

Officer Recommendations

- The Committee is asked to review the budget, performance and risk information for Q1 2019/20 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. INTRODUCTION

- 1.1 The Assets, Regeneration and Growth (ARG) Committee has responsibility for regeneration strategy and overseeing major regeneration schemes, asset management, employment strategy, business support and engagement.
- 1.2 This report provides a **thematic overview of performance** for **Q1 2019/20** focusing on the budget forecasts and activities to deliver the **priorities** in the **ARG Committee Annual Delivery Plan**, which can be found online at:
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=9484&Ver=4>

2. BUDGET FORECASTS

- 2.1 The **Revenue Forecast** (after reserve movements) for Re Guaranteed Income and Management Fee is set out in table 1. The Re Managed Budget has been reported to Environment Committee.

Table 1: Revenue Forecast (Q1 2019/20)

Service	Revised Budget	Q1 19/20 Forecast	Variance from Revised Budget Adv/(fav)	Reserve Movements	Q1 19/20 Forecast after Reserve Movements	Variance after Reserve Movements Adv/(fav)
	£000	£000	£000	£000	£000	£000
Guaranteed Income	(15,469)	(16,287)	(818)	0	(16,287)	(818)
Management Fee	17,467	19,467	2,000	(1,000)	0	1,000

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

- 2.2 The net variance of £0.818m for Guaranteed Income relates to expenditure which falls to the council for void properties, the difference in income from developers that was allowed against Re's contractual target and additional income of £1million for the deferral of the Guaranteed Income from 2017/18 to the current year. Subject to Policy and Resources Committee approval in October 2019, it is proposed that £1m be transferred from reserves for the net impact of the deferral of the management fee (£2m) and guaranteed income (£1m) from 2017/18.

- 2.3 The **Capital Forecast** for Re (Regeneration) is **£288.749m** (see table 2).

Table 2: Capital Forecast (Q1 2019/20)

Service	19/20 Revised Budget	Additions/ (Deletions)	(Slippage)/ Accelerated Spend	Q1 19/20 Forecast	Forecast variance from Approved Budget
	£000	£000	£000	£000	£000
BXC - Funding for Land Acquisition	16,918	0	0	16,198	0
Colindale – Highways and Transport	6,062	0	(2,762)	3,330	(2,762)
Colindale – Parks, Open Spaces and	4,500	0	0	4,500	0

Service	19/20 Revised Budget	Additions/ (Deletions)	(Slippage)/ Accelerated Spend	Q1 19/20 Forecast	Forecast variance from Approved Budget
	£000	£000	£000	£000	£000
Sports					
Colindale and Rushgrove Parks	903	0	(103)	800	(103)
Colindale Station Works	11,000	0	1,300	12,300	1,300
Grahame Park – Community Facilities	2,013	0	(1,973)	40	(1,973)
Town Centre	2,374	0	(2,263)	111	(2,263)
Thameslink Station	212,287	0	0	212,287	0
Brent Cross Critical Infrastructure	12,200	0	0	12,200	0
Development Pipeline	13	(13)	0	0	(13)
Strategic Infrastructure Fund	23,000	0	0	23,000	0
Disabled Facilities Grants Programme	1,899	0	643	2,542	643
Refurbish and regenerate Hendon Cemetery and Crematorium	1,435	0	0	1,435	0
Hendon Cemetery & Crematorium Enhancement	32	0	0	32	0
Decent Homes Programme	224	0	(224)	0	(244)
DECC - Fuel Poverty	4	0	0	4	0
Re (Regeneration)	294,144	(13)	(5,382)	288,749	(5,395)

2.4 The **Re (Regeneration)** capital programme is forecasting a slippage of £5.395m. The Colindale - Highways and Transport (£2,762m) slippage is dependent on the completion of Colindale Station; Grahame Park Community Facilities (£1.973m) slippage results from a new programme having to be developed; and Town Centre (£2.263m) slippage is the result of re-profiling to tailor resources to support the project. Colindale Station Works (£1.300m) acceleration reflects payments expected to be made in line with the funding agreement and award of contract.

3. SAVINGS

3.1 The total amount of **savings** identified for ARG Committee in 2019/20 is **£1.064m**. This is shown in table 3.

Table 3: Savings forecast delivery (Q1 2019/20)

Ref	Service area	Description of Savings	Savings for 19/20	Q1 19/20 Forecast	Comment
ARG1	Estates	Exiting NLBP2 lease at lease termination (part year benefit in 20/21 ramping up to full benefit in 21/22)			Not applicable for 19/20 but planning is underway to cleanly exit NLBP2 in mid-2020
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)	(100)	Savings from partially exiting NLBP and Barnet House (reduced utilities etc.) have been re-estimated, taking into account delays to moving Housing Options and Family Services to Colindale, which is now not expected to take place until early 2020
Total			(250)	(100)	
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)	(657)	Updated Council Tax property data is submitted to MHCLG in October, the comprehensive annual review will inform an understanding of progress against this saving. Forecasts were anticipating a shortfall compared with the MTFs and a clearer picture should emerge in November 2019
ARG4	Estates	Income to be generated through leasing out surplus buildings / space across the portfolio	(150)	(150)	Good progress has been made identifying new tenants for vacant space in assets. Actual additional income is low at this point, whilst leases are finalised, but the project is on-track to deliver all savings by the end of the financial year
ARG5	Estates	Income from renting out spare space within building on an ad-hoc basis i.e. room hire	(7)	(40)	Excellent progress has been made and the target figure has already been exceeded. Further income is expected as the year progresses
ARG6	Estates	Lease for modular build			Not applicable for 19/20 but opportunities are being investigated as part of the Development & Disposals workstream
ARG7	Estates	Increased ground rent from potential development (Bunn's Lane & Hendon Campus)			Not applicable for 19/20 but work is well underway to substantiate initial plans for the development of Hendon, Bunn's Lane and other sites

Ref	Service area	Description of Savings	Savings for 19/20	Q1 19/20 Forecast	Comment
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)			Not applicable in 19/20 but potential acquisitions have been identified and a property investment strategy drafted to support a programme of acquisitions over time
Total			(814)	(847)	
Overall Savings			(1,064)	(947)	

4. PRIORITIES

4.1 This section provides an update on the Committee's priorities as follows:

- A summary of progress on Actions¹ to deliver the priority
- Performance of Key Performance Indicators (KPIs)²
- Risks to delivering the actions and priority
- High (15 to 25) level risks from the Corporate Risk Register³

4.2 The Q1 performance for each of the Committee's priorities is shown in table 4. This reflects the *overall performance on Actions, KPIs and Risks*⁴ for each priority.

Table 4: Priorities for ARG Committee

Section	Corporate Priority	Q1 Overall Performance
5.	Responsible delivery of major regeneration schemes	Good
6.	Investing in community facilities	Satisfactory
7.	Helping people into work and better paid employment	Satisfactory
8.	Supporting local businesses to thrive	Good
9.	Efficient and cost-effective asset management	Satisfactory

¹ A Summary of the Actions is provided for each priority. These are RAG rated as follows: Complete or Good progress = GREEN (where no Actions RAG rated RED); Satisfactory progress = AMBER (where no more than one Action RAG rated RED) or Limited progress = RED (where two or more Actions RAG rated RED).

² KPI 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: Q1 19/20 result minus Q1 18/19 result equals difference; then difference divided by Q1 18/19 result multiplied by 100 = percentage variation. Any results not for Q1 19/20 are illustrated by (s) snapshot at end of year or (r) rolling 12 months.

³ The Corporate Risk Register includes strategic risks (strategic and business critical risks) and high (15 to 25) 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 Q1 19/20 Corporate Risk Register provides a snapshot in time (as at end June 2019). The risk ratings are: Low = 1 to 3 (GREEN); Medium/Low = 4 to 6 (YELLOW); Medium/High = 8 to 12 (AMBER); and High = 15 to 25 (RED).

⁴ The Overall Performance reflects Actions, KPIs and Risks as follows: Complete or Good progress = GREEN (where no Actions or KPIs RAG rated RED and no more than one high level risk); Satisfactory progress = AMBER (where no more than one Action or KPIs RAG rated RED and/or no more than two high level risks) or Limited progress = RED (where two or more Actions or KPIs RAG rated RED and/or more than two high level risks).

5. Responsible delivery of major regeneration schemes	Q1 Overall Performance
	Good

5.1 Summary of Actions Good progress

- 5.1.1 The draft Growth Strategy was approved for consultation by ARG Committee on 13 June 2019 and the final version will be submitted in November 2019.
- 5.1.2 Progress has been made across the regeneration programme. Highlights include the approval of the Outline Business Case for Upper and Lower Fosters by ARG Committee on 13 June 2019 and submission of the planning application in May 2019. Phase 3b of the regeneration scheme at West Hendon completed in June 2019. This has delivered 207 homes, of which 101 are affordable.
- 5.1.3 Q1 saw another big step forward for the Brent Cross Cricklewood programme, with the Infrastructure Re-phasing application and update to the Indicative Construction Programme approved at Planning Committee on 24 June 2019. This approval creates a separate phase within the wider planning permission that allows the council and Brent Cross South to proceed ahead of the Brent Cross North development. Physical works on the Brent Cross Thameslink programme have progressed with delivery of the pre-fabricated facility buildings for the Train Operating Company (TOC) successfully completed despite challenging weather conditions. The procurement of the Brent Cross West station contractor has progressed and the initial tender submissions have been evaluated. The final stages of negotiation with the three preferred bidders is proceeding.

5.2 KPIs

- 5.2.1 There is one KPI for this priority, which monitors delivery of the regeneration programme. This has achieved target for Q1, with one milestone being delivered earlier than expected.

Indicator	Polarity	18/19 EOY	19/20 Target	Q1 19/20			Q1 18/19	Benchmarking
				Target	Result	DOT	Result	
Delivery of regeneration projects	Bigger is Better	90%	90%	90%	117% (G)	↑ +17%	100%	No benchmark available

5.3 Risks

- 5.3.1 There are two risks to delivery of the actions for this priority. Both have been assessed at a medium/high (8 to 12) level and have controls/mitigations in place to manage the risks.
 - **G&CS029 - Community facilities stakeholder relationship schemes (risk score 9).** Stakeholder engagement plans are being developed to mitigate the risk of opposition to regeneration schemes which could result in delays.
 - **G&CS030 - Market conditions (risk score 12).** Market conditions are being regularly monitored to mitigate the risk of impact on the viability of regeneration schemes and delays to housing delivery should market uncertainty grow.
- 5.3.2 In addition to the risks in the Annual Delivery Plan, there was a *strategic risk* linked to this priority that was scored at a high (15 to 25) level in Q1.

- **STR08 - Major regeneration schemes (risk score 15).** This was a new risk, identified as part of the refresh of the strategic risk register in June 2019, and relates to the potential failure to effectively manage the major regeneration schemes such as Brent Cross. Governance arrangements and controls are in place to regularly review the viability and delivery of the regeneration schemes.

6. Investing in community facilities	Q1 Overall Performance
	Satisfactory

6.1 Summary of Actions Satisfactory progress

- 6.1.1 As above, the draft Growth Strategy was approved for consultation by ARG Committee on 13 June 2019 and the final version will be submitted in November 2019. The strategy encompasses infrastructure, including community facilities, to support new housing developments. Community facilities will be delivered on a scheme by scheme basis, as part of the regeneration programme. Development of the council's Infrastructure Delivery Plan is also underway.
- 6.1.2 An engagement plan is being developed in partnership with Argent Related for the delivery of schools, community facilities, leisure and improved parks as part of the Brent Cross South business plan.

6.2 KPIs

- 6.2.1 There are no KPIs for this priority.

6.3 Risks

- 6.3.1 There are two risks to delivery of the actions for this priority. These have been assessed at a medium/low (4 to 6) and medium/high (8 to 12) level and have controls/mitigations in place to manage the risks.
- **G&CS027 - Community facility sustainability (risk score 9).** This risk is about the long-term financial viability of newly constructed community facilities. Proposals are marked against the council's project management toolkit and any actions taken are determined on a case by case basis.
 - **G&CS028 – Community facilities stakeholder relationship (risk score 6).** This risk is also about the long-term financial viability of newly constructed community facilities. Engagement plans are being developed for each scheme to ensure communities are engaged throughout the lifetime of the schemes.

7. Helping people into work and better paid employment	Q1 Overall Performance
	Satisfactory

7.1 Summary of Actions Satisfactory progress

- 7.1.1 Active employment schemes have continued to support residents to find work on Barnet's regeneration estates, including Dollis Valley, West Hendon and Grahame Park.
- 7.1.2 Progress has been made to reduce levels of NEET (Not in Education, Employment or Training) and ensure Barnet's residents have access to employment and training.

- 7.1.3 The council is working to develop a new project with Cambridge Education to offer ‘Access for All’ routes into construction and funding for the project has been confirmed.
- 7.1.4 Work has continued with development partners to secure apprenticeships and training opportunities through development. This includes preparatory work for the Brent Cross Cricklewood programme employment and skills delivery.
- 7.1.5 Employment and training support was provided to council tenants by Barnet Homes through the Community Engagement and Floating Support services. In Q1, four people were helped into work.
- 7.1.6 Barnet Homes also leads on managing BOOST, which provides community-based help for Barnet residents from bases at Burnt Oak Library and 184 Cricklewood Lane or via outreach at libraries. In Q1, the service supported 52 people into work (14 of whom were under 25).
- 7.1.7 The Welfare Reform Task Force led by Barnet Homes engages with residents and provides support to help them manage the Benefit Cap and transition to Universal Credit. In Q1, 54 clients moved off the Benefit Cap as a result of finding work.
- 7.1.8 More detailed actions will be agreed by ARG Committee in November 2019, as part of the Growth Strategy Delivery Plan, to help people into work and better paid employment.

7.2 KPIs

- 7.2.1 There is one KPI for this priority, which monitors the local unemployment rate. The latest figures show Barnet’s unemployment rate at 4.8%, which is higher than last year (4.3%). Barnet’s figure is lower than the London average (4.9%) but higher than the national average (4.1%).

Indicator	Polarity	18/19 EOY	19/20 Target	Q1 19/20			Q1 18/19	Benchmarking
				Target	Result	DOT	Result	
Unemployment (of people on out of work benefits) (r)	Smaller is Better	4.7% (Jan - Dec 18)	Monitor	Monitor	4.8% ⁵	↓ W +11%	4.3% ⁶	London 4.9%, National 4.1% (Apr 18 – Mar 19, NOMIS)

7.3 Risks

- 7.3.1 There are two risks to delivery of the actions for this priority. Both have been assessed at a medium/high (8 to 12) level and have controls/mitigations in place to manage the risks.
- **G&CS031 - Team resource/capacity to deliver employment schemes (risk score 9).** To manage the risk to employment schemes from a lack of resources, residents’ needs are being prioritised to ensure that those furthest from employment remain the focus of scarce resources.
 - **G&CS032 - Economic uncertainty impact on training and apprenticeship (risk score 12).** To manage the risk to training and apprenticeship opportunities from an economic downturn, discussions have taken place with Argent Related regarding resources for

⁵ Rolling 12 months to March 2019

⁶ Rolling 12 months to March 2018

employment and skills co-ordination on the Brent Cross development, as well as other employment opportunities such as the BOOST project.

8. Supporting local businesses to thrive	Q1 Overall Performance
	Good

8.1 Summary of Actions Good progress

- 8.1.1 Local businesses have continued to be supported through construction contracts that form part of the regeneration programmes, with specific activities targeted at Brent Cross.
- 8.1.2 To support the sustainability of town centres and improvements to the public realm, the council has continued to offer support to the established Town Teams in main town centres: Chipping Barnet, Edgware and Cricklewood. In addition, the council has maintained support for Chipping Barnet pavement build-out to improve the public realm; continued the revitalisation of North Finchley through the development programme; and is progressing improvements at West Hendon Broadway.
- 8.1.3 The Colindale Business Engagement project supported the council's move to the area, with a 'Welcome to Colindale' flyer shared with all staff which showcased over 30 local businesses.
- 8.1.4 To facilitate the provision of appropriate and affordable workspace for small and micro businesses, the council is identifying suitable assets for workspace and is seeking to influence development to bring forward additional capacity.
- 8.1.5 Actions to deliver specialist support to entrepreneurs and business start-ups are on track for November 2019, and form part of a three-year programme of business school support.

8.2 KPIs

- 8.2.1 There are two KPIs for this priority, which monitor the health of the local economy through the business survival rate and vacant high street properties. These are both annual indicators and will be reported in Q4.

Indicator	Polarity	18/19 EOY	19/20 Target	Q1 19/20			Q1 18/19	Benchmarking
				Target	Result	DOT	Result	
Business survival rate (Annual)	Bigger is Better	63.6% (-3.0% pts ⁷ (R))	5%pts more than comparable boroughs	5%pts more than comparable boroughs	Due Q4 19/20	N/A	Annual	Comparable boroughs 73.7% (-1.5%pts) (2018, ONS)

⁷ 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 73.7% represents a 1.5%pts decline on their 2011 baseline position (75.2%). Barnet's business survival rate of 63.6% represents a 3.0%pts decline on its 2011 baseline (66.6%). The target was for Barnet to be 5%pts better than the comparable boroughs %pts position (2011 to 2018), so Barnet needed to achieve a 3.5%pts increase of the 2011 baseline – the equivalent of 69.5% business survival rate in 2018.

Indicator	Polarity	18/19 EOY	19/20 Target	Q1 19/20			Q1 18/19	Benchmarking
				Target	Result	DOT	Result	
Vacant High Street Properties (Annual)	Smaller is Better	5.9% (-7.5%pts) ⁸ (A)	2.5%pts more than comparable boroughs	2.5%pts more than comparable boroughs	Due Q4 19/20	N/A	Annual	Comparable boroughs 6.8% (-5.9%pts) (2018, Experian)

8.3 Risks

8.3.1 There are three risks to delivery of the actions for this priority. These have been assessed at a low (1 to 3); medium/low (4 to 6) and medium/high (8 to 12) level and have controls/mitigations in place to manage the risks.

- **G&CS044 - Colindale business engagement (risk score 6).** The risk on planned business engagement from a delay in the council's office move to Colindale has not materialised and will be closed in Q2.
- **G&C033 – Flexible workspace delivery (risk score 12).** To manage the risk of delay to the delivery of business, enterprise and employment schemes suitable workspace not be identified for the Business, Employment and Skills team, work has been ongoing with the Estates team to identify workspace sites and locations.
- **G&CS034 – Co-ordinating business support activities (risk score 2).** To minimise the risk of delay to business support activities due to ineffective engagement of partners, an officer will be focused on partner engagement.

9. Efficient and cost-effective asset management	Q1 Overall Performance
	Satisfactory

9.1 Summary of Actions Satisfactory progress

9.1.1 Meetings are held regularly with Property Services to discuss the voids and vacant properties to seek updates on their status and to ensure that all are valued and marketed. There are some properties on the list that are currently unable to be let due to concerns over the condition, or because of redevelopment plans, but all that are viable have instructions to be re-let as soon as possible. The team also works on portfolio rationalisation, which involves identifying properties that are underutilised in order to assess the possibility of sharing with other users or allowing other users to use the space whilst it is unused. There is scope to improve the performance of the commercial (investment) estate, which will be investigated over Q2 and Q3.

9.2 KPIs

9.2.1 There is one KPI for this priority, which monitors income for assets. This is a bi-annual KPI and will be reported in Q2 and Q4.

⁸ 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 6.8% represents a 5.9%pts improvement on the 2011 baseline position (12.6%). Barnet's vacancy rate of 5.9% represents a 7.5%pts improvement on its 2011 baseline (13.3%). The target was for Barnet to be 2.5%pts better than the comparable boroughs %pts position (2011 to 2018), so Barnet needed to achieve an 8.4%pts decrease on the 2011 baseline – the equivalent of 4.9% vacancy rate in 2018.

Indicator	Polarity	18/19 EOY	19/20 Target	Q1 19/20			Q1 18/19	Benchmarking
				Target	Result	DOT	Result	
Income for specific assets	Bigger is Better	New for 19/20	£157k	Due in Q2 19/20	Due in Q2 19/20	New for 19/20	New for 19/20	No benchmark available

9.3 Risks

9.3.1 There is one risk to delivery of the actions for this priority. This has been assessed at a medium/high (8 to 12) level and has controls/mitigations in place to manage the risks.

- **G&C035 - Income from the Estate (risk score 12).** This risk relates to income from the estate not being realised to its maximum potential. The MTFs identified opportunities to generate new income; and Property Services is focused on filling voids and vacant sites, as well as undertaking rent reviews and lease renewals.

10 REASONS FOR RECOMMENDATIONS

10.1 These recommendations are to provide the Committee with relevant budget, performance and risk information in relation to the corporate and committee priorities in the Corporate Plan (Barnet 2024) and ARG Committee Annual Delivery Plan. This paper enables the council to meet the budget agreed by Council in March 2019.

11 ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

11.1 None.

12 POST DECISION IMPLEMENTATION

12.1 None.

13 IMPLICATIONS OF DECISION

13.1 Corporate Priorities and Performance

13.1.2 The report provides an overview of performance for Q1 2019/20, including budget forecasts, savings, progress on actions, KPIs and risks to delivering the Annual Delivery Plan.

13.1.3 The Q1 2019/20 results for all Corporate Plan and Delivery Plan KPIs are published on the Open Barnet portal at <https://open.barnet.gov.uk/dataset>

13.1.4 Robust budget, performance and risk monitoring are essential to ensure that there are adequate and appropriately directed resources to support delivery and achievement of corporate and committee priorities as set out in the Corporate Plan (Barnet 2024) and Annual Delivery Plans.

13.1.5 Relevant council strategies and policies include the following:

- Medium Term Financial Strategy
- Corporate Plan (Barnet 2024)
- ARG Committee Annual Delivery Plan
- Performance and Risk Management Frameworks.

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

13.2.1 The budget forecasts are included in the report. More detailed information on financial performance is provided to Financial Performance and Contracts Committee.

13.3 Social Value

13.3.1 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.

13.4 Legal and Constitutional References

13.4.1 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 to take actions which are calculated to facilitate, or are conducive or incidental to, the discharge of any of their functions.

13.4.2 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. The definition as to whether there is deterioration in an authority’s financial position is set out in section 28(4) of the Act.

13.4.3 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.

13.4.4 The council’s Financial Regulations can be found at:

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

13.5 Risk Management

13.5.1 The council has an established approach to risk management, which is set out in the Risk Management Framework. Risks are reviewed quarterly (as a minimum) and any high level (scoring 15+) risks are reported to the relevant Theme Committee and Policy and Resources Committee. In addition, the Annual Delivery Plan risks associated with the priorities for this Committee are outlined in the report.

13.6 Equalities and Diversity

13.6.1 Section 149 of the Equality Act 2010 sets out the Public Sector Equality Duty which requires a public authority (or those exercising public functions) 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 persons who share a relevant protected characteristic and persons who do not.
- Fostering of good relations between persons who share a relevant protected characteristic and persons who do not.

13.6.2 The broad purpose of this duty is to integrate considerations of equality into everyday business and keep them under review in decision making, the design of policies and the delivery of services. The protected characteristics are: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex and sexual orientation.

13.6.3 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.

13.6.4 This is set out in the council's Equalities Policy, which can be found on the website at: <https://www.barnet.gov.uk/your-council/policies-plans-and-performance/equality-and-diversity>

13.7 Corporate Parenting

13.7.1 In line with Children and Social Work Act 2017, the council has a duty to consider Corporate Parenting Principles in carrying out any functions that relate to children and young people. There are no implications for Corporate Parenting in relation to this report.

13.8 Consultation and Engagement

13.8.1 Consultation on the new Corporate Plan (Barnet 2024) was carried out in the summer 2018. The Corporate Plan was approved by Council in March 2019.

13.9 Insight

13.9.1 The report identifies key budget, performance and risk information in relation to the ARG Committee Annual Delivery Plan.

14 BACKGROUND PAPERS

14.1 Council, 5 March 2019 – approved Corporate Plan (Barnet 2024)

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=9456&Ver=4>

14.2 ARG Committee, 25 March 2019 – approved Annual Delivery Plan

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=9484&Ver=4>



Assets Regeneration and Growth Committee

16 September 2019

Title	Brent Cross Cricklewood Update Report
Report of	Councillor Richard Cornelius
Wards	Childs Hill, Golders Green and West Hendon
Status	Public
Urgent	No
Key	No
Enclosures	Appendix 1 – Invitation to Tender evaluation criteria
Officer Contact Details	<p>Cath Shaw, Deputy Chief Executive, cath.shaw@barnet.gov.uk</p> <p>Stephen McDonald, Director of Growth, Stephen.McDonald@Barnet.gov.uk 0208 359 2172</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) programme since the last Committee meeting on 13 June 2019. It provides an update on progress of the Brent Cross South (BXS) Business Plan and Phase Proposal alongside the proposed Homes England Loan Facility. It also provides an update on the Brent Cross Thameslink (BXT) delivery progress, most notably that the evaluation is underway for the OJEU procurement for the Station Platforms and Pedestrian/Station Access Bridge, and the final recommendation will be reported to the Policy and Resources Committee on 3 October 2019.

Officers Recommendations

That the Committee:

- 1) notes the progress update across the scheme since the last report to the committee on 13 June 2019.
- 2) Notes that Argent Related have agreed terms to acquire the vacant Toys R Us site and delegates to the Assistant Director – Estates to provide the necessary approvals on behalf of the council as freeholder to assign the lease and complete this transaction (paragraph 1.35).
- 3) Confirms the appointment of DP9 as planning advisors (paragraph 1.17); New Steer as CPO advisors (paragraph 1.36); the extension of Conway Aecom scope of works to include the temporary access road (paragraph 1.13) and to procure the A-Site document management system for use across the programme (paragraph 5.1.15) and delegates to the Deputy Chief Executive to agree the terms of those appointments and any other appointments as necessary within the agreed budget forecast to meet the current delivery programme for the Phase 1AN infrastructure.
- 4) Notes that the West London Orbital Design Integration Study has now concluded and has identified two possible options for developing an interchange arrangement for the WLO within the Brent Cross West Station; and approves that a further £50k is allocated from existing project budgets to undertake the necessary additional design works to confirm feasibility and identify a single option which could be incorporated within the GRIP5 station detailed design stage once the contractor is on board (paragraphs 1.42-1.45).

1. WHY THIS REPORT IS NEEDED

1.1 This report updates on progress since the last Committee meeting on 13 June 2019 <http://barnet.moderngov.co.uk/ieListDocuments.aspx?CIId=696&MIId=9928&Ver=4>

1.2 At the last meeting the Committee approved:

- to extend the scope of Conway Aecom's commission through the LoHAC framework to undertake the Southern Junctions Highways Works as explained in paragraphs 1.17 - 1.20 of that report;
- the provision of its land within BXC as security for the Home Building Fund Loan subject to Homes England entering into the Direct Agreement within the parameters explained in that report in paragraph 1.15; and approved in principle that the council enters into the

Direct Agreement with Homes England to facilitate the Home Building Fund Loan between BXS JVLP and Homes England to fund infrastructure and accelerate housing delivery; and delegate authority to the Chief Executive in consultation with the Chairman of this Committee to finalise the terms and enter into the Direct Agreement with Homes England including any associated or ancillary documentation required in connection with the same.

BXC Programme Wide Progress Update

1.3 The Committee is asked to note the following programme wide progress update;

- There is no news on the future redevelopment of the Shopping Centre.
- The Infrastructure Re-phasing application and update to the Indicative Construction Programme (planning reference 19/2070/CON) was approved by Planning Committee on 24 June 2019 and granted on the 19 July following the complete of a Deed of Variation to the Section 106 legal agreement. This approval allows items of critical infrastructure within the first phase to be delivered to enable the council and Brent Cross South to proceed ahead of the Brent Cross North development. The judicial review period has now expired and the permission is free from challenge.
- The council is continuing to assemble the land required so that the BXS site preparatory works can commence. Vacant possession of the Claremont Industrial Estate is now achieved and BXS is providing the required on-site security. A drop-in planning application for site clearance and the demolition of buildings within Claremont Industrial Estate and the demolition of the Rosa Freedman Centre (planning reference 19/1922/FUL) was submitted to the LPA and approved on 21 June. First demolitions are anticipated in September 2019. Argent Related has also agreed terms to acquire the Toys R Us site. Committee approval is sought to delegate to the Deputy Chief Executive to provide the necessary approvals on behalf of the council as freeholder to assign the lease and complete this transaction.
- The updated BXS Business Plan is being updated and any changes will be reported to this Committee on 26 November 2019 (paragraph 1.6).
- BXS is continuing negotiations with Homes England to secure funding for use in delivering both physical and social infrastructure to accelerate development as set out in the June report. Homes England Project Executive have in principle approved the Homes Building Fund Loan Facility between BXS JVLP and HE subject to final approval by the Board on 12 September 2019. Heads of Terms are agreed and Loan Facility Agreement (LFA) is being drafted for completion in October 2019 subject to MHCLG and HMT approval (paragraph 1.9). The council is in direct discussions with HE regarding the Direct Agreement, which will be completed in parallel with the LFA.
- BXS are preparing a revised Phase Proposal to reflect scheme development, the revised BXC delivery strategy and Homes England funding. CBRE have been instructed to advise the council in accordance with the Project Agreement. An update will be provided to the Committee on 26 November 2019.

- The council is progressing the critical infrastructure workstreams to deliver the highway improvements to the junctions of Claremont Road / Cricklewood Lane and Cricklewood Lane / A5 Edgware Road (known as the Southern Junctions), as well as the part 1 of the Whitefield Estate replacement homes which will be built on Plots 53 and 54 on Brent Terrace. In this regard, Committee approval is sought for the appointment of DP9 as planning advisors (paragraph 1.17), New Steer Limited on CPO matters (paragraph 1.36) and to delegate to the Deputy Chief Executive to agree the terms of those appointments and other appointments as necessary to meet the current delivery programme. In this regard, the council has extended Conway Aecom scope of works has been extended to include a temporary access road to Brent Terrace (paragraph 1.13).
- The Growth and Resources Directorate and BXC Regeneration team have reviewed resourcing requirements across the BXC programme to ensure that the teams have the required document control system and resources in place to meet the programme, particularly in respect of the Integrated programme management office, communications and revised delivery programme.
- The BXT project has now fully entered the construction and delivery phase. The Train Operating Company Building is scheduled for completion in September. The Rail Systems and Sidings works are well underway, and the commissioning of the south sidings in January remains on schedule. In relation to the Waste Transfer Station. The former Selco building has been demolished and the site subject to significant remediation. However, the sub structure early works have been delayed due unforeseen ground conditions uncovered under the building following demolition. A revised programme is being prepared for review with key stakeholders. An update will be provided to the Policy and Resources Committee on 3 October 2019 (paragraphs 1.21-1.23)
- The negotiation phase of the OJEU procurement for the Station Contract has now closed. Evaluation is underway and will be reported to the Policy and Resources Committee on 3 October 2019. The BXT budget is currently being reviewed to take account of the contract awards on both the station and waste. A detailed budget and risk management report is being prepared for the Policy and Resources Committee on 3 October 2019 (paragraphs 1.24-1.30).
- The West London Orbital Design Integration Study has now concluded and has identified two possible options for developing an interchange arrangement for the WLO within the Brent Cross West Station; and approves that a further £50k is provided to undertake the necessary additional further design works to confirm feasibility and identify a single option which could be incorporated within the GRIP5 station detailed design stage once the contractor is on board (paragraphs 1.42-1.45) should this option be pursued.

Brent Cross North

- 1.4 As the Committee will appreciate the current retail market remains challenging. There has been no update on the planned start date for BXN. Nevertheless, BXN are continuing to work with and support the council and Argent Related to deliver BXC.

Brent Cross South

- 1.5 The council and Argent Related are continuing to create the platform to enable a start on site this year, commencing with infrastructure works. Utility disconnections are underway and parts of the site are now hoarded up. The demolition of the Rosa Freedman Centre and the Claremont Industrial Estate are due to begin this month. Infrastructure works will commence in 2020 followed by first plot development in early 2021. This is later than planned due in part to the implementation of Plan B, time taken to progress the Homes England Homes Building Fund Loan Facility and current market conditions.
- 1.6 As reported to the last Committee, it is now appropriate to review and update the BXS Business Plan approved in July 2017 alongside the existing Phase Proposal to reflect the revised delivery strategy and consequential changes of the deferral by BXN, scheme development in relation to the station and critical and strategic infrastructure delivery and the proposed HE finance alongside current market conditions.
- 1.7 The BXS Business Plan is currently being drafted and the changes are anticipated to be reported to this Committee for approval on 26 November 2019. A revised Phase Proposal is being developed in parallel by the BXS JVLP. The council has instructed its strategic property advisor to review the BXS financial model and advise on the future council's land contribution and best consideration in accordance with the Project Agreement. A summary of this process is set out in the report to this Committee in March 2016. <https://barnet.moderngov.co.uk/documents/g8312/Public%20reports%20pack%2017th-Mar-2016%2019.00%20Assets%20Regeneration%20and%20Growth%20Committee.pdf?T=10>
- 1.8 The BXS legal project documentation between the council and Argent Related is also being updated to reflect scheme development and the revised BXC finance and delivery. It is anticipated that the variation will be completed by the end of October in accordance with the delegations provided by this Committee on 27 November 2018.

Homes Building Fund

- 1.9 As reported to the last Committee, Argent Related on behalf of BXS JVLP has been in discussions with Homes England (HE) to agree a loan facility from the Homes Building Fund (HBF).
- 1.10 BXS and HE have now agreed heads of terms for the facility totalling £148m. This will be used to fund site wide infrastructure, land, phase incubation costs and site delivery to accelerate delivery of place and homes within BXS Mega Phase A. Mega Phase A comprises the land within LBB / BXS ownership and control following CPO 1,2 and 3, and is due to deliver circa 4,058 homes, office, retail and leisure, hotel rooms, student homes and community and educational facilities. The facility will also be used to repay the funding provided by the council through the Strategic Infrastructure Charge to fund early enabling and demolition works.
- 1.11 Homes England's Project Executive approved the loan facility on 28 August 2019 and the facility is scheduled to be reported to their Board on 12 September. Subject to HE Board approval, the facility will be referred to MHCLG and HMT for final approval. The detailed drafting of the LFA is now underway. The council and its legal advisors are currently

negotiating the Direct Agreement with HE within the parameters approved by this Committee on 13 June 2019. The Direct Agreement provides a framework by which HE and the council can agree between them to bring about the successful delivery of the project in the event of a substantial default by BXS JVLP of the LFA. The Committee delegated authority to the Chief Executive in consultation with the Chairman of this Committee to finalise the terms and enter into the Direct Agreement. All parties are working to having all approvals and legal documentation in place by the end of October. An update will be provided to the next Committee.

Revised Delivery Strategy and Critical Infrastructure

a) Relocation of the Part 1 Whitefield Estate

- 1.12 As part of the revised delivery strategy the council has agreed to take on delivery of the relocation of the Part 1 Whitefield Estate, working with L&Q. It is anticipated that the existing contracts between BXN and L&Q will be novated to the council shortly so that construction works can commence in early 2020.
- 1.13 In order to deliver Plots 53 and 54, the council has agreed to construct a temporary access road through the former Acre Metals site in the Claremont Industrial Estate linking to the North end of Brent Terrace South to minimise construction traffic along Brent Terrace. This road will be for construction vehicles only, and will significantly reduce the number of HGV movements travelling the full length of Brent Terrace South, which is a residential road. This is funded from the HMG grant. To facilitate the delivery of the access road by early 2020, the Committee's confirmation is sought to extend the scope of Conway Aecom (who have been commissioned to construct the Southern Junctions) to include detailed design and installation of the temporary access road.

b) Southern Junctions

- 1.14 Following the approval of the revised Brent Cross Cricklewood funding strategy and the revised delivery strategy with BXN and BXS, the council has taken responsibility for delivery of the highway improvements to the Southern Junctions which comprise the A5 Edgware Road/Cricklewood Lane/Cichele Road and Cricklewood Lane/Claremont Road/Lichfield Road junctions. The council is already delivering the Geron Way junction improvement on the A5 as part of the Thameslink works to provide access to the approved Waste Transfer Station.
- 1.15 The Southern Junction works are the first works in the Phase 1A (North) (Infrastructure 1) sub-phase. Any delay to beginning these works will have a knock-on impact on the delivery of the new Brent Cross West Thameslink Station, and Brent Cross South development.
- 1.16 Following approval from the Committee to extend the scope of Conway Aecom's commission to include the southern junctions, survey and design review work has commenced and is proceeding to programme. Trial holes to ascertain utilities depths at the Southern Junctions will be undertaken w/c 9th September, and TfL will be commissioned to provide the detailed design and specifications for the traffic signals. Conway Aecom has been commissioned to develop the construction phasing and Traffic Management plans for discussion at the Traffic Liaison Technical Group (TLTG), consisting of Streetworks teams from TfL, LB Barnet, LB Brent, London Buses and Contractor.

- 1.17 The Committee is asked to confirm commissioning the planning consultancy DP9 to support the team to discharge the required pre-commencement conditions for the critical infrastructure being delivered by the council in Phase 1AN.

Integrated Programme Management Office (iPMO)

- 1.18 Since the finalisation of the revised delivery strategy, the iPMO has focused on identifying the changes to the primary interfaces across the programme to ensure works continue to programme and any interfaces between delivery partners are highlighted and managed. An updated interface programme is being developed to inform BXC wide delivery. Much of the work has been focused on the programme to discharge all required planning conditions on the first phase of works which will be at the junction of Claremont Road and Cricklewood Lane.
- 1.19 The iPMO is also seeking to develop a more sophisticated approach to communications by developing a programme website which will include updates from across the development on programme works and events.
- 1.20 Since the last Committee report there have been increasing reports of anti-social behaviour around the Claremont Way parade of shops. The project team have been working with other council departments, Argent Related, Barnet Homes and local police to implement a variety of measures to respond to this activity.

Thameslink Work Packages

a) Train Operating Company (TOC) Compound

- 1.21 As reported to the last Committee, the council have entered into contract with the council's framework contractor Graham's to deliver the TOC compound and fuel farm. Construction started later than planned and the project team have been working closely with Graham's and their sub-contractors to ensure the accelerated programme is delivered. The pre-fabricated building has been installed and the team are well underway fitting out and finishing the units, with a target completion date of 26 September. This is a key activity that will allow the decommissioning of the existing TOC compound, which in turns allows the rail systems and sidings works to progress to plan and the south sidings to be commissioned in January 2020.

b) Rail Systems and Sidings

- 1.22 Full Council on the 18 December 2018 approved that the council enter into Part 1 of the Implementation Agreement to commence site preparations and construction of the Rail Systems and Sidings to bring into use the newly constructed railway sidings by the end of the year as well as required track slews to make way for the new station platforms. Part 2 was subsequently commissioned on 11 April 2019, following the approval of the Revised Funding Agreement by HMG.
- 1.23 Since the last report, works have continued to progress well despite challenging weather conditions over the summer. The programme remains on target to commission the south sidings in January 2020. This is a key milestone in delivering the new station for May 2022.

c) Station Platforms and Station / Pedestrian Access bridge.

- 1.24 The Policy and Resources Committee approved the OJEU procurement for the station platforms and station access / pedestrian bridge elements of the Thameslink programme on 11 December 2018 to encourage increased market competition and scope for achieving best value for money.
- 1.25 The OJEU notice with Memorandum of Information and Standard Questionnaire (SQ) was published on 1 February 2019. Responses were received to the SQ on 4th March 2019, from nine suppliers, namely: Amey Rail; Buckingham Group Contracting Ltd; Costain Group plc; Hochtief Construction Ltd; John Graham Construction Ltd; Spencer Group; Vinci Construction (Taylor Woodrow) UK; Volker Fitzpatrick; and Van Elle.
- 1.26 The Standard Questionnaires were evaluated in accordance with the evaluation criteria published in the OJEU notice: Pass/Fail questions on areas including Comparable delivery experience, HSQE, Regulatory Compliance and Economic & Financial stability. Scored questions on Technical Capability including GRIP 5-8 experience (25%), Design (15%), CDM (6%), Possession planning (8%), Delivery in an operational environment (6%), Third party collaboration (5%), CSM (5%), NEC3 experience (5%), Supply of steel (5%) and HSQE Management (20%). This was scored by a pre-selected and approved evaluation panel. The results were moderated, resulting in three suppliers being taken through to the Invitation to Tender (ITT) Stage.
- 1.27 The bidders selected to the ITT stage comprised Buckingham Group Contracting Ltd; Vinci Construction (Taylor Woodrow) UK; and Volker Fitzpatrick.
- 1.28 The Invitation to Tender comprised a formal three stage OJEU negotiated procurement process as follows:
- Initial submission (issued 2 April 2019, responses received 7 June 2019)
 - Negotiations (July 2019)
 - Final ITT submission & single supplier selection (August/September 2019)
- 1.29 Initial responses to the ITT were received on the 7 June 2019 from all three suppliers. In accordance with the selected Competitive Procedure with Negotiation procurement route, each supplier submission was reviewed in detail and feedback provided. Suppliers were then invited to a series of negotiation sessions that took place between 4 and 23 July where clarifications and areas for improvement were discussed with each supplier individually.
- 1.30 Final submissions were received from the bidders on 23 August 2019. The evaluation is now underway and is expected to conclude on 19 September. Submissions are being scored in accordance with the evaluation criteria published in the ITT and summarised at appendix 1. Individual evaluation will be followed by moderation sessions for each question to agree final scoring. The final scores and recommendation for Contract Award will be reported to the Policy & Resources Committee on 3 October 2019.

d) Waste Transfer Station

- 1.31 As reported to the Committee in June, following securing vacant possession of the former Selco building in February, Grahams, the council's framework contractor commenced demolition and remediation works. This has been subject to delay predominantly due to

unforeseen ground conditions being uncovered during demolition. This has placed pressure on the programme. A revised programme is being prepared for review with key stakeholders. An update will be provided to the Policy and Resources Committee on 3 October 2019.

- 1.32 Regular meetings continue to be held with both NLWA & London Energy Limited as well as the council's waste teams. The council has submitted the detailed design for NLWA / LEL approval by mid-September 2019. This is required ahead of awarding the main contract.

BXC Land Assembly

CPO Update

- 1.33 The council is now finalising the land acquisition strategy to meet the delivery programme. Negotiations are continuing with owners in respect of land needed to deliver the first phases, including the station and the council is currently progressing seven residential acquisitions within the Whitefield Estate.
- 1.34 However, it will be necessary to serve the required General Vesting Declaration Orders (GVD) to ensure that the land is assembled in line with the agreed programme. The GVD's for properties required to deliver the southern junctions and station are being finalised and will be served by the end of September to enable a start on site within the next four months. An update will be provided to the next Committee.
- 1.35 As the Committee is aware, the Toys R Us unit within the eastern lands area of BXS (adjacent to the existing Tesco superstore) has been vacant for some time. The leaseholder Toys R Us Properties UK Ltd (TRUP). TRUP holds two long leases with approximately 100 years remaining. The council is the freeholder in both cases. Argent Related has been in discussion with TRUP and has agreed terms to acquire the Toys R Us site. Committee approval is sought to delegate to the Assistant Director – Estates to provide the necessary approvals on behalf of the council as freeholder to assign the lease, and complete this transaction.
- 1.36 Since the last Committee, the council has been advised that the council's CPO advisor has transferred from GL Hearn to a new company New Steer Limited. At present, GL Hearn do not have a CPO specialist who will be able to continue to provide the services currently provided. Both BXN and BXS are appointing New Steer Limited to ensure continuity on existing negotiations. Committee approval is sought for the council to do the same.

Stopping Up

- 1.37 Two existing footpaths (one serving a former playground with Plot 54 and the other which crosses over Plot 53 from Brent Terrace in the West to join a path to the East from Claremont Park to Clitterhouse Crescent) require Stopping-Up orders so that the development can proceed in accordance with the approved Detailed (RMA) Planning Consent. There are several alternative routes available to these existing footpaths. These or similar alternative routes will be retained within the completed BXS development in line with the wider S73 consent. A Notice of the proposed Stopping-Up order for Plot 54 was issued earlier this year. A letter of objection has been received. However, for completeness a combined Notice for the Stopping-Up for both Plots 53 and 54 will be advertised in mid-September 2019.

- 1.38 Stopping-Up orders will also be required for some existing highway and public footpaths which will form part of the new and improved parks and public realm. Within the current phase of BXS, the following stopping up orders will be required (with further stopping up orders to be made as the scheme progresses).

Network and Depot Change

- 1.39 The relocation of the Train Operating Company (TOC) facilities to make way for the new sidings required an amendment to the current depot lease arrangements for both East Midland Trains (EMT) and Govia Thameslink Railway (GTR). The Depot Change process has been undertaken and both GTR and EMT have accepted their respective Depot Changes. As previously reported to Committee, these Depot Changes have now been approved by the ORR and the new (Supplemental) leases can be put in place between Network Rail and the GTR and EMT.
- 1.40 The Network Change required for the project has been split into two separate but related proposals – sidings and station. The Network Change for both has now been accepted by all parties including GTR. Network Rail has advised that GTR have written to DfT requesting permission to accept the Network Change. It is expected formal approval will be issued shortly.

West London Orbital Study

- 1.41 As the Committee is aware, the council has commissioned the design integration study in respect of the West Orbital route. An inception meeting was held in 24 April 2019.
- 1.42 The study has looked at identifying design integration options for future interchange between the Brent Cross West Station which is at an advanced stage of planning and design (GRIP stage 4) and the potential future West London Orbital station or platforms if these come forward in the future. The WLO is currently at an initial outline stage of feasibility (GRIP 1 - 2).
- 1.43 The location being considered for the platforms and interchange is on the western side of the rail corridor between the existing Down Hendon line and the boundary fence adjacent to the car park on Geron Way. The study has now concluded and has shown two potentially feasible options for developing an interchange arrangement. The study will shortly be circulated to Committee members alongside TFL and members of the public who have an interest in the proposals.
- 1.44 In order to confirm feasibility and costs and select a preferred option for the new interchange arrangement, further work is needed. Consequently, the Committee is asked to approve an additional £50k to undertake design work to confirm feasibility and select a single option. Once this has been completed a decision will need to be made on whether to include the passive provision in the scope of the design and build contract for the station contractor, and how these works will be funded.

PB Donoghue

- 1.45 The council is exploring ways to enable the early relocation of the PB Donoghue operations from the BXC area and has met with the GLA planning and waste teams. The council

intends to meet with the GLA again in September. An update will be provided to the next meeting of the Committee.

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.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 In respect of the HE loan; the alternative is for HE/BXS JVLP to explore other forms of security or to progress based on an unsecured loan. The current option creates greater financial resilience and increases the council's land value and the proposed framework enables both investors in the scheme to determine the strategy at the time that a default occurs, taking into account market factors. The Direct Agreement will need to address deadlock.

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.
- 4.2 Upon approval of the recommendation made here, the council will issue the Award Notification Letters informing bidders of the outcome and the reasons behind the outcome. Following issue of these letters, the mandatory ten day standstill period must be observed before a contract can be entered into with the preferred bidder. On the present procurement timetable, the standstill period will commence on 17 September 2019 and conclude on 30 September 2019.
- 4.3 Following completion of the standstill period the council will be able to work with the preferred supplier to:
- Prepare the agreed contracts for signature
 - Jointly develop the Supplier Onboarding plan
 - Jointly develop the Stakeholder Management plan
 - Agree and document roles and responsibilities
 - Supplier to develop and the council to review and approve the Programme for delivery
 - Agree Contract Management process and procedures
 - Establish ongoing governance for project delivery
 - Agree key performance indicators
 - Define and agree escalation routes and dispute resolution provisions

5. IMPLICATIONS OF DECISION

- 5.1 **Resources (Finance & Value for Money, Procurement, Staffing, IT, Property,**

Sustainability)

Budget Monitoring

- 5.1.1 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. A summary of this will be reported in future ARG reports.

Budget Monitoring

- 5.1.2 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

- 5.1.3 The approved budget for land acquisition to facilitate the BXC programme is £63.13m, furthermore, there was expenditure on advanced acquisitions was £4.0m. This is in addition to the Thameslink budget. Spend to end of March 2019 is £51m. The spend profile is currently being updated to reflect the revised delivery programme

Thameslink Station

- 5.1.4 The current approved budget in the capital programme is £364.5m following confirmation of the HMG grant funding agreement. The GLA previously provided a grant of £2.9m to support the BXC Programme.
- 5.1.5 Actual spend to date is £72.7m. The total of contractual commitments at the end of May 2019 is £248.3m. The Council has submitted drawdown requests to MHCLG totalling £152.9m, of which all has been paid to date.
- 5.1.6 The BXT budget is currently being reviewed to take account of the contract awards on both the station and waste. A detailed budget and risk management report is being prepared for the Policy and Resources Committee on 3 October.

Re Services

- 5.1.7 At its meeting on 17 June 2019, Policy and Resources Committee considered a report on the 'Review of Capita Contracts' which included an initial review of services provided by Re in relation to BXC as part of the RE contract through Special Projects. The report authorised

a review of the future contractual arrangements with Capita for those staff involved in the management and governance of the BXC development scheme.

- 5.1.8 There are two key services currently provided by Re in relation to Brent Cross: a central team providing integrated project management, planning support and a client function across the Brent Cross programme; and a Brent Cross Thameslink delivery team managing procurement and delivery of a train station and associated infrastructure, waste transfer station and Train Operating Company accommodation.
- 5.1.9 The Brent Cross Thameslink Special Project utilises expertise from within the wider Capita Group. A new Special Project Agreement (SPA) for services until December 2019 is currently being negotiated.
- 5.1.10 The Special Project related to the central BXC Regeneration team that maintains oversight of the whole BXC programme (including BXT), is agreed until September 2019, with the option of the Special Project then being further extended, or being subject to an alternative arrangement. The council is under no obligation to extend the Special Project arrangement with Re and a further report setting out the outcome of the review of the central Brent Cross Regeneration team will be considered by this Committee

Critical Infrastructure

- 5.1.11 This programme for the delivery of the critical infrastructure is being developed and spend profile updated to reflect programme.
- 5.1.12 As part of the revised delivery strategy as set out in the report to the June Committee, the Council is taking forward the delivery of parts of the newly created 1AN Infrastructure phase. The council has entered into contract with Conway Aecom to deliver these works and is engaging DP9 to discharge the pre-commencement planning conditions and New Steer on CPO matters as outlined above.
- 5.1.13 These works are funded from the £55m core critical infrastructure budget that is being provided as part of the MHCLG revised funding agreement for Brent Cross Cricklewood.

Document Control

- 5.1.14 Following recommendations from both internal and external project audit reviews, the council are seeking to procure the A-Site document management system for use on the programme. It will be used to manage all project documents for the lifetime of the programme. The software will bring numerous benefits in terms of data management including better accessibility, control and redundancy of data. The procurement will be carried out in accordance with the council's procurement rules and regulations, and the implementation will be carried out in accordance with council's data protection toolkit and all regulations regarding data management.

Brent Cross North/London

- 5.1.15 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

5.1.16 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 facility has now been entered and £16.45m drawn down by BXS JVLP. The remainder of the facility will be drawn down, in accordance with the plan, within this financial year. As explained in paragraph above, the HBF loan facility will also be used to repay the funding provided by the council through the Strategic Infrastructure Charge to fund early enabling and demolition works.

Social Value

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

5.2 Legal and Constitutional References

5.2.1 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.

5.2.2 Council, Constitution, Article 10 Table A states that the Assets Regeneration and Growth Committee is responsible for authorising (1) all disposal and acquisition of land for over £500k and (2) any transaction which is a "less than best" transaction as the term is set out at s 123(2) of the Local Government Act 1972.

5.2.3 The council has a range of powers to enter into the legal agreements referred to in this report. The general power of competence under paragraph 1 of Section 1 of Chapter 1 of the Localism Act 2011 enables it to do anything that individuals can do subject to any specific restrictions contained in legislation and the 'incidental power' in Section 111 of the Local Government Act 1972 provides that a local authority has power to do anything which is calculated to facilitate, or is conducive or is incidental to, the discharge of its functions. If Homes England's security is to be by way of a legal charge, then the Council's legal advisors have confirmed that the power to grant this is not prevented by section 13 Local Government Act 2003 where the monies are borrowed by BXS JVLP (and not by the Council) and where it is the ultimate responsibility of a third party to make the repayments (ie. the Council is suitably indemnified for its exposure). The Council will rely on section 1 of the Localism Act 2011 to enter into the Direct Agreement, grant the legal charge and (if necessary) enter into the loan agreement with Homes England. There is no need for the Council to form a company under section 4 Localism Act 2011 where its purpose for entering into the arrangements with Homes England is to achieve the comprehensive regeneration of 'Mega Phase A' (and thereafter the wider scheme) as opposed to being a commercial one. It may nevertheless choose to form a company or to transfer the relevant property interests into an existing company for reasons of structuring the transaction.

5.3 Risk Management

5.3.1 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:

- 5.3.2 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. The Grant Agreement requires that the BXC project is monitored to milestones. In this regard, the Agreement allows these to be updated through the monthly meeting of the Governance Assurance Board, chaired by the council's Deputy Chief Executive, to reflect scheme development and market conditions and other external factors. The BXC budgets are currently being reviewed to take account of the contract awards. A detailed budget and risk management report is being prepared for the Policy and Resources Committee on 3 October.
- 5.3.3 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.
- 5.3.4 Network Change – it is necessary to resolve outstanding issues to confirm Network Change. This is required by January 2020 so to enable the commissioning of the south sidings. As reported above, this risk is being actively managed and should be resolved shortly.
- 5.3.5 Train Operating Timetable - The BXT team have, for some time been facilitating a regular meeting with Train Operators (EMT and GTR), the DfT, and NR. This Board (Rail Operation Assurance Board) deals with all rail industry issues and interfaces. One of the headline areas of interest is the new rail timetable to accommodate the planned stopping pattern at the new station. The industry has a complex and lengthy process for securing future timetables which takes into account competing bids for access. NR and the DfT have both confirmed that everything that can be done at this stage has been done to secure the desired stopping pattern, and NR have published a letter outlining the timetable of events leading up to the publication of the new timetable. There are risks associated with this process, notably around the uncertainty of the GTR franchise, and the publication later this year of the "Williams Review" which will make recommendations on the future structure of the industry. The Board will be monitoring developments closely.
- 5.3.6 Thameslink delivery costs – as with all major programmes there is the risk that costs will increase during programme delivery. The BXT budget is under review to take account of the contract awards on both the station and waste as well as progress on the TOC and Rail Systems and Sidings contracts. A detailed budget and risk management report is being prepared for the Policy and Resources Committee on 3 October. This risk is being actively managed. Re's advisors Currie and Brown have endorsed the Target Cost Estimate between NR/Amey in respect of the Rail Systems and Sidings works as required before the council commissioned 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 has open book access to all of Network Rail's financial information relating to invoiced costs incurred on the programme. This extends 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. In this regard, the regular senior level meetings between Network Rail and the council/Re delivery are continuing to review the costs each month. Similarly, there is an on-site presence by the Council/Re delivery team to be monitoring programme and work achieved, particularly during track possessions.

5.3.7 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.

5.3.8 Critical Infrastructure (Grant Funded Works) - The Council is now responsible for delivering the Southern Junctions and as the Funder, delivery of Plots 53 & 54 providing new homes to rehousing residents from the Whitefield Estate. – key risks and mitigation

5.3.9 Homes Building Fund - It is market norm for infrastructure loans to be secured against land. However, this approach increases the risk to the council's delivery control and its investment in BXC should BXS JVLP default on the loan facility. In order to mitigate this risk, Senior Officers are working with Homes England to put in place a framework that, in the event of default, enables both parties to work together to agree a revised delivery strategy that will continue to achieve housing delivery as well as recovering investment to date. This framework will be documented through a contractual Direct Agreement between the council and Homes England.

5.3.10 Resourcing – the project is now in the delivery stage. In addition, the council has taken on additional delivery items through the revised delivery strategy. There is a need to review

resourcing across the programme to ensure that it is properly supported. A review of resources has been undertaken to ensure that the teams have the required resources, particularly in respect of the Integrated programme management Office, communications and stakeholder engagement and revised delivery responsibilities taken on by the council.

5.3.11 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 by the council taking on delivery responsibility for Part 1 Whitefield Estate relocation and the novation of the existing contracts. In addition, the council regularly communicate with resident steering groups as well as residents to keep affected parties up to date with the latest programme dates.

5.3.12 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 both BXN and BXS development partners are exploring/reviewing diversification of offer within BXC. Wider macro-economic shocks may also impact the residential and office markets in London.

5.3.13 Planning – There is a risk that the BXN Partners do not meet the timescales established in the s73 Permission. This risk has been mitigated through the planning applications submitted as part of the revised delivery strategy.

5.4 Equalities and Diversity

5.4.1 As previously reported, the Development Proposals support achievement of the council's Strategic Equalities Objective.

5.4.2 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.

5.5 Corporate Parenting

5.5.1 None in the context of this report.

5.6 Consultation and Engagement

BXC Programme wide

5.6.1 The council is continuing to work closely with development partners and their contractors to coordinate the overarching Brent Cross Cricklewood communications delivery. A monthly, joint communications meeting has been installed and a new communications lead in post full-time from September to bring the wider programme together.

5.6.2 The Council's communications channels continue to feature progress reports and significant programme milestones. This includes regular features in the council's magazine Barnet

First, on the council's website and e-newsletters. A feature will appear in Barnet First's regeneration section in the October edition.

5.6.3 A key focus is to develop the programme's own communications channels including the development of programme-wide microsite, e-newsletter and social media presence as part of the wider communications stagey to be finalised next month.

5.6.4 The Evening Standard featured the programme in a piece for the Homes and Property Section on Wednesday 28 August - Living in Cricklewood: area guide to homes, schools and transport links.

Brent Cross North

5.6.5 The council regeneration team is continuing to work with L&Q to develop a stakeholder engagement strategy and action plan taking into consideration the impacts on both residents from the Whitefield Estate, and neighbouring properties of plots 53 and 54.

Brent Cross South

5.6.6 The new branding for the development has been approved and will appear on communications and marketing going forward.

5.6.7 A press release has been drafted to announce the first ten projects to be funded by the BXS Community Fund. This will be issued to the media and shared across communications channels week commencing 9 September 2019.

Brent Cross Thameslink

5.6.8 Time lapse cameras have been installed to capture the changes across the BXT site as the development moves forward. Aerial photography and ground level site photography has been commissioned to create a stock library of images for use as the project progresses.

5.6.9 The Autumn residents' newsletter has been published and is being dropped in residents' homes. This includes an overview of works for the next three months, details of support for the Clitterhouse Farm project and a competition to provide work experience to a local student.

5.6.10 The project webpage barnet.gov.uk/brentcrossthameslink continues to be kept updated with important information including the latest works schedule.

5.6.11 The council continues to monitor and respond to resident concerns around noise. The BXT Project Team met with Brent Terrace Residents Association on Thursday 29 August to review current works and discuss noise mitigation in place.

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/documents/s51244/Brent%20Cross%20Cricklewood%20Funding%20and%20Delivery%20Strategy%20Report.pdf>
- 6.5 Chief Officer Decision, Brent Cross Cricklewood Funding and Delivery Strategy, 6 March 2019
<http://barnet.moderngov.co.uk/ieDecisionDetails.aspx?ID=7163>
- 6.6 Assets, Regeneration and Growth Committee, 25 March 2019, Brent Cross Cricklewood Update Report
<http://barnet.moderngov.co.uk/documents/s51730/Brent%20Cross%20Cricklewood%20Update%20Report.pdf>
- 6.7 Assets, Regeneration and Growth Committee, 13 June 2019, Brent Cross Cricklewood Update Report
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=9928&Ver=4>

Appendix 1

Technical 60%					
	Criteria	Criteria Weight.	Sub-Criteria	Sub-Criteria Weight	Guidance ¹
1	CDM Requirements	Pass/ Fail	Q1. CDM Requirements	Mandatory See 4.3.1	
2	Delivery team	8%	Q2.1 Organisation Structure Chart	3%	Clear demonstration of commitment to provide the appropriate quantum and level (i.e. expertise) of resourcing during all stages of the project in order to deliver the Council's Requirements
			Q2.2 Capable Individuals	3%	Clear demonstration of your organisation's capability through provision of suitably qualified and experienced project team members to deliver the Council's Requirements.
			Q2.3 Retention of Skills and Capability	2%	Clear demonstration of your organisation's commitment to provide project team continuity for the whole life of the project, explaining how staff turnover will be managed and the resilience of your organisation to such change.
3	Design Assurance	12%	Q3.1 Design Assurance Plan	7%	Clear demonstration that your organisation understands NR's assurance process, the complex work sequence and integration with other projects to deliver the Council's Requirements, ensuring timescales are met without compromising NR's assurance processes and signoffs. Your response should also demonstrate your organisation's ability to maintain a Progressive Assurance plan to manage delivery of the Council's Requirements.
			Q3.2 Value Engineering	5%	Realistic Value Engineering proposals and the likelihood/probability of those translating into cost/programme savings and/or better delivery of Council's requirements throughout the project and the life of the asset.
4	Methodology	15%	Q4.1 Construction, Testing and Commissioning	12%	Comprehensive and robust methodology that demonstrates your organisation's understanding of and your ability to deliver the Council's requirements specifically taking into consideration all key project constraints and interfaces.
			Q4.2 Handover Strategy	3%	Understanding of the council's and all stakeholders' requirements in relation to a Handover Strategy identifying all

¹ See paragraph 4.2.6 above

					required handover tasks and approvals.
5	Programme for Delivery	10%	Q5.1 Programme	7%	A robust and feasible programme accompanied with narrative, demonstrating your organisation's understanding and ability to deliver the Council's requirements by May 2022.
			Q5.2 Possession Planning Management	3%	Understanding of the Network Rail's Possession planning requirements and how this will be planned and managed to deliver the programme
6	Delivery Risk	5%	Q6.1 Risk Register	3%	Ability to offer effective risk management and mitigation plans.
			Q6.2 Risk Identification and Mitigation	2%	Ability to identify additional key project risks and offer effective management and mitigation plans.
7	Social Value	3%	Q7 Social Value	3%	Commitment to Maximising Social, Economic and Environmental Value through the delivery of the project. You should confirm that your proposals will be supported by appropriate contractual commitments to this effect.
8	Stakeholder Mgt & comm.	2%	Q8 Stakeholder and Community	2%	Engage and manage stakeholders, the community and the client provision of customer services commitment and communication plan to deliver the Council's requirements.
9	HS&E Mgt	5%	Q9.1 Key Occupational Health Risks Areas	2%	Demonstrate your organisation's ability to provide Occupational Health and safety provisions suitable for the safe delivery of the project.
			Q9.2 HSE Risk Mitigation	2%	Demonstrate your organisation's ability to identify and mitigate HS&E risks suitable for the safe delivery of this project.
			Q9.3 Workforce Engagement	1%	Demonstrate your organisation's ability to consult and engage with staff/workforce in planning and implementing all required HS&E measures for the safe delivery of the project.
Commercial 40%					
10	Total Cost to Deliver the Works	35%	Complete in the Pricing document provided		See paragraph 4.6 of ISFT
11	Fee percentage	5%	Complete in the pricing document provided		See paragraph 4.8 of ISFT
12	Appendix E	Pass/ Fail	Contractor mark up of draft Contract		Pass/Fail
					See paragraph 4.4 of ISFT

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Assets, Regeneration and Growth Committee

16 September 2019



Title	Daws Lane Community Hub update – Timescales to Progress hub at 80 Daws Lane
Report of	Cllr Richard Cornelius
Wards	Mill Hill
Status	Public
Urgent	No
Key	No
Enclosures	Appendix 1: Milestones for NW7 Hub
Officer Contact Details	Iliana Koutsou Programme Manager – Special Projects iliana.koutsou@barnet.gov.uk 02083595494

Summary

The Council received a proposal from NW7 Hub in 2015 to develop an unused building (80 Daws Lane) into a combined community hub and partnership library. Given the passage of time, this report proposes an extension to the original agreed timescales and a number of new milestones, to ensure the development maintains good momentum.

Officers Recommendations

1. To confirm the Committee's approval of the revised programme and milestones, as outlined in Appendix 1, to ensure that the development is completed by 1 March 2025

2. To confirm that the Committee shall require that any agreements and consents which the Council enters into for NW7 to develop the 80 Daws Lane site, should include appropriate provisions to terminate the same in the event that NW7 Hub should be unable to meet any of the milestones detailed in Appendix 1.

1. WHY THIS REPORT IS NEEDED

- 1.1 This report provides an update on progress with the development of the Daws Lane community hub so committee members can make informed decisions.
- 1.2 The existing building at 80 Daws Lane is in need of significant investment, and the Council received a proposal in 2015 from a community group (NW7 Hub, charity number 1171742) to demolish and re-build this as a community hub, managed by the community for the community. This was reported to the Assets, Growth and Regeneration committee on 30 November 2015.
- 1.3 Subsequently, the Council worked with NW7 Hub to design a hub and refine project costs. The outcome of this exercise was reported at committee on 12 December 2016. at which the committee approved in principle that the Council should enter into a development agreement with NW7 to include the grant of a 125-year lease on completion of the works at nil rent and, subject to NW7 obtaining all relevant statutory consents, including planning consent, for their proposals.
- 1.4 Committee approval on 12 December 2016 was conditional on the NW7 Hub completing the works to the new hub by the 1st January 2022. Since the publication of that committee report, NW7 Hub have focused on establishing themselves in the locality and identifying community need but they have not yet substantially fund-raised. They have however recently submitted a planning application (19/3129/FUL). Consequently, the contract documents have not been progressed.
- 1.5 As a result, 80 Daws Lane has been maintained as a vacant asset, protected by property guardians, for approximately four years. This report therefore recommends a number of revised milestones for NW7 Hub to now meet, in order to maintain momentum and ensure timely progress is made on developing the hub.
- 1.6 The recommended milestones and associated timescales are detailed in Appendix 1.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The Committee's approval to the revised milestones is recommended, in order for the Council to better be able to track progress towards the realisation of a new hub at 80 Daws Lane and to be able to take alternative decisions by way of mitigation should plans for the hub falter or change.
- 2.2 The most recent ARG committee report (12 December 2016) on this matter stated that in the event that works are not completed by the 1st January 2022, the Council will decide the future direction of the site. As NW7 Hub has not yet been in a position to begin fundraising in earnest, it is highly unlikely that this deadline will be met so, understanding

the complexities involved in fundraising and delivering a project of this scale, it is recommended that a time extension is granted to the group, as outlined in Appendix 1.

- 2.3 It is also recommended that, if NW7 Hub are unable to meet any one of the milestones as outlined in Appendix 1, the site at 80 Daws Lane the Council has sufficient control in respect of the overall arrangements including the site to mitigate the effects of this. This is to ensure that 80 Daws Lane can be developed for the good and benefit of the locality.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 The Council could choose not to define milestones for NW7 Hub to adhere to when developing the new hub. This is not recommended as lessons learnt from the previous experience is that this provided insufficient assurance for the Council that plans for the hub were progressing, as had been hoped that they would.
- 3.2 The Council could choose not to give a further opportunity to NW7 Hub to develop 80 Daws Lane and could plan to develop the site in 2022 on the assumption that development by NW7 would not be accomplished. This is not recommended as it is not in the spirit of what was originally intended and therefore revised milestones are proposed.

4. POST DECISION IMPLEMENTATION

- 4.1 NW7 Hub has already submitted a full planning application for the new hub at 80 Daws Lane in June 2019 (19/3129/FUL). The Council will need as landowner to approve the scheme. The Council will expect that the Planning Permission including any Resolution to Grant once granted is the permission that is then implemented. NW7 Hub will inform the Council of fundraising progress every six months from 1 Mar 2020. Therefore, progress updated from NW7 will be required on:

- 1 Mar 2020
- 1 Sep 2020
- 1 Mar 2021
- 1 Sep 2021
- 1 Mar 2022

- 4.2 Within two years of NW7 obtaining planning consent which as stated above will include any Resolution to Grant, NW7 fundraising must be complete and a business case developed by the group, for ARG Committee to review and approve, in order for the Council to confirm the financial viability of the scheme and its deliverability as well as NW7 hub being able to demonstrate that it will be able to comply and continue to comply with its obligations in the proposed lease once granted. Any future report, brought to this Committee would also then seek approval for the scheme to progress, assuming the business case was sound and would also seek approval as to the in principle terms for the development agreement and ground lease for 80 Daws Lane to enable these to be finalised. In accordance with the project milestones both parties are to then complete the development agreement within 6 months of the ARG committee approval but definitely no later than 1 August 2022.

- 4.3 The development agreement will contain appropriate terms to reflect the requirements of the transaction and a future ARG Committee will need to authorise and approve the

Heads of Terms as well as the Council entering into and completing the formal documents. The Council will expect to receive the normal protections under any building contract entered into between NW7 and its preferred contractor in relation to the build. The Council will be seeking to retain its land interest until such time as the development is complete and certified as being practically complete and will then grant the 125 year lease. It is envisaged that the extent of the land to be included in the lease will be the same as the present footprint of the building. It is intended that the lease will contain a number of covenants such as:

- a requirement that the NW7 Hub maintain its charitable status;
- a prohibition on assigning the lease to any organisation but only to the trustees from time to time of NW7.
- the library area being preserved for use throughout the term as a library facility.

4.4 The Development Agreement and Lease shall be drafted by HB Public Law.

4.5 Contractor mobilisation to take place with a view to a meaningful start on site taking place by 1 March 2023. Construction must then be complete by 1 March 2025.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 The Council's Corporate Plan 2019-24 states that the Council will focus on the strengths of the community and what they can do to help themselves and each other. This will be delivered through encouraging individual and corporate volunteers to help build active communities and supporting the voluntary, community and faith sector to build capacity for meeting the needs of residents.

5.1.2 The grant of this lease will support the corporate plan by bring an asset into use and assist the prospective tenant's long term business plan.

5.1.3 By committing to timescales, progress on the development of the hub will be better monitored and momentum should be maintained.

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

5.2.1 All costs related to the procuring of planning permission and the site's subsequent development will be borne by the NW7 Hub.

5.2.2 Subject to NW7 adhering to the milestones detailed in this report, the council will provide up to a £1m (index linked) contribution for the provision of a partnership library within the proposed building to be constructed on the site in line with the Strategic Outline Case approved in November 2015 and subsequently by Policy and Resources Committee. This sum includes fit out costs (including IT) and re-location of the library costs.

5.3 Social Value

5.3.1 Further information about NW7 hub can be found on the Charity Commission website (charity number 1171742).

5.4 Legal and Constitutional References

- 5.4.1 Local authorities are given powers under Section 123 of the Local Government Act 1972 (as amended) to dispose of land held by them in any manner they wish. S 123(2) states that except with the consent of the Secretary of State a council cannot dispose of land, other than for the grant of a term not exceeding seven years, for a consideration less than best that can reasonably be obtained. A general disposal consent dated 2003 allows Councils to dispose of land at less than best where such undervalue does not exceed £2 Million and the proposed disposal would be for the social, environmental or economic well-being of the residents of the Borough. Any undervalue which exceeds £2 million must be authorised by a specific ministerial consent.
- 5.4.2 The Council Constitution, Article 10- Decision Making –The Management of Asset, Property and Land Rules, Appendix 1, Table A – states that any less than best transaction must be reported to and authorised by this Committee.
- 5.4.3 The Council’s Constitution, Article 10 - Decision making, Table A sets out the authorisation thresholds and delegated powers of officers for land and property transactions. Financial arrangements of up to £181.302 can be approved by an officer with the delegated authority as per the Council’s scheme of delegations. Unless it is for the disposal of land or property for a less than best transaction, in which case it must be reported to the Assets, Regeneration and Growth Committee.
- 5.4.4 Under the Green Belt (London & Home Counties) Act 1938, having regard to the requirements of section 5, the grant of the lease may need the consent of the Secretary of State and should this be the case, advertising of the site will be required and any responses will need to be conveyed to the Secretary of State. The consent of the Secretary of State is also needed for the construction of buildings on green belt land and this will need to be reflected in the development agreement.

5.5 Risk Management

- 5.5.4 NW7 Hub’s planning application may receive local objections due to loss of green belt and or public space. Responsibility for mitigating this risk sits with the NW7 Hub, who are envisaged to undertake all necessary pre-application engagement with the Local Planning Authority and other statutory planning consultees.
- 5.5.5 In order to mitigate the low risk of the project not progressing within agreed timescales, and particularly to ensure that the planning permission does not lapse, a clause shall be inserted within the legal agreements that requires NW7 to undertake a meaningful start on site, on or before 1 Mar 2023 and before the expiration of any planning permission. This is also reinforced by a sensible longstop date for practical completion of the scheme, see appendix 1.
- 5.5.6 A “meaningful start on site” is to be defined as a “material operation” as per the Town and County Planning Act. This is defined as the following:
- any work of construction in the course of the erection of a building;
 - any work of demolition of a building;
 - the digging of a trench which is to contain the foundations, or part of the foundations, of a building;
 - the laying of any underground main or pipe to the foundations, or

part of the foundations, of a building or to any such trench

- 5.5.7 Part of the NW7 Hub funding strategy to finance their build programme is to raise funding from a Charitable/ Social Bank. If the repayment terms of the loan were not met by the NW7 Hub, the lender would have recourse to take possession of the land and sell the lease. The Council would seek to mitigate this by the inclusion of a pre-emption right (see section 5.5.8) if appropriate. This presents a risk to the Council that the new tenant might not carry out the business case objectives, as agreed by Committee and the perceived community benefit offered, from the site could be limited. This is mitigated by the likely planning constraints placed against the land limiting it to community (D1) usage by the Council's control of use via the user clause in the lease.
- 5.5.8 Further to this, given the nature of this lease the Council would seek to have a right of pre-emption to allow the Council the opportunity of having the lease vested in itself. This is envisaged to be required in the event of NW7 Hub defaulting on any loan repayments secured against the land and the lender seeing to take control of the lease.
- 5.5.9 It should be noted however, such charging is common place on commercial ground leases where an effective premium is being paid for a site, the premium in this case being the cost of the works albeit that it should be recognised that the Council will not be charging rent for the life time of the lease and will be effectively at least part subsidising the works.
- 5.5.10 If NW7 Hub fail to raise sufficient funding (£2.5M, as well as demonstrating there are sufficient contingency funds if the hub goes over budget), the group will not be able to deliver the hub, and the Council will not proceed with the lease and development agreement. NW7 Hub will inform the Council of fundraising progress every six months from 1 Mar 2020. If NW7 fail to raise sufficient funding, the scheme will not progress, and the 80 Daws Lane site will be developed by the Council.
- 5.5.11 If the milestones in Appendix 1 are not approved, there may be further delay in the development of the hub, which would not be in the public's interest as the current building is derelict.

5.6 Equalities and Diversity

- 5.6.1 Under the 2010 Equality Act, the Council must have due regard to the need to: a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; b) advance equality of opportunity between those with a protected characteristic and those without; c) foster good relations between those with a protected characteristic and those without. The 'protected characteristics' referred to are: age; disability; gender reassignment; pregnancy and maternity; race; religion and belief; sex; sexual orientation. It also covers marriage and civil partnership with regards to eliminating discrimination.
- 5.6.2 The Council will undertake a full Equalities Impact Assessment and the scheme and milestones will take the result of any such assessment into account with any necessary amendments being brought back to a future meeting of this Committee. However, no immediate equality impacts are anticipated as a result of this proposal.

5.7 Corporate Parenting

5.7.1 N/A.

5.8 Consultation and Engagement

5.8.4 Ward councillors and NW7 hub have been consulted in developing these milestones.

5.8 Insight

5.8.1 In developing these milestones, progress demonstrated by NW7 Hub was taken into account.

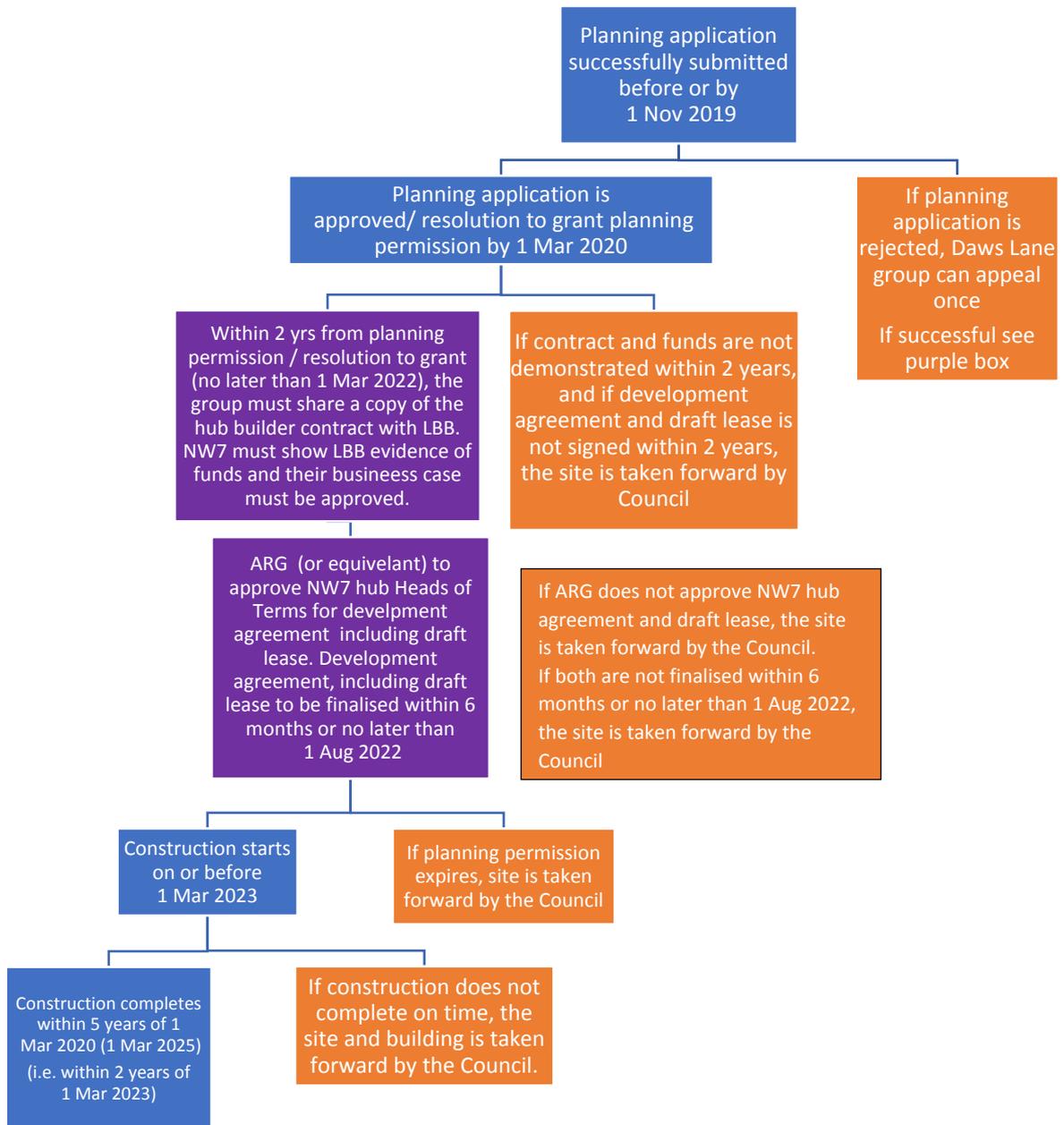
6 BACKGROUND PAPERS

6.4 Daws Lane Community Hub – Strategic Outline Case (30 Nov 2015)
<https://barnet.moderngov.co.uk/documents/s27742/Daws%20Lane%20Community%20Hub%20-%20Strategic%20Outline%20Case.pdf>

6.5 Transfer of Daws Lane, NW7 (12 Dec 2016)
<https://barnet.moderngov.co.uk/documents/s36609/ARG-Daws%20Lane%20Community%20Hub%20-%20Land%20Transfer%20-final%2012%2012%2016.pdf>

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Appendix 1: Milestones for NW7 Hub to deliver a Hub at 80 Daws Lane



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	<p>Assets, Regeneration and Growth Committee</p> <p>19 September 2019</p>
<p style="text-align: center;">Title</p>	<p>Housing Acquisitions Programme (Phase 4)</p>
<p style="text-align: center;">Report of</p>	<p>Councillor Richard Cornelius</p>
<p style="text-align: center;">Wards</p>	<p>All</p>
<p style="text-align: center;">Status</p>	<p>Public</p>
<p style="text-align: center;">Urgent</p>	<p>No</p>
<p style="text-align: center;">Key</p>	<p>Yes</p>
<p style="text-align: center;">Enclosures</p>	<p>Appendix A – Housing Acquisitions Programme (Phase 4) Outline Business Case</p>
<p style="text-align: center;">Officer Contact Details</p>	<p>Shahid Navapurwala, Growth & Development, Barnet Homes. shahid.navapurwala@barnethomes.org, 020 8359 2491</p>

<h2>Summary</h2>
<p>Against a backdrop of increasing housing demand and rising costs associated with providing temporary accommodation, this report sets out the business case for purchasing a further 500 residential properties in Greater London and other areas within a 50-mile radius for use as affordable accommodation, to be let on non-secure or assured shorthold tenancy agreements and managed by Barnet Homes.</p> <p>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. This proposal seeks to build upon the successes and framework established through the first three phases of the acquisitions programme to deliver a greater volume of affordable housing solutions.</p>

<h2>Recommendations</h2>

- 1. That the Committee approve the business case for the acquisition of up to 500 properties purchased from Q3 2019/20 onwards funded through General Fund borrowing as outlined in Appendix A.**
- 2. That the authorisation of purchases of individual properties for the Housing Acquisitions programme (Phase 4) be delegated to the Deputy Chief Executive**
- 3. Subject to receiving further tax advice, that acquisitions be carried out by the Council's subsidiary, TBG Open Door Ltd, funded by a loan agreement between the Council and TBG Open Door Ltd.**
- 4. That the final decision to proceed with acquisitions delivered through TBG Open Door Ltd is delegated to the Deputy Chief Executive, including the authority to approve a loan agreement.**

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 increased by 19% 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 previous three phases of acquisitions, Barnet Homes have carried out an assessment of the viability of purchasing additional homes directly on the private market, to be funded by the Council and, subject to advice on tax and state aid, owned, let and managed by TBG Open Door Ltd, and have developed a business case for proceeding with this as set out at Appendix A.
- 1.4 Barnet Homes have developed a business case that shows the benefits of proceeding with the acquisitions either via TBG Open Door Ltd or directly by the Council, as set out in Appendix A.
- 1.5 The additional benefits that would result from carrying out the acquisitions via TBG Open Door Ltd would include the removal of the need to pay stamp duty on the purchases, where TBG Open Door Ltd secures charitable status and the payment of additional interest over and above the public works loan board rate that the council can borrow at. In addition, the properties would provide TBG Open Door Ltd with an asset base which could support borrowing to fund more new homes in the longer term.

- 1.6 The proposal to acquire 500 properties via TBG Open Door Ltd was identified as part of the business plan for the Housing Committee, and was expected to deliver savings totalling £3.065m by 2024. Following receipt of advice on the treatment of Minimum Revenue Provision, the level of saving achievable will be reduced. However, analysis in section 5.2 below shows that it is still financially beneficial for the programme to proceed.

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 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 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 £325,275, 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 Where acquisitions are carried out by TBG Open Door Ltd instead of the Council, the borough would secure additional benefits in the form of Stamp Duty Land Tax exemption where TBG Open Door Ltd secures charitable status.

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 and incurs the costs associated with an increase in the use of temporary accommodation procured from private owners.

4. POST-DECISION IMPLEMENTATION

- 4.1 The accommodation will be used as temporary or affordable housing, let on non-secure tenancy agreements or other tenancy types as determined.

- 4.2 The Barnet Group would seek to acquire approximately 500 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 October 2019.
- 4.3 Barnet Homes would provide a full management service for properties purchased either on behalf of the Council or TBG Open Door Ltd and units would be used to provide affordable accommodation, let at Local Housing Allowance 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.
- 4.5 If the properties are purchased by TBG Open Door Ltd, the council officer will put in place a loan agreement with TBG Open Door Ltd to fund the acquisitions.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 By reducing the cost of temporary accommodation, the acquisition of homes 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.

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

5.2.1 The proposal is for approximately 500 properties to be acquired from quarter three of 2019/20 onwards, depending on the purchasing route. This will require a capital investment of £163m, equating to approximately £326k for each property acquired. 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 If the properties are purchased directly by the Council, interest payments estimated at £114m will be payable over the 50 year period. The overall net revenue saving (including cost avoidance) over 50 years is estimated to be approximately £520m. It is anticipated that units will break even and start delivering revenue surpluses after 21 years.
- 5.2.3 If the properties are purchased by ODH, the Council will still be required to take out a loan and make principal and interest payments, both of which will be repaid by ODH. This proposal results in a net revenue saving to the borough estimated at £513m over 50 years and includes a benefit to the Council from on-lending of 1.24% above the Public Works Loans Board rate estimated at £57.9m over 38 years when the loan is repaid by ODH.
- 5.2.4 Both proposals include the potential to deliver Temporary Accommodation cost avoidance estimated at £210.5m over 50 years. Over the 50 year period, greater savings are delivered by the Council purchasing the properties, however the ODH model produces earlier and greater revenue savings in the short to medium term as shown in table 1 below.
- 5.2.5 The project would be funded through General Fund borrowing which was approved by Policy and Resources Committee on 23 March 2019.
- 5.2.6 The tables below summarise the potential overall financial position delivered by the scheme using average purchase prices and rents expected to be delivered through the scheme for one property in a full year.

Table 1 – Cumulative revenue costs of delivering 500 units through both options

	Year 1 £'000s	Year 10 £'000s	Year 20 £'000s	Year 30 £'000s	Year 40 £'000s	Year 50 £'000s
<i>Option 2</i>						
ODH						
ODH delivery cost	1,251	4,789	1,210	1,210	(46,194)	(244,395)
Council						
TA cost avoidance	(1,429)	(19,191)	(46,267)	(84,040)	(136,783)	(210,492)
On-lending	(1,939)	(19,386)	(38,421)	(53,387)	(57,900)	(57,900)
Minimum Revenue Provision (MRP)	3,127	31,268	62,535	93,803	125,070	156,338*
ODH debt repayment			(13,710)	(72,569)	(156,338)	(156,338)
Total	(241)	(7,309)	(35,863)	(116,193)	(225,951)	(268,393)
Total borough cost	1,010	(2,520)	(34,653)	(114,983)	(272,144)	(512,788)
<i>Option 3</i>						
Council						
Council delivery cost	2,738	15,638	1,381	(50,297)	(149,600)	(310,354)
TA cost avoidance	(1,429)	(19,191)	(46,267)	(84,040)	(136,783)	(210,492)
Total	1,309	(3,553)	(44,886)	(134,337)	(286,383)	(520,846)

*note, total debt assumes Stamp Duty Land Tax exemption, however does not include consideration of working capital requirements

5.2.7 Purchasing via ODH has a greater benefit in the early years due to it making lower debt repayments during that period. Consequently, this option has a higher net present value (NPV), shown in table 2.

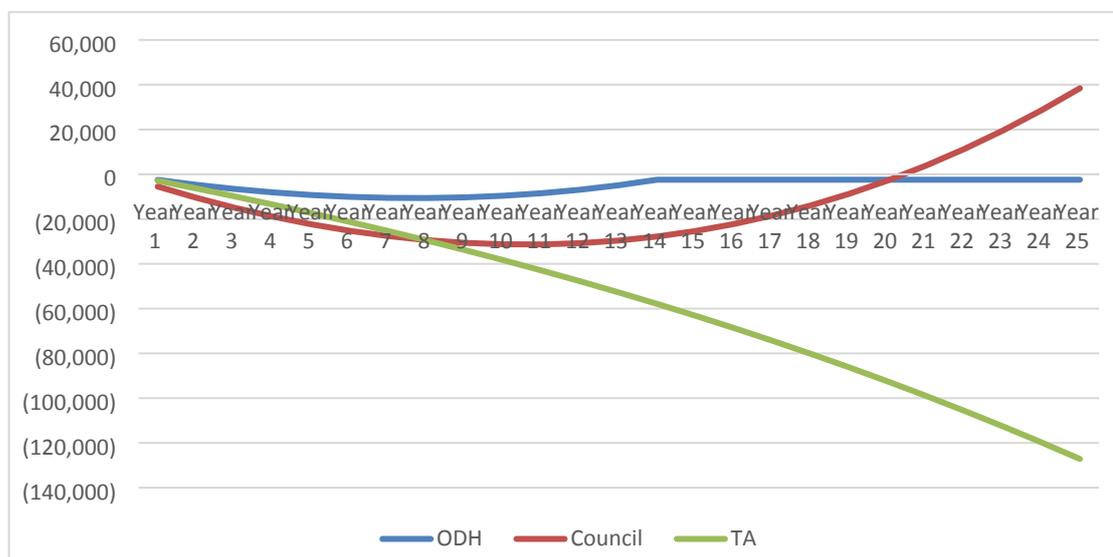
Table 2 – Average capital position (per property)

	Council purchasing	ODH purchasing
Average property price	282,500	282,500
Average delivery costs	42,775	30,175
Total borrowing per unit	325,275	312,675
Peak cash deficit	31,329 (Year 11)	10,610 (Year 8)
Debt repaid	Year 50	Year 38
NPV (debt, interest, no capital growth)	66,773	182,653

The Council will apply MRP over 50 years, resulting in a charge of 2% each year which serves to reduce the revenue benefit outlined above.

5.2.8

The various revenue costs per unit of pursuing the options proposed are highlighted in the graph below.



5.3 Social Value

5.3.1 Having consideration to the Public Services (Social Value) Act 2013, there are no specific social values considerations arising from these policies.

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 If ODH acquires the properties, section 3 of the Local Authorities (Land) Act 1963 enables a local authority to advance money (up to 90% of the land value) to another party to acquire land or erect any building or carry out work on that land. Any such advance must be secured by mortgage and repayable within a 30-yr term.
- 5.4.3 If the terms of the loan are at more favourable rates than would be usual in the commercial lending market, such that the loan constitutes “financial assistance”, then the Council will need consent under Section 24 of the Local Government Act 1988 prior to making any such loan.
- 5.4.4 If the Council acquires the properties, it can rely on the power conferred by section 17 of the Housing Act 1985 (which enables local authorities to acquire land and buildings for housing purposes).

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 £283k. 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.
 - A further risk results to the Council in the event of Opendoor Homes defaulting on the loan. This could result in a reduction of the amount owed on the Council’s balance sheet.

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 out of the borough the Council will consider the needs of protected groups.

5.7 Consultation and Engagement

5.7.1 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.

5.7.2 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 focus around private renters, inviting attendees to share their experiences of residing in that sector.

5.8 Insight

5.8.1 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 2018/19.
- 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 (19%) in the number of households in temporary accommodation (numbers have increased from 2,172 in April 2012 to their current level of 2,579 at the end of June 2019).

6.0 BACKGROUND PAPERS

6.1 Appendix A – Housing Acquisitions Programme (Phase 4) Outline Business Case



Housing Acquisitions Programme (Phase 4)

Business Case

**Outline Business Case (OBC):
Housing Acquisitions Programme (Phase 4)**

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Date:	<i>07 August 2019</i>
Service / Dept:	<i>Business Development, The Barnet Group</i>

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1. Executive Summary

This paper outlines a proposed fourth phase of the Acquisitions Programme, to build upon the successes of the first three phases, and to provide the Council with an opportunity for growth that delivers wider financial benefits for the borough.

In 2013, Barnet Homes' developed a menu of options to tackle the problem of the increasing cost of temporary accommodation, and this was presented to the Council's Delivery Unit Board (DUB). One of the options proposed was the acquisition of out-of-borough properties – but the Delivery Unit Board decided to explore alternate options at the time, the majority of which have subsequently been implemented.

In July 2016 the Council approved an outline business case for the delivery of new affordable homes outside of the borough (Phase 1), and this was extended to include properties within London in November 2016. The programme saw the delivery of almost 50 new affordable homes for housing applicants. Building upon this success, the Council approved an additional phase of purchases (Phase 2) which saw the deployment of an additional 8m budget and plans to acquire an additional tranche of affordable homes outside London. By the end of Q1 2019-20, The Barnet Group had delivered 235 new affordable homes for Barnet's housing applicants in a little under 3 years.

	Locations	Acquisition 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	104
Cheyne leases	Greater London	50m	27*
HRA Phase 2	Barnet	31m	3*
Total		109.4m	235

**programme part completed and numbers correct at the time of writing*

The fourth phase 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 Phase 4 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 fourth 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.

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 2018/19.
- There has been a significant increase (19%) in the number of households in temporary accommodation (numbers have increased from 2,172 in April 2012 to their current level of 2,579 at the end of June 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.

This has posed a major challenge in 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 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 the first three completed phases of our successful acquisition programmes to deliver a greater volume of affordable housing solutions.

Another key driver is the objective to deliver increased revenue and enhance the capacity to deliver more affordable homes. This proposal contributes towards that objective through the delivery of affordable housing stock and an asset base that will appreciate over time.

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 project will involve the use of borrowing to acquire additional properties and 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 and an opportunity to support the future growth of Open Door Homes.

This proposal supplements the previously approved Phase 3 programme and focuses on the acquisition of a further 500 properties purchased from Q3 2019/20 onwards funded through General Fund 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
- Reduce the cost of temporary accommodation and subsequent pressure on the Council's General Fund
- Increase the asset base and affordable housing portfolio of Opendoor Homes, a subsidiary of The Barnet Group which is wholly owned by the Council

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.	August to September 2018
Presentation of recommendations	Presentation of options, and preferred finalised approach to the London Borough of Barnet	August 2019
Approval	Approval (approach)	September 2019
Approval	Approval (budget)	March 2019
Approval	Approval (loan agreement)	Q3 2019/20

Deliverable	Details	Timeframe
Implementation	Procurement of properties in accordance to the preferred approach	Q4 2019/20
Review	Review & benefits realisation	On-going

5. Options

Our learning and insight gained through the delivery of successful acquisitions programmes 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 negative net present value of cash flow of (£188k) per unit over the next 50 years and would mean there is no positive financial impact to forecasted future General Fund budget pressures. Should inflationary increases in the cost of delivering alternative temporary accommodation options worsen, then this will further increase the pressure on the Council's General Fund. It is therefore not recommended.

2. Opendoor Homes acquires assets from the open market in Greater London, and other areas within a 50-mile radius, funded through General Fund borrowing

The Barnet Group would source and deliver assets secured from the open market and purchases would be funded by the Council via General Fund PWLB borrowing at a rate of approximately 2.75% plus an on-lending fee.

Opendoor Homes would provide a full management service for properties acquired and units would be used to provide long-term affordable accommodation, at 100% of the relevant Local Housing Allowance rate. The units would be let on assured shorthold tenancy agreements. The table below outlines the key components of the proposed model and provides a comparison with previous phases.

	Phase 4	Phases 1-3
Stamp Duty Land Tax	Exempt where acquired by ODH by way of charitable status	SDLT paid at investment property rates
Major works provision	£750 per unit per annum (inflated) set aside as a sinking fund	1% of the property purchase price set aside as a sinking fund
Capital repayment	Repayment factored from Year 15	2% MRP accounted for from Year 1

On-lending	1.24% up-lift on borrowing rate paid to the Council	None
Sourcing areas	Greater London and locations within a 50-mile radius	Greater London, Bedfordshire and Cambridgeshire
Properties sourced	Greater flexibility to acquire assets that deliver a positive NPV, and scope to utilise funding for bulk purchases	Properties acquired from the open market on a unit by unit basis at a pre-agreed hurdle rate

Proposed hurdle rate

To provide flexibility with which secures assets are secured 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 either within Greater London, or within a 50 mile radius of Greater London

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 the borough to consider a wider range of opportunities based upon their outputs and provide the ability to act swiftly to secure assets.

Key benefits

There are several key benefits realised through this model:

- Delivers at a net **revenue surplus of £489k per property over a 50-year** period that is more favourable than existing methods of providing **temporary accommodation which could potentially cost £420k per unit** over a similar period.
- Delivers a significantly **better NPV** to alternative temporary accommodation options over a 50-year period (+183k vs -188k) 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 affords Opendoor Homes the opportunity to benefit from long-term house price inflation, acquiring assets that will appreciate over time and support further development of new homes for rent in the future
- The model will help improve standards in the private sector, with Opendoor Homes responsible for fully maintaining and repairing properties acquired.
- The model helps reduce the number of households in temporary accommodation with properties potentially let as private sector placements.
- The model provides security of tenure to satisfy the Borough's long-term housing needs.
- Opendoor Homes, as a Registered Provider with charitable status, would be **exempt from paying Stamp Duty Land Tax** for purchases. This makes it a more cost-effective vehicle for the borough to acquire affordable homes from the open market.

Disadvantages

There is however one main disadvantage of delivery through this method:

- The Council would be required to raise a significant amount of capital through GF borrowing via the Public Works Loans Board to finance the scheme, increasing its General Fund borrowing (as with option 3).

3. The Council acquires assets from the open market in Greater London, and other areas within a 50-mile radius, funded through General Fund borrowing

The Barnet Group would source and deliver assets secured from the open market and purchases would be funded by the Council via General Fund PWLB borrowing at a rate of approximately 2.75%.

Barnet Homes would provide a full management service for properties acquired and units would be used to provide long-term affordable accommodation, at 100% of the relevant Local Housing Allowance rate. The units would be let on non-secure tenancy agreements. The table below outlines the key components of the proposed model and provides a comparison with previous phases.

	Phase 4	Phases 1-3
Stamp Duty Land Tax	SDLT paid at investment property rates	SDLT paid at investment property rates
Major works provision	£750 per unit per annum (inflated) set aside as a sinking fund	1% of the property purchase price set aside as a sinking fund
Capital repayment	2% MRP accounted for from Year 1	2% MRP accounted for from Year 1
On-lending	None	None
Sourcing areas	Greater London and locations within a 50-mile radius	Greater London, Bedfordshire and Cambridgeshire
Properties sourced	Greater flexibility to acquire assets that deliver a positive NPV, and scope to utilise funding for bulk purchases	Properties acquired from the open market on a unit by unit basis at a pre-agreed hurdle rate

Proposed hurdle rate

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

3. Assets acquired must deliver a **positive NPV of cash over a 50-year period**
4. Assets acquired must be either within Greater London, or within a 50 mile radius of Greater London

Key benefits

There are several key benefits realised through this model:

- Delivers at a net **revenue surplus of £621k per property over a 50-year** period that is more favourable than existing methods of providing **temporary accommodation which could potentially cost £420k per unit** over a similar period.
- Delivers a significantly **better NPV** to alternative temporary accommodation options over a 50-year period (+67k vs -188k) 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 affords the Council the opportunity to benefit from long-term house price inflation, acquiring assets that will appreciate over time
- The model will help improve standards in the private sector, with Barnet Homes responsible for fully maintaining and repairing properties acquired.
- 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.

Disadvantages

There is however one main disadvantage of delivery through this method:

- The Council would be required to raise a significant amount of capital through GF borrowing via the Public Works Loans Board to finance the scheme, increasing its General Fund borrowing (as with option 2).

Suggested approach

It is recommended that the option to purchase units from the open market (option 2) is approved, through The Barnet Group's subsidiary, Opendoor Homes Ltd. The Barnet Group is wholly owned by the Council.

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 General Fund borrowing. The programme would deliver up to 500 units of affordable homes in Greater London and other areas previously agreed by the Council.

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.

¹ Figures quoted relate to prospective purchases in Greater London only.

Table 1 - Summary of cash flow impacts per unit

Cost / cumulative impact	Year 1	Year 10	Year 20	Year 30	Year 40	Year 50
Net cost of existing TA	2,857	38,381	92,534	168,080	273,566	420,985
ODH purchasing (option 2)	2,501	9,578	2,419	2,419	(92,387)	(488,790)
Saving vs TA	356	28,803	90,115	165,661	365,953	909,775
Council purchasing (option 3)	5,476	31,276	2,762	(100,594)	(299,199)	(620,708)
Saving vs TA	(2,619)	7,105	89,772	268,674	572,765	1,041,693

The various revenue impacts of pursuing the options proposed are highlighted in the graph below.

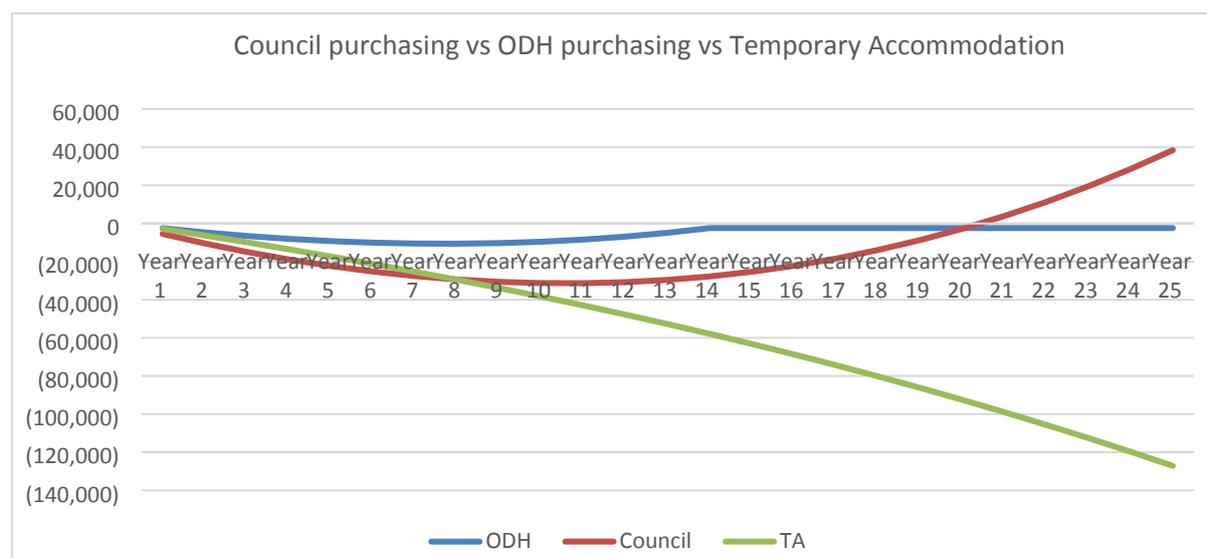


Table 2 – Summary of impacts per unit

	Council purchasing	ODH purchasing
Average property price	282,500	282,500
Average delivery costs	42,775	30,175
Total borrowing per unit	325,275	312,675
Peak cash deficit	31,329 (Year 11)	10,610 (Year 8)
Debt repaid	Year 50	Year 38
NPV (debt, interest, no capital)	66,773	182,653

Where Opendoor Homes were to acquire 500 units additional financial efficiency will be achieved via exemption from Stamp Duty Land Tax.

Table 3 – Overall scheme summary

	Year 1 £'000s	Year 10 £'000s	Year 20 £'000s	Year 30 £'000s	Year 40 £'000s	Year 50 £'000s
<i>Option 2</i>						
ODH						
ODH delivery cost	1,251	4,789	1,210	1,210	(46,194)	(244,395)
Council						
TA cost avoidance	(1,429)	(19,191)	(46,267)	(84,040)	(136,783)	(210,492)
On-lending	(1,939)	(19,386)	(38,421)	(53,387)	(57,900)	(57,900)
MRP	3,127	31,268	62,535	93,803	125,070	156,338*
ODH debt repayment			(13,710)	(72,569)	(156,338)	(156,338)
Total	(241)	(7,309)	(35,863)	(116,193)	(225,951)	(54,155)
Total borough cost	1,010	(2,520)	(34,653)	(114,983)	(272,144)	(512,788)
<i>Option 3</i>						
Council						
Council delivery cost	2,738	15,638	1,381	(50,297)	(149,600)	(310,354)
TA cost avoidance	(1,429)	(19,191)	(46,267)	(84,040)	(136,783)	(210,492)
Total	1,309	(3,553)	(44,886)	(134,337)	(286,383)	(520,846)

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

Table 4 – Net Present Value of cash flow over 50-year period

	NPV
Existing TA	(188,726)
Council purchasing	66,773
ODH purchasing	182,653

Capital spend profile

Where approval is granted to proceed with the programme, it is expected that capital will first be deployed in the final quarter of 2019/20. A full profile of spend is outlined in table 5 below.

Table 5 – Capital spend profile

	2019/20	2020/21	2021/22	2022/23	2023/24
No. of properties to be purchased	25	125	125	125	100
Total capital expenditure (£) Council purchasing	8.3m	40.7m	40.7m	40.7m	32.6m
Total capital expenditure (£) ODH purchasing	-	40.7m	40.7m	40.7m	40.7m

To offset the slower deployment of capital through option 2 (ODH purchasing), the existing Housing Revenue Account acquisitions phase 2 programme will be accelerated.

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 8 – Stress testing financial models

	Council Purchasing Net Present Value	Council Purchasing Revenue Surplus @50 years	ODH Purchasing Net Present Value	ODH Purchasing Revenue Surplus @50 years
Base Case	66,773	620,708	182,653	488,790
10% increase in average purchase price	45,985	567,361	146,519	369,792
10% reduction in average rent	30,500	472,105	110,061	262,516

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

9. Project Approach

Please refer to **Appendix A** for the proposed project plan that includes key dates and milestones.

10. Dependencies

Assumptions

- Timely provision of any requested information and input from senior stakeholders.
- On-going political support for the Council to fund 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 is a lack of affordable housing supply in the areas that the Council or Opendoor Homes is confident that customers will agree to move to.
- That there may be some resourcing implications for management of stock further outside of the borough.

Interfaces / Dependencies

- The Council 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.

11. 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.

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
Financial	Temporary accommodation cost avoidance	LBB	Up to £210.5m over 50 years	From Q3 2019/20	LBB	Financial monitoring
Strategic	Increase of affordable housing stock	LBB Housing Applicants	Up to 500 units	From Q3 2019/20	LBB	Performance monitoring
Financial	On-lending revenue to the Council	LBB	Up to £53.4m over 38 years	From Q3 2019/20	LBB	Financial monitoring
Financial	Capital growth	ODH	Up to £382.7m over 50 years to support further acquisitions / new build development	From Q3 2019/20	LBB	Financial monitoring

Appendix B – Financial Model

1. Individual unit Income and Expenditure sheet (Council 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	13,723	15,446	17,906	20,758	24,064	27,897	32,340	37,491	43,462	50,385	58,410
Gross income	13,723	15,446	17,906	20,758	24,064	27,897	32,340	37,491	43,462	50,385	58,410
Expenditure											
Routine Maintenance	750	828	937	1,060	1,199	1,357	1,535	1,736	1,965	2,223	2,515
Management Cost	500	552	624	706	799	904	1,023	1,158	1,310	1,482	1,677
Service Charge & Ground Rent	1,200	1,325	1,499	1,696	1,918	2,170	2,456	2,778	3,143	3,557	4,024
Void Loss & Bad Debt	549	618	716	830	963	1,116	1,294	1,500	1,738	2,015	2,336
Major Works Provision	750	828	937	1,060	1,199	1,357	1,535	1,736	1,965	2,223	2,515
Interest	8,945	8,229	7,335	6,440	5,546	4,651	3,757	2,862	1,968	1,073	179
Capital repayment (MRP)	6,506	6,506	6,506	6,506	6,506	6,506	6,506	6,506	6,506	6,506	6,506
Total Expenditure	19,199	18,885	18,553	18,298	18,130	18,061	18,105	18,277	18,595	19,078	19,751
Net	(5,476)	(3,439)	(647)	2,460	5,934	9,836	14,235	19,214	24,868	31,306	38,658
Cumulative net	(5,476)	(22,339)	(31,276)	(25,326)	(2,762)	38,431	100,594	186,458	299,199	442,514	620,708

1. Individual unit income and expenditure (ODH 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	13,723	15,446	17,906	20,758	24,064	27,897	32,340	37,491	43,462	50,385	58,410
Gross income	13,723	15,446	17,906	20,758	24,064	27,897	32,340	37,491	43,462	50,385	58,410
Expenditure											
Routine Maintenance	750	828	937	1,060	1,199	1,357	1,535	1,736	1,965	2,223	2,515
Management Cost	500	552	624	706	799	904	1,023	1,158	1,310	1,482	1,677
Service Charge & Ground Rent	1,200	1,325	1,499	1,696	1,918	2,170	2,456	2,778	3,143	3,557	4,024
Major works	750	828	937	1,060	1,199	1,357	1,535	1,736	1,965	2,223	2,515
Void Loss & Bad Debt	549	618	716	830	963	1,116	1,294	1,500	1,738	2,015	2,336
Interest	8,599	8,599	8,599	8,599	8,019	6,907	5,078	2,301			
On-lending	3,877	3,877	3,877	3,877	3,616	3,114	2,290	1,038			
Total Expenditure	16,225	16,626	17,188	17,828	17,713	16,925	15,210	12,247	10,121	11,500	13,067
Net	(2,501)	(1,180)	718	2,930	6,351	10,972	17,130	25,244	33,341	38,885	45,343
Cumulative net	(2,501)	(9,254)	(9,578)	511	25,001	70,077	142,718	251,829	405,062	588,061	801,465
Debt repayment				2,930	6,351	10,972	17,130	25,244			
Debt repayment cumulative				2,930	27,420	72,496	145,137	254,248	312,675	312,675	312,675
Adjusted cash surplus	(2,501)	(9,254)	(9,578)	(2,419)	(2,419)	(2,419)	(2,419)	(2,419)	92,387	275,386	488,790

3. Financial modelling assumptions

	Council Purchasing	ODH Purchasing
Annual Rent Inflation (CPI plus 1%)	3.00%	3.00%
Void Loss and bad debt provision	4.00%	4.00%
Maintenance Costs	£750 per annum	£750 per annum
Housing Management Costs	£500 per annum	£500 per annum
Inflation	2.50%	2.50%
Major Works	£750 per annum	£750 per annum
Service charge and ground rent	£1,200 per annum	£1,200 per annum
Net Present Value Discount Rate	2.75%	3.99%
House Price Inflation	2.5%	2.5%

Some of the above assumptions have been adjusted from Open Door 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
- Management costs, void loss and bad debt provision assumptions reflect the location and use of the units as temporary accommodation

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	Sep 18	Low	Medium	Green	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.
003	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	Sep 18	Medium	High	Yellow	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
004	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	Sep 18	Low	High	Green	The proposed target areas are sufficiently broad enough to help minimise any potential impact the programme will have on local market inflation. 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.
005	Reputation	There is a risk that customers will refuse to accept properties in out-of-borough locations	Acquisitions Programme Manager	Sep 18	Low	Medium	Green	Undertake market research and analysis before selecting locations and purchasing properties to ensure that customers are likely to accept properties in these areas.	Political and media fall out from spending public money on properties that are sitting vacant.

Ref	Risk type	Risk description	Risk Owner	Date raised	Initial assessment			Control actions	Consequences/potential impact
006	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	Sep 18	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
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	Sep 18	Medium	Low		To minimise potential conflict, the procurement areas are broadened and particular types of units are prioritised for their respective programmes.	Delivery of new acquisitions may not be met, if unable to purchase properties at the right price.
008	Financial	There is a risk that supply of new stock on the open market will not be sufficient to meet demand	Acquisitions Programme Manager	Sep 18	Medium	Low		Supply of new stock on the market will be closely monitored and geographical region within which stock is acquired maximised, in line with previous procurement activity	Delivery of new acquisitions may not be met, if unable to purchase properties at the right price.
009	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	Sep 18	Medium	Low		To minimise potential inflation, no individual areas will be targeted for procurement on an intensified basis. 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.

Document Control

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Date	Version	Reason for change	Changes made by
07/08/19	1.0	Document creation	Nick Lowther
28/08/19	1.1	Revisions following comments	Nick Lowther
04/09/19	1.2	Updated to incorporate officer comments	Nick Lowther
05/09/19	1.3	Updated to incorporate officer comments	Nick Lowther

Distribution List:

Name	Role	Date
Derek Rust	Deputy CEO, The Barnet Group	
Mike Gerrard	Finance Director, The Barnet Group	

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

**London Borough of Barnet
Assest, Regeneration and
Growth Committee Forward
Work Programme
September 2019 - January 2020**

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)
26 November 2019			
Brent Cross Cricklewood Update	Provides and update on the comprehensive regeneration of the Brent Cross Cricklewood (BXC) area since the last Committee meeting.	BXC Programme Director	Non-Key
Entrepreneurial Barnet - Annual Update and Forward Plan	Provides an update on the 2019 programme of activity for Entrepreneurial Barnet. It sets out the progress against each of Entrepreneurial Barnet's five theme areas and areas where further activity will be undertaken in 2019. It also sets out the forward plan actions in the coming year.	Head of Business, Employment and Skills	Non- Key
Regeneration Strategy Update	An update on progress made and sets out the structure and emerging themes of the strategy.	Director of Growth	Non- key
Business Planning 2020/21	A paper setting out the priorities for the Committee that make-up the corporate plan, as well as committee specific priorities.	Director of Growth	Key

Title of Report	Overview of decision	Report Of (<i>officer</i>)	Issue Type (Non key/Key/Urgent)
Q2 2019/20 Performance report	A thematic overview of performance for Q2 2019-20 focusing on the budget forecasts and activities to deliver both corporate and committee priorities in the ARG Committee Annual Delivery Plan.	Head of Programmes, Performance and Risk	Non-Key
West Hendon Regeneration	Report on the regeneration of West Hendon.	Director of Growth	Non-key
Updating the Development Pipeline	Focuses on the Barnet Group Projects.	Head of Housing Strategy/ Housing Commissioning Lead	Non-key
Overview of town centre strategy - Golders Green and Finchley Central town centres	Report providing an overview of town centre activity – to include both Golders Green and Finchley Central town centres.	Head of Business, Employment and Skills	Non-key
Burnt Oak Broadway Tophatting	Update report on the Burnt Oak Broadway development	Head of Housing Strategy/ Housing Commissioning Lead	Non-key
Assets. Land and Property Transactions for Approval	Standing item – to pick up any routine transactions that require ARG approval	Assistant Director - Estates	Key

27 January 2020 (Reserve)

23 March 2020

Title of Report	Overview of decision	Report Of (<i>officer</i>)	Issue Type (Non key/Key/Urgent)
Assets. Land and Property Transactions for Approval	Standing item – to pick up any routine transactions that require ARG approval	Assistant Director - Estates	Key
Q3 2019/20 Performance report	A thematic overview of performance for Q3 2019-20 focusing on the budget forecasts and activities to deliver both corporate and committee priorities in the ARG Committee Annual Delivery Plan.	Head of Programmes, Performance and Risk	Non-Key
Brent Cross Cricklewood Update	Provides and update on the comprehensive regeneration of the Brent Cross Cricklewood (BXC) area since the last Committee meeting.	BXC Programme Director	Non-Key
The Annual Growth and regeneration report	Annual report updating the Committee on current policy context for growth and development.	Director of Growth	Key
Hendon Re-development Full Business Case	Full Business Case report on the proposed redevelopment of three sites in Hendon.	Assistant Director - Estates	Key
11 May 2020			

Title of Report	Overview of decision	Report Of (<i>officer</i>)	Issue Type (Non key/Key/Urgent)
Assets. Land and Property Transactions for Approval	Standing item – to pick up any routine transactions that require ARG approval	Assistant Director - Estates	Key
Brent Cross Cricklewood Update	Provides and update on the comprehensive regeneration of the Brent Cross Cricklewood (BXC) area since the last Committee meeting.	BXC Programme Director	Non-Key
Q4 2019-20 Performance Report	A thematic overview of performance for Q4 2019-20 focusing on the budget forecasts and activities to deliver both corporate and committee priorities in the ARG Committee Annual Delivery Plan.	Head of Programmes, Performance and Risk	Non-key

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