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|  | <h2>Assets Regeneration and Growth Committee</h2> <h3>17 March 2016</h3>  |
| <b>Title</b>  | <b>Brent Cross Cricklewood</b>  |
| <b>Report of</b>  | Commissioning Director, Growth & Development  |
| <b>Wards</b>  | Childs Hill, Golders Green and West Hendon  |
| <b>Status</b>   | Public with separate exempt report  |
| <b>Urgent</b>   | No  |
| <b>Key</b>  | Yes   |
| <b>Enclosures</b>   | <p>Appendix 1 Approved Corporate Structure</p> <p>Appendix 2 Brent Cross South Business Plan Summary (Exempt)</p> <p>Appendix 3 Brent Cross Cricklewood Full Regeneration Business Case (Exempt)</p> <p>Appendix 4 Proposed CPO plan of station project area</p> <p>Appendix 5 CPO 1 and 2 plan</p> <p>Appendix 6 Updated Regeneration Programme</p> <p>Appendix 7 Plan of Station Single Option design</p> |
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## Summary

This report provides a progress update since the last Committee on 30 November 2015 and seeks the Committee's approval to detailed terms of the project and corporate legal documentation to enter into a joint venture limited partnership with Argent Related to deliver the regeneration of Brent Cross Cricklewood South. It also details the progress on the funding and delivery strategy for the proposed Thameslink Station and seeks the Committee's approval to progress the Station into detailed design and enter into a further Design Services Agreement with Network Rail.

## **Recommendations**

### **That the Committee**

- 1. Note that the amendments to the Brent Cross Property Development Agreement and Co-operation Agreement as set out in the Exempt Report to the Committee report 30 November 2015, which authorised the Chief Executive in consultation with the Leader of the Council to agree the detail of the Brent Cross Property Development Agreement and Co-operation Agreement and required subsequent changes in the associated commercial documentation are being progressed and will be completed in parallel with the Brent Cross South documentation.**
- 2. Note that Council agreed the terms of reference for the Shareholder Board for the Brent South Joint Venture and the composition and Membership of the Shareholder Board, as per paragraphs 2.13, 2.14 and 2.15 of the report to Council on 1 March 2016.**
- 3. Re-confirm Argent Related as the joint venture development partner in accordance with the OJEU procurement process as approved by the Committee on 22 July 2014.**
- 4. Approve the detailed terms of the Project Agreement, Limited Partnership Agreement, Shareholder Agreement and associated documentation (including Compulsory Purchase Indemnity Agreements) as set out in this report and the Exempt Report to the Committee; Authorise the Chief Executive in consultation with the Leader to finalise and complete the documentation associated with the JVLP and enter into contract with JVLP.**
- 5. Approve the establishment of LBBCo for Brent Cross South.**
- 6. Approve the Best Consideration Mechanism as detailed in the Project Agreement and authorise the Section 151 Officer to determine Best Consideration in accordance with the Project Agreement.**
- 7. Approve the Brent Cross South Business Plan as attached to the Exempt report.**
- 8. Note progress on land acquisitions within the CPO red line boundary and preparation for the CPO Inquiry for Brent Cross Cricklewood CPO (CPO1) and Brent Cross Cricklewood CPO (CPO 2) scheduled for 17 May - 17 June 2016.**
- 9. Approve the Station Single Option Design as shown at Appendix 5; and note the funding and delivery strategies for the Brent Cross Cricklewood Thameslink Station project;**
- 10. Approve the commencement of the detailed design of the station (known as GRIP 4) and associated work packages within the station phase of the Brent Cross South; and delegate to the Chief Operating officer permission to agree terms and enter into the Design Service Agreement with Network Rail to**

**deliver the railway works elements of the GRIP 4 process.**

- 11. Approve the revised spend in respect of Thameslink as detailed in the report and note that Policy and Resources will be recommended to approve the budget.**
- 12. Note progress on the land acquisition strategy to deliver the station phase and that a separate report is being considered by this Committee to resolve to make a CPO to deliver this element of the Brent Cross Cricklewood regeneration project.**

## **1. WHY THIS REPORT IS NEEDED**

- 1.1 This report is seeking the necessary approvals to continue to progress on the comprehensive regeneration of the Brent Cross Cricklewood area.
- 1.2 Decisions are sought to confirm the selection of Argent Related as the Council's development partner to deliver the south side regeneration and enter into a joint venture arrangement and a contract between the Council and the joint venture. This will conclude the OJEU procurement process, which commenced in Summer 2014. Approvals are also sought to enable the Council to progress the early delivery of the station, which is integral to delivery of the overall regeneration.
- 1.3 As the Committee is aware, Hammerson UK and Standard Life Ltd (the Brent Cross North Partners/HSL) will deliver the redevelopment of the shopping centre at Brent Cross and the land around it, together with the northern elements of the infrastructure required to support the comprehensive regeneration proposals. The Council with its new partner (see paragraph 1.4 below) will deliver the southern parts of the Brent Cross Cricklewood Regeneration masterplan, including the southern elements of the infrastructure and the land to be redeveloped in connection with the station improvements.
- 1.4 The Committee will be aware that Full Council on 3 March 2015 approved the appointment of Argent and Related Companies PLC (Argent Related) as the Council's preferred development partner for the Brent Cross Cricklewood South Scheme. On 1 June 2015 the Committee approved the terms for the draft Collaboration Agreement between the Council and Argent and Related Companies and authorised the Chief Executive in consultation with the Leader of the Council to agree the detail of the Collaboration Agreement.
- 1.5 The Committee will also recall that on 16 January 2014 and 8 September 2014 it approved the Council entering into negotiations and concluding agreements by private treaty with owners whose land or interests are required for the delivery of the project. The Committee also approved the land referencing exercise to identify all parties with interests in the land and with whom private treaty negotiations should be conducted.

- 1.6 On 3 March 2015, following the Committee's recommendation, Council approved that two separate compulsory purchase orders (CPOs) be made pursuant to the powers in section 226(1)(a) of the Town and Country Planning Act 1990 (as amended) for the acquisition of the land as shaded in the plan attached at Appendix 5. This land is needed to bring forward the regeneration proposals in respect of the first phase development to deliver the redevelopment of the shopping centre and critical infrastructure (CPO1) and the BXC South first phase proposal (CPO2) as part of the overall comprehensive regeneration of the Brent Cross Cricklewood area.
- 1.7 Full Council also authorised the appropriate Chief Officers to settle the final form and content of the CPOs and associated documentation and take all action needed to pursue the CPOs and secure their confirmation alongside authorising Chief Officers to carry out the necessary procedures under Part 11 of the Housing Act 1985; and to use Ground 10A to obtain vacant possession of Council owned dwellings that are occupied by secure tenants and approving the service of Initial and Final Demolition Notices as required pursuant to the Housing Act 2004 to suspend the right to buy on properties due for demolition which are situated on the Whitefield Estate.
- 1.8 On 1 June 2015, the Committee confirmed as a matter of principle, that the Council is prepared to use its compulsory purchase powers pursuant to section 226(1)(a) of the Town and Country Planning Act 1990 (as amended) to acquire the land required to deliver the early delivery of the Thameslink Station. The Committee noted the negotiations to acquire the land and interests in the areas required to deliver the Thameslink Station by private treaty had commenced and approved entering into agreements and undertakings with the owners and/or occupiers of the land in the said areas so as to facilitate its acquisition. The Committee also noted that work was being undertaken to prepare for a possible Compulsory Purchase Order (CPO) together with the associated documentation and, if necessary, a further report would be brought back to the Committee seeking authority to make a CPO.
- 1.9 On 30 November 2015, the Assets, Regeneration and Growth Committee approved the Brent Cross South Joint Venture Structure to inform the Project Agreement and documentation necessary to form the Brent Cross South Joint Venture. This Structure will require that (i) certain key decisions will be taken by Shareholders in the Joint Venture and (ii) that a Joint Venture Board is established to make the day to day decisions within the parameters set by the legal documentation (including the agreed form of Business Plan and Financial Model) governing the joint venture.
- 1.10 The Committee also noted the establishment of the Shadow Shareholder Joint Venture Board and gave approval for the terms of reference for the Shadow Shareholder Board for the Brent Cross South Joint Venture to be drawn up including a process for appointing Members to the Shadow Shareholder Board for agreement at the next practicable meeting of the Council.
- 1.11 The Council subsequently agreed the terms of reference for the Shadow Shareholder Board for the Brent South Joint Venture and the composition and

Membership of the Shadow Shareholder Board, as per paragraphs 2.13, 2.14 and 2.15 of the report to Council on 1 March 2016.

## **2. UPDATE**

### **Brent Cross North**

- 2.1 As previously reported to Committee, the Section 73 planning permission for the wider Brent Cross Cricklewood scheme (which amended the phasing of the original planning permission and made consequential changes) was granted on 23 July 2014, following the completion of the Section 106 agreement.
- 2.2 Since then, the Brent Cross Partners have focussed on discharging the relevant pre-reserved matters planning conditions and preparing the necessary reserved matters applications in respect of the critical infrastructure to be provided to support the shopping centre and comprehensive regeneration of the area.
- 2.3 As previously reported to the Committee, the Brent Cross Partners have submitted a number of reserved matters applications in 2015 in respect of Phase 1A (North), which is largely an infrastructure phase. In addition to the gateway junctions listed above which were granted planning permission under the 2015 S73 Consent, these applications included the necessary highways infrastructure to support the northern development including Prince Charles Drive and western and eastern roundabouts, a new connection from the A406/A41 inbound to the eastern roundabout, replacement of Templehof Bridge over the A406, new Living Bridge over the A406, modified connections to Tilling Road, Brentfield Gardens and other local roads in the vicinity of the A41, and various minor modifications to tie-in with the existing road network. In addition to the highway infrastructure, the applications included the works required relevant to the River Brent re-routeing and associated new river bridges, improvements to Clitterhouse Playing Fields Part 1 (excluding the Nature Park) and the Claremont Park and residential development on Plots 53 and 54 to provide accommodation for the Whitefield Estate Units (Part 1) These applications have all now been approved.
- 2.4 Since the approval of the Reserved Matters for Phase1A (North), the Brent Cross North Development Partners have investigated alternative designs for a number of specific infrastructure items within Phase 1A (North). As a result a further four RMA's were submitted in October 2015 for alternative design for specific of infrastructure within Phase 1A (North). Amendments to the Tilling Road/Brent Terrace Junction; River Brent Bridge 1 and western and central part of re-aligned River Brent and landscaping to Central Brent Riverside Park within the vicinity of River Brent Bridge were approved by the Planning Committee on 24 February 2016. Further applications are currently being considered in relation to the provision of at-grade crossings at the Staples Corner junction and minor engineering changes to other infrastructure.

- 2.5 The Brent Cross North Partners are also progressing the detailed design of the shopping centre. Early discussions on the detailed design are underway, and it is anticipated that a reserved matters application will be submitted in early 2017. This is running in parallel with highway and infrastructure workstreams. The Brent Cross North Partners are continuing to work with TFL and the Council's highways team to progress the transport modelling work to support the detailed design and to inform the required highway infrastructure agreements. It is anticipated detailed work on the highway infrastructure agreements will commence in April 2016.
- 2.6 The anticipated construction start date is early 2018, with phased opening with completion date end of 2021.
- 2.7 Following the Committee's approval on 30 November 2015 to amend the Brent Cross Property Development Agreement (BXN PDA) and Co-operation Agreement in accordance with the heads of terms set out in the report to the Committee, the Council and Brent Cross North Partners are continuing to finalise the proposed amendments, and it is anticipated that these agreements will be completed by the end of March 2016.
- 2.8 Once these variations are finalised, certain aspects of the Project Agreement with the new Joint Venture entity (JVLP) will be updated including the provisions relating to infrastructure plots, planning and the relationship between the BXN PDA and the Project Agreement.

### **Brent Cross South**

- 2.9 As the Committee is aware, on 3 March 2015 the Council approved the appointment of Argent and Related Companies PLC as the Council's preferred development partner for the Brent Cross Cricklewood South Scheme through a staged OJEU procurement process.
- 2.10 This followed the Committee's approval on the 22 July 2014 to procure a partner for the Brent Cross South through an OJEU Negotiated route in accordance with the Brent Cross South Procurement and Delivery Strategy (attached at Appendices 1 and 3 of the report to Committee). The procurement commenced in July 2014.
- 2.11 The Procurement and Delivery Strategy set out the following Council's overarching core objectives (Section 4):
- Brent Cross Cricklewood will be a place that makes residents, workers and visitors feel good – inviting people to meet and spend time in the spaces, and to walk or cycle. It will be animated at street level and connect with high quality parks, green spaces and nearby waterways.
  - Brent Cross South will complement the expanded Brent Cross shopping centre, and invite visitors to the shopping centre to cross into the new town centre. The site is at risk of being seen as an island, and

the new development will need to tackle this risk, integrating effectively with the surrounding neighbourhoods.

- Brent Cross Cricklewood will be a place for people of all ages, with a housing mix that reflects different life stages, a range of housing tenures, and public spaces which are accessible to all. Promoting health and wellbeing and reducing dependency will be ingrained in the place – for example by incorporating dementia friendly design. It will maintain Barnet Council's tradition of educational excellence.
- As a growing, successful suburb of a growing successful world city, Barnet benefits from a strong local economy as well as providing a home to many people who work in central London. This emphasis on a strong local economic base is a key requirement for Brent Cross Cricklewood – it cannot simply be a dormitory. The Borough's economy is predominantly made up of small and micro businesses, including many home based businesses, and the new Brent Cross Cricklewood will cater for this entrepreneurial community which increasingly blurs the distinction between home and work.
- The Council expects this blurring between home and work life to extend to the design of the new development, with strong integration between the residential and commercial areas, and no areas that are seen as 'dead' at particular times.
- Brent Cross Cricklewood will have excellent public transport links, allowing people to reach other parts of Barnet, London and the country easily. While many people are likely to own cars they are unlikely to be needed on a day to day basis and the space will not be dominated by the car.
- Many residents are under financial pressure, and the Council is committed to taking account of this in its actions. This means that low energy bills and responsible service charges will be important aspects of the new community.

2.12 The Procurement and Delivery Strategy outlined a formal four stage OJEU negotiated procurement process:

1. Pre-Qualification Questionnaire (issued July 2014)
2. Invitation to Negotiate (three-five parties shortlisted by end of Sept 2014)
3. Pre-Contract Business Plan Stage (single party selected in February 2015)
4. Finalising and engrossing the contract followed by Contract Award (by March 2016)

2.13 The Procurement and Delivery Strategy also recommended that the Council secure a partner to jointly develop the Brent Cross Cricklewood South opportunity in more detail. This would be subject to a range of performance measures and Key Performance Indicators to be developed through the Business Plan and documented in the Project Agreement and documentation

necessary to form the joint venture company. It is considered that this approach will create the right conditions for a long term relationship, and also create the flexibility that the Council requires to be able to approach this project and meet all of its objectives.

- 2.14 Consequently, the selection of Argent Related as the preferred development partner in March 2015 was subject to the Council and Argent Related jointly progressing the Business Plan alongside the project agreement and the corporate documentation required to govern formation of the new Joint Venture entity (JVLP) to be reported to the Assets, Regeneration and Growth Committee in March 2016 for approval, following which, the project documentation would be entered into and the JVLP formally created.
- 2.15 The Committee is now asked to formally re-confirm Argent Related as the Council's development partner and approve the Business Plan and legal documentation as detailed below so that the JVLP can be created to deliver the south side regeneration.
- 2.16 This final approval and contract award represents the conclusion of the OJEU Negotiated procurement process.
- 2.17 The next section of the report details the joint venture structure already approved by the Council, before setting out the key terms of the Project Agreement, Shareholder Agreement and Development Management Infrastructure Agreements for the Committee's consideration.

### **Brent Cross South Joint Venture Structure**

- 2.18 In respect of the structure of the JVLP, the Assets, Regeneration and Growth Committee on 3 March 2015 authorised the Commissioning Director, Growth and Development to determine the exact structure of the joint venture arrangement.
- 2.19 Following discussions with the JV Partners, the Commissioning Director, Growth and Development and advisors together with Argent Related concluded that a limited partnership would best serve the purposes of the joint venture.
- 2.20 On 30 November 2015, the Assets, Regeneration and Growth Committee approved the proposed Joint Venture Limited Partnership structure as detailed at Appendix 1, and the project legal documentation is being progressed on that basis. The Council's legal advisors, Gowling WLG LLP (GWLG), advised that the limited partnership structure can be used as an effective means by which to form the joint venture.
- 2.21 The joint venture entity is an English Limited Partnership ('JVLP') and will be held on a 50:50 basis by the Council and Argent Related.
- 2.22 The Committee will recall that the Council will participate in the Limited Partnership in two ways:



- First, through being an equal 50:50 shareholder in what is known as the General Partner (JVGP) - this is the corporate entity appointed by the partnership to conduct the day to day business of the partnership. The JVGP is a 'limited company' in which the Council has a 50% shareholding.
  - Secondly the Council will participate as an equal 50:50 limited partner in the limited partnership and this is where the Council's entitlement to participate in Surpluses from the project, will arise through its membership of the partnership. The other limited partner Argent Related provides the funding with the Council having the option to contribute funding if it wished.
- 2.23 For vires reasons, the Council is advised that it should establish a wholly owned subsidiary (referred to hereafter as LBBCo) which will hold the 50% limited partner interest in the JVLP. LBBCo will receive the Council's share of surpluses, on which LBBCo will pay Corporation Tax. It should be noted that the Corporation Tax liability of LBBCo will be no greater than the Council's "share" of Corporation Tax liability had the Joint Venture been established as a company limited by shares. LBBCo will have no role in the project other than to receive the surplus as and when it arises. It is not permitted to be involved in the day-to-day decisions of the JVLP – the decisions are for the General Partner to make and the Council has influence here through its shareholding in JVGP.
- 2.24 The General Partner will take day to day decisions to implement the JVLP's approved Business Plan, and must act in the interests of the JVLP. Council representation on the JVGP Board is made up of senior officers with authority delegated to the Chief Executive Officer to revise membership from time to time. Prior to completion of the legal documentation and formal establishment of the JVLP a Shadow JVGP Board has been established that comprises the Commissioning Director, Growth & Development, the Director of Resources/Directors LBB co and the Director of Place (Re). Argent Related has equal number of representatives on the Board.
- 2.25 Some decisions, most notably amendments to the Business Plan, are proposed to be reserved to the shareholders. The Council (as shareholder) can act in the interests of the Council, which may not in every case be the same as the interests of JVGP and limited partnership. The Council (as shareholder) will be authorised to take decisions on behalf of the Council. Conversely the Argent Related shareholder can act in its own interest. Please see summary of corporate documentation below.
- 2.26 The Committee approved that the Shadow Shareholder Board be different persons to the board of LBBCo when LBBCo is established. The board of LBBCo will have very few decisions to take and it is recommended that the board of LBBCo is independent of those involved in the key decisions affecting the JV. In this regard, Committee approval is sought to establish LBBCo. The Committee also authorised officers to draw up the terms of

reference of the Shareholder Shadow Board, which should include the process for appointing Members, for agreement by the Council.

2.27 On 1 March 2016, the Council agreed that this board should comprise five nominated Members, reflecting the political balance of the Council. It also noted the proposed membership will include the Leader of the Council, Chairman of Assets, Regeneration and Growth Committee, Chairman of Housing Committee, Leader of the Opposition and the Shadow Lead Opposition Member of the Assets, Regeneration and Growth Committee.

2.28 Specifically the Board's terms of reference include:

- Overseeing the Brent Cross Cricklewood major regeneration scheme. This will include making decisions as required by the Shareholder Agreement and Project Agreement as set out in the draft schedule attached at the report, which will be finalised by the Chief Executive in consultation with the Leader as the legal documentation is finalised.
- Resolving deadlock on issues that cannot be resolved by the board of JVGP and are referred to the Shareholders for resolution.
- Asset Management – matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council within the Brent Cross Cricklewood regeneration area when required by the legal agreements. It is proposed that these matters be delegated to Argent Related pursuant to the Development Infrastructure Management Agreement but details of the commercial terms are to be finalised.
- To approve any non-statutory plan or strategy relating to the Brent Cross Cricklewood regeneration area within the remit of the Assets, Regeneration and Growth Committee that is not reserved to Full Council or Policy and Resources.
- To make recommendations to Policy and Resources Committee on issues relating to the budget and capital receipts in respect of the Brent Cross South project.
- To provide quarterly reports to the Assets, Regeneration and Growth Committee, which will include decisions made, for noting.

2.29 The Shadow Shareholder Board will meet monthly to monitor and review project progress, and to consider and make decisions as required by the Council in its capacity as shareholder as required by the Shareholder and Project Agreement and within the Terms of Reference as set out above.

### **BXC South Legal Documentation**

2.30 The main legal documentation which will be put in place is as follows:

- A project agreement to be entered into by the Council and JVLP.
- A limited partnership agreement (see below).
- A shareholder's agreement (see below).
- A development management and infrastructure agreement between JVLP and an Argent Related entity (called "the A/R DevCo").

### **Brent Cross South Project Agreement and Business Plan**

- 2.31 The Project Agreement provides the legal framework for delivering the regeneration of Brent Cross South in accordance with the pre-agreed Business Plan. The Project Agreement is to be entered into by the Council and the Brent Cross South Joint Venture Limited Partnership as detailed above, and explained further in paragraphs in relation to the Shareholder Agreement later in this report.
- 2.32 The agreement requires that an initial proposal for the first phase, to include the replacement homes for the Whitefield estate, is prepared by 31 December 2016 and the obligations in relation to the delivery of that first Phase are to be progressed following confirmation of the CPO for the south side first phase (CPO2) and it being immune from challenge. The need to satisfy the drawdown conditions as detailed in paragraph 2.47 of this report in relation to the Whitefield estate arises following confirmation of CPO2, and confirmation of the land assembly (and any CPO) and approval of the overarching strategy to secure Network Change to deliver the station.
- 2.33 The first phase of development will be the re-provision of homes for those units on the Whitefield estate which are to be demolished. This will be accompanied by a large number of homes of private and affordable tenures which will also be developed in the first phase.
- 2.34 The second Phase of development will at the very least comprise the infrastructure needed to connect Phase 1 to the new Thameslink station.

### **Business Plan and identifying Phases**

- 2.35 The Project Agreement is the principal legal mechanism by which the Council requires the JVLP to deliver the regeneration of Brent Cross South in accordance with a pre-agreed Business Plan. The contents of the Business Plan are agreed by the Shareholders of the General Partner (one of which is the Council). A summary of the emerging Business Plan is attached to the exempt report for approval. Public consultation is taking place and will be used to refine elements of the Business Plan. The Business Plan once updated by the JVLP will be submitted to the Shareholder Board for consideration and approval. Once approved, a summary version will be published.

- 2.36 The Business Plan describes the actions required to meet the vision shared by the parties, and through this route the JVLP will guide the activity, roles, responsibilities and obligations. The Business Plan is a live document capable of being reviewed as required.
- 2.37 The Business Plan contains:
- the vision for the project,
  - a strategy of how this will be realised,
  - roles and responsibilities
  - financials
  - a programme for delivery
  - detailed plan of action
  - key performance indicators
- 2.38 The Business Plan will also contain the detailed proposals for the delivery of a Phased development including the content of the Phases, projections of their financial viability and a programme for implementation of the Phase and project.
- 2.39 The first draft of the Business Plan (along with a financial model and decision matrix and schedule of pre-incurred costs) will be agreed with exchange of contracts a formation of JVLP and JVLP will appoint the A/R DevCo to develop more detailed proposals for the bringing forward of individual Phases.
- 2.40 Changes to the Business Plan need to be approved by the Council as shareholder in the General Partner. In this regard, a summary of the emerging Business Plan is attached to the Exempt report for approval by the Committee. It is anticipated that the Business Plan will be updated throughout 2016 in conjunction with the first phase proposals and will be reviewed by the Shareholder Board later this year.
- 2.41 Once the A/R DevCo has worked up proposals for a Phase, it will put these to the board of JVLP for approval. The Phase Proposal will contain details of the proposed development on a Phase, the timetable for development, and also a calculation of the Council's potential entitlement to land value.

### **Council Land Value and Best Consideration**

- 2.42 The mechanism for assessing the Council's land value can be summarised as follows:
- 2.43 Prior to presentation of a Phase Proposal by JVLP to the Council, the Council is given the opportunity (with the benefit of a report from an appointed consultant) to consider the inputs and assumptions made in the financial model which calculates (amongst other things) the potential viability of the proposed Phase and the Council's potential entitlement to land value. The Council at this point is able to consider how it wishes to receive its land value. In each case, the Council will give consideration to the risk involved, the

potential return and appropriate security for that return. If agreement cannot be reached then the default option is the second one (money 'up-front').

- 2.44 In addition to the arrangements for payment of the Council's land value, the Council will also be entitled to a share of surplus in JVLP.
- 2.45 The Council will also be entitled to overage on residential Development Plots undertaken by Argent Related linked to the overall performance of residential development in a Phase. The Council will be entitled to a share of the overage that JVLP negotiates with third party developers.
- 2.46 Based on the above mechanism and overage provisions, the Council's best consideration sign off is achieved at the Phase Unconditional date at which time the Council will be formally committing to disposal of the land to Argent Related.
- 2.47 The Committee is asked to approve this best consideration mechanism and authorise the Section 151 Officer to determine best consideration in accordance with the Project Agreement.

#### **Phase approval process**

- 2.48 Once agreed by JVLP, the Phase Proposal will be put to the Council under the terms of the Project Agreement for approval. The Phase Proposal will include details of Drawdown Packages (being packages of Development Plots and related infrastructure that will be delivered in a Phase). It should be noted that the Council will have already approved the Phase proposal as a shareholder in JVLP and as such, its ability to withhold consent as landowner is limited to the following circumstances:
- Where the matter is one of housing management and the Council reasonably believes that vacant possession could not be obtained within the proposed programme;
  - The Phase Proposal includes open space which the Council does not anticipate it will be able to dispose of having considered relevant representations;
  - The Council believes that the consent of the Secretary of the State is unlikely to be obtainable (where required);
  - The Phase Proposal does not include a drawdown conditions longstop date. In this regard, the parties have agreed that there will need to be a rolling programme of the dates by which Plots should be drawn down in order for the project to progress in accordance with the programme. In particular, note that JVLP cannot draw down Plots where it is in default under the terms of the Project Agreement.

2.49 Once a Phase has been approved, the Phase Definition Date is said to have occurred (note that in order to maintain the programme, it has been agreed that prior to the drawdown of the last Plot in any Phase, a proposal for the forthcoming Phase will be put to the Council for approval).

### **Satisfying pre-conditions**

2.50 JVLP must then take steps to satisfy the conditions below in relation to a Phase before it becomes unconditional - (on the "Phase Unconditional Date"):

- The CPO condition is satisfied (it being confirmed and immune from challenge) - In respect of those parts of the development site which are to be acquired through the proposed compulsory purchase orders known as CPO2 and CPO3, or any part of the development site in relation to which additional CPOs may be required in the future, the relevant CPOs will need to have been confirmed by the Secretary of State and free from any prospect of legal challenge.
- Confirmation that the site assembly condition for a Plot is likely to be satisfied – as to which, see below;
- The planning condition for a Phase is satisfied, sufficient to progress working up a detailed planning solution for each Plot - JVLP will be required, using reasonable endeavours to adhere to the timetable set out in the Business Plan, to have obtained all necessary consents to enable commencement of development of the particular part of the development (including such consents as are necessary to construct the infrastructure required to support that part of the development). This includes all reserved matters approvals which may be necessary under the current (or where applicable, any subsequent) planning permission and the discharge of all relevant conditions attached to that consent. It could also include any new/standalone planning permission to deliver the relevant part of the wider scheme, where deemed appropriate (all permissions obtained must be "satisfactory", such that they are free of any prospect of legal challenge and do not include any "onerous conditions"). Moreover, JVLP will also be required to enter into and observe the obligations secured in any related planning agreement;
- There is a reasonable prospect that the Highways Condition for a plot will be satisfied - JVLP will need to procure the confirmation of all highways orders (for the purposes of stopping up or diverting traffic) that are necessary to accommodate delivery of the relevant part of the development.

2.51 Thereafter, JVLP is to assemble the land required for a Phase and drawdown Plots of land for infrastructure and for development in accordance with the programme (agreed at the Phase Unconditional Date) once the following conditions are satisfied:

- Planning permission – that the Plot has the benefit of a satisfactory planning permission to enable the development to commence.
- Site assembly - that the Phase of which the Plot forms part has been acquired by (or on behalf of) the Council.
- Highways Condition – this condition is satisfied following the making of a number of highway orders which are immune from challenge.
- Developer Condition – the default position is that Argent/Related will be the developer of Plots but if this is not the case, the Council is entitled to approve a third party developer that must meet certain tests demonstrating its track record and ability to deliver.
- Warranty Condition - For each plot to become 'unconditional', the Warranty Condition must first be satisfied for that plot. This requires the developer for that plot to have entered into:
  - a building contract (or building contracts); and
  - a contract administrator's appointment; and
  - where the building contractor is not responsible for the whole of the design and the build of the relevant works, professional team appointments with an architect, structural engineer, environmental consultant (if appointed separately) and mechanical and electrical services engineer; and
  - delivered collateral warranties (or granted the council the right to directly enforce the certain key terms of the contract or appointment-referred to as 'third party rights') in a pre-agreed form to the council from the contractor(s), contract administrator, and (where applicable) the other members of the professional team, under which those parties warrant to the council that they have and will comply with the terms of their contract/appointment.
- Funding Condition – where Argent Related is to be developer of a Plot, it must demonstrate to the Council that it has necessary funds in place to deliver the Plot.
- Pre-let condition – such a condition may be required by JVLP where it would only be prudent to proceed with the development of a Plot that has already been let to a third party.

### **Infrastructure and development works**

2.52 Following drawdown, JVLP's obligations are to deliver serviced Plots for onward sale. In this context, serviced Plots means Plots of land that have the benefit of the necessary road access and utilities as well as any other

necessary supporting infrastructure. Serviced Plots will either be developed by parts of the Argent/Related group or by third parties.

- 2.53 JVLP is to deliver infrastructure under the terms of an infrastructure licence which will be granted to the A/R DevCo. This licence governs the terms on which the works are undertaken and in the event of a default, the licence can be terminated by the Council. This would mean that the Council would retain ownership of that land with the benefit of the relevant infrastructure works.
- 2.54 Once works anticipated by the infrastructure licences have been completed, an infrastructure lease will be granted giving a management company a long term interest in that area of land.
- 2.55 However, the development of Development Plots (being Plots on which works are undertaken that can be sold to purchasers (such as housing, commercial and retail space)) are undertaken under the terms of a long lease. The Council retains the right to bring that lease to an end prior to practical completion of the relevant works in the event of a default.
- 2.56 Whilst JVLP does not directly commit to undertake development activity itself, it does undertake to enforce those obligations relating to works which are put on both the A/R DevCo as well as the developers of each Development Plot. JVLP is obliged to fund the development and this is fulfilled through the Argent Related partner. Through its role as a 50% shareholder in JVLP, the Council has a significant degree of influence over that enforcement action.
- 2.57 Once works under a lease of a Plot have been completed, as with the infrastructure arrangements, a service charge lease will be granted to a management company which effectively sits above the Plot developer. The service charge lease and infrastructure lease will be on similar terms and will facilitate the delivery of estate wide management services by a management company. Initially, that management company will be controlled by JVLP but will ultimately be owned by the various landowners within Brent Cross South.

### **Construction obligations**

- 2.58 The Council has the right to approve the identity of the parties listed in paragraph 2.51 (Warranty Condition) above, and their terms of contract/appointment (although JVLP does not need to seek further approval from the council if the identity and terms of contract/appointment of any of those parties have already been approved by the Council as part of the agreement of the development management agreement, or as part of the approval of a plot development agreement).
- 2.59 The Council is to use its reasonable endeavours (along with JVLP and the developer) to agree the forms of these contracts/appointments. If agreement cannot be reached within 1 month, then either the Council or JVLP can refer the disagreement to the dispute resolution mechanism.



- 2.60 To the extent that JVLP requires a developer to procure collateral warranties or third party rights in favour of JVLP from contractors, consultants or sub-contractors other than those listed at section 2.51 above, JVLP must also require that the developer procures warranties or third party rights (as the case may be) in favour of the council, in a form equivalent to those provided to JVLP.

### **Guarantees and termination**

- 2.61 In order to secure delivery of Brent Cross, the Council is seeking guarantees from Related as parent company to Argent Related in relation to the following documents:
- the CPO indemnity agreement;
  - the obligations of Argent Related owed to the Council and contained in the shareholder's agreement and limited partnership agreement (see below);
  - the obligations assumed by the A/R DevCo in the development management and infrastructure agreement and owed to JVLP and to the Council (via a collateral warranty);
  - the obligations owed to the Council contained in infrastructure licences and Plot leases;
  - the obligations owed to JVLP contained in Plot development agreements;
  - any infrastructure agreements which the Council is required to enter into as landowner.
- 2.62 The Related Companies LLP (which is the guarantor) is a US based company and enforcement against that company could require the Council having to take action in the United States. Whilst the Council has taken comfort from the covenant strength of Related, this factor needs to be taken into account. The Council has accepted that JVLP may propose alternative security of sufficient strength and reliability for its approval.
- 2.63 There are a number of ways in which the project agreement can be terminated and these are:
- termination of the shareholder's agreement or limited partnership agreement;
  - material breach of contract, which remains unremedied after serving a series of notices have been served which also give the opportunity for remedy;
  - insolvency of JVLP or of its guarantor which is not remedied.
- 2.64 JVLP is released from liability under the relevant parts of the Project Agreement:
- on practical completion of infrastructure within a Phase, following the expiry of the relevant defects liability period; and
  - on practical completion of a Plot (this would be before the defects liability period has expired but this is acceptable given that the Council's interest in the completed Plot is more remote).

### **Development Management and Infrastructure Agreement**

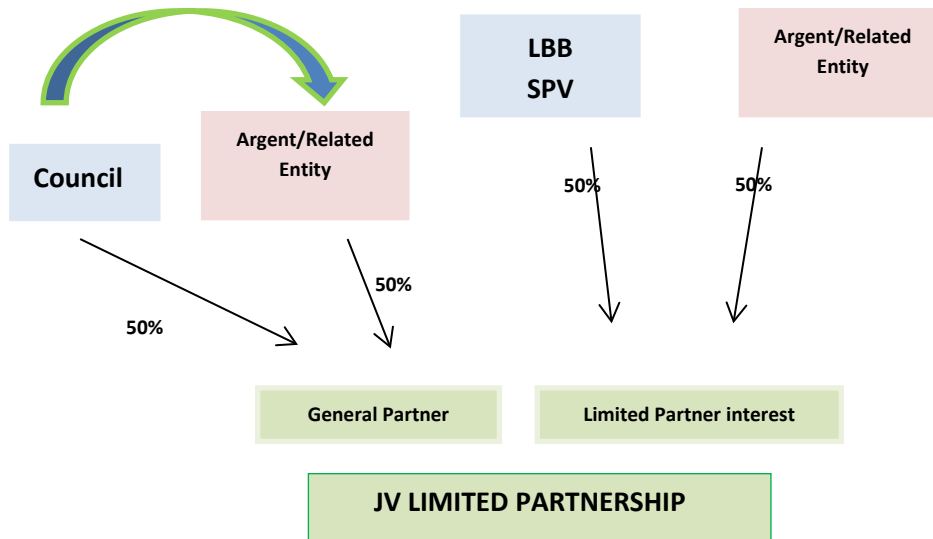
- 2.65 Whilst the Council secures various commitments from JVLP under the terms of the Project Agreement delivery is secured through the appointment of A/R DevCo who will enter into the development and infrastructure agreement ("**DIMA**"). A/R DevCo is a newly incorporated Argent Related entity. The performance of A/R DevCo's obligations in the DIMA is guaranteed by the Related Company LLP.
- 2.66 The DIMA is the appointment via which the JVLP has access to the necessary advice and resources of Argent's development management expertise to deliver the overall project as envisaged under the Project Agreement. JVLP still retains overall responsibility and liability for performance of the Project Agreement and its funding via the corporate arrangements detailed below.
- 2.67 The services to be provided by A/R DevCo fall into five categories.
1. Firstly, overall development management and project management services in relation to the master planning and delivery by JVLP of its various obligations in the project agreement. This is likely to be secured via the appointment of various consultants who will be recommended by A/R DevCo and directly appointed by JVLP.
  2. Secondly, following the grant of infrastructure licences under the Project Agreement, A/R DevCo will be responsible as development manager for delivery of the infrastructure works. Under this appointment A/R DevCo will directly appoint consultants and contractors to deliver the infrastructure works and JVLP remains responsible for funding.
  3. Thirdly, A/R DevCo will be responsible for negotiating and making any necessary recommendations in relation to plot development agreements with third party developers and/or any Argent Related developer of plots.
  4. Fourthly, overseeing the management and performance of any third party plot developers. A/R DevCo will not oversee or undertake the reporting function in relation to any Argent Related plot development agreements.
  5. Lastly, the DIMA envisages that A/R DevCo will take over the property and asset management role on certain Council owned land secured through the CPO or by private treaty negotiations but funded by JVLP – further details and fees to be agreed.
- 2.68 A/R DevCo will receive a fee of 4% of all agreed costs for the overall project as detailed in the agreed cost plans which will be prepared by A/R DevCo and approved by JVLP. In relation to any agreed cost plan for infrastructure works these will detail a maximum commitment which JVLP is required to fund with an agreed contingency. A/R DevCo will not be entitled to charge a 4% fee on any costs overrun when the agreed costs exceed the maximum commitment. JVLP will be responsible for funding the costs overrun not A/R DevCo. However, such overrun will not adversely impact on the Council's share of the surplus.

- 2.69 A/R DevCo will provide a collateral warranty to the Council in which it will acknowledge a duty of care to the Council and the provision of the services under the DIMA. This allows the Council to directly step in to the DIMA in the event of any termination of the Project Agreement or the DIMA or in the event of default by JVLP, the Council may require A/R DevCo to terminate the DIMA
- 2.70 The performance obligations of A/R DevCo under both the DIMA and the collateral warranty are guaranteed by the Related Companies LLP.
- 2.71 The appointment of A/R DevCo is an exclusive appointment and the Council cannot appoint another overall development manager for Brent Cross South unless it can lawfully terminate the existing arrangement. A/R DevCo is not permitted to transfer the DIMA unless it is to do so along with a permitted transfer of the project agreement. A/R DevCo is permitted to delegate its functions under the DIMA to Argent/Related entities and affiliates. Where such delegation occurs A/R DevCo is not released from its responsibilities under the DIMA. Delegation is permitted to third party consultants with JVLP and Council consent.
- 2.72 There are detailed provisions in the DIMA relating to the termination of the DIMA and the Project Agreement and provisions dealing with good faith confidentiality and conflicts of interest.

**Corporate Documentation**

- 2.73 As detailed above, the joint venture entity is an English Limited Partnership ('JVLP'). It is held on a 50:50 basis by the Council and Argent Related.
- 2.74 The JVLP has a general partner which is charged with the day to day management of the JVLP. The general partner is a new limited liability company that is owned 50:50 by the Council and Argent Related.
- 2.75 A limited partnership must have at least one general partner and at least one limited partner. The limited partners do not get involved in the management. Each of the Council and Argent/Related hold a limited partnership interest in the JVLP. The Council will hold its interest as limited partner through a new wholly owned company ('LBB SPV') this is due to vires issues. The Council and Argent/Related will receive profit/surplus through the limited partner interest.
- 2.76 The diagram below shows the JVLP structure. The 2 key constitutional documents are (i) the limited partnership agreement and (ii) the shareholders agreement (summarised below).





## The Partnership Agreement

- 2.77 The Limited Partnership Agreement ('LPA') LPA is entered into by the General Partner and the Limited Partners. The Argent/Related obligations are subject to a guarantee from the Argent/Related Guarantor. The key provisions of the LPA are:
- 2.78 JV Purpose. The purpose of the joint venture is set out clearly and agreed by all parties.
- 2.79 Funding. The Argent Related limited partner is responsible for providing the finance required by the JVLP. The Business Plan and Financial Model will be agreed when the LPA is signed and set out the forecast regarding financial requirements. These will be updated as the project proceeds. The Argent Related finance is provided to the LPA as an "Advance". The Advance is subject to repayment as set out below.
- 2.80 Distribution of Profits. The LPA contains an agreed waterfall that confirms how and when payments can be made by the Partnership to its partners. It confirms that in the first instance all expenses of the joint venture should be settled as they fall due. Profits related to each Phase cannot be distributed to the partners unless there is a sufficient contingency to cover agreed future costs/liabilities of that Phase. Profits are then largely distributed as follows:
- the Argent Related limited partner is entitled to the first returns which reimburse the Advances made relating to that Phase as well as a return up to an agreed cap on those Advances that compensates it for the cost of monies advanced;
  - the Argent Related limited partner is entitled to a priority return equal to 20% of the qualifying infrastructure costs;
  - the balance is the Surplus that is distributed equally to the Council and Argent/Related. There are provisions aimed at equalising any overpayments/underpayments as the project moves into different Phases.

- 2.81 In the event that the Council choose to make any advances, it would equally be entitled to the return of Advance and return for the cost of monies advanced, in a similar manner to Argent Related.
- 2.82 Default. The key default of concern in the LPA is a failure by Argent/Related to provide funding on a timely basis. The Guarantee assists. In addition there are other provisions that provide some options/remedies in the event of a breach of the LPA
- 2.83 Operator. For technical reasons the Partnership requires an FCA authorised operator. This will be in place when the LPA is signed.

### **The Shareholders Agreement**

- 2.84 The Shareholders Agreement is entered into by the Council and Argent Related being the shareholders in the General Partner. The Argent Related obligations are subject to a guarantee from the Argent Related Guarantor. The key provisions of the Shareholders Agreement are as follows:
- 2.85 Decision Making. The General Partner is the manager of the JVLP. It is responsible for all decisions of the JVLP. The General Partner is a limited company and as a result decisions may be made by its directors or its shareholders. In either case there are an equal number of votes for the Council and Argent/Related. This means that a deadlock on any decision is possible (see below for deadlock).
- 2.86 Directors. The Council and Argent/Related can appoint up to 4 directors each. As mentioned above the Council and Argent/Related have an equal vote at meetings and meetings cannot be quorate unless each party is represented.
- 2.87 Deadlock. There are provisions in the Shareholders Agreement that endeavour to deal with a Deadlock situation. Such matters are elevated within each organisation for resolution and in some cases may be referred to mediation. In the event that no resolution can be reached and the parties are truly deadlocked then provisions for an orderly winding up may be applied.
- 2.88 Conflict. The nature of the structure means that the JVLP will be frequently faced with decisions in which one of the partners is potentially in conflict because that party is in a key contract will the JVLP (ie the Council with regard to the Project Agreement and Argent Related in relation to the DMIDA). It is agreed that if the conflict relates to a dispute then the conflicted party is not able to exercise its vote at the JVLP level. This is usual. In other situations the conflicted party will still usually be able to vote on behalf of the JVLP although it is recognised that this may cause certain decisions to be deadlocked.

- 2.89 Capital. The General Partner will be established with minimum share capital. It does not require any finance. The finance does not flow through the General Partner.
- 2.90 The articles of association of the General Partner are a public document and are filed at Companies House whereas the Shareholders Agreement and LPA are private documents. It was agreed that the detail set out in the Articles would be consistent with the Shareholders Agreement but would be kept to a fairly basic level of detail. There are no key issues addressed in the Articles that are not covered by the terms of the LPA or Shareholders Agreement.
- 2.91 The Assets, Regeneration and Growth Committee is asked to approve that the detailed terms of the Project Agreement, Shareholder Agreement and associated documentation as set out in this report and the Exempt Report to the Committee; Authorise the Chief Executive in consultation with the Leader to finalise the documentation to enable the legal documentation to be completed and JV established by the end of March 2016.

### **Thameslink Station**

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

- 2.97 The Full Regeneration Business Case was reviewed by the Department of Communities and Local Government Finance Sub-Committee on 25 February 2016, and a final decision is imminent.
- 2.98 As the Committee is aware, the Council entered into a Design Services Agreement with Network Rail in July 2015 to take forward a feasibility study on the options for the station design in accordance with Network Rail's GRIP (Governance for Railway Investment Projects) procedures to develop a single option selection (known as GRIP 3). The main purpose of this exercise was to establish the required rail-side track works and location of the platforms to provide an updated cost estimate and design to support the Full Business Case as well as to progress to and inform the detailed design stage (known as GRIP 4) with full approval from Network Rail and the Department for Transport.
- 2.99 The GRIP 3 (Single Option Selection) for the new Thameslink Station, which was undertaken by Network Rail supported by Capita and Carillion, is now complete.
- 2.100 The emerging design is based on two island platforms (four faces) long to accommodate 12 car Thameslink Class 700 trains with a stopping pattern of 8 trains per hour in the 3hr peak and 4 trains an hour off peak on the slow lines. This will require track re-alignment works, overhead line, signalling and telecoms for the station area, sidings and the Midland Mainline Bridge.
- 2.101 The station project also includes the removal of the existing freight facility and (the Hendon Waste transfer) on the east to west side of the railway lines. This was envisaged by the Brent Cross Cricklewood planning permission leading to the establishment of a new rail freight facility on the west side of the lines. The current proposal is for the loss of freight facilities on the eastern side of the lines to be balanced by the provision of a new form of open access freight on the land in the west side of the lines currently leased to DB Schenker (now known as DB Cargo). Negotiations are underway. Regulatory consents will be required as set out below.
- 2.102 The station project also includes facilitating the station quarter elements of Brent Cross South comprising residential, commercial, community, retail and leisure uses alongside public transport improvements. These transport improvements include the transport interchange adjacent to the station and the spine road linking the Midland Mainline Bridge to the Station Square, along the southern high street and into the expanded Brent Cross Shopping centre in accordance with the integrated transport strategy approved by the outline planning permission. The station quarter elements of the project will be taken forward and funded by Brent Cross South JVLP.
- 2.103 The Committee is asked to approve the single option rail systems layout as shown at Appendix 7. Options are currently being developed for the station building and overbridge incorporating combinations of pedestrian footbridge, station concourse and ticketing. In this regard, discussions have commenced with Argent Related in respect of the interface between the Thameslink and

Brent Cross South projects and the detailed design of the station building and footbridges will be developed concurrently with Argent Related emerging masterplan for the station quarter over the coming months.

- 2.104 The Committee will also note that the proposed funding approach within the Full Business Case is consistent the Outline Business Case, with £97m grant funding being provided by HM Government and the remaining being funded by LBB borrowing and being repaid using the uplift in business rate growth resulting from the shopping centre expansion.
- 2.105 This funding strategy is still based on a 50% Business Rates Retention ring-fenced position. The payback period has extended from 10 to 14 years to reflect the increased cost commitment as a result of the infrastructure funding strategy approved by the Committee on 30 November 2015. Subject to HM Government's decision on the Full Business Case, the Council will agree a grant agreement with DCLG regarding the drawdown on funding by the end of March 2015 as well as the entering into an agreement with the GLA in respect of their share of the local business rates.
- 2.106 The current estimate of the cost of the Thameslink station and associated work packages to be built out is £215 million, uninflated. This is a capital cost. Any revenue costs associated with the station operation or on-going maintenance are assumed to be borne by Network Rail and the Train Operating Companies. The Council will be responsible for the capital cost and risk of delivery of the new station and any required operational subsidy to the Train Operating Company until the station becomes self-financing.
- 2.107 The procurement strategy to deliver the station and associated work packages is currently being developed. It is anticipated that this will be reported to the Committee later this year so that a competitive tender can commence in early 2017 to enable a start on site in early 2018. The target opening date remains late 2021.
- 2.108 The final decision on funding strategy in respect of the station and infrastructure elements will be made by the Council's Policy and Resources Committee in accordance with the Council's Treasury Management Strategy and the Prudential Code for Capital Finance in Local Authorities, which allow councils to invest in capital projects provided they are affordable prudent and sustainable. It is anticipated that this approval will be sought later this year.
- 2.109 A Station Project Board has been established to include all key stakeholders including Network Rail, TfL, the Freight and Train Operating Companies and London Borough of Brent.

### **Next Steps**

- 2.110 In order to progress the station project in accordance with the programme, work now needs to start on the detailed design of the station and bridges alongside the rail systems (track signalling, telecoms and associated infrastructure, overhead electricity lines and mechanical and electrical works)



as well as civils (platforms, foundations, cctv). This work needs to be supported by survey and ground investigations work, which ideally should be undertaken over the summer this year. This work represents the GRIP 4 process as required by Network Rail in order to agree an approval in principle design.

- 2.111 The Committee will be aware that the pedestrian bridges and buildings and structures associated with the proposed station and station quarter will fall outside the operational railway land and will be subject to further planning approvals and consideration by the Council's Planning Committee in accordance with the existing outline planning permission and the statutory planning framework. The GRIP 4 detailed design work will be used to support the submission of further planning submissions as required.
- 2.112 The detailed design work is intended to be undertaken by the existing team comprising Re/Capita Rail and Network Rail with close liaison with DfT. It is intended that Re/Capita Rail continue to lead the non-railway works elements and Network Rail progress the rail system works within the operational railway with regular project meetings to ensure a fully integrated and transport approach.
- 2.113 Subject to the Committee's approval, these works will commence in April and conclude in January 2017. The Council will renegotiate the Design Services Agreement with Network Rail to progress the project forward to GRIP 4 completion. The estimate for this work is £7.7m. The Committee is requested to delegate to the Chief Operating Officer to agree terms and enter into the Design Services Agreement.
- 2.114 In addition to the detailed design, the Council needs to undertake the necessary land assembly to deliver the station project and associated infrastructure.
- 2.115 The Committee will recall that on 1 June 2015, the Committee confirmed, as a matter of principle, that the Council is prepared to use its compulsory purchase powers pursuant to section 226(1)(a) of the Town and Country Planning Act 1990 (as amended) to acquire the land required to deliver the early delivery of the Thameslink Station.
- 2.116 The Committee also noted that negotiations to acquire the land and interests in the areas required to deliver the Thameslink Station (other than the running lines, which will remain in Network Rail ownership, and the platforms, which will need to be the subject of a lease from Network Rail) by private treaty had commenced and approved entering into agreements and undertakings with the owners and/or occupiers of the land in the said areas so as to facilitate its acquisition. The Committee also noted that work was being undertaken to prepare for a possible Compulsory Purchase Order (CPO) together with the associated documentation and, if necessary, a further report would be brought back to the Committee seeking authority to make a CPO.

- 2.117 The Council has continued negotiations to acquire the land and interests within the area identified at Appendix 4 by private treaty, and whilst progress is being made with landowners, it is clear that a Compulsory Purchase Order is required. In this regard, a separate report is being considered by this Committee seeking authority to make a CPO. Formal land referencing is currently underway.
- 2.118 Running parallel to this, the Council and Network Rail are working jointly to develop a strategy to obtain the necessary regulatory approvals from the Office of Rail and Road in respect of the proposed changes to the operational railway (which will constitute “Network Change” in regulatory terms) through a procedure called the Complex Project Procedure. This will require engagement with all stakeholders including the Freight Operating Companies and the Train Operating Companies. Gowling WLG and Capita Rail are advising the Council on this and the associated strategy.

### **Land Assembly and CPO 1 and 2**

- 2.119 As the Committee is aware, the Council has now made the two Compulsory Purchase Orders in respect of the land required to facilitate the first phase development as shown on the plan attached at Appendix 5.
- 2.120 The Orders were made on 20 April 2015. The formal statutory Notices were served on those affected by the CPOs on 30 April 2015. Notices were also placed in local press as required and the statutory objection / consultation period to enable those affected by the CPOs to register their objections and make representations to the Secretary of State has now closed.
- 2.121 The Secretary of State has now confirmed that an Inquiry will be required. The Inquiry is scheduled to take place from 17 May – 17 June 2016. The Pre-Inquiry meeting was held on 24 February 2016
- 2.122 The Council and its Development Partners are responding to objections and undertaking necessary works such to support the CPO Inquiry.
- 2.123 The Council and its advisors are also continuing to actively progress private treaty negotiations with those business and residents affected by the CPO. In this regard, the Council is leading on the acquisition of land within the south side compulsory purchase areas, as previously approved by Capital Resources Committee in January 2014 and Assets, Regeneration Committee in September 2014
- 2.124 Heads of Terms have now been agreed with eight residential owners in the CPO areas, and the council completed its first residential acquisition on 18 January 2016. It is anticipated that the Council will complete further acquisitions shortly.
- 2.125 Similarly, the Council has reached agreement with commercial owners within the south side area. As detailed in the report to the Committee in November,

each of these acquisitions will be subject to separate Officers Delegated Powers Report.

- 2.126 The Council has completed acquisitions for the McGovern and Bros Claremont Way Industrial Estate, Claremont Way, London NW2 1BG, and land behind the existing Holiday Inn, which are considered strategically important to bringing forward the south side proposals.
- 2.127 The Council and its Development Partners are continuing to consult with residents throughout this process. The Council is also holding CPO surgery meetings to meet directly with residents to discuss their concerns and next steps.

## **2. REASONS FOR RECOMMENDATIONS**

- 2.128 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. At 151 Ha, it is one of the largest regeneration schemes in Europe. The London Plan identifies it as an Opportunity Area with an indicative employment capacity target of 20,000 jobs and a minimum new homes target of 10,000 homes. The Council's Core Strategy reinforces the significant comprehensive regeneration opportunity, which includes a new town centre, major new and improved transport and community facilities, and other infrastructure and public areas.
- 2.129 The area is significantly constrained by the existing road network and rail infrastructure, which creates a poor environment for those who live and work there. Nevertheless, given its location at the connection between the M1 and A406, the regeneration area has the potential to be a major and attractive gateway into London. The potential accessibility of the area is further enhanced by its connection with the A5 and A41, and its close proximity to the Northern Line at Brent Cross station, the Midland mainline, and Brent Cross bus station.
- 2.130 One of the reasons why the area has not been redeveloped to date is the need for substantial infrastructure to be provided to realise the area's potential. The comprehensive redevelopment and improvement of the Brent Cross Shopping Centre and other major development in the area provides the opportunity for the infrastructure to be funded and delivered, for the benefit of Brent Cross Cricklewood as a whole. In particular, in addition to major improvements to existing roads and public transport and social infrastructure, the proposals will create strong and attractive linkages between the communities to the north and south of the North Circular.
- 2.131 The development of this strategic gateway site will create a new town centre and residential quarter, uniting the areas north and south of the A406 North Circular, providing an attractive and vibrant place to live and work. It will contribute to the future prosperity of the Borough. The development to the north of the North Circular alone is expected to create 3,000 construction jobs, and an additional 4,000 permanent jobs over the next five to seven years. It

will provide around 91,500 sqm (net) of additional retail and commercial floorspace.

2.132 Brent Cross Cricklewood is a key element of the Council's regeneration and housing programme and will provide over 7,540 new homes over the next 20 years, including affordable homes and replacement homes for the Whitefield Estate. The scheme will also provide new and improved educational and health facilities for the community, and improved open space and recreational facilities for the community to enjoy and use.

2.133 The new Thameslink Station alongside the major highways and junction improvements (including those to junctions on the M1, A5, A406 (the North Circular), A407 and A41) will vastly improve the accessibility of the area and will help realise the regeneration of the area to its full potential. To address the existing barriers to accessibility between the communities to the north and south of the North Circular, as part of the first stage of development a series of bridges will be delivered including the Living Bridge (a new pedestrian and cycle bridge over the North Circular adjacent to Claremont Avenue and Market Square); the Templehof Bridge (replacing the existing Templehof Bridge over the North Circular); the A406/M1 Junction Pedestrian and Cycle Bridge – a new shared pedestrian and cycle bridge over the A406 adjacent to this improved junction; changes to the Staples Corner Pedestrian Bridge; 9 road bridges across the improved and diverted River Brent, and a further two bridges for the use of pedestrians and cyclists only.

2.134 The regeneration of Brent Cross Cricklewood will be a major component of achieving the Council's priority objectives in its Corporate Plan 2013-2016, including to 'maintain the right environment for a strong diverse local economy', with the strategic objective under this priority being to sustain Barnet by 'promoting growth, development and success across the borough'.

2.135 The scheme also supports the achievement of the objectives set out in 'One Barnet - A Sustainable Community Strategy for Barnet 2010–2020', including:

*"Sharing opportunities for success' and 'choice and responsibility', where the proposals will provide high quality homes. The Scheme itself will offer more choice by providing a number of different housing options such as shared equity, shared ownership and private homes for sale to residents and those in the wider community".*

2.136 In addition, it will further the strategic objectives in the Council's Housing Strategy 2010-2025 which include:

- (a) increasing housing supply, including family sized homes, to improve the range of housing choices and opportunities available to residents; and
- (b) promoting mixed communities and maximising opportunities available for those wishing to own their home.

### **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

- 3.1 Procurement in compliance with public procurement legislation is necessary where a public body is seeking to procure goods and services above a specified threshold and this process needs to be undertaken in a fair and open manner. As Awarding Authority the Council is required to ensure the selected partner is the most economically advantageous of those involved in the process and can provide value for money in the delivery of the social, economic and environmental regeneration outcomes and outputs.
- 3.2 Argent Related has been selected as the development partner by using the negotiated route, which was advised as the most appropriate approach for the procurement for Brent Cross.
- 3.3 The Council's advisors had explored the potential of a procurement methodology outside of the regulated process through a tried and tested route referred to as the 'co-investor' route. However, this alternative route was discounted as it excludes the opportunity to obtain any 'services' from the investment partner. It was evident through the soft market testing exercise that the demands of 'placemaking' as part of this process would require the partner to bring skills and services to the joint venture which by definition, require a regulated process.
- 3.4 The Council could decide not to approve the recommendations and enter into the joint venture, which would jeopardise the delivery and comprehensive development of the Brent Cross Cricklewood regeneration proposals thereby not achieving the comprehensive regeneration and corporate objectives set out in Section 5 of this report.

### **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. The updated Regeneration Programme is attached at Appendix 6.
- 4.2 The Brent Cross South Project Agreement, Limited Partnership Agreement, Shareholder Agreement and associated documentation as set out in this report and the Exempt Report to the Committee will be finalised by the Chief Executive in consultation with the Leader and will be completed to formally create the JVLP. These documents will be entered into at the same time as the amendments to the Brent Cross Property Development Agreement and Co-operation Agreements as set out in the Exempt Report to the Committee on 30 November 2015, which are currently being agreed by the Chief Executive in consultation with the Leader of the Council.
- 4.3 Subject to the decision of HM Government on the Full Business Case and confirmation of funding, the Council will commence the detailed design of the station (known as GRIP 4) and associated work packages within the station phase of the Brent Cross South; and the Chief Operating officer will enter into

negotiations with Network Rail to agree terms and enter into the Design Service Agreement with Network Rail to deliver the railway works elements of the GRIP 4 process.

## **5. IMPLICATIONS OF DECISION**

### **5.1 Corporate Priorities and Performance**

5.1.1 The regeneration of Brent Cross Cricklewood supports the Council's Corporate Plan 2015-20 which states that the Council will work with local, regional and national partners to strive to ensure that Barnet is a place:

- of opportunity, where people can further their quality of life
- where people are helped to help themselves, recognising that prevention is better than cure
- where responsibility is shared, fairly
- where services are delivered efficiently to get value for money for the taxpayer.

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

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

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

5.2.1 The Brent Cross Principal Development Agreement executed on 3 March 2015 confirms that the Brent Cross North Partners (HSL) are obliged to pay the Council's (and their consultants) costs in connection with this project.

- 5.2.2 In relation to CPO, there are two main elements of costs associated with any potential CPO process – the costs of preparing and promoting the CPO itself, and the compensation and consideration to be paid to those whose land and interests are acquired.
- 5.2.3 In terms of the costs for resourcing the private treaty acquisitions, this will require input from internal and external resources covering various disciplines, including senior officers, legal input, surveying and valuation expertise. In respect of these acquisitions which fall in the northern part of the scheme, the HSL will meet all of these costs through the CPO Indemnity Agreement (CPOIA) executed on 3 March 2015. The indemnity is backed by security, so the Council is fully protected. The CPOIA is currently being updated to reflect that the Council is leading on all residential elements south side as approved by the Committee on 30 November 2015.
- 5.2.4 In relation to the land required to deliver the first phase south side development, capital funding was approved on 4 March 2014. This funding will be later recouped from the anticipated capital receipts of the south side scheme. Argent Related will also enter into the required CPOIA's in relation to the south side land assembly. The Committee is requested to authorise the Chief Executive in consultation with the Leader to finalise and complete the legal documentation.
- 5.2.5 In relation to the design and development work for the Thameslink station, capital funding of £4.9m was approved by Council on the 4 March 2014, funded from the infrastructure reserve.
- 5.2.6 Additional funding is required to progress the detailed design works (GRIP 4 and Approval in Principle designs). It will also be necessary to enter into a new Design Services Agreement (DSA) with Network Rail to deliver for the railside elements.
- 5.2.7 As the Committee is aware, a DSA is in place with Network Rail for the GRIP 3 works and advanced GRIP 4 scoping works. This agreement and funding is due to expire in April 2016. The new DSA with Network Rail will also include for advanced survey works (topographical surveys, utility surveys, ground investigation works and asset condition surveys). The total cost of the GRIP 4 work is £11.75m, of which £7.7m relate to works to be undertaken by Network Rail.
- 5.2.8 The Committee approval is therefore sought to agree the spend in relation to the Thameslink project from £4.9m to £16.65m and to delegate to the Chief Operating Officer to agree terms and enter into a revised DSA with Network Rail for £7.7m.
- 5.2.9 The budget for this will need to be agreed by Policy and Resources Committee and will come off the overall station project cost. This total cost will then be recouped by the Council part of the DCLG grant and business rate ringfencing.

### **5.3 Social Value**

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

### **5.4 Legal and Constitutional References**

- 5.4.1 The Council has a general power of competence under Section 1 of Chapter 1 of the Localism Act 2011 and this empowers the Council to enter into joint venture arrangements for the development of the south side of the Brent Cross Cricklewood regeneration scheme. Section 1 of the Localism Act 2011 provides local authorities with a broad power to do anything that individuals can do subject to any specific restrictions contained in legislation.
- 5.4.2 The Council has the power to acquire and dispose of land in accordance with Sections 120 to 123(2A) of the Local Government Act 1972, and subject to obtaining all appropriate consents and approvals. Where land has been appropriated for planning purposes, any disposal of land appropriated for such purposes is effected in reliance on Section 233 Town and Country Planning Act 1990. On any disposal of property the Council is required to have regard to the requirements of s123(2) of the LGA 1972 and Section 233 Town and Country Planning Act 1990 to ensure that any disposal is not for a consideration less than the best that can reasonably be obtained. Any land held for the purposes of part 2 of the Housing Act 1985 can be disposed of under section 32 of that Act either in reliance on a general or express consent of the consent of the Secretary of State.
- 5.4.3 Council Constitution - Management of Asset, Property and Land Rules provide the governance structure within which the Council may acquire, lease, act as landlord, licence, develop appropriate change of use of, or dispose of assets within its Asset portfolio.
- 5.4.4 The procurement of a partner and other advisers for the south side of the scheme will be carried out in accordance with the relevant European Union procurement regulations and public sector procurement principles.
- 5.4.5 The Public Services (Social Value) Act 2012 requires the Council to consider whether it can achieve an improvement to the economic, social and environmental well-being of an area as part of the procurement of these services. If so, the social value objectives identified must be written into the procurement process. All of this must be achieved with regard to value for money and in a way that is compliant with existing public procurement law. "Social value" objectives can include the creation of employment, apprenticeship and training opportunities for local people, trading opportunities for local businesses and the third sector; and the promotion of equality and diversity through contract delivery.
- 5.4.6 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.



5.4.7 Council Constitution, Responsibility for Functions states inter alia that only the full Council will exercise the following functions – All policy matters and new proposals relating to significant partnerships with external agencies and local authority companies.

5.4.8 The public sector equality duty referred to in Section 5 also required consultation to ensure the Council complies with its duties under the Equality Act 2010.

## 5.5 Risk Management

5.5.1 The key risks can be summarised as follows:

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

5.5.3 Ultimately, if the Brent Cross North Partners did not proceed, the Council and Argent Related would work together to develop an alternative scheme for Brent Cross South (without any obligation on either party to do so). Legal advisors have confirmed that there would be no procurement issues in proceeding with such a scheme in the absence of Brent Cross North going ahead.

### **BXC South**

5.5.4 Failure to agree on a viable first phase proposal, thus preventing delivery. This is considered to be low risk given the due diligence undertaken to date to inform the Business Plan. Nonetheless the project agreement details submission date for the first phase proposal and contains a deadlock process for resolving disagreements as part of the Business Plan and Project Agreement negotiation.

5.5.5 Failure to complete project documentation by end of March 2016.

5.5.6 Procurement risk. There is the risk that any procurement of a partner could be subject to challenge. To mitigate this risk, the Council has retained specialist legal advice on the scheme as a means of ensuring that all actions taken by the Council accord with the provisions of relevant laws, regulations and directives. Gowling WLG are the Council's legal advisors on the Brent Cross

Cricklewood South project and their assessment of the risks associated with the process are summarised in the Exempt report.

- 5.5.7 The Council may wish to understand if there is any risk on its ability to influence the project as a result of establishing LBBCo (as a corporate intermediary allowing it to participate as a limited partner in the LP structure). LBBCo will be the entity through which the Council participates in the 'investment element' of the LP. However in order to maintain their limited liability status, the limited partners have almost no involvement in decision making of the Limited Partnership itself. Those decisions are made by the GP (a company limited by shares) which must act in the interests of the partnership as a whole. The Council will be a 'direct' 50% shareholder in the GP. Any decisions that cannot be agreed upon by the board of the GP can be referred to its shareholders who are not constrained by directors' duties. In this way, the Council will effectively maintain equivalent control over project delivery as it would do were the JV to have been a company limited by shares.

### **Thameslink**

- 5.5.8 Failure to secure the funding strategy for the Thameslink Station in the required timescale. The train station is a key element to the delivery of Brent Cross South. The delivery of the station will help to increase land values, improving viability for investment therefore facilitating the regeneration of the Brent Cross Cricklewood area. The Council together with public sector partners (Greater London Authority, Network Rail and Transport For London) and Central Government are working together to finalise the full business case and detail of the funding arrangements which was submitted in January 2016 and for which a decision is now imminent.
- 5.5.9 There is a risk that the Full Regeneration Business Case and phasing of the works contained therein requires additional funding ahead of drawdown of the TIF and funding grant from the Council to ensure the works meets the required timescales. To mitigate this risk, a number of scenarios have been developed for phasing of the works ensuring the optimum and most cost efficient investment in the station works is employed bringing benefits in line with the business case assumptions.
- 5.5.10 Each investment stage has a break clause and a trigger condition for investment as listed below.
- 5.5.11 The construction of the Station is dependent on the Brent Cross North Partners starting on site in early 2018. The investment phasing is dependent on the Brent Cross North Partners commencing on site and the development agreement (PDA) going unconditional. The baseline programme has assumed Brent Cross North Partners commencing in early 2018. A mitigation programme has been developed should the long stop date move back to October 2019, moving the commissioning of the station back from mid 2021 to mid 2023

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

## **CPO**

5.5.13 Affected parties failing to be identified in any potential CPO – a specialist land referencing firm, TerraQuest, have been appointed to undertake the land referencing exercise to mitigate against this risk. Also, the discussions being held by the Council and the Development Partners with those affected when seeking to acquire their land and interests are helpful in checking the parties with interests in the area.

5.5.14 Non confirmation of the CPO – to mitigate this risk the Council has retained external legal advice and Neil King QC throughout the CPO process.

5.5.15 There is a small risk that the Secretary of State consents could be refused. Lands will not be disposed of until all necessary consents are in place. If necessary the scheme would be revised and new consents would be sought.

## **5.6 Equalities and Diversity**

5.6.1 The 2010 Equality Act which outlines the provisions of the Public Sector Equality Duty (PSED), requires all Local Authorities to pay due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010;
- Advance equality of opportunity between people from different groups;
- Foster good relations between people from different groups;

5.6.1 This places a legal obligation on the Council to pay due regard to equalities in an appropriate and proportionate manner and to take account of how the Council’s decisions might impact on different groups across the borough including those identified in equality legislation as protected characteristics, namely: Age, disability, gender, gender reassignment, marriage, civil partnership, pregnancy and maternity, sexual orientation and religion or belief.

5.6.2 Equality and diversity issues are a mandatory consideration in the decision-making of the Council. This requires elected Members to satisfy themselves that equality considerations are integrated into day to day business and that all proposals put to committees have properly taken into consideration what impact, if any, there is on any protected group and what mitigating factors can be put in train.

- 5.6.3 The Development Proposals support achievement of the council's Strategic Equalities Objective which sets out our commitment that citizens will be treated equally, with understanding and respect; have equal opportunities with other citizens and receive quality services provided to Best Value principles. The development proposals will reflect the council's aim that all residents are able to share in the benefits and take advantage of the opportunities of economic growth in the borough.
- 5.6.4 The council intends that the development proposals will have a positive impact on all groups identified in the 2010 Equality Act and other vulnerable groups in the borough because it is designed to share the benefits of growth with all Barnet citizens and promote inclusion and community engagement and participation
- 5.6.5 The council is committed to improving the quality of life for all and wider participation in the economic, educational, cultural, social and community life in the Borough.
- 5.6.6 The development proposals for the Brent Cross Cricklewood scheme will make a significant contribution to the provision of additional, high quality affordable housing units in the Borough as well as providing employment through the creation of a new town centre with leisure, health and educational facilities. The delivery of the Thameslink Station will enhance public transport provision and improve accessibility and provide greater choice for all. It should be emphasised that a fully integrated and accessible town centre will be created as part of these proposals.
- 5.6.7 An Equalities Impact analysis was carried out in respect of the Outline Planning Application granted in 2010, which took fully into account the demographic makeup of the regeneration area and addressed the impact on the protected characteristics. This anticipated a significant positive impact from the regeneration proposals. This will be updated to assist the council in meeting the requirements of the Public Sector Equalities Duty.
- 5.6.8 The projected increase in the borough's population and changes in the demographic profile will be key factors in reflecting the aspirations and contributions of current residents.
- 5.6.9 The Census data of 2011 (as updated by the GLA population projections 2014) shows how Barnet is growing and changing. There has been a significant increase in the diversity of growth in the borough population and growth in older and younger generations has been particularly rapid. The over 65 population is forecast to grow by 10.4% in the next 5 years and 24% in the next decade.
- 5.6.10 Barnet is a racially diverse and multi faith borough and proud of community cohesion. Over a third of Barnet's citizens come from a rich diversity of black and minority ethnic groups. Christianity remains the biggest religious group (41.2%) and Barnet is home to the UK's largest Jewish community. Other significant groups are no religion (16.0%), Muslim (10.3%) and Hindu

communities (6.2%).

- 5.6.11 Our reputation for excellent schools and green spaces makes us a popular destination for young families. These demographic changes present challenges both in the demand for services and the way we commission, deliver and continuously improve our services.
- 5.6.12 Barnet is a relatively affluent borough with significant pockets of deprivation and we have been successful in attracting regeneration funding to those areas in 7 major regeneration schemes. Our growth and economic strategies will reflect the importance that everyone benefits from regeneration and growth, job creation, reinvigorating communities and improved quality of life. This includes the protected characteristics outlined in the 2010 Equality Act as well as citizens and other groups in Barnet who can experience disadvantage, for example carers, lone parents and low income families, people with particular disabilities including mental health and learning difficulties, unemployed people.
- 5.6.13 Brent Cross Cricklewood is an opportunity to extend Barnet's success as a desirable and attractive suburb, by creating a new urban village for London which sets the tone for future evolution of the borough more widely and emphasises the need to create a place that makes residents, workers and visitors feel good – inviting people to meet and spend time in the spaces, and to walk or cycle.
- 5.6.14 Importantly, the requirements highlight that Brent Cross Cricklewood will be place for people of all ages, with housing mix that reflects different life stages, a range of housing tenures, and public spaces which are accessible to all. It emphasises that promoting health and wellbeing and reducing dependency will be ingrained in the place.

## **5.7 Consultation and Engagement**

- 5.7.1 Extensive consultation has and will continue to be undertaken with key stakeholders and the community to ensure that the Brent Cross Cricklewood scheme reflects local needs including the needs of those with protected characteristics, as well as securing the future of North London's only regional shopping centre.
- 5.7.2 There has also been consultation and engagement with local stakeholders and the community during the planning process and the CPO process is designed to allow parties an opportunity to make representations and, if desired, attend a public inquiry and state their cases.

## 6 BACKGROUND PAPERS

- 6.1 Cabinet, 26 April 2004 (Decision Item 8) – approved the adoption of the Cricklewood, Brent Cross and West Hendon Development Framework as Supplementary Planning Guidance.
- 6.2 Cabinet, 29 March 2005 (Decision Item 6) – agreed to enter into a Collaboration Agreement with the development partnership (Cricklewood Regeneration Limited, Hammerson and Standard Life).  
<http://barnet.moderngov.co.uk/CeListDocuments.aspx?Committeeld=120&MeetingId=265&DF=29%2f03%2f2005&Ver=2>
- 6.2.1 Cabinet, 5 December 2005 (Decision Item 7) – approved, amongst other matters, that 1) the Eastern Lands Addendum be adopted as Supplementary Planning Guidance; and 2) the Eastern Lands Supplementary Guidance is incorporated into the Cricklewood, Brent Cross and West Hendon Development Framework.  
<http://barnet.moderngov.co.uk/CeListDocuments.aspx?Committeeld=120&MeetingId=272&DF=05%2f12%2f2005&Ver=2>
- 6.3 Cabinet Resources Committee, 25 March 2008 (Decision Item 16) – approved the outline terms so far agreed with the Brent Cross North Partners and Cricklewood Redevelopment Limited, including the proposals for the finalisation of the financial terms, be approved in principle subject to the outcome of Counsel's advice on procurement issues, and that the finally agreed terms for the Development Framework Agreement and the Property Development Agreements be reported to a future meeting of the Cabinet for approval.  
  
<http://barnet.moderngov.co.uk/Data/Cabinet%20Resources%20Committee/200803251900/Agenda/Document%2015.pdf>
- 6.4 Cabinet, 21 October 2009 (Decision Item 7) – approved the terms and conditions of entering into the Development Framework Agreement and the Property Development Agreements, subject to approval of the Brookfield Europe and Hammerson Guarantor companies by the Director of Finance and the Leader of the Council, and the approval of the appropriate land transaction and financial arrangements by the Secretary of State. The approval was also subject to agreement of the plans, the historic costs and the form of the legal documents.  
  
<http://barnet.moderngov.co.uk/CeListDocuments.aspx?Committeeld=120&MeetingId=306&DF=21%2f10%2f2009&Ver=2>
- 6.5 Cabinet Resources Committee, 19 October 2010 (Decision Item 5) – approved the changes to the terms and conditions of the Development Framework Agreement and the two Property Development Agreements

regarding Brent Cross Cricklewood (as considered and approved by Cabinet in October 2009)

<http://barnet.moderngov.co.uk/CeListDocuments.aspx?Committeeld=151&MeetingId=446&DF=19%2f10%2f2010&Ver=2>

- 6.6 Cabinet Resources Committee, 18 April 2013 (Decision Item 14) - noted that the Brent Cross Cricklewood Development Partners wished to modify the existing planning consent to allow re-phasing; approved that the Director for Place begin preparations to enable the Council to procure a development partner to deliver the regeneration of the southern parts of Brent Cross Cricklewood Regeneration Area and confirmed the continued appointment of the external advisors for the Brent Cross Cricklewood Regeneration project, and the procurement of appropriate additional advice, and to delegate authority to the Director for Place to deal with necessary contractual issues or arrangements.

<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=151&MId=6759&Ver=4>

- 6.7 Cabinet Resources Committee, 16 January 2014 (Decision Item 6) - approved the changes to the terms of the Brent Cross Property Development Agreement (as considered and approved by CRC in October 2010) and the terms for the Co-operation Agreement as set out in Section 9 of this report; authorised the Chief Executive in consultation with the Leader of the Council to agree the detail of the Brent Cross Property Development Agreement and Co-operation Agreement; approved commencement of market testing through the issue of a Prior Information Notice to inform the delivery strategy for the Brent Cross Cricklewood South area; and approve that the Council enter into negotiations with landowners to acquire land required in advance of any Compulsory Purchase Order, subject to approval of the bid for capital funding by Cabinet on 25 February 2014; and approved that the Council continue the design and development work to develop the business case and funding strategy for delivery of the Thameslink Station, subject to approval of the capital funding bid by Cabinet on 25 February 2014; and delegate authority to the Strategic Director for Growth and Environment to procure the necessary advice and consultants to progress the Brent Cross project workstreams and deal with the related contractual issues and arrangements.

<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=151&MId=7702&Ver=4>

- 6.8 Assets, Regeneration and Growth Committee dated 9 July 2014 approved the procurement of a partner for the Brent Cross Cricklewood South development through an OJEU Negotiated route in accordance with the Brent Cross South Procurement and Delivery Strategy, and approved the Council's requirements for the Brent Cross Cricklewood South opportunity; and noted procurement timetable and that to meet this timetable an additional meeting would be needed to approve the selection of a preferred partner, which would be called in accordance with statutory requirements and the Council's constitution.

<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=7960&Ver=4>

- 6.9 Assets, Regeneration and Growth Committee dated 8 September 2014 approved that the appropriate Chief Officers be authorised to negotiate and enter into agreements to acquire by private treaty the land and interests in the areas shown on the plan at Appendix 1 and to approve and enter into agreements and undertakings with the owners and/or occupiers of the land in the said areas so as to facilitate its acquisition and that the appropriate Chief Officers be authorised to arrange for a land referencing exercise (including the service of statutory requisitions) to be undertaken to identify all parties with interests in the land shown edged red and shaded pink and shaded blue on the plan at Appendix 1.

<http://barnet.moderngov.co.uk/documents/s17302/Brent%20Cross%20Cricklewood%20-%20Report.pdf>

- 6.10 Assets, Regeneration and Growth Committee dated 15 December 2014 noted progress on the Brent Cross Cricklewood project.

<http://barnet.moderngov.co.uk/documents/s19845/BXC%20update%20-%20Publish.pdf>

- 6.11 Urgency Committee, 26 February 2015 (Decision Item 1)

<https://barnetintranet.moderngov.co.uk/documents/s21721/Annex%201%20Report%20to%20Urgency%20Committee%2026%20February%202015.pdf>

- 6.12 Full Council dated 3 March 2015 approved the appointment of Argent and Related Companies PLC (Bidder Z) as the Council's preferred development partner for the Brent Cross Cricklewood South Scheme; the selection of Gateway Barnet consortium comprising Far East Consortium, Countryside Properties and Notting Hill Housing Trust (Bidder Y) as the Council's reserve development partner for the Brent Cross Cricklewood South Scheme; authorise Officers to work up the Business Plan, Project Agreement and documentation necessary to form the joint venture for consideration and approval by Assets, Regeneration and Growth Committee prior to formally entering into the joint venture contract and authorised the Commissioning Director (Growth and Development) to determine the exact structure of the joint venture arrangement.

<http://barnet.moderngov.co.uk/documents/g7819/Public%20reports%20pack%2003rd-Mar-2015%2019.30%20Council.pdf?T=10>

- 6.13 Full Council dated 3 March 2015 approved that a compulsory purchase order (CPO) be made pursuant to the powers in section 226(1)(a) of the Town and Country Planning Act 1990 (as amended) for the acquisition of the land shaded pink on the plan at Appendix 1 and pursuant to section 13 of the Local Government (Misc Provisions) Act 1976 to acquire new rights in respect of the land shaded blue on the said plan to deliver (CPO1); That the appropriate Chief Officers be authorised to settle the final form and content of the CPO and associated documentation and take all action needed to pursue the CPO



and secure its confirmation; That the appropriate Chief Officers be authorised, following the confirmation of the CPO, to implement the CPO powers and acquire title to and/or take possession of the land ; That the appropriate Chief Officers be authorised to carry out the necessary procedures under Part 11 of the Housing Act 1985 and to use Ground 10A to obtain vacant possession of Council owned dwellings that are occupied by secure tenants in the area shown shaded pink on the plan at Appendix 1 ; that the appropriate Chief Officers be authorised to approve the service of Initial and Final Demolition Notices as required pursuant to the Housing Act 2004 to suspend the right to buy on properties due for demolition which are situated on the Whitefield Estate but fall within the Brent Cross North Development and on the Rosa Freedman Centre; and that the appropriate Chief Officers be authorised to take all necessary steps to re-house secure tenants from the Sheltered Housing Units at Rosa Freeman and to pay statutory home loss and disturbance to those tenants.

<http://barnet.moderngov.co.uk/documents/g7819/Public%20reports%20pack%2003rd-Mar-2015%2019.30%20Council.pdf?T=10>

- 6.14 Full Council on 3 March 2015 approved that a compulsory purchase order (CPO) be made pursuant to the powers in section 226(1)(a) of the Town and Country Planning Act 1990 (as amended) for the acquisition of the land to deliver the first south side phase (known as CPO2) shaded pink on the plan at Appendix 1 ; That the appropriate Chief Officers be authorised to settle the final form and content of the CPO and associated documentation and take all action needed to pursue the CPO and secure its confirmation; That the appropriate Chief Officers be authorised, following the confirmation of the CPO, to implement the CPO powers and acquire title to and/or take possession of the land; That the appropriate Chief Officers be authorised to carry out the necessary procedures under Part 11 of the Housing Act 1985 and to use Ground 10A to obtain vacant possession of Council owned dwellings that are occupied by secure tenants in the area shown shaded pink on the plan at Appendix 1 and that the appropriate Chief Officers be authorised to approve the service of Initial and Final Demolition Notices as required pursuant to the Housing Act 2004 to suspend the right to buy on properties due for demolition which are situated on the Whitefield Estate but fall within the Brent Cross South Development..

<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MID=7819#A11444>

- 6.15 Assets, Regeneration and Growth Committee dated 1 June 2015 noted progress on the Brent Cross Cricklewood project; A) approved the terms for the draft Collaboration Agreement between the Council and Argent and Related Companies as set out in the Exempt Report; B) authorised the Chief Executive in consultation with the Leader of the Council to agree the detail of the Collaboration Agreement; Confirmed as a matter of principle, that the Council is prepared to use its compulsory purchase powers pursuant to section 226(1)(a) of the Town and Country Planning Act 1990 (as amended) to acquire the land edged red on the plan at Appendices A & B; noted that a)

the appropriate Chief Officers are commencing negotiations to acquire by private treaty the land and interests in the areas required to deliver the Thameslink Station as shown on the plan at Appendices A & B and to approve and enter into agreements and undertakings with the owners and/or occupiers of the land in the said areas so as to facilitate its acquisition; and that the appropriate Chief Officers are undertaking the work needed to prepare for a possible Compulsory Purchase Order (CPO) together with the associated documentation and, if necessary, will bring a further report back to the Committee seeking authority to make a CPO in respect of the land shown on the plan at Appendix C.

<http://barnet.moderngov.co.uk/documents/s23463/Brent%20Cross%20Cricklewood%20Station%20Project%20Update%20-%20REPORT.pdf>

- 6.16 Assets, Regeneration and Growth Committee dated 30 November 2015 approved the terms for the amendments to the Brent Cross Property Development Agreement and Co-operation Agreement and authorised the Chief Executive in consultation with the Leader of the Council to agree the detail of the Brent Cross Property Development Agreement and Co-operation Agreement and any required subsequent changes in the associated commercial documentation; noted progress on land acquisitions within the CPO red line boundary and that the CPO Inquiry for Brent Cross Cricklewood CPO1 and Brent Cross Cricklewood CPO 2 is scheduled for 17 May - 17 June 2016; approved the Brent Cross South Joint Venture Structure that will inform the Project Agreement and documentation necessary to form the Brent Joint Venture; noted the establishment of the Shadow Joint Venture Board and gave approval for the terms of reference for Shadow Shareholder Board for the Brent Cross South Joint Venture to be drawn up including a process for appointing Members for agreement at the next practicable meeting of the Council; and noted progress on the Thameslink Station project, in particular the station design and funding strategy.

<http://barnet.moderngov.co.uk/documents/s27725/Brent%20Cross%20Cricklewood%20Project%20update.pdf>

- 6.17 Council 1 March 2-16 noted the report of Assets, Regeneration and Growth Committee on 30 November 2015 as attached at Appendix 1 which approved the Joint Venture Structure and authorised the establishment of a Shadow Shareholder Board for the Brent Cross South Joint Venture, and that its terms of reference and membership to be drawn up for Council approval; noted the Brent Cross South Joint Venture Structure at Appendix 3 attached to the report of the Assets, Regeneration and Growth Committee on 30 November 2015; approved by the Committee on 30 November 2015; agreed the terms of reference for the Shadow Shareholder Board for the Brent South Joint Venture as outlined in paragraph 2.15; agreed that the composition and Membership of the Shadow Shareholder Board be agreed, as per paragraphs 2.13 and 2.14 of the report; noted the decisions outlined in Appendix 2 which will be required by the Shadow Shareholder Board as detailed in the Project Agreement and Shareholder and associated documentation necessary to form the Brent Cross South Joint Venture; and noted that the Project Agreement,

Shareholder Agreement and associated documentation will be reported to Assets, Regeneration and Growth Committee on 17 March 2016 for approval and that that report will recommend that the Chief Executive be authorised in consultation with the Leader to finalise the documentation.

<http://barnet.moderngov.co.uk/documents/s29974/Report%20to%20Council%20Report%20-%20Report%20of%20Assets%20Regeneration%20and%20Growth%20Committee%20-%20Brent%20Cross%20Cricklew.pdf>