



Assets, Regeneration and Growth Committee

27th November 2018

Title	North Finchley Town Centre Development – update
Report of	Councillor Daniel Thomas, Chairman of Assets, Regeneration and Growth Committee
Wards	West Finchley, Woodhouse
Status	Public
Urgent	No
Key	Yes
Enclosures	None
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Summary

Since 2016, the Council has been working with developer Joseph Partners to progress plans for revitalising North Finchley Town Centre. The Council entered into an exclusive agreement with Joseph Partners and developed a Supplementary Planning Document (SPD) to provide a framework for redevelopment. The Council subsequently worked with Joseph Partners to draft a Site Assembly Agreement and Land Agreement to support planning and site acquisition and to enable the Council to commit landholdings to the development.

At its March 2018 meeting, the Assets, Regeneration and Growth Committee delegated authority to the Deputy Chief Executive in consultation with the Chairman to finalise and enter into the Site Assembly Agreement and Land Agreement with Joseph Partners. There is now a need to include a third party in this agreement, for which a further Committee decision is required.

In recent months, Joseph Partners has taken steps towards securing the financial backing needed to deliver the scheme and Council officers have worked with Joseph Partners and Members to develop plans for the North Finchley Partnership Board. This report provides an update on these activities.

Officers Recommendations

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

1. WHY THIS REPORT IS NEEDED

- 1.1 In accordance with decisions taken by the Policy and Resources Committee of 1st December 2016 and the Assets, Regeneration and Growth Committee of 12th March 2018, this report seeks approval from the Assets, Regeneration and Growth Committee to finalise and enter into a Site Assembly Agreement and Land Agreement with U+I plc and/or one of its subsidiary companies, as noted above. The Committee has already delegated authority for the Council to enter into the Site Assembly Agreement and Land Agreement with Joseph Partners.
- 1.2 Policy and Resources Committee of 1st December 2016 approved a recommendation to enter into an exclusivity agreement with Joseph Partners and not agree terms with any competing developer. The Preliminary Agreement, signed in April 2017, granted a period of two years, with a possible one-year extension. This report now seeks approval from the Committee to delegate authority to the Deputy Chief Executive in consultation with the Chairman to extend the exclusivity terms for a reasonable period should this be required to finalise and enter into the Site Assembly Agreement and Land Agreement and subsequently progress the redevelopment of North Finchley.
- 1.3 The North Finchley Town Centre Area Framework Supplementary Planning Document was adopted by Policy and Resources Committee of 13th February 2018. That Committee also agreed to establish a *North Finchley Partnership Board* to comprise representatives of local stakeholders including local Councillors, traders, businesses, landlords, Barnet Homes, residents and

community organisations, local schools, the artsdepot, faith organisations, the Council lead officer, and appropriate representative of the lead developer. This partnership board should help oversee, monitor, scrutinise and hold to account the management of the Town Centre, as well as implementation of the SPD.

2. REASONS FOR RECOMMENDATIONS

2.1 North Finchley Town Centre is one of Barnet's seven main town centres. As with high streets up and down the country, in recent years the area has been in decline, with retailers facing a range of challenges.

2.2 Since 2016, the Council has worked with local developer Joseph Partners to progress plans for revitalising North Finchley Town Centre. These include:

- Redefining the high street by researching, consulting on and defining the sustainable core of the area;
- Establishing a context for change, involving comprehensive regeneration either through acquisition, or by agreement with existing landowners;
- Curating the occupancy of the core high street, better supporting existing tenants and bringing in new ones, and utilising landlord control to incorporate flexible lease terms to encourage attractive and sustainable occupancy;
- Intensifying and repurposing the periphery of the town centre to provide additional housing, integrating high-quality residential uses into the upper parts of retained shopping areas, and providing the ability to carry out significant public realm improvements.

2.3 The Preliminary Agreement signed with Joseph Partners (then signing in his personal capacity, as Jonathan Joseph) on 24th April 2017 incorporates an exclusivity period of two years for the disposal of land within North Finchley. This expires on 24th April 2019 although it can be extended by a further one year.

2.4 One of the conditions precedent included in the Preliminary Agreement was the requirement for commitment in principle from a funder with suitable financial resources and experience to back the development and sign the Site Assembly Agreement and Land Agreement. A summary of these two agreements was provided to the Assets, Regeneration and Growth Committee in March 2018.

2.5 Securing a development partner

2.5.1 As stated, the Preliminary Agreement requires Joseph Partners to demonstrate that it has access to sufficient funding to progress the comprehensive redevelopment of North Finchley. Joseph Partners has engaged with several potential developers with the financial resources and backing required and has now agreed in principle to a joint venture with U and I Group plc ("U+I"), an experienced developer specialising in complex, mixed-use urban regeneration and development.

- 2.5.2 U+I was established in 2015 following the merger of two companies, Development Securities PLC and Cathedral Group. The company is listed on the London Stock Exchange (U and I Group PLC) and has a £9.5 billion+ portfolio of projects in the London, Manchester and Dublin city regions, including a £145.7 million investment portfolio.
- 2.5.3 The company places an onus on community engagement, delivering both social and economic change and on identifying 'worthwhile uses' from an early stage to add value and create lasting benefits. U+I is experienced in building partnerships with the public sector to deliver regeneration and development.
- 2.5.4 U+I has carried out an initial assessment of the proposed North Finchley Town Centre Project and has taken the project to its Board of Directors and Investment Committee. The company has now committed resources to undertake further due diligence and viability assessment of the scheme which is likely to continue through to Autumn 2019. A Planning Application will be developed and submitted once this process has concluded.
- 2.5.1 The intention is that the joint venture established between U+I (or an appropriate U+I group company) and Joseph Partners will act as, or guarantee the role of, 'master developer' throughout the redevelopment, calling on funders and external partners as required for different phases.
- 2.5.2 Alongside this, the joint venture has already entered into discussion with local landowners with a view to acquiring property through private treaty and are in early-stage discussions regarding the development of sites that the Council already owns in North Finchley.

2.6 North Finchley Partnership Board

- 2.6.1 In approving the North Finchley Town Centre Area Framework SPD, Policy and Resources Committee requested the establishment of a partnership board to ensure that the voices and views of stakeholders, such as residents and businesses would be heard throughout the redevelopment. This approach is also in keeping with that of Joseph Partners and U+I.
- 2.6.2 Council officers have been working with Joseph Partners, Members and others to progress plans for such a board. Terms of Reference for the North Finchley Partnership Board (NFPB) have been drafted for adoption at the first meeting. The purpose of the Board is to help oversee, monitor, scrutinise and hold to account the management of the town centre and the implementation of the SPD. The board is a non-decision making consultative group and is not a formal council committee.
- 2.6.3 There will be a communications drive to publicise the NFPB and written notices are being sent to over 20,000 households in the Woodhouse and West Finchley wards, as well as some of those living in Totteridge ward. Information about the Board has also been posted on the Council's website. Interested parties representing a range of different stakeholder groups are being invited to apply to join.

- 2.6.4 As Chair of Assets, Regeneration and Growth Committee, Councillor Thomas was asked to chair the NFPB. Ward members from West Finchley and Woodhouse will nominate two representatives to join the NFPB, one of whom will act as a Vice Chair. A second Vice Chair will also be appointed by the Chair.
- 2.6.5 Re, on behalf of the Council, is providing secretariat support (funded by the developers) and the first meeting of the North Finchley Partnership Board is scheduled for January 2019 to be held in North Finchley.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 The Council could choose to do nothing, and not consider ways of revitalising North Finchley. This is not recommended as it would result in the further decline of the town centre, affecting residents, businesses and visitors, and would also result in a missed opportunity to deliver new homes. As stated previously, the current approach of working with Joseph Partners is being pursued due to the lack of demonstrable market interest from other parties.
- 3.2 The Council could progress “light touch” interventions such as business engagement and shopfront improvements. Consideration was given to seeking funding and investment for capital improvements through the GLA’s *Good Growth Fund*. However, this option was discarded as the GLA has indicated that it is unlikely to provide funding for high street improvements in North Finchley.
- 3.3 Having considered the alternatives, the proposed approach of partnering with Joseph Partners and U+I to comprehensively revitalise one of Barnet’s most significant town centres should be considered an innovative one.

4. POST-DECISION IMPLEMENTATION

4.1 Next steps are:

- Full officer Delegated Powers Report (DPR) to sign Site Assembly Agreement and Land Agreement;
- Further report to ARG on valuations ensuring best consideration and disposals, if necessary;
- Support Joseph Partners and U+I to establish a Project Board (with equal representation by/on behalf of the Council and developers) which will be responsible for those elements of the development relating to public realm, public amenities and other elements of the town centre offering at North Finchley, with the intention that the Council will retain significant influence over such matters;
- Hold the first meeting of the North Finchley Partnership Board.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 The Council's Economic Development strategy, Entrepreneurial Barnet, outlines Barnet's approach to supporting the local economy to grow, and developing a successful, growing suburb in a successful, growing world city. It identifies North Finchley as a main town centre.

5.1.2 Within Entrepreneurial Barnet, the Town Centre offer specifically outlines the Council's commitment to providing additional support to actively market and promote opportunities to developers, when dealing with main Town Centres.

5.1.3 Entrepreneurial Barnet directly supports delivery of the Corporate Plan 2015-20, particularly the following goals: promote responsible growth within the Borough, encouraging development and success, revitalising communities whilst protecting what residents love about the Borough.

5.1.4 The Housing Strategy 2015-25 highlights the role of purpose-built private rented sector housing located within or around town centres in addressing housing needs, as well as supporting labour mobility.

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

5.2.1 The adoption of the recommendations will result in no additional cost to the Council as the cost of additional resources are being recovered from Joseph Partners through a Planning Performance Agreement (PPA) and the Preliminary Agreement. Statutory planning functions will continue to be delivered through the 'business as usual' Re contract. Additional staff costs in future will be recovered through the Site Assembly Agreement.

5.2.2 Progressing the Site Assembly Agreement and Land Agreement will clearly have implications for Council property but the agreements are intended to optimise value for money for the Council.

5.2.3 There are no anticipated implications in IT or sustainability in relation to the project.

5.3 **Social Value**

5.3.1 The Public Services (Social Value) Act 2012 requires people who commission public services to consider how they can also secure wider social, economic and environmental benefits.

5.3.2 The North Finchley SPD was subject to a Sustainability Appraisal which assessed the social, economic and environmental implications of the document.

5.3.3 Social benefits will principally be secured through opportunities to increase housing delivery (including affordable housing), widen the range of leisure and cultural activities as well as food and drink choices and improvements to the

public realm. These activities will help to make North Finchley a more attractive destination which reflects its historic character.

5.3.4 Economic benefits will be delivered through inward investment in the development opportunities highlighted in the SPD, widening the daytime and evening economy and making the town centre more attractive to independent and national retailers as well as new residents.

5.3.5 Environmental benefits will be delivered through the re-allocation of road space, giving pedestrians and cyclists more priority, sensitive development which complements buildings of positive character, and an enhanced public realm which softens the existing hard landscape and improves air quality.

5.4 Legal and Constitutional References

5.4.1 All proposals emerging from this report must be considered in terms of the Council's legal powers and obligations, including its overarching statutory duties such as the Public Sector Equality Duty.

5.4.2 The Council's Constitution, Article 7.5, Responsibility for Functions, states that the Assets, Regeneration and Growth Committee is responsible for asset management.

5.5 Risk Management

5.5.1 The management of risk is undertaken on a continual basis and reported as part of the Council's Quarterly Performance regime and considered as part of the Performance and Contract Management Committee quarterly monitoring report. Risks are managed through the project boards and are reviewed and revised at board meetings.

5.5.2 There is a risk that satisfactory planning permission may not be obtained. This is mitigated by the extensive consultations with the planning authority which the developer has conducted and continues to conduct.

5.5.3 Underpinning the risks identified above is a more generalised risk of resistance to any proposed development by traders, local community members and others. The creation of the SPD provided an opportunity for all affected parties to fully engage with the process and the Council went above and beyond statutory consultation requirements to maximise engagement. The SPD has received strong support. Furthermore, as noted above, a Partnership Board will be established to ensure that there is an on-going means of engaging community members and that their voices will be heard throughout any future development.

5.6 Equalities and Diversity

5.6.1 Equality and diversity issues are a mandatory consideration in the decision-making of the council.

5.6.2 Decision makers should have due regard to the public sector equality duty in making their decisions. The equalities duties are continuing duties and are not duties to secure a particular outcome. An equalities impact assessment was developed for the SPD and this will be revisited as the proposals develop. As part of the development of the Entrepreneurial Barnet strategy, a full Equalities Impact Assessment (EqIA) was undertaken which informed the Town Centre offering.

5.6.3 It is important that the Committee has regard to the statutory grounds in the light of all available material such as consultation responses. The statutory grounds of the public sector equality duty are found at section 149 of the Equality Act 2010 and are as follows:

- A public authority must, in the exercise of its functions, have due regard to the need to:
 - a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
 - a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
 - b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
 - c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
 - a) Tackle prejudice, and
 - b) Promote understanding.

5.6.4 Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct

that would otherwise be prohibited by or under this Act. The relevant protected characteristics are:

- Age
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race,
- Religion or belief
- Sex
- Sexual orientation
- Marriage and Civil partnership

5.7 Corporate Parenting

5.7.1 Town centre facilities benefit all residents and opportunities to work in partnership with different service areas will be explored throughout the project.

5.8 Consultation and Engagement

5.8.1 In accordance with the Statement of Community Involvement (SCI) a period of formal consultation on the draft North Finchley SPD was undertaken over a six-week period from 16th October 2017 until 27th November 2017. Consultation went beyond the benchmarks set out in the SCI most notably in terms of the 12,000 leaflets distributed to households in the N12 postal district. All comments, whether completed questionnaires or written responses, were considered with equal weight.

5.9 Insight

5.9.1 The designation of North Finchley as a main town centre was made using data on scale, population size, and growth potential. All subsequent support for the town centre – including development of this proposal – has been made on this basis.

5.9.2 The SPD consultation process provided a rich source of data and insight on North Finchley specifically.

6. BACKGROUND PAPERS

6.1 North Finchley Town Centre development, March 2018, Assets, Regeneration and Growth Committee paper

<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=9083&Ver=4>

6.2 North Finchley Town Centre Framework Supplementary Planning Document (SPD), February 2018, Policy and Resources Paper

<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=8742&Ver=4>

- 6.3 North Finchley Town Centre SPD, December 2016, Policy and Resources Paper
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=8731&Ver=4>
- 6.4 Barnet Housing Strategy 2015-25
<https://barnet.moderngov.co.uk/ieDecisionDetails.aspx?Id=5524>
- 6.5 Entrepreneurial Barnet 2015-20
<https://barnet.moderngov.co.uk/ieDecisionDetails.aspx?Id=5385>