



Assets Regeneration and Growth Committee

27 November 2018

Title	Brent Cross Cricklewood Update Report
Report of	Councillor Daniel Thomas
Wards	Childs Hill, Golders Green and West Hendon
Status	Public with accompanying exempt report
Urgent	No
Key	Yes
Enclosures	Appendix 1: Station Works programme
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Summary

This report provides a progress update on the comprehensive regeneration of the Brent Cross Cricklewood (BXC) area since the last Committee meeting on 17 September and seeks the required approvals to ensure that the project momentum is maintained. It describes the work being undertaken by the Council following Hammerson's announcement to defer start on site on the Brent Cross Shopping Centre to enable Brent Cross Thameslink (BXT) and Brent Cross South (BXS) to be delivered ahead Brent Cross (London) North (BXN). It also provides an update on the BXT funding strategy and procurement strategy and seeks approval for the council to enter into the Implementation Agreement with Network Rail to deliver the Sidings and Rail Systems works, subject to the funding strategy being approved by Council on 18 December 2018, following consideration by Policy and Resources Committee (P&R) on 11 December.

Officers Recommendations

That the Committee:

- 1) Approves that the council continues to progress the revised delivery strategy with BXN and BXS to enable BXS and the station project to be delivered ahead of BXN, and authorises the Deputy Chief Executive in

consultation with the Chairman of the Committee to finalise the revised delivery strategy and agree the detail of the consequential changes required to a) the Brent Cross Property Development Agreement and Co-operation Agreement, CPO indemnity agreement and Grant Agreement and associated commercial documentation; and b) the BXS Project Agreement and required and associated legal documentation.

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

1. WHY THIS REPORT IS NEEDED

- 1.1 This report provides a brief update on progress since the last Committee meeting on 7 September 2018, before focusing on the following three key elements that will enable the council to let the station works contract in December (subject to further approvals) and commence main works in January 2019 that will kickstart the delivery the comprehensive development of BXC.
- 1.2 The key elements are:
 - a) BXC Delivery Strategy
 - b) Thameslink Station Funding Strategy (which will be reported to Policy and Resources Committee on 11 December 2018 for approval).
 - c) Delivery of Station Works (including NR Implementation Agreement).

BXC Programme Wide Progress Update

- 1.3 The Committee is also asked to note the following programme wide progress update:
 - There have been no further announcements from Hammerson or Aberdeen Standard in relation to the deferral of the start on Brent Cross Shopping Centre due to increased risks in the current market climate;

- Following approval at the last committee, the BXN Partners have entered into contract with L&Q to deliver the CPO1 replacement homes for the Whitefield Estate. <http://barnet.moderngov.co.uk/documents/s49228/Brent%20Cross%20Cricklewood%20Scheme.pdf>
- BXS submitted Reserved Matters Planning Applications for the next two (Plots 11 and 13) development plots on 25 & 26 October as well as a temporary open space application.
- BXS is in negotiations with Homes England to secure funding for use in delivering both physical and social infrastructure to accelerate development. An update will be provided to a future meeting of the Committee and required approvals sought.
- The BXT Early Works for the Thameslink Sidings, which include invasive species removal and ground remediation, are progressing to programme and are due to be completed by the end of December 2018.
- Planning permission for the waste transfer station was issued on 30 October 2018 following confirmation by the Mayor of London on 29 October that the Council could proceed to determine the planning application.
- The council is continuing to assemble the land within the Claremont Industrial Estate so that the BXS site preparatory works can commence in early 2019. Vacant possession of the Estate is close to being achieved with all remaining leases close to expiring and the council is working closely with remaining tenants to help relocation where possible.
- The council has issued the Housing Act 1985 Schedule 2 Ground 10A notices to council tenants within the Whitefield Estate on 6 July 2018. Following consultation with the secure tenants living on the Whitefield Estate, the Council intends to make an application to the Secretary of State for Ground 10A consent shortly, with approval expected to be received in April.
- Officers are finalising the delegated powers report and supporting information to enable the Deputy Chief Executive to appropriate the Council-owned land for planning purposes across the land required for the first phases, subject to complying with the statutory procedures for such appropriation and obtaining any necessary consents.

Key elements to allow BXT and BXS to precede BXN

a) BXC Revised Delivery Strategy

1.4 The comprehensive regeneration of the BXC area is a long-standing council objective. The scheme is being delivered in three parts:

- **Brent Cross North (BXN)** – the shopping centre expansion, critical highways infrastructure and 800 homes. Due to be delivered by Hammerson & Aberdeen Standard, owners of the shopping centre.

- **Brent Cross Thameslink (BXT)** – the new station being delivered by Barnet Council and funded in partnership with the wider public sector. Due to enter into contract with Network Rail (NR) December 2018; station opening May 2022. Any slippage in entering into the NR contract will delay station opening at least until December 2022.
- **Brent Cross South (BXS)** – 6,700 homes, a new office location and related social and 'hard' infrastructure. Being delivered by Argent Related in joint venture with the council. Start on site due 2019, housing completions 2021/2 onwards. BXS is dependent on delivery of the station and some elements of the BXN critical infrastructure, with office development timed to coincide with station opening.

- 1.5 Substantial progress has been made on the all three projects since 2014 as set out in previous quarterly reports to the Committee to reach the point of delivery. Detailed planning has been granted for the first phases and the ability to acquire the land needed for the programme has been achieved through the confirmation of the three Compulsory Purchase Orders (CPO's) over the last 18 months. All programmes had been working to start on site by the end of December 2018. In this regard, it is critical that the BXT programme commence the main works in January 2019 to meet the May 2022 opening date.
- 1.6 As reported to the last Committee, BXN has deferred start on site for the shopping centre development. Whilst no fixed timetable has been provided, the project team are continuing to secure the necessary planning condition approvals and work with the Council's integrated project management team on construction and logistics to enable a start on site.
- 1.7 BXT has already started early site preparatory works to remove Japanese Knotweed and construction spoil from the sidings area in anticipation of the main works starting in January 2019. If BXT is to meet the station opening in May 2022, it is essential that works start in January to take advantage of the already secured rail possessions. To delay will introduce further risk and uncertainty into the programme. Working on the railway, especially on the Thameslink and Midland Main Line is incredibly challenging as evidenced by other rail projects such as Thameslink and Crossrail. Any delay to commencing station works will not only increase cost but will also delay the station opening which in turn will push back comprehensive development. It is important to note that the BXS Programme is designed around the May 2022 opening date, and any slippage will have significant implications for the rapid delivery of new homes.
- 1.8 The Council has also started to secure vacant possession of the Claremont Industrial Estate as explained above in the project update to allow BXS to undertake site preparatory works and commission the utility disconnections and asbestos surveys and demolitions within the area for the first phases of BXS. The main infrastructure works are scheduled to commence mid 2019 followed by construction of the residential buildings in late 2019 and first residential completions from 2021/2 onwards. This is dependent on the Thameslink Station project being commissioned in December 2018 and maintaining the Station opening date of May 2022.
- 1.9 To ensure that BXN's deferral does not delay the comprehensive redevelopment of BXC, the council has been working with both BXN and BXS to revise the delivery strategy to enable BXT and BXS to commence ahead of BXN. This strategy is currently being finalised and will require some changes to the planning permission and transfer in

delivery responsibility for core critical infrastructure items from BXN to the council or BXS in respect of the infrastructure works and land acquisitions. These works, alongside any S106 payments for physical works, will be funded using the critical infrastructure funding allocation that was due to be made available to BXN once works commence. The BXN Grant Agreement is being updated to reflect the revised delivery approach, and reduce the allocation to BXN accordingly.

1.10 The approval of this revised delivery strategy will create the environment that allows:

- Momentum on the BXC project to be maintained.
- Critical infrastructure to come forward from early 2019 onwards that benefits BXN, BXS and BXT and the wider community. This includes improvements to the A5/Cricklewood Lane junction.
- The Council to enter into contract with Network Rail to commence the Sidings and Rail Systems Works in January 2019 to deliver the station by May 2022.
- BXN to commence once in a position to commit.
- The platform for BXS to continue to attract anchor placemaking businesses.
- BXS to continue detailed design (having already secured detailed planning permission) and procurement of buildings, infrastructure and utilities to support a programme aimed at carrying out initial enabling works from Q1 2019 with first phase infrastructure packages to begin later in 2019 and buildings in 2020. The first new homes are due for completion in 2021/2.
- Build the BXS brand and start promoting the first market facing housing and commercial buildings, which in turn supports the delivery of housing and generation of business rates in the line with Regeneration Full Business Case approved by HMG.

1.11 The Committee is requested to approve that the Council continues to progress the revised delivery strategy with BXN and BXS to enable BXS and the station project to be delivered ahead of BXN, and authorise the Deputy Chief Executive in consultation with the Chair of the Committee to finalise this strategy and agree the detail of the consequential changes required to a) Brent Cross Property Development Agreement and Co-operation Agreement, CPO indemnity agreement and Grant Agreement and associated commercial documentation; and b) the BXS Project Agreement and required and associated legal documentation. The BXN legal documentation needs to be in place ahead of the council letting the contract for the Sidings and Rail Systems contract and commencing main works.

b) Thameslink Alternative Station Funding Strategy (which will be reported to Policy and Resources Committee on 11 December 2018 for recommendation to Council).

1.12 As the Committee is aware, the Council's investment in the station was predicated on the BXN partners commencing the shopping centre development (which secured the business rates growth that will support the borrowing costs).

1.13 The funding package in the Full Business Case (FBC) approved by HM Government (HMG) in 2016 relies on the ring-fencing of the local share of business rate growth from the expansion of the shopping centre to repay council borrowing. This was documented in the Grant Funding Agreement dated 17 January 2017. The ringfence came into effect on 1 April 2018 and lasts for 12+3 years (or until the loan is repaid if sooner).

Government grant of £97m was also provided as an alternative to the original suggestion of including the central share of business rates within the ringfence.

1.14 Given that the delay to the shopping centre expansion means that the borrowing needed to build the station cannot be contained within the existing ringfence, the council is progressing discussions with HMG to agree an alternative funding solution. In this regard, the Council/HMG have been focusing on three challenges:

- (1) ensuring that any borrowing is repayable from ringfenced business rate growth;
- (2) cashflow support for any interest payments before business rate growth is available; and
- (3) ensuring that the council is sufficiently protected against the risk if the commercial and/or shopping developments do not go ahead

1.15 All parties are working to agreeing the funding solution which will be reported to the Policy and Resources Committee on 11 December 2018. The P&R report will recommend that Full Council on 18 December approve the revised funding proposal. The report to the Policy and Resources Committee will also consider the six financial tests agreed by that Committee in July 2014 for the council to assure itself that the prudential code can be satisfied, before making the capital commitment that borrowing can be undertaken to deliver the Thameslink Station.

<http://barnet.moderngov.co.uk/documents/g7860/Public%20reports%20pack%2021st-Jul-2014%2019.00%20Policy%20and%20Resources%20Committee.pdf?T=10>

c) Delivery of Station Works (including NR Implementation Agreement).

1.16 To deliver the Station by May 2022 and secure the comprehensive development of Brent Cross South, the Council is required to enter into the Implementation Agreement with Network Rail in December 2018 as shown on the programme at Appendix 1. As part of entering in to the Implementation Agreement, one work schedule will be let to allow delivery of the programme critical sidings and railway system elements by Network Rail to maintain the programme of delivery.

1.17 The Committee will recall that on 12 March 2018, the Committee approved in principle that the Council procure Network Rail to deliver the Brent Cross West Station and Sidings. <https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=9083&Ver=4> The Committee also authorised the Deputy Chief Executive to negotiate the detailed Implementation Agreement (IA) for consideration by the Committee in September 2018. The key contractual clause and cost control measures within the IA were reported to the Committee on 17 September 2018, which also anticipated that the Schedule 3 Scope of works and the emerging cost estimate that has been subject to Network Rail's internal governance procedures would be reported to this Committee so that the Committee can approve to formally enter into contract with Network Rail and proceed with delivering the station project, subject to the Thameslink funding strategy and capital commitment being approved by the Policy and Resources Committee on 11 December 2018 and Council on 18 December 2018.

1.18 There are three main elements to the BXT rail programme:

- 1) Train Operating Company (TOC) Accommodation and Fuel Farm
- 2) Railways systems and sidings work

3) Brent Cross West Station (platforms and ticket office bridge)

1.19 Since May 2018, the programme team have moved forward with GRIP 4 (outline design) and commenced some elements of the GRIP 5 (detailed design) programme. As the programme has progressed a critical path has been determined for delivery of the works to allow the station to open by May 2022. A level 1 extract of the programme is shown in appendix 1.

1.20 The sequence of the works means that:

- 1) The TOC accommodation and fuel farm needs to be complete by August 2019, meaning that a contract needs to be let for these works imminently;
- 2) The Railway systems and sidings works needs to commence on site early in the new year, to meet booked possessions in November/December 2019. To achieve this, a contract needs to be let for these works in December 2018; and
- 3) The Station platforms and the station / pedestrian access bridge which includes the ticket office do not need to begin until later, meaning the decision on the procurement strategy can be delayed until 2019. This provides an opportunity to review the procurement strategy for the Station to ensure value for money.

1) *TOC accommodation*

1.21 In order to meet the timetable to deliver the TOC accommodation, the council is intending to award the contract to provide the TOC accommodation to its framework contractor, Grahams to ensure value for money and manage existing resources to maintain programme. This will allow the Network Rail team to focus on completing the site clearance and remediation works and transition into commencing the main works for the sidings and rail systems works contract in the new year. A delegated powers report is currently being prepared setting out the justification and basis of this appointment. An update will be provided to this Committee.

2) *Rail Systems and Sidings*

1.22 Earlier this year in March, this Committee approved in principle that the Council procure Network Rail to deliver the Brent Cross West Station, Rail Systems and Sidings work and that the Deputy Chief Executive negotiates the detailed Implementation Agreement (IA) for consideration by the Committee in September 2018.

1.23 In relation to the Rail Systems and Sidings, the recommendation is to proceed with Network Rail (NR) as NR are best placed to undertake works directly on the railway as explained in the report to the Committee on 27 November 2017 and 12 March 2018. These reports set out the rationale for using Network Rail as delivery agent of the rail works and the Note from the Council's legal advisors, GWLG, summarising the risks and obligations that the Council will take on if, and when, it enters into contract with Network Rail attached at Appendix 3. The links to these reports are as follows:

ARG Committee, 27 November 2017

<https://barnetintranet.moderngov.co.uk/ielistdocuments.aspx?CId=696&MId=9435&Ver=4>

ARG Committee 12 March 2018

<https://barnetintranet.moderngov.co.uk/ielistdocuments.aspx?CId=696&MId=9083&Ver=4>

- 1.24 The works and services being undertaken by Network Rail will be contracted via an Implementation Agreement (IA) as previously reported to the Committee on 17 September 2018, which set out the cost control measures to be put in place. The Appendices to the IA include “Schedule 3” Scope of Works which has now been finalised. The emerging cost estimate is currently being reviewed by Network Rail and is subject to their internal governance process and will be formally released to the council by the end of November. In parallel, the council has instructed Currie and Brown to provide an independent view on the cost estimate, which will be reported to the Policy and Resources Committee on 11 December to inform the proposed funding strategy.
- 1.25 In addition to the cost control measure set out in the 17 September report, the Committee should note that the IA allows the council to have access to all records to which NR already has a right to access itself. This ensures that the council will have full access to verify the authenticity of costs. Further council staff and their representatives have a right (subject to notice and personal safety) to access the site and attend meetings, meaning they are able to challenge and scrutinise costs. In the event, that LBB is not happy with the estimates for the work, it does have the option of contracting some of the works outside of the IA. In particular, LBB could restrict Network Rail’s involvement to the Rail Sidings and Systems with the option of undertaking the station works directly.
- 1.26 The Implementation Agreement is now in its final draft form. The Committee is therefore asked to approve that the council enter into the Implementation Agreement with Network Rail to deliver the Sidings and Rail Systems works subject to the emerging cost estimate and funding strategy being approved by the Policy and Resources Committee on 11 December 2018 and Full Council on 18 December; and delegate to the Deputy Chief Executive in consultation with the Chairman of the Committee permission to finalise and enter in the Implementation Agreement with Network Rail following Full Council approval.

3) Station platforms and station pedestrian / access bridge

- 1.27 In respect of the station platform and station/pedestrian access bridge, there is time to revisit the procurement strategy to ensure value for money and delivery risks are fully assessed. Council officers are currently undertaking a review of the procurement options for the station. The preferred strategy will be reported to the Policy and Resources Committee on 11 December for approval. To help inform this review, a Prior Information Notice (PIN) was issued to the market on 26 October and a supplier day held on 13 November to assess market interest to undertake the works. Subject to a decision being made not to progress with Network Rail for the delivery of the station, it is envisaged an OJEU procurement process would be undertaken to identify a Network Rail approved contractor to undertake these works. The process will take six months and the Committee will be kept abreast of developments throughout the process before a final recommendation is made in relation to delivery of the station to this Committee.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The comprehensive regeneration of Brent Cross Cricklewood is a long-standing objective of the Council and a key regeneration priority of the Mayor of London. The details of the scheme are set out in previous update reports to this Committee, including the report to the November 2017 meeting, which can be accessed on this link:

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

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

4. POST DECISION IMPLEMENTATION

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

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

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

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

- 5.2.1 As stated in paragraph 1.15 of this report, the Council and other public-sector partners are working to agree the funding solution to support the borrowing required to facilitate the regeneration of the BXC area and the delivery of the 7,500 new homes.

- 5.2.2 The details of the funding solution and the borrowing required based on the Anticipated Final Cost (AFC) (including NR's emerging cost estimate for the sidings and rail systems) will be reported to the Council's Policy and Resources Committee on the 11 December 2018. In accordance with the Council's constitution, the Committee will formally recommend to the Full Council meeting on the 18 December 2018 that the Council borrow the required sums to enable the delivery of the new Thameslink station and associated infrastructure.

Budget Monitoring

- 5.2.3 The council has put in place procedures to ensure the effective monitoring of the financial performance of the BXC Programme. The BXC Governance Board comprising senior officers of the council, including the Chief Executive and the Director of Finance (s151 officer), receives a detailed report setting out the financial performance of the BXC Programme. This report includes a breakdown of the performance against the approved budgets and details of the individual Officers responsible for managing the budgets included within the BXC Programme.

Brent Cross North

- 5.2.4 The Brent Cross Principal Development Agreement confirms that the BXN Partners are obliged to pay the council's (and their consultants) costs in connection with this project –

this covers a range of costs, including land acquisitions, fees, highway works.

- 5.2.5 The Council's 2018/19 estimated recoverable revenue costs from the Brent Cross North elements totals £2.1m. This estimate has been provided to the BXN Partners.

Land Acquisitions

- 5.2.6 The approved budget for land acquisition to facilitate the BXC programme in 2018/19 and future years is £37.482m split £23.0m in 2018/19 and £14.482m in 2019/20.
- 5.2.7 Actual expenditure for the financial year to October is £10.118m. This has been spent acquiring strategic sites to enable the development of the BXC. These acquisitions were in accordance with the terms agreed in the PDA and Co-Operation Agreement with BXN as previously approved by this Committee. This cost will be recouped from the anticipated capital receipts from the sale of this land to the individual plot developers once the JVLP has provided the infrastructure to support the development of these plots.
- 5.2.8 The BXS Project Agreement provides the methodology for agreeing the Council's land value (the capital receipt), and in this regard CBRE have undertaken the necessary valuation work in respect of the signing off the inputs and assumptions to the financial model in respect of the BXS Phase Proposal. Best Consideration was confirmed by the Chief Executive on 24 November 2017.

BXC Revised Delivery Strategy

- 5.2.9 The proposed revised delivery strategy will require the council to forward fund procurement and land acquisition in early 2019. This will be drawn down from the council grant funding available to BXN as documented in the BXN Grant Agreement signed in July 2016. This agreement is being amended to allow these monies to be used for this purpose. A cashflow for FY 18/19 and 19/20 is being prepared for internal governance approvals and will be reported to the Policy and Resources Committee on 11 December 2018 for inclusion within the capital programme.

Thameslink Station

- 5.2.10 The total approved Capital Budget for Thameslink is £70.516m Current spend to date (including expenditure committed but not yet paid) is £43.97m.
- 5.2.11 The delivery of the Thameslink works, including land acquisitions, is contained within the council's capital programme and partly funded by grant of £97m from the MHCLG. To date £33.6m has been received from MHCLG to fund project costs and land acquisitions. The Council is drawing down funding on a quarterly basis. The next grant claim will be submitted to MHCLG for payment in early December 2018.

5.2.12 The Council has commissioned Re to progress the station project; signed the early works Implementation Agreement with Network Rail and exercised the land call options as set out above. Consequently, £64.4m of the approved Capital Budget has been spent or legally committed to external parties. In order to meet the May 2022 station opening, it is also necessary to pre-order long lead in items for the station and rail systems totalling £3.97m These long lead items will be ordered shortly. This leaves a remaining budget of £2.146m.

Social Value

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

5.3 Legal and Constitutional References

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

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

5.2.3 The Council has a range of powers to enter into the legal agreements envisaged by this report, including the general power of competence under Section 1 of Chapter 1 of the Localism Act 2011 to do anything that individuals can do subject to any specific restrictions contained in legislation and Section 111 of the Local Government Act 1972 which 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.

5.2.4 Additionally, 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, subject to obtaining all appropriate consents and approvals.

5.2.5 Where land is being and has been acquired or appropriated for planning purposes, any disposal of land appropriated for such purposes is effected in reliance on Section 233(3) Town and Country Planning Act 1990. On any disposal of property, the Council is required to observe 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 may 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 if appropriate. Non-vacant Housing land intended to be appropriated to planning purposes requires the consent of the Secretary of State pursuant to s 19 of the Housing Act 1985. Housing land appropriated for planning purposes cannot be disposed of at less than best consideration.

5.2.6 Procurement of public works and services contracts over the relevant value thresholds must observe the requirements of the Public Contracts Regulations 2015, to include the placing of OJEU notices where such contracts are not drawn down from a compliant

framework. 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.

5.2.7 The Council is aware of the need for any funding which is supplied (by way of the SIC for example) to be made on terms which comply with state aid law (article 107 Treaty of the Functioning of the European Union) and as such any monies will be advanced on terms which reflect the approach of a private sector investor.

5.4 Risk Management

5.3.1 Risk management has been applied across all levels of the programme. As reported to Committee in September, owners and mitigation plans are identified and risks are measured against impact and likelihood to give an overall rating. High rating risks are escalated and reported through the defined reporting procedure with top risks reported to BXC Governance Board. Currently the key risks and mitigations are summarised below:

5.3.2 Programme and funding – There is a risk that BXN does not progress or that planning dates are not achieved across the programme. This risk has been identified in previous reports and the Council is working with public sector and development partners to ensure mitigation plans are in place. The funding risk to the station project because of BXN delay has always been recognised and as detailed in this report public sector partners have been working together to agree an alternative funding strategy. As set out in the report the funding strategy aims to mitigate three key risks/issues:

1. Ensuring that any borrowing is repayable from ringfenced business rate growth
2. Provision of cashflow support for any interest payments before business rate growth is available
3. Ensuring that the council does not bear the risk if the commercial and/or retail developments do not go ahead.

5.3.3 A number of recommendations in this report are subject to this funding strategy being agreed by Policy and Resources Committee on 11 December and Full Council on 18 December. Policy and Resources Committee in July 2014 set six tests for the council to assure itself that the prudential code can be satisfied before borrowing can be undertaken. These tests will need to be reviewed to ensure they mitigate the intended risk in light of the new funding strategy.

5.3.4 A delay to agreeing the funding agreement will impact the station programme and will delay the planned opening date of May 2022 as explained in paragraph 1.20. A failure to agree a new funding agreement would lead to further risk and uncertainty as BXT is critical to delivery of BXS. Both programmes will stall and works will stop whilst a new funding solution is found. Contractors are very likely to be stood down and resources will be deployed elsewhere. Remobilisation will take time with a 2 year delay at best. It raises

the uncertainty of whether BXS and comprehensive redevelopment of BXC is delivered. There would be no delivery of homes until post end of 2023 at the earliest.

- 5.3.5 Station Delivery Date – As reported to Committee in September, there is the risk that the May 2022 station opening date cannot be achieved. This would result in additional costs due to programme prolongation as the earliest viable opening date would be December 2022 due to restrictions on timetable changes. This could be later depending on other works on the railway. Railway possessions are already being booked. To mitigate this risk there are project and programme review boards in place that regularly monitor and challenge deliverables at all levels. Specific project risks are identified and managed at the work package level with clear owners and mitigation plans for each. Any risk that results in an impact on a key milestone is reviewed by the programme team and BXC governance board taking into consideration time and cost implications alongside impacts on BXS given the interdependencies and criticality of delivery of the station on the BXS programme.
- 5.3.6 Thameslink delivery costs – as with all major programmes there is the risk that costs will increase during programme delivery. The council is already undertaking an independent review of the Network Rail cost estimate and has reviewed the procurement strategy as set out in paragraph 1.27 of this report. All emerging cost contracts entered into will require strong contract management to ensure all costs incurred are reasonable. As part of the IA the council will have open book access to all of Network Rail’s financial information relating to invoiced costs incurred on the programme. This will extend to Network Rail contractors where an emerging cost contract is in place. As referred to in section 1.25 the council also has the right (subject to notice and personal safety) to access the site and attend meetings.
- 5.3.7 Residential – There is a risk that further delays to the BXN development will lead to uncertainty for residents and business owners who are being affected by the development either through relocation or disruption from construction activities. This is being mitigated through many communication activities and resident steering groups that have been setup specifically to keep affected parties up to date with the latest programme dates.
- 5.3.8 Economic – There is a risk that the prevailing economic position for the traditional retail sector will continue. This could result in reduced demand for retail space and administration to existing retailers. To mitigate this the BXS development partners are exploring a diversification of offer for BXS.
- 5.3.9 Planning – There is a risk that the BXN Partners do not meet the timescales established in the s73 Permission. To mitigate this the regeneration team are exploring ways in which the planning permission can be amended to enable BXS and BXT to be delivered ahead of BXT.

5.5 Equalities and Diversity

- 5.4.1 As previously reported, the Development Proposals support achievement of the council’s Strategic Equalities Objective.
- 5.4.2 The development proposals for the Brent Cross Cricklewood scheme will make a significant contribution to the provision of additional, high quality affordable housing units

in the Borough as well as providing employment through the creation of a new town centre with leisure, health and educational facilities. The delivery of the Thameslink Station will enhance public transport provision and improve accessibility and provide greater choice for all. It should be emphasised that a fully integrated and accessible town centre will be created as part of these proposals.

5.6 Corporate Parenting

5.5.1 None in the context of this report.

5.7 Consultation and Engagement

Programme wide

5.6.1 As reported to the last committee the Council is continuing to work closely with development partners to implement the overarching Brent Cross Cricklewood communications strategy.

5.6.2 A schedule of briefings for councillors has been activated through the shareholder working group and all member briefing sessions to update on progress particularly in advance of key committee papers being published.

5.6.3 Argent Related has recently appointed a new BXS community liaison manager. This has provided an opportunity to reassess how community consultation and engagement is carried out and to seek a formal restructuring of efforts for the benefit of members, stakeholders and the wider community.

5.6.4 The communications group is now stepping up preparation for delivery beginning on site in 2019 and developing the appropriate channels to ensure the most up to date and relevant information is available. This includes the development of a one-stop website which is to be commissioned and launched in early 2019.

5.6.5 LBB's communications channels continue to feature progress reports and significant programme milestones including the council's magazine Barnet First and social media channels.

5.6.6 As reported to the last Committee the council continues to work with TfL and development partners to assess the impacts of planned highways improvement works and allow suitable mitigations to be implemented. A number of working groups are in place to manage these issues.

Brent Cross North

5.6.7 BXN have been routinely fielding questions about the future of their scheme on a reactive basis. Post the Autumn budget on 29 October 2018, Hammerson chief executive David Atkins indicated that the burden of business rates on big retail landlords was an ongoing issue as 'big brands shoulder 70% of the business rates burden.'

5.6.8 In a recent interview in Building Magazine, Robin Dobson director of retail development at Hammerson stated that while the company remains fully committed to the BXN expansion plans, BXN are considering the retail mix at Brent Cross shopping centre as

part of the s73 scheme. Robin confirmed: “With the changes in the retail market, we’re reviewing how our plans need to change. This includes the weighting to retail as opposed to other uses. We shouldn’t be limited in our outlook of how complementary mixes can act as a catalyst for additional retail footfall or the other metrics that are important for our occupiers.”

5.6.9 The TFL community liaison team is due to have a regular catch up meeting with the Leader of Barnet Council this quarter on all TFL related matters in the borough including the BXC programme.

Brent Cross South

5.6.10 Given the council’s commitment to delivering the south side development, a review of community engagement work has been ongoing. This includes addressing residents’ concerns about how to share a more cohesive update of the regeneration programme and also to address their concern of planning blight.

5.6.11 As a result, Argent Related LBB have been working proactively to reassess the most effective way to share information with key stakeholders and residents and to seek their input in good time. The community liaison group (CLG) has met on an ad hoc basis to share forthcoming issues on the BXS scheme. In acknowledging that many of the same communities are impacted by both developments, the CLG will now meet every two months and will commit to bringing updates on both programmes and acknowledging how they interact with one another

5.6.12 In addition, residents have fed back their perception that the council is failing to address legitimate concerns of ongoing neighbourhood problems due to the promise of the regeneration programme. They are directly seeking a greater level of engagement to deal with issues such as rough sleeping, illegal trading, illegal HMOs, fly tipping, antisocial behaviour.

5.6.13 There has been a longstanding commitment to bring forward a programme of community projects across the BXS/BXT impact area starting in 2019. Proposals will seek residents input on what they view as priority and options to assist funding is currently being development.

5.6.14 A workshop was held at Whitefield School on 18 October for residents from Whitefield estate, Clitterhouse Crescent and Brent Terrace to look at the proposed design for the new Claremont Park. Views were fed back and there will be a further opportunity to review the Reserved Matters Application (RMA) before it is submitted.

5.6.15 Public exhibitions will be held on 10 and 13 November to display the plans for plots 11, 13 and the public realm which are now being determined by the LPA.

5.6.16 Further design workshops are planned before the end of the year to look at the redesign of Clitterhouse Playing Fields

Brent Cross Thameslink

5.6.17 The drop-in planning applications for the sidings track realignment and the construction

of the driver accommodation block received no comments on the Barnet Planning portal. The applicant team has been meeting with residents to ensure there is an opportunity to ask questions on any aspects and understand the implications of the plans.

Brent Cross West Station

5.6.18 The RMA for the station will be submitted in 2019. There is a commitment to bring the proposed plans back to the public for further consultation before submission. This includes the issue of step free access from pavement to train which continues to be assessed as part of the design work. The council's aspiration remains that the station should allow fully independent travel although Network Rail's requirement for the station to accommodate more than 20 varieties of rolling stock poses real engineering and technical challenges.

5.6.19 Work progresses with Network Rail to understand how they propose to deliver the best possible solution for all customers. The applicant team will meet with the Consultative Access Forum to discuss the issue before the application is submitted for determination.

Waste Transfer Station

5.6.20 The planning consent of the replacement waste transfer station received some public acknowledgement on social media channels including requests for updates on progress of highways works. This will be updated at the CLG in November.

Rail Freight Facility

5.6.21 DB Cargo, operators of the Rail Freight Facility, met with nearby residents in September. Since then the implementation agreement has been reviewed and altered to seek their production of an integrated communication plan setting out how they propose to engage with residents and keep them updated on their construction programme.

6 BACKGROUND PAPERS

- 6.1 Assets, Regeneration and Growth Committee, 17 March 2016, item 14, Brent Cross Cricklewood Compulsory Purchase Order (No.3),
<https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=8312&Ver=4>
- 6.2 Assets, Regeneration and Growth Committee, 17 March 2016, item 16, Brent Cross Cricklewood
<https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=8312&Ver=4>
- 6.3 Assets, Regeneration and Growth Committee, 24 April 2017, Brent Cross Cricklewood Update Report
<https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=8641&Ver=4>
- 6.4 Assets, Regeneration and Growth Committee, 24 July 2017, Brent Cross Cricklewood Update
<https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=9337&Ver=4>

- 6.5 Assets, Regeneration and Growth Committee, 4 September 2017, Brent Cross Cricklewood update report,
<https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=9080&Ver=4>
- 6.6 Assets, Regeneration and Growth Committee, 27th November 2017, Brent Cross Cricklewood Update Report,
<https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=9435&Ver=4>
- 6.7 Assets, Regeneration and Growth Committee, 12th March 2018, Brent Cross Cricklewood Update Report,
<https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=9083&Ver=4>
- 6.8 Assets, Regeneration and Growth Committee, 14th June 2018, Brent Cross Cricklewood Update Report,
<https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=9480&Ver=4>
- 5.1 Assets, Regeneration and Growth Committee, 7th September 2018, Brent Cross Cricklewood Update Report,
<https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=9764&Ver=4>