



HOUSING & GROWTH COMMITTEE

24 November 2020

Title	Update on the revitalisation of North Finchley Town Centre
Report of	Chairman of the Housing and Growth Committee
Wards	West Finchley, Woodhouse
Status	Public
Urgent	Non-urgent
Key	Non-key
Enclosures	None
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Summary

Since 2016, the council has been working with developer Joseph Partners to progress ambitious plans for revitalising North Finchley Town Centre, one of Barnet's largest town centres. The council entered into an exclusive arrangement with Joseph Partners, developed a Supplementary Planning Document (SPD) to guide redevelopment and subsequently entered into legal agreements to support planning and site acquisition.

Over the past two years, Joseph Partners and partner U+I Group have invested significant resources in identifying an economically viable approach to development. This has been extremely challenging given the high number of ownerships within the town centre and the associated level of complexity and risk. The Covid-19 pandemic has further exacerbated the challenge, ultimately resulting in U+I Group terminating its involvement in the scheme in May 2020.

Despite this setback and the ongoing uncertainty caused by the pandemic, Joseph Partners has continued to scope and refine proposals and has now secured a new development partner, Regal London.

This report provides an update on proposals for redevelopment of North Finchley Town Centre, informs Committee of the decision by Joseph Partners to partner with Regal London in taking development forward and seeks permission to extend relevant deadlines to enable development while accounting for ongoing uncertainty in the construction sector and wider economy.

The report also provides an update on local community engagement, including convening of the proposed North Finchley Partnership Board.

Officers Recommendations

That the Housing and Growth Committee:

- 1. Notes the progress that has been made with proposals for the redevelopment of North Finchley Town Centre.**
- 2. Delegates authority to the Deputy Chief Executive in consultation with the Chairman of Committee, after having taken appropriate legal and financial advice, to complete a deed of variation and/or supplemental agreement with Future High Street (North Finchley) Limited or another legal vehicle or structure between Regal London/a group company of theirs and Joseph Partners, to a) substitute Regal London/a group company of theirs for U and I (Projects) Limited as funder in the Site Assembly Agreement and Land Agreement and b) extend key developer deadlines to 31 December 2021, including that for submission of an outline planning application.**
- 3. Delegates authority to the Deputy Chief Executive in consultation with the Chair of Committee, to renew the exclusivity arrangement with Joseph Partners in the Site Assembly Agreement and Land Agreement, setting a termination deadline of 31 December 2021 after having taken legal advice.**
- 4. Notes proposals for community consultation and engagement, including the establishment of the North Finchley Partnership Board.**

1. WHY THIS REPORT IS NEEDED

- 1.1 Even before the current pandemic, the challenges faced by British high streets were both widespread and well documented. Traditional anchors, such as banks, clothes shops and pubs have closed hundreds of outlets in recent years, affecting both independents and chain stores alike. In many cases, they have been replaced by services and ‘experiences’ – nail salons, hairdressers, barber shops, etc. – but the closures have also contributed to the growing number of vacant units in town centres and high streets.
- 1.2 These changes are the result of a complex mixture of factors, including the growth of online shopping, shifting patterns of consumer demand, increases in commercial rents and other business costs, and wider economic conditions.

- 1.3 With more retail floorspace than any other London borough, Barnet has not been immune to these forces. At the start of the year, the borough's retail vacancy rate was double that for outer London – as high as 15% in some locations. In addition to retail, offices and other employment sites in town centres have also been in decline, with much of the stock dating back to the 1960s and 1970s and in need of significant investment. Overall, Barnet's high streets do not reflect the relative prosperity, entrepreneurialism or aspirations of local residents.
- 1.4 Covid-19 has exacerbated the situation considerably. Repeated lockdowns, strict requirements for managing social distancing in shops and other businesses and lower footfall have all contributed to the most challenging outlook for the retail sector in decades. This is having an immediate impact on town centre businesses but also has the potential to leave increased vacancy rates, an over-supply of certain land uses as well as permanent changes in shopping habits.
- 1.5 It is in this context that the council has been working with developer Joseph Partners over the past several years to progress ambitious plans for revitalising North Finchley Town Centre. At the core of the proposals are the goals of:
- Redefining the high street by defining the sustainable core of the area through research, analysis and local consultation;
 - Establishing a context for change, involving comprehensive regeneration either through acquisition, or by agreement with existing landowners;
 - Curating 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 town centre periphery 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.
- 1.6 This is an ambitious scheme to address structural challenges at the heart of the town centre. The concept of intervening in a major way in high streets, to create sustainable leisure, retail and community provision as well as a significant number of new homes, is extraordinary. To the council's knowledge, it has not been achieved, nor even attempted, elsewhere in the UK. It is, however, clear that transformational change on our high streets will be needed more than ever in a post-Covid world.
- 1.7 Set out below is the timeline of key actions and events that have taken place to move the scheme forward or which have otherwise impacted proposals:
- April 2017 – Barnet Council and Joseph Partners enter into exclusive two-year Preliminary Agreement.
 - February 2018 – adoption of North Finchley Town Centre Framework Supplementary Planning Document following extensive local consultation.

- September 2018 – Joseph Partners brings on development partner U+I Group to back development, commencing detailed work on scheme viability.
- March 2019 – Barnet Council, Joseph Partners and U+I Group submit Expression of Interest to UK government's Future High Streets Fund, which was ultimately unsuccessful.
- April 2019 – one-year extension of Preliminary Agreement activated.
- July 2019 – Site Assembly Agreement and Land Agreement finalised and entered into with Joseph Partners and U+I Group, committing development partners, among other things, to submitting overall masterplan and detailed Phase 1 planning application by 31 December 2020.
- Summer/Autumn 2019 – continued planning for North Finchley Partnership Board and associated community engagement activities.
- March 2020 – first UK national lockdown as result of Covid-19 pandemic.
- April 2020 – expiration of exclusivity clause .
- May 2020 – U+I Group steps back from involvement in North Finchley and ends their participation in the Land Agreement and Site Assembly Agreement.
- November 2020 – Joseph Partners agrees Heads of Terms with Regal London to bring forward the redevelopment of North Finchley Town Centre.

- 1.8 According to the terms of the legal agreements, the right to choose a development funder/partner is a decision that rests with Joseph Partners. Council approval is required but is not to be unreasonably withheld or delayed. In practice, Joseph Partners has kept council officers informed and updated on discussions with prospective partners and has sought to ensure that the selected partner, Regal London, has a track record, approach and ethos that is entirely consistent with the ambition of delivering mixed-use regeneration in partnership with communities.
- 1.9 The alternative funder will be required to confirm that they take on the funder's responsibilities in the Land Agreement and the Site Assembly Agreement. The Site Assembly Agreement ends unless such is completed, and the council may end the Land Agreement where an alternative funder approved by them is not provided within three months of withdrawal of the original funder, U+I. Additionally, any future commercial arrangements with Regal London or its subsidiaries will be subject to the council's normal due diligence procedures.
- 1.10 The economy has suffered a significant impact as a result of the Covid-19 crisis. This has affected investors' outlook in terms of financial risk and led to a high degree of uncertainty in future residential and commercial values. In order to progress the much-needed regeneration of North Finchley and to deliver a sustainable future over the long-term, this report recommends that Housing and Growth Committee delegate to the Deputy Chief Executive in consultation with the Chair of Committee:
- Consideration of the due diligence to be carried out in relation to Regal London;
 - Subject to due diligence checks, approval to defer the deadline set out in the Site Assembly Agreement and Land Agreement for development partners to submit a first planning application, also until 31 December 2021;

- Approval and conclusion of an agreement to further extend the exclusivity arrangement with Joseph Partners until 31 December 2021 to align with the above planning deadline.
- 1.11 In the current economic climate, these recommendations are considered reasonable if development partners are to make genuine progress in delivering the community's and the council's ambitions for North Finchley.
- ## 2. REASONS FOR RECOMMENDATIONS
- 2.1 As noted, the council and its development partners have been progressing a complex scheme at a time of unprecedented economic uncertainty. In order to mitigate risk to all parties, while also seeking to deliver the wholesale revitalisation of North Finchley and not just individual 'favourable' land parcels, the proposed approach is as follows:
- The Developer would proceed to apply for planning permission for a material Phase 1 scheme, as a whole, in accordance with the Agreements on or before 31 December 2021.
 - As a minimum, the planning application would be subject to the normal planning processes, including local consultation.
 - Following achievement of a Satisfactory Planning Permission for the whole of Phase 1, the Developer would commence in earnest with the development of an initial sub-phase utilising one site that is large enough to start regeneration within the SPD area, but which does not require a CPO or complex site assembly. There is only one such site at present: Lodge Lane Car Park.
 - As well as delivering new car parking, the development of this sub-phase would contain a minimum of 35% affordable homes and make a material contribution to the council's affordable housing needs.
 - Subject to the financial security conditions in the existing Site Assembly Agreement and in conjunction with the developer and legal advisors, the council will commence the CPO process and site assembly for the remaining Phase 1 sites.
- 2.2 Delivery of the first sub-phase would provide an initial, and likely modest, financial return to the developer but the process of obtaining a Satisfactory Planning Permission for the whole of Phase 1 (including the Lodge Lane Car Park sub-phase) would be of considerable benefit to the larger regeneration programme and the overall financial viability of the project.
- 2.3 In parallel to progressing the planning application for Phase 1 and the development of the Lodge Lane Car Park sub-phase, there are a number of other significant steps that would be taken to advance the wider regeneration goals. Council officers will work with development partners, Transport for London and other key stakeholders to:
- Address the poor traffic conditions around the 'Island Site' between Ballards Lane and the A1000.

- Deliver public transport and active travel improvements on the High Road, in line with the borough's Long-Term Transport Strategy, including considering the relocation of the North Finchley bus depot.
- Prepare and deliver a second stage of the Phase 1 CPO process (the first stage has already been undertaken) to enable a request to Government for a date for a public inquiry.
- Commence a process for entering into active joint venture/purchase negotiations with major landowners in order to advance site assembly of the rest of Phase 1 as soon as possible.
- Engage with Government on potential financial support for housing delivery.

Community consultation and engagement

- 2.4 A commitment to robust and authentic community engagement has been a fundamental element of the plans for North Finchley from the start. In developing the SPD, the council went above and beyond statutory requirements in ensuring that local businesses, residents and others had ample opportunities to make their voices heard, resulting in considerable support for the overall aims of the project.
- 2.5 In adopting the SPD, Committee mandated the formation of a North Finchley Partnership Board to ensure that a high level of engagement and accountability would be maintained throughout any development. In response, officers worked with specialist communications consultants to develop an engagement plan, including a variety of materials aimed at raising awareness of potential development of the town centre, to elicit views on its future from within the community and to promote opportunities for local people to get involved in the North Finchley Partnership Board. To date, this engagement plan has not been activated initially due to the lack of a viable scheme to progress and, latterly, due to the Covid-19 pandemic.
- 2.6 In the meantime, council officers have been in frequent communication with interested residents and other groups to keep them apprised of timings, while recognising the level of anticipation within the community.
- 2.7 As noted below, a key next step is to commence recruitment to the North Finchley Partnership Board, which will be done through virtual means if not in person.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Town centres are important sites of economic, employment, services and community activity and therefore, a key part of the council's approach to the economy and regeneration.
- 3.2 The council could opt not to intervene in the development of town centres at all, however this would be a missed opportunity to capitalise on developer and other council interventions.
- 3.3 The council could opt to leave town centre renewal entirely to the market, cease the arrangement with Joseph Partners and take only a reactive approach that responds to individual planning applications, licensing and other decisions as they come forward. However, this approach could result in dis-jointed interventions that do not sufficiently respond to the scale and opportunity in taking a more strategic approach to North Finchley Town Centre.
- 3.4 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.
- 3.5 Having considered the alternatives, the proposed approach of partnering with Joseph Partners and Regal London to continue progressing the comprehensive revitalisation of one of Barnet's most significant town centres should be considered an innovative one.

4. POST DECISION IMPLEMENTATION

- 4.1 Next steps comprise the following:
 - Recruit to and hold the first meeting of the North Finchley Partnership Board;
 - Undertake due diligence in relation to Regal London prior to completion of variation/supplemental agreement;
 - Completion of a deed of variation and/or supplemental agreement with Joseph Partners and Regal London;
 - Coordinate establishment of 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;
 - Obtain a counsel's opinion as to the likelihood of success of making a CPO if this route is required;
 - Further report to Housing and Growth Committee on valuations ensuring best consideration and approving disposals, as required;
- 4.2 Should Joseph Partners and Regal London not be able to identify a viable development scheme that matches the level of ambition set out in the SPD then

officers will consult with Members on appropriate alternative scenarios for community engagement and development.

5. IMPLICATIONS OF DECISION

Corporate Priorities and Performance

- 5.1 Supporting thriving town centres, and small businesses in particular, has long been a strategic priority of the council and was endorsed again recently through the adoption of the Growth Strategy 2020-30 by Housing and Growth Committee.
- 5.2 Within the Growth Strategy, 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.
- 5.3 The Growth Strategy directly supports delivery of the Corporate Plan, Barnet 2024, particularly the goals of promoting responsible growth within the borough, encouraging development and success, revitalising communities whilst protecting what residents love about the borough.
- 5.4 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.

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

- 5.5 The adoption of the recommendations will result in no additional cost to the council as the cost of additional resources will be recovered from Joseph Partners and Regal London through a Planning Performance Agreement (PPA) that will be entered into by Re (on behalf of the council) and development partners. The Site Assembly Agreement allows for the recovery of further costs incurred by the council, which will be agreed in advance and recovered on a regular basis. Statutory planning functions will continue to be delivered through the 'business as usual' Re contract.
- 5.6 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.
- 5.7 At this stage there are no anticipated implications for IT.
- 5.8 Sustainability considerations will be addressed through any development proposals and assessed as part of the normal planning process. The council will also seek to ensure that the future development if North Finchley Town Centre contributes to the goals of the Long-Term Transport Strategy and other relevant policy.

Social Value

- 5.9 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.
- 5.10 Social benefits will principally be secured through opportunities to increase housing delivery (including affordable housing), widen the range of leisure, cultural and commercial activities and improvements to the public realm. These activities will help to make North Finchley a more attractive destination.

Legal and Constitutional References

- 5.11 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. Legal advice has been taken throughout this project on the agreements, the planning documents and the structure of the project.
- 5.12 The Council's Constitution, Article 7.5, Responsibility for Functions, states that the Housing and Growth Committee is responsible for asset management, regeneration strategy and overseeing major regeneration schemes and receiving reports on relevant performance information and risk on the services under the remit of the Committee.

Risk Management

- 5.13 There is a risk that satisfactory planning permission may not be obtained, which is being mitigated through extensive consultation between the council and development partners.
- 5.14 Underpinning the risk identified above is the risk of resistance to any proposed development by local community members and others. This has been mitigated by ensuring that residents and businesses were fully consulted on the SPD and will be addressed further through the formation of the North Finchley Partnership Board.
- 5.15 All projects will identify project-related risks and escalate these as and when this is appropriate. Town Centre projects can be complex as a result of the different uses, landlords and services on our high street. Council officers have recognised the need to have dedicated resource to manage the capital delivery of projects and propose to bring in additional capacity for this purpose.

Equalities and Diversity

- 5.16 Equality and diversity issues are a mandatory consideration in the decision-making of the council.
- 5.17 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.

- 5.18 It is important that the decision-maker 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:
- 5.19 A public authority must, in the exercise of its functions, have due regard to the need to:
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 5.20 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 to the need to:
- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
 - 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;
 - 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.
- 5.21 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.
- 5.22 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 to the need to:
- Tackle prejudice, and
 - Promote understanding.
- 5.23 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

5.24 The project will have positive benefits for the community and will give improved access to the facilities in the area. An equality impact assessment will be carried out as the scheme progresses.

Corporate Parenting

5.25 There are no direct links between the council's corporate parenting function and this project.

Consultation and Engagement

5.26 As previously noted, extensive community consultation was undertaken in the development of the North Finchley SPD and there will be significant opportunities for residents to engage with the programme through the North Finchley Partnership Board and other means.

Insight

5.27 Insight data informs the development of all town centre strategies, including data related to town centre vacancy rates, indices of multiple deprivation and footfall measurement. During the Covid-19 pandemic, the council has been updating its data and insight capabilities which will inform future planning for the revitalisation of North Finchley.

1. BACKGROUND PAPERS

Growth Strategy (draft June 2019):

<https://barnet.moderngov.co.uk/documents/s52934/Growth%20Strategy.pdf>

Assets, Regeneration and Growth Committee November 2018

Agenda item 7: North Finchley Town Centre Development – update

<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=9482&Ver=4>

Assets, Regeneration and Growth Committee March 2018

Agenda item 7: North Finchley Town Centre Development

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

Policy and Resources Committee February 2018

Agenda item 7: North Finchley Town Centre Framework Supplementary Planning Document

(SPD)

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

Policy and Resources Committee December 2016

Agenda item 8: North Finchley Town Centre Area Framework

<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=8731&Ver=4>