



Housing and Growth Committee

25 January 2021

Title	Brent Cross Update Report
Report of	Chairman of Housing and Growth Committee
Wards	Childs Hill, Golders Green and West Hendon
Status	Public (with Exempt report (Not for publication by virtue of paragraphs 3 and 5 of Schedule 12A of the Local Government Act 1972 as amended as this relates to information of a financial nature and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings).
Urgent	No
Key	No
Enclosures	Appendix 1 - Brent Cross West programme Appendix 2 – BX Suppliers
	Cath Shaw, Deputy Chief Executive Cath.Shaw@Barnet.gov.uk Stephen McDonald, Director of Growth Stephen.McDonald@Barnet.gov.uk Karen Mercer, Programme Director Karen.Mercer@barnet.gov.uk

Summary

This report updates on progress across the programme since the last Committee meeting on 24 November 2020, with particular regard to the updated Brent Cross West delivery programme, the acquisition of the Brent Cross South Retail Park, the delivery of the replacement homes for Part 1 of the Whitefield Estate and land assembly strategy.

Officers Recommendations

That the Committee:

- 1) Note the updated Brent Cross West programme to reflect the agreed rail possessions with Network Rail and that the station contract with Volker Fitzpatrick has been updated to align with this programme as set out in paragraph 1.7;**
- 2) Approves the council entering into contract with Network Certification Body (NCB) to undertake the role of Assessment Body (AsBo) to provide assessment with regard to CSM-RA; the services of a Notified Body (NoBo) and Designated Body (DeBo) under the Railways Interoperability Regulations for GRIP 5-6 of the Brent Cross West Station project (paragraph 1.8);**
- 3) Delegate to the Deputy Chief Executive to procure in accordance with all lawful requirements, including the Public Contracts Regulations 2015 (as amended or as appropriate replaced) and the Council's Contract Procedure Rules the necessary resources to maintain the BX programme and manage the Brent Cross South Retail Park and extend the existing contracts in place as required in accordance with the Council's procurement rules on the contract as set out in paragraph 1.16 and 1.53 of this report.**
- 4) Note that the legal documentation for the student accommodation block on plot 25 as set out in this report is being progressed with a target date end of January and to delegate authority to the Director of Finance in consultation with the Chairman of the Committee to finalise legal agreements and to authorise that the Council enters into contract with BXT JVLP and Vita in relation to plot 25 and completes any other related contractual documentation including agreements relating to Station; the form of lease and development matters; and change of use of the ground floor and, a side letter relating to the operation of particular clauses in the project agreement and approval of the forms of documents restricting competing development on neighbouring sites, and relating to failure to satisfy the funding condition (paragraph 1.19);**
- 5) With respect to the relocation of Part 1 of the Whitefield Estate to Plots 53 and 54 on Brent Terrace to approve that officers progress the mitigation strategy to commence works on site as set out in in paragraphs 1.40-1.41 of this report and delegate authority to the Deputy Chief Executive in consultation with the Chairman of the Committee to finalise that strategy, make the required consequential changes required to the Funding Development Agreement with L&Q to implement the strategy and authorise**

the commencement of works and to complete any documentation required to give effect to the same (paragraphs 1.40-1.41);

- 6) Note that the Brent Cross South Business Plan was updated in November 2020 to reflect the consequential changes resulting from the approval of the First Phase Proposal, the completion of the Homes England Loan Facility and the acquisition of the Toys R Us site (paragraphs 1.23-1.26);**
- 7) Note that the Urgency Committee held on 5 January 2021 approved the Heads of Terms with Hammerson and Aberdeen Standard appended to the Exempt report to the Committee for the council to acquire the Brent Cross South Retail Park and delegated authority to the Chief Executive in consultation with the Chairman of the Housing and Growth Committee and Director of Finance to a) finalise and execute the sale contract and any associated and required documentation on behalf of the council to enable completion of the acquisition by 29 January 2021; and b) to make the required changes to the Capital Financing Requirement and associated indicators to enable the Chief Finance Officer to drawdown the required borrowing to facilitate the purchase from the Public Works' Loans Board (paragraphs 1.48-1.53) ;**
- 8) To note the expiry dates for the confirmed Compulsory Purchase Orders within paragraph 1.54 of this report and to delegate to the Chief Executive in consultation with the Chairman of this Committee to finalise the land acquisition strategy to deliver comprehensive development and to authorise serving any notices required to implement the Compulsory Purchase Orders or to effect the acquisition of all interests and estates in the relevant part of the site including any required Notice to Treat or to Enter, or General Vesting Declaration/s notices as identified in the land acquisition strategy in line with the programme (paragraphs 1.54-1.58);**
- 9) Note that the governance arrangements for the BX programme have been reviewed to ensure that they remain fit for purpose and approve that the remit for the BX South Shareholder Working Group be widened as set out in paragraph 1.70 of this report (paragraphs 1.65-1.72).**

1. WHY THIS REPORT IS NEEDED

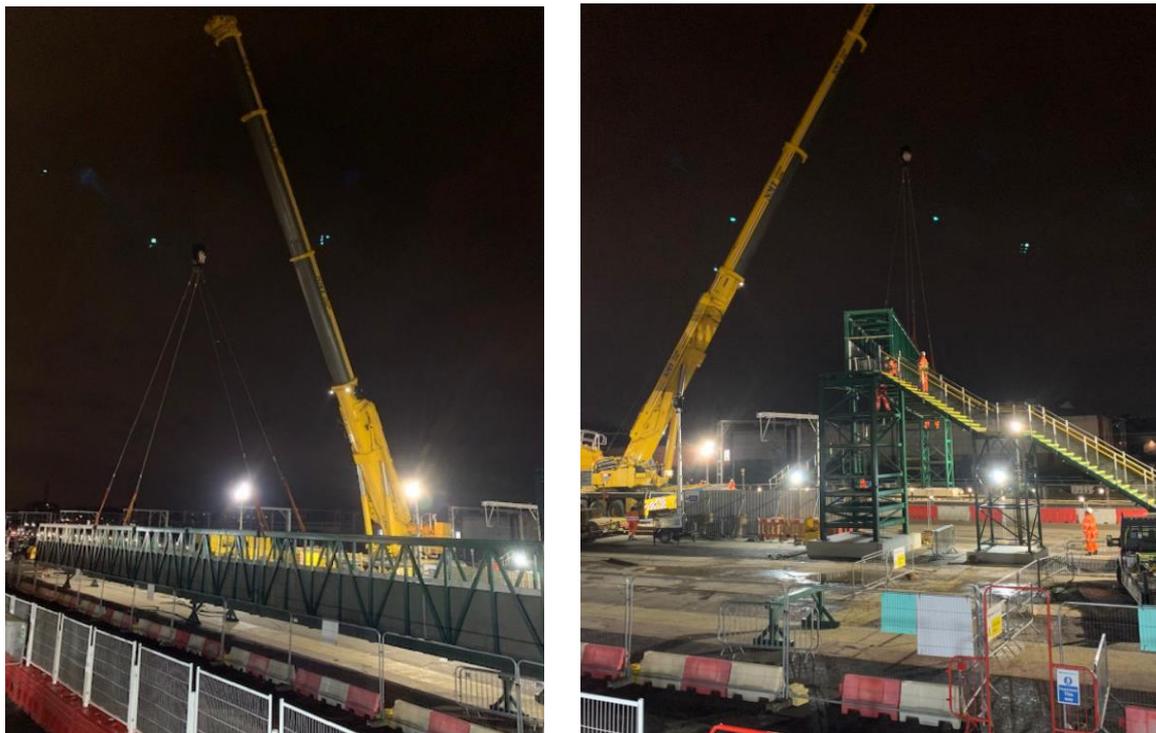
- 1.1 This report provides the quarterly update on progress since the last Committee meeting on 24 November 2020. The links to the last Committee report can be found here: <https://barnet.moderngov.co.uk/documents/s61201/Brent%20Cross%20Cricklewood%20Report%20Nov%202020%20for%20publication.pdf>

BXC Programme Wide Progress Update

- 1.2 Good progress continues to be made across the programme.

Brent Cross West Station

- 1.3 Construction work continues on the new Brent Cross West railway station with piling on the slow line platforms completed ahead of schedule by Van Elle, the piling subcontractor. Few ground obstructions were identified and nothing significant, which bodes well for the piling works on the fast line platforms later this year.
- 1.4 A temporary footbridge has been installed to create a safe walking route from the site compound to the platform area. This removes the need for workers to cross an operational line during construction. The bridge was lifted into place on 6 December 2020.



Temporary footbridge being lifted into position

- 1.5 Works continued over the Christmas and New Year period, and despite some challenging weather conditions with heavy rain and high winds, all key works were completed as planned, with no safety incidents reported. Some work had to be re-planned due to the conditions, and this was achieved without any delays to hand-back of the railway. Works included signalling, overhead line equipment and track works.
- 1.6 The detailed design (GRIP 5) for the Station is ongoing and due to conclude in early Spring next year in line with the programme. The council is working with TfL to be in a position to instruct VolkerFitzpatrick (VFL) to continue to design an option that provides passive provision for the West London Orbital whilst council officers, working with partners, continue to explore funding options to undertake the construction works. An update will be provided to the Committee.
- 1.7 As reported to the last Committee, the council officers have been working with Mace, Network Rail, HM Government (HMG) and its delivery partners to finalise the revised integrated programme taking into account the changes to the rail possessions now agreed with Network Rail. For the Station contract, these changes are being formalised through an

instruction to VFL which will update a number of contract key dates. Most notably these include changes to the completion of all construction works and documents from 2 March 2022 to 23 June 2022, with the contract completion date from 9 June 2022 to 10 September 2022. The Station opening remains unchanged with sufficient contingency. The updated Station programme is attached at appendix 1.

1.8 As part of the ongoing initiative to reduce Station delivery costs the Mace delivery team identified an efficiency opportunity to reduce the cost of Certification under the Railway Interoperability Regulations. (The council must appoint an Assessment Body (AsBo) to independently assess and certify that the Station meets all Safety and Interoperability Regulations). The working assumption was that the council would achieve this obligation through Network Rail, however the council can manage and appoint the Certification Body directly, thus avoiding NR's overheads and mark up costs. Network Rail have appointed their wholly owned subsidiary company, NCB, to undertake this work for the new sidings and rail systems. This is part of their delivery obligation under the main Implementation Agreement. It is therefore proposed that:

1. Mace are appointed to project manage the delivery of the Certification process through an in-house group who are experienced in this field. This would produce an estimated saving of £134k from the equivalent service procured through NR. The appointment may be legitimately achieved through the current service contract in place with Mace.
2. The council appoint NCB directly as the AsBo for the new Station, through a single tender action (STA). NCB are already heavily engaged in the scheme and have substantial historic knowledge of the project. There are alternative service providers however there is insufficient time to bring in a new player at this stage and there would be a significant time and cost factor in bringing the new supplier up to speed. NCB have provided a quote for the service of £182k. This value is below the current threshold for services contracts of £189,330, and therefore, the Public Contract Regulations 2015 (PCR) (as amended or as appropriate replaced) do not apply as it stands. An STA is permitted under the Council's Contract Procedure Rules in exceptional circumstances and if there is approval in advance by the Commercial & Customer Services Director. The Committee is asked to approve this approach as it will save a further £20-£40k from the current forecast based on procurement through NR.

1.9 The council and BXT have formalised the agreement for VFL to undertake the design works for the Station Eastern Entrance Building (SEEB) under the BXW Station contract, and have instructed Volker Fitzpatrick to progress accordingly. Separately, the council and BXT are finalising the agreement for the construction of the SEEB to be instructed to as set out in the last Committee report. This removes several delivery interfaces around the build and fit out of the building that was originally to be delivered separately. It is anticipated that the required agreements to facilitate this will be in place by mid-February 2021. This is four weeks later than originally planned as agreed between the parties and Volker Fitzpatrick to ensure that the risk sharing mechanisms between JVLP and the council have been properly considered, agreed and documented. By doing this up front now will provide a clear framework for the management of the contract between the council, BXT, Mace and the Volker Fitzpatrick and avoid unnecessary time and cost later, should a dispute arise. The council has worked with Volker Fitzpatrick and BXT to ensure that there is no impact to the programme or overall cost.

- 1.10 As reported to the last Committee, the 72-hour major rail possession access planned for the major track slews being undertaken by Network Rail in April/May/June 2021 (weeks 1, 5 and 9) are now booked in the Network Rail access booking system (PPS). These slews are critical to create the site for the new station platforms. With the Christmas possessions out of the way, all focus is now on ensuring that these key possessions are planned and implemented meticulously in order to avoid any programme delay. These possessions are a standing agenda item at all levels within the project governance structure, and forms part of the daily dialogue between the council and Network Rail.
- 1.11 Despite good progress being made on the Rail Systems works by Network Rail (NR) and their contractor Amey, as reported to the last Committee, NR has delayed the commissioning of the Sidings from the north until March (rather than January). Whilst the majority of the works to allow the commissioning were undertaken over the Christmas period as planned, the commissioning of the level crossing to allow drivers to cross the Sidings was delayed due the NR design approval process. Network Rail has assured the council at the Rail Operations Assurance Board on 5 January 2021 that this will not delay the programme for the track slews later this year.
- 1.12 As reported to the last Committee, and to the Financial Performance and Contracts Committee on 7 December 2020, a deep dive review of the anticipated final cost (AFC) of the programme has been undertaken. ([Public Pack](#))[Brent Cross Report Agenda Supplement for Financial Performance and Contracts Committee, 07/12/2020 18:00 \(modern.gov.co.uk\)](#). For contractual commercial reasons, the detail was set out in the Exempt report to that Committee. Members can access the exempt report at the following link <https://barnet.modern.gov.co.uk/ieListDocuments.aspx?CId=693&MId=10108&Ver=4>
- 1.13 The outcome of the review resulted to minimal changes to the predicted outturn position, and while the AFC remains under pressure, a plan of efficiencies and opportunities is in place to bring the AFC back in line with budget. This is reviewed through the fortnightly operational client reviews between the council and Mace. Furthermore, a large amount of risk allowance is linked to the key weeks 1, 5, and 9 (April / May 2021) railway possessions required for the track slews. If these possessions go according to plan, then the project risk exposure will be reduced. Further to the above, Mace were also commissioned to provide a separate peer review of the BXW cost position which was independent of the project team. The review endorsed the current AFC position.
- 1.14 The final account settlement with John Graham Construction Limited (JGCL) is being finalised which will fully close out the TOC Compound / Fuel Farm project.
- 1.15 The project has been affected by staff absence from both Mace and the Contractors, due to COVID and the requirement to self-isolate. So far this has been managed, with no meaningful impact on the Programme. The team are maintaining strict COVID controls on site. It is anticipated that the site will maintain full productivity through the current lockdown, albeit with minimal site presence by the Mace team. The Mace team is continuing to maintain the Covid19 register which identifies cost pressures and risks as a result of lockdown and required changes to working practices.
- 1.16 Following Housing & Growth Committee on 6 July 2020 for the transition of the BXW delivery team from Capita to Mace, the transition took place in August 2020. This resulted in the need to secure various subcontractors used by Re prior to transition in order to continue

progress of the project via Chief Officer Decision papers. This paper recommends approval for the continued procurement of these resources/contractors as listed in table 1 of Appendix 2, to close out their workstreams. Authorisation is also required to continue service with the contractors engaged for the delivery of legal and property services across the wider Brent Cross Programme as listed in Table 2 of Appendix 2. Consequently, the Committee is asked to delegate to the Deputy Chief Executive to procure in accordance with all lawful requirements, including the Public Contracts Regulations 2015 (as amended or as appropriate replaced) and the Council's Contract Procedure Rules the necessary resources to maintain the BX programme and manage the Brent Cross South Retail Park and extend the existing contracts in place as required in accordance with the Council's procurement rules on the contract as set out above and in paragraph 1.53 of this report.

Brent Cross Town (formerly Brent Cross South)

- 1.17 Brent Cross Town works have continued site with demolition and ground remediation works proceeding to plan. Works have also begun on the new temporary visitor centre (visualisation below), which will provide an exhibition space and flexible ground floor commercial space, and forms part of The Exploratory area in and around Claremont Way.



Visualisation of the temporary visitor centre

- 1.18 Public consultation for a student accommodation block on Plot 25 has now been completed. An online exhibition was live and widely publicised between Monday 30 November and Sunday 20 December. The exhibition provided information on the proposals and plans for the new building, which will provide new student housing as well as a commercial unit on the ground floor. View the exhibition boards at <https://www.brentcrosstown.co.uk/media/201127-BXT-P25-Exhibition-Boards.pdf>

Plot 25 – Student Accommodation

- 1.19 The legal documentation for the student accommodation block on plot 25 is being progressed with a target exchange date end of January. There will be two suites of legal documents (one signed this month and one expected later in the year once the relevant conditions precedent are satisfied). The Committee will recall that on 14 September last year the Plot 25 (student) programme was re-baselined to reflect an opening for academic year 2024 in response to COVID 19. The Committee also approved to delegate authority to the Finance Director in consultation with the Chairman of this Committee to finalise the heads

of terms and legal agreements with BXT JVLP in relation to plot 25 acting in the best interests of the council and as set out in the recommendation in paragraph 1.42-1.43 of the public report to the Committee on 16 March 2020. For clarity, the Committee's approval is sought to update the recommendation to confirm authority to enter into the required legal documentation. Once exchanged, this represents a significant milestone for the project. The documents will comprise:

- a) an agreement relating to delivery of the station;
- b) an agreement confirming the current position in respect of the forms of plot development agreement, lease and sub-lease (with the expectation these will be revised later in the year once relevant conditions precedent are satisfied under the Project Agreement);
- c) an agreement which controls the change of use of the ground floor of the premises;
- d) one or more side letters relating to the operation of particular clauses in the Project Agreement;
- e) any additional consequential documents.

1.20 In addition, the Council will need to confirm approval of:

- a) the form of agreement relating to failure to satisfy the funding condition and the underwrite of the developer's costs by JVLP in those circumstances;
- b) the form of agreement restricting competing development on neighbouring sites within the project; and
- c) an agreement relating to Vita's failure to pay all of the Infrastructure and Land Payment.

1.21 The following documentation will be entered into later in the year once conditions precedent under the Project Agreement are satisfied:

- a) Any of the above documents completion of which has been deferred
- b) Plot Development Agreement
- c) Development plot lease
- d) Supplemental deed to development plot lease
- e) Service charge lease
- f) any additional consequential documents

1.22 The links to the March 16 Committee can be found here:

<https://barnet.moderngov.co.uk/documents/s58340/BXC%20Housing%20and%20Growth>

and to the 14 September 2020 Committee here:

<https://barnet.moderngov.co.uk/documents/s59911/Brent%20Cross%20Cricklewood%20Report.pdf>.

Toys R Us

1.23 As explained in the report to the Committee on 16 March 2020, Argent Related (through Brent Cross South TRU) had acquired the former Toys R Us site in line with the approvals of this Committee on 16 September 2019. Since then, council officers and legal advisors have been working with BXT to put in place the required legal framework to enable the effective asset management of the facility whilst working through how and when this land will be come into the JV. The council and BXS has managed through a surrender of Headlease 1 and a Deed of Variation to the Headlease 2 rather than a re- grant as set out in the Delegated Powers Report dated 9 December 2020.

- 1.24 The Variation widens the user restriction beyond use limited to the sale of children's toys so that the property can be properly managed/optimized until re-development as part of the BXS scheme. It has been agreed to vary the user clause of the Headlease 2 so that the TRU site may be used for the sale of comparison goods within Class A1 of Part 1 of Schedule 1 of the Use Classes Order and for any ancillary car parking. The tenant can also use the TRU site for any use that that does not require a new planning permission from the Local Planning Authority. The tenant cannot use it otherwise unless it gets the Landlord's prior written consent (such consent not to be unreasonably withheld or delayed) which shall be obtained prior to making an application for planning permission. The Variation has been effected for nil value. BXT are currently in discussion with potential occupiers for the TRU site including the overspill car park, subject to agreeing terms and obtaining the required statutory approvals.
- 1.25 The increase in value associated with this transaction will be identified in the relevant Phase Proposal and will flow through to the council as surplus in accordance with the BXS legal documentation once the Site is developed. In this regard, it is important to note that this transaction includes the re-financing of the acquisition through the Homes England Loan Facility thereby reducing finance costs for BXS JVLP and to include the council's freehold reversion as well as the BXS TRU lease within the existing Homes England Legal Charge.
- 1.26 The legal documentation was completed on 14 December 2020. In addition, the Brent Cross South Business Plan was updated in November to reflect the consequential changes following the approval of the First Phase Proposal, the Home England Loan Facility and the acquisition of the Toys R Us.

Office Launch

- 1.27 BXT launched the BXT office strategy on 11 January 2021, revealing the first three office buildings at Brent Cross Town, setting a new standard for workspace in London and bringing together businesses who will benefit from their co-location. The design of London's next major office destination responds to new ways of working and is embedded in an ethos of quality of life for everyone working, living and visiting Brent Cross Town. BXT will now be engaging with agents and potential occupiers setting out the wide-ranging and flexible opportunities at BXT so that the market is fully aware of how BXT can meet their operational requirements. This follows significant market testing by BXT, and the scheme has already attracted good market interest.
- 1.28 As well as market engagement the office launch was widely publicised to communicate the future benefits of the scheme to residents, businesses and wider stakeholders. More details about the vision for a new 'business ecosystem' in Barnet can be found at <https://www.brentcrosstown.co.uk/offices>
- 1.29 The link to the press release and office website which went live on 11 January can be found here: <https://www.brentcrosstown.co.uk/2021/01/11/argent-related-unveils-first-office-buildings-at-brent-cross-town-launching-a-pioneering-new-business-ecosystem>

Delivery arrangements – Licences

- 1.30 The council and Brent Cross Town continue to agree licences where required for the development area to expand as more parcels of land are made available for development.

Recent licences include vacated units within the former Claremont Industrial estate, with further agreements being finalised for Brent Cross Town to begin works in the area of the new Brent Cross West station. A high-level plan of the licences agreed and currently being finalised can be seen below. Difference colours on the drawing relate to different types of licence use.



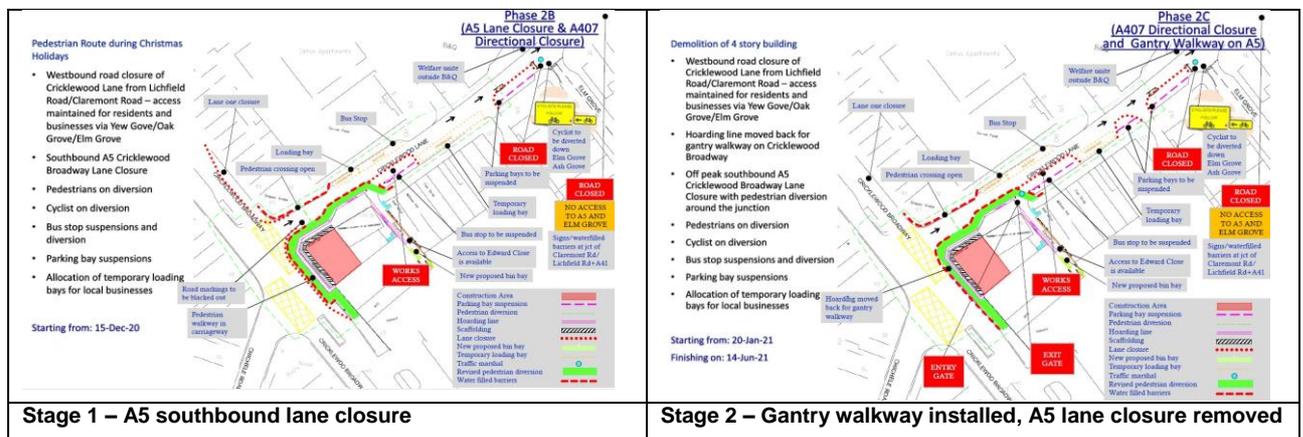
- 1.31 As reported to the last Committee, the BXT and council teams continue to work through the pedestrian and cycle access routing whilst the infrastructure works to establish the new park, public spaces and access routes to the station/transport interchange and through Brent Cross Town take place. BXT has sought to minimise disruption to local residents as much as possible having regard to their safety as well the works programme. These works will require temporary closures and planned diversions for pedestrian and cycle access and will require further “stopping up” of footpaths so that work can continue on the new Brent Cross Town development. An update on the highway stopping up process is provided at paragraphs 1.59 to 1.62 of this report.
- 1.32 Following briefings in November and December to residents from Brent Terrace and the Whitefield Estate, materials have been uploaded to the TransformingBX website which provide residents with clearer information about the path closures and planned diversions. These pages will be updated as changes to walking and cycling routes, as well as permanent and temporary diversions are applied for and put in place.

Critical Infrastructure being delivered by the council

a) Southern Junctions

- 1.33 The Cricklewood Broadway junction works are now underway with demolition of the low rise building now complete. The demolition of the four-story building will commence in mid-January.

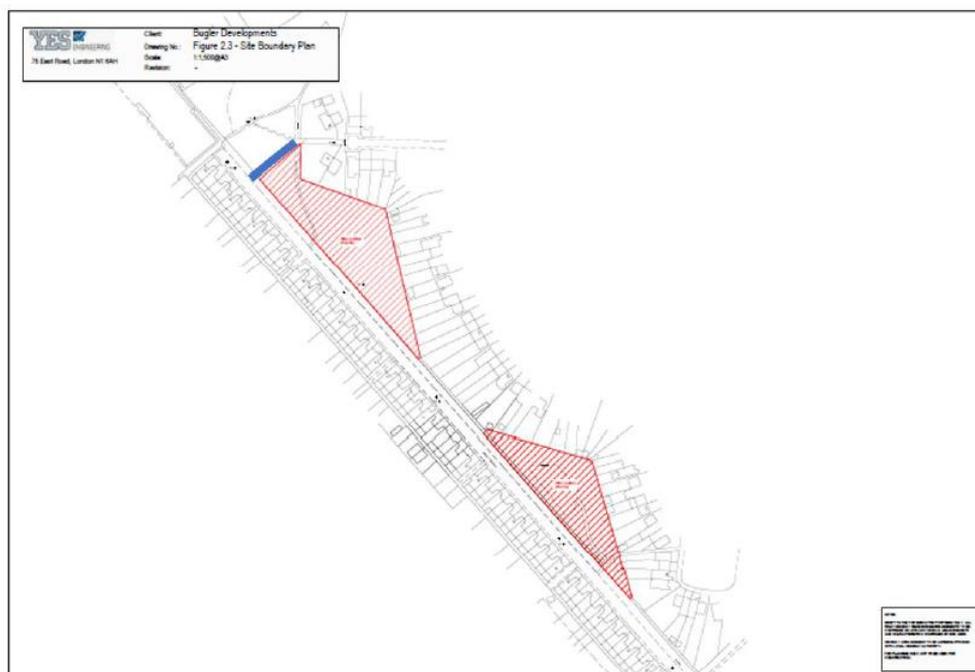
- 1.34 During these works, footpath diversions have been put in place in line with the agreed traffic management plans approved by the Highways Authorities. Unfortunately, many pedestrians have been refusing to follow diversions and instead choosing to walk along the carriageway and take unnecessary risks to cross the road. In response, the project team employed marshals to alert pedestrians of the safe walking route around the works. Despite this, many pedestrians chose to ignore the clear signage and verbal alerts from the marshals.
- 1.35 As a result, an alternative two-stage strategy has been developed to allow the pavement to remain partially open, with a covered scaffolding crash deck above. Stage 1 has involved the implementation of the southbound lane closure on the A5 and a directional closure of Cricklewood Lane to allow pedestrians to walk in the carriageway in protected walkways. During this stage the gantry design is being progressed and then constructed to allow pedestrians to continue to walk on the pavement adjacent to the site. Stage 1 will be in place from 21 December until February 2021. Stage 2 comprises the removal of the A5 southbound lane closure and allow the A5 to remain open from February 2021, which will minimise traffic disruption and additional cost from bus route diversions compensation. However, the directional closure on Cricklewood Lane will have to remain in place until the demolition works are completes in summer 2021.



b) Relocation of the Whitefield Estate Part 1

- 1.36 L&Q, the council’s delivery partner, continues to work with the council to discharge all pre commencement planning conditions ahead of start on site. The LPA are working to discharge these conditions by 31 January 2021. However, the programme is now under pressure due to the objection remaining to the Stopping Up Order made by the council on 11 September 2019. The required accompanied site visit by the Planning Inspectorate has been delayed due to Covid 19 but is now scheduled to take place during w/c 8 March 2021 (albeit that this date could slip further). The target for the decision is within 9 weeks of the site visit. The council’s Statement of Case can be accessed using the following link <https://transformingbx.co.uk/transformation/masterplan/stoppingup/>
- 1.37 The council has put in place the required pedestrian and cycle diversion to the existing footpath across Plot 53 and undertaken local improvements to address resident concerns regarding parking along Brent Terrace. Conway Aecom will shortly install a second temporary diversion route to meet concerns expressed by one of the objectors to the Stopping Up Order (this objection has now been removed). This pathway will remain open for public use until Claremont Park improvements have been completed. This is shown on

the plan below. Measures to stop parking on the soft verges along Brent Terrace through double yellow lines have been put in place following approval of the Temporary Traffic Regulation Order by Barnet Highways to extend the existing “No waiting at any time” restriction along the north-east kerb line of Brent Terrace (south) to the end of the road opposite 105 Brent Terrace.



- 1.38 To date, the council has been waiting for the Stopping Up Order to be confirmed before starting any construction works on site. However, this delay is now starting to impact on the wider programme, both in terms of timescales and cost. This delay is extending the build programme, thereby increasing the construction and overheads costs and places further pressure on the available budget. The construction is funded through the HMG Grant but the council is responsible for cost overruns should the programme exceed the grant funding. It also creates uncertainty across the programme as the council is not able to agree the programme with L&Q and their contractor Buglers (and in turn their subcontractors) and therefore is not able to provide a confirmed programme to BXT and local residents, in particular those living on Brent Terrace. In this regard, the council and L&Q are keen to mitigate the disruption to residents, working with L&Q, Buglers and their contractors to minimise transport movements to the site, but cannot fully complete this with certainty until a confirmed start date is agreed.
- 1.39 Only one objection to the Stopping Up Order remains (the objections from the Ramblers Association and private objector have now been resolved), and officers are continuing to engage with the remaining objector. Their Statement of Case is due to be submitted to the Planning Inspectorate on 26 January 2021 ahead of the site visit in March. Assuming that the site visit takes place, a decision is likely to be issued in early June.
- 1.40 If this objection can be removed, work can proceed immediately. In the absence of removing that objection, officers have been working with L&Q to develop a proposed mitigation plan that allows the start on site whilst the Stopping Up objection remains in place. This involves implementation of ground remediation works, as well as site setup and hoardings being installed. All works would be undertaken in line with the approved planning permission and will require all pre-commencement planning conditions to be discharged. This proposal will

mitigate some of the risk associated with a delay to completion for Plots 53 and 54 with regard to overall cost of the programme and the potential knock-on impacts on the BXT scheme works in the area of the Whitefield Estate and budget implications.

- 1.41 In progressing this mitigation plan, the council would need to confirm to L&Q that their costs would be met and would need to amend the Funding Development Agreement accordingly. These costs would be funded by the HMG Grant Agreement. Should the Committee approve this strategy, officers would seek the approval of Government Assurance Board prior to proceeding. Consequently, the Committee is asked to endorse that officers progress the mitigation strategy, and that Deputy Chief Executive in consultation with the Chairman of the Committee finalise the strategy as described above and make the required consequential changes required to the Funding Development Agreement to implement the mitigation strategy.
- 1.42 As approved by the last Committee, the council is about to commence a review of the need for a Controlled Parking Zone across the regeneration area in accordance with the conditions attached to the section 73 permission. This will include Brent Terrace and will consult on the permanent installation of the double yellows.
- 1.43 The council is also speaking with the Brent Terrace Residents Association regarding the future use of the gardens adjacent to the Terraces now that these have transferred to the council as part of the Network Rail land transfer in August. The highways team are currently reviewing the condition of the public footpath running between the Terraces and the gardens to establish whether improvements are required and the cost of these works alongside reviewing measures as to how to reduce fly tipping in the area.

Waste Transfer Station

- 1.44 As the Committee is aware, council officers have been working with the North London Waste Authority (NLWA), to reorganise its waste operations so as not to interfere with the delivery of the Brent Cross West Station and Brent Cross Town. NLWA entered into the lease agreement with Seneca on 27 November 2020. The variation to the Settlement Agreement between the council and NLWA signed on 14 October 2020 commits NLWA them to vacating the HWTS by the end of March 2021. This is critical so that the Brent Cross West/Network Rail can remove the freight sidings into the waste facility to avoid conflict with the BXW and BXT construction programme to deliver the Station Eastern Entrance Box and the transport interchange.
- 1.45 The waste transfer team are preparing the programme with NLWA and BXT that enables the decommissioning of the existing Hendon Waste Transfer Station (HWTS). This includes the removal of the Environmental Permits by the council. As soon as NLWA vacate the facility, the Permits will be novated to the council and the surrender of the Permits made as soon possible. Work on these surrenders has already commenced. The council through the Integrated Programme Management Office (IPMO) is also assessing how this site can be optimised for construction and logistics across the programme.
- 1.46 This interim solution also provides greater flexibility on timing to deliver the replacement waste transfer station, removing the dependencies between with the BXW and BXT programmes and mitigates against potential acceleration cost increases due to constrained delivery times. It also enables the council, working with the contractor, to implement efficiencies into the scheme design that do not impact operations.

- 1.47 In respect of the procurement process to select the main works contractor for the replacement Waste Transfer Station, the Invitation to Tender stage has commenced. The three bidders are McLaughlin & Harvey Ltd; VINCI Construction UK Ltd (t/a Taylor Woodrow); VolkerFitzpatrick Ltd. Due to the requirement to amend the tender documentation to reflect progress and resources due to Covid 19, the tender period is being extended. Contract award is anticipated in May 2021. An update can be provided at the meeting if required.

Land Assembly

a) Brent Cross South Retail Park

- 1.48 As detailed in the addendum report to the last Committee, Aberdeen Standard Investments and Hammerson placed the Brent Cross South Retail Park on the market in November 2020. Given its strategic position within the BX scheme and the need to ensure delivery of comprehensive regeneration and following an assessment of the commercial viability of the asset, the council approved to make a bid for the property. A Best and Final Offer (BAFO) which included all fees and associated costs, was made on 8 December updating the bid following detailed discussions between CBRE and JLL (the Seller's agent).
- 1.49 Following agreement, approval was given by the council's Urgency Committee on 5 January 2021 to approve the heads of terms with Hammerson and Aberdeen Standard Investments, and to exchange by 15 January 2021 and execute the sale contract and any associated documentation to enable completion of the acquisition by 29 January 2021 subject to completion of the due diligence and any post exchange conditions within the contract documentation. The full recommendation can be viewed on the Urgency Committee paper linked below.

Link to addendum report to last Committee – 24 November 2020

<https://barnet.moderngov.co.uk/documents/b35675/Brent%20Cross%20Cricklewood%20Addendum%20Report%2024th-Nov-2020%2019.00%20Housing%20and%20Growth%20Committee.pdf?T=9>

Link to Urgency Committee paper – 5 January 2021

<https://barnet.moderngov.co.uk/documents/s62641/Brent%20Cross%20South%20Retail%20Park%20Acquisition%20Report.pdf>

- 1.50 The due diligence process is now nearing completion. An update will be provided to the Committee meeting.
- 1.51 The acquisition of the Retail Park is predicated on bringing the Retail Park into Brent Cross Town to achieve comprehensive regeneration. The report to the Urgency Committee explained that the council and BXT JVLP will update the Business Plan ("the Implementation Plan") to agree the basis on which the council / BXT JVLP will incorporate the Retail Park into a Phase Proposal for BXT.
- 1.52 The Urgency Committee also approved and delegated to the Chief Executive in consultation with the Chairman of the Housing and Growth Committee to finalise the Side Letter agreement and any contract variations or other project documentation required acting in the best interest of the council with Brent Cross South JVLP as a result of this acquisition; and

endorsed that council officers continue to work with Brent Cross South to vary the Business Plan to agree the basis on which the council / BXT JVLP will incorporate the Retail Park into a Phase Proposal for BXT to achieve the ambitions of comprehensive regeneration. Officers are at present working with the BXT to agree the brief and finalise the programme. It is anticipated the variation to the Business Plan will take 6 months to complete and will be reported to the Housing and Growth Committee in September later this year. Meanwhile Members will be able to engage in the process through the Members Working Group.

- 1.53 Whilst the Retail Park sits within Brent Cross programme, the management of the asset will be seconded to the council's Estates team. As set out in the Urgency Committee, the existing management and service contracts will be novated across to the council to enable a smooth transition. The Estates team are putting in place the required resources to support this acquisition, including the recruitment of a part time asset manager to ensure that the estate is managed based on good proactive asset management principles. A separate project code is being set up within the Growth Directorate, and the surplus income will be placed in a reserve as part of the wider risk mitigation strategy. The council's BX, Estates and Finance teams will meet on a monthly basis to monitor the impact to the General Fund and optimise returns to the council within the context of the long-term strategy consistent with the BXT Business Plan.

b) Future land assembly strategy

- 1.54 In relation to wider land assembly, council officers are working through the strategy and programme for the acquisition of land needed to deliver the scheme bearing in mind that the CPOs will expire in May this year (CPO1- 11 May 2021; CPO2 – 31 May 2021 and CPO3 – 6 June 2021). These dates cannot be extended.
- 1.55 Council officers have been working with TFL to identify the land needed to wholly deliver comprehensive redevelopment across all the confirmed CPO Order areas. The areas of land needed have now been identified across the programme, having regard to the land needed for strategic infrastructure, in particular highway improvements, and the land required for development. In identifying the land, the council has consulted with BXN and BXT.
- 1.56 In relation to next steps, there are two options available to the council in exercising a confirmed CPO to acquire land required for a project:
- (i) Through service of a Notice to Treat ('NTT') and Notice of Entry ('NOE') under the Compulsory Purchase Act 1965;
 - (ii) Through making a General Vesting Declaration ('GVD') under Compulsory Purchase (Vesting Declarations) Act 1981.
- 1.57 The council with its advisors are working through which is the preferred route for each parcel of land so a tailored acquisition strategy can be created. The first point to note is that a mixture of the two routes can be followed and that notices can be served at different times providing that they are served within the three year life of the CPO. This should be complete by the end of January so that the acquisition strategy can be finalised, having regard to the CPO statutory timetable and the date the land is needed in the programme.

- 1.58 The Committee is therefore asked to delegate to the Chief Executive in consultation with the Chairman of this Committee to finalise the land acquisition strategy and to authorise the serving of the required Notice to Treat / Notice to Entry or General Vesting Declaration for the interests required to deliver comprehensive development, as identified in the land acquisition strategy.

Stopping Up

- 1.59 As reported previously with Plots 53 and 54 an application was submitted to the Secretary of State. This application has now been combined with the application for the Claremont Park Stopping Up order with a potential date of the Inspector site visit week commencing 8 March and a target decision within 9 weeks following the visit. The site visit may be delayed further due to the latest lockdown. An existing path has been improved within the park as an alternative to the stopped-up path however there was still some concern by an objector on the increased distance travelled so a temporary path will be constructed along the site boundary of Plot 53 resulting in the removal of one objection. There is currently one objection to Plot 53 and 54 and four objections to Claremont Park Stopping Up Order. Temporary path closures have been made with the park to enable some construction work.
- 1.60 In November 2020, consultation was carried out in relation to the stopping up of the footpath between Brent Terrace South and Claremont Way West (106 footway) and part of the highway on Brent Terrace North. Both orders received two objections. Alternative diversion routes are under discussion that would be available during the construction period in order for those objections to be withdrawn.
- 1.61 The following Stopping Up Orders were confirmed in 2020 as received no objections:
- 1) Claremont Way East was stopped up on 6 February 2020.
 - 2) Clarefield Park was Confirmed as stopped up on 16 July 2020.
 - 3) Claremont Way West was stopped up on 17 September 2020.
- 1.62 Further Stopping Up Orders will be made as the scheme progresses with information updated regularly on the TransformingBX website.
<https://transformingbx.co.uk/transformation/masterplan/stoppingup/>

Brent Cross Shopping Centre

- 1.63 Hammerson and Aberdeen Standard Investments are continuing to work through the refurbishment plans for the shopping centre and future development of the centre. A new Chairman and Chief Executive are now in place and the council is seeking a Senior Executive meeting. The operational team within the centre has implemented improvement works to the external areas of the shopping centre including additional hedge planting along Prince Charles Drive and the River Brent alongside the roundabouts and routes into centre in conjunction with repairs to existing structures and graffiti removal. The effectiveness of these works will be reviewed in the next few months.

PB Donoghue

- 1.64 Following meeting with local residents earlier this year, council officers have met with BXT and PB Donoghue and discussions are continuing regarding their potential relocation. Officers are also working with TfL to identify ways of relieving some of the traffic pressures

in the area around the site and updates will be provided to local members and residents as progress is made.

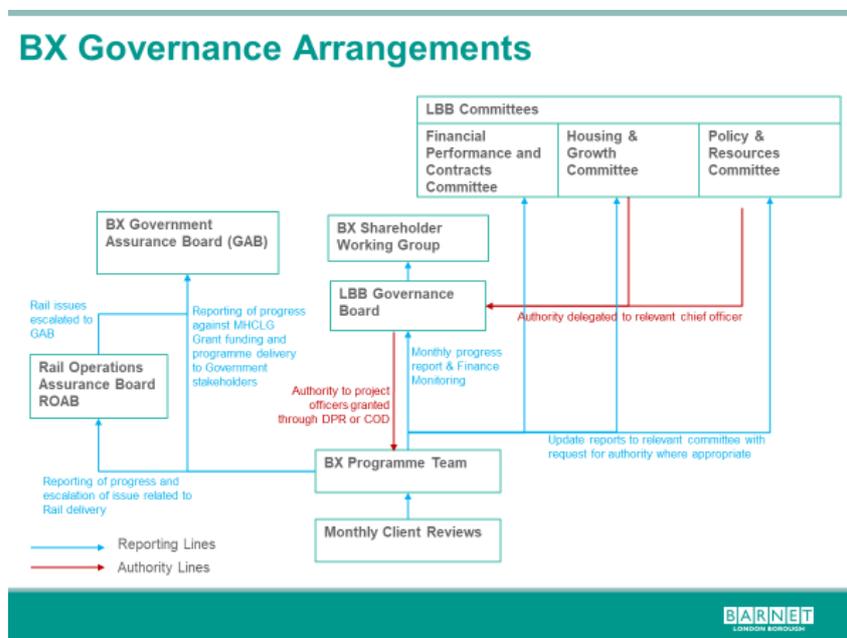
Revisions to BX Governance Structure

- 1.65 The governance structure for the BX project has been reviewed by the council to ensure that it remains fit for purpose given the progress of the scheme.
- 1.66 As the Committee is aware, progress on delivery of the scheme and budgets are reviewed monthly within the council, both at operational level and by a Steering Group chaired by the Chief Executive with the Deputy Chief Executive and Director of Finance (LBB Governance Board). Regular reports are provided to Members through this Committee.
- 1.67 Monthly progress and cost reports are provided to the Government Assurance Board, which comprises HM Government (HM Treasury, Infrastructure Project Authority, Ministry of Housing, Communities and Local Government and Department of Transport) (HMG) Homes England, Greater London Authority and the council. Through this Government Assurance group, HMG monitors both project and financial performance as well as confirming the drawdown requests ahead of release of grant payments by MHCLG. The relevant extracts from the November meeting were reported to the Finance Performance and Contracts Committee (FPCC) on 7 December 2020 in the exempt report. The monthly Government Assurance Board reports will be routinely appended to future reports to that Committee for review.
- 1.68 Following discussions between officers and Members, it is considered that the remit for the BX South Shareholder Working Group (which was originally set up to guide the merging BXT proposals) should be widened to include the capital projects being delivered by the council across the regeneration area (including the Brent Cross West Station) as well as the Brent Cross Shopping Centre to ensure that there is cross party engagement through an informal meeting on all aspects of the programme.
- 1.69 The Committee is therefore requested to approve that the group is renamed to the BX Member Working Group and remit widened as set out below. This Group will meet on a quarterly basis. The next meeting is scheduled for week commencing 15 February. Meetings will be held in the intervening months between this Committee and the FPCC.
- 1.70 The revised terms of reference are as follows:
 - The working group remains an informal member and officer working group. It is not a formal council committee and will be non-decision making. Any decisions required on matters discussed in the working group will be taken by the Council in accordance with its constitution either by the relevant committee or under officer delegated powers.
 - Invited Councillor representatives to the working group will be on a cross party basis, as follows: Leader of the Council; Chairman of Housing and Growth Committee; Chairman of Financial Performance and Contract Committee; Leader of the Opposition and Lead Opposition Member for Housing and Growth.
 - Councillors may send nominees in their absence. The working group will meet in private on a quarterly basis and all matters considered will be treated by participants as commercially confidential to the council and the council's partners unless otherwise agreed.

- The working group will:
 - A) receive reports and updates on Brent Cross Scheme (these will cover programme, issues, risks and financial performance and be consistent with the papers already circulated to the internal Governance Board and the Government Assurance Board that monitors the BX Grant Agreement between the council and HM Government). This will provide an opportunity to review the project programme and construction and logistics plan and engagement with the local community.
 - B) provide a forum for officers and members to consider and comment upon emerging proposals in relation to the business plan for each phase of BXT (including the how and when the Retail Park is brought into the scheme), acting in the best interests of the council as shareholder under the joint venture arrangements with the council's development partner, and monitor its progress and performance; monitor the progress, issues, risks and financial performance of the delivery of the Brent Cross West station and the capital projects being delivered by the council; the progress and future proposals for the Brent Cross Shopping Centre; and management of the Brent Cross South Retail Park.
 - C) consider and comment upon any other matters pertaining to BXT Regeneration Scheme that are relevant to the council's interests as shareholder.
 - D) provide an opportunity for Members to discuss all aspects of the project with the council's Senior Management team and council officers.

1.71 As reported to the Committee last November, it is proposed that going forward council decisions are delegated to either the Chief Executive or Chief Finance Officer as required to manage any perceived conflict of interest with the council's representation on the BXS JV Board.

1.72 The updated Governance Structure is shown below.



2. REASONS FOR RECOMMENDATIONS

2.1 The comprehensive regeneration of Brent Cross is a long-standing objective of the council and a key regeneration priority of the LBB Mayor of London. The details of the scheme are set out in previous update reports to this Committee.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 None in the context of this report.

4. POST DECISION IMPLEMENTATION

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

5. RESOURCES (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.1 Budget Monitoring

5.1.1 The council has put in place procedures to ensure the effective monitoring of the financial performance of the BX Programme. The BX Governance Board comprising senior officers of the council, including the Chief Executive and the Director of Finance, receives a detailed report each month setting out the financial performance of the BX 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 BX Programme.

Land Acquisitions

5.1.2 The approved budget for land acquisition to facilitate the BXC programme is £63.132m, furthermore, there was expenditure on advanced acquisitions of £4.067m. This is in addition to the Thameslink budget. Actual cumulative spend to date is £53.345m. The current forecast for 2020/21 is £13.558m.

BXT Land Acquisitions

5.1.3 The approved budget for externally funded BXT Land Acquisitions is £29.488m. Actual cumulative spend to date is £8.644m. The current forecast for 20/21 is £12.752m.

Brent Cross West Station

5.1.4 The current approved budget in the capital programme is £364.47m following confirmation of the HMG grant funding agreement.

5.1.5 Actual cumulative spend to date is £185.916m. The total contractual commitments at the end of November 2020 is £359.403m. The council has submitted drawdown requests against the HMG grant totalling £359.059m, of which all has been paid to. The current forecast for 2020/21 is £119.135m.

Critical Infrastructure

5.1.6 As part of the revised delivery strategy as set out in the report to the July Committee, the council is taking forward the delivery of parts of the newly created 1AN Infrastructure phase. The council has entered into contract with Conway Aecom to deliver the Southern Junction

works and has engaged DP9 to discharge the pre-commencement planning conditions and New Steer on CPO matters as outlined above.

5.1.7 These works are funded from part of the £59.9m core critical infrastructure budget which includes £55m being provided as part of the MHCLG Revised Funding Agreement for Brent Cross. Actual spend to date is £27.405m. The current forecast for 2020/21 is £20.781m.

5.2 Social Value

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

5.3 Legal and Constitutional References

5.3.1 The council's Constitution, Article 7.5 responsibility for function, states the functions of the Housing and Growth Committee, includes responsibility for regeneration schemes and asset management.

5.3.2 The council's Constitution, Article 10 Table A states that the Housing 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 interpreted out at s 123(2) of the Local Government Act 1972.

5.3.3 The council has a range of powers to enter into the legal agreements referred to in this report. The general power of competence under paragraph 1 of Section 1 of Chapter 1 of the Localism Act 2011 enables it to do anything that individuals can do subject to any specific restrictions contained in legislation and the 'incidental power' in Section 111 of the Local Government Act 1972 provides that a local authority has power to do anything which is calculated to facilitate, or is conducive or is incidental to, the discharge of its functions.

5.3.4 Any procurement activity will be undertaken in accordance with the Council's Contract Procedure Rules and the Public Contracts Regulations 2015 (as amended or as appropriate replaced un due course) as applicable

5.4 Risk Management

5.4.1 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:

5.4.2 Programme and funding – There is a risk that BXN does not progress in the form currently proposed. Whilst the funding risk to the Station delivery has been significantly mitigated through the Revised Funding Agreement with Government, the delivery of the BXN proposals is an important part of the regeneration proposals. The council is meeting regularly with the Shopping Centre Partners to understand next steps.

5.4.3 Station Delivery Date – there is the risk that the 2022 station opening date cannot be achieved. The current programme maintains a 2022 opening date albeit December rather than May. There is a risk that this could be later depending on other works on the railway.

The council has worked with DfT and Network Rail alongside the Train and Freight Operators to develop a revised industry integrated programme, underpinned by the signed Memorandum of Understanding. This programme has been agreed and a workable possession programme is in place subject to final testing by Network Rail. A QRSA has also been undertaken. While the possession risk has been mitigated, railway possessions can, whilst unlikely, be cancelled as a result of unforeseen circumstances. There is also the additional programme risks as a result of COVID 19. The project team and Network Rail have therefore developed a contingency strategy in the event of a further loss of possessions.

- 5.4.4 Network Change – Network Change has been achieved. There remain some conditions which need to be met which are being managed by Network Rail and reported through the Rail Operations Assurance Board.
- 5.4.5 Train Operating Timetable - The BXW team have, for some time been facilitating a regular meeting with Train Operators (EMT and GTR), the DfT, and NR. This Board (Rail Operation Assurance Board) deals with all rail industry issues and interfaces. One of the headline areas of interest is the new rail timetable to accommodate the planned stopping pattern at the new station. The industry has a complex and lengthy process for securing future timetables which takes into account competing bids for access. NR and the DfT have both confirmed that everything that can be done at this stage has been done to secure the desired stopping pattern, and NR have published a letter outlining the timetable of events leading up to the publication of the new timetable. There are risks associated with this process, notably around the uncertainty of the GTR franchise, and the publication later this year of the “Williams Review” which will make recommendations on the future structure of the industry. There are additional risks arising from the delay on the refranchising and the Williams report brought about by COVID 19 and the Government’s actions in underwriting the impact on the TOCs of train service commitments. The council will be monitoring developments closely.
- 5.4.6 BXW delivery costs – as with all major programmes there is the risk that costs will increase during programme delivery. The BXW budget is under pressure and this risk is being actively managed with public sector partners and contractors. The contract between the council and NR is an Emerging Cost contract. As indicated in previous reports, all emerging cost contracts entered into will require strong contract management to ensure all costs incurred are reasonable. As part of the signed Implementation Agreement the council has open book access to all of Network Rail’s financial information relating to invoiced costs incurred on the programme. This extends to Network Rail contractors where an emerging cost contract is in place. As referred to in the report to ARG in November 2018, the council also has the right (subject to notice and personal safety) to access the site and attend meetings. In this regard, the regular senior level meetings between Network Rail and the council/Re delivery are continuing to review the costs each month. Similarly, there is an on-site presence by the council/Re delivery team to be monitoring programme and work achieved, particularly during track possessions.
- 5.4.7 Waste Transfer Station – Delays to the delivery of the Waste Transfer Station may result in programmatic and logistical interfaces with the Station and BXT development due to the requirement to keep the existing facility in operation until the new one is complete. To mitigate this a working group has been established through the Integrated Programme Management Office to develop a joint logistics and land management plan of the station development area. Further to this a strategy to amend the operation of the existing facility

to a 'road to road' facility (in line with how the new facility will operate) is being investigated. The council have also brought the waste delivery team in house to align skills and expertise with delivery, as discussed in the waste section of this report.

5.4.8 The most important control mechanism for the council is to employ experienced staff who will provide diligent review and challenge of the NR cost base and reject any costs which are not reasonably and properly incurred. The council's Client and BXW delivery team comprises professionals used to working on the railway within Network Rail and are experienced in delivering large railway projects. The challenge to NR will need to operate at several levels, including:

- a. A full-time site presence that stays abreast of issues that arise on site, and monitors the detail and impact of any events, or failure to meet programme milestones, quality standards etc. The site team/person will also systematically log these events/issues and share this information with NR.
- b. Whilst it will always be difficult to isolate costs associated with NR/Contractor failure, from genuine cost, it is important that NR are discouraged from passing on contractor valuations without themselves challenging whether a deduction should be made to take account of notified failures.
- c. Attendance at key NR meetings. This is in addition to the role set out in (a), targeting any issues which may not have been picked up by the site-based teams, but for the same purpose as (1).
- d. A strong commercial challenge that scrutinises and interrogates any unexpected costs which emerge during the pre-invoice (valuation) process and repeats this when the main invoices are submitted.

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

5.4.10 Stopping Up Objections – Footpaths which are required to be 'Stopped Up' to make way for the building of Plots 53 & 54 and Claremont Park have received objections from local residents. One objection has been removed while the second remains in place. The Order must be confirmed by the Secretary of State through the Planning Inspectorate by way of written representation (which is the council's preference) or at an informal hearing. This could delay the start on site of main works by approximately 9 months (for written representations) and 11 months (informal hearing). There have been further 4 months delays due to COVID 19. This delay may reduce the time available to use the temporary access road for Plot 53 and 54 leading to more construction vehicles using Brent Terrace South, as well as a potential risk of delay to some BXT works. The project team are working with objectors to resolve the issues around stopping up.

5.4.11 Resourcing – the project is now in the delivery stage. In addition, the council has taken on additional delivery items through the revised delivery strategy and needs to deploy sufficient resources. There is a need to ensure resilience within the programme in the event that key persons depart the project as well as to update the succession planning strategy.

5.4.12 Economic – There is a risk that the prevailing economic position for the traditional retail

sector will continue alongside residential and commercial given current market conditions. This could result in reduced demand for retail space and administration to existing retailers. To mitigate this both BXN and BXT development partners are exploring/reviewing diversification of offer within BX. Wider macro-economic shocks may also impact the residential and office markets in London.

5.4.13 COVID 19 – This represents a significant new risk to the programme and the team has been working closely with sub-contractors to review the likely impacts. Currently programme has been maintained however the team do expect some additional challenges as impacts on the supply chain are understood. Cost impact to date is estimated at £2.4m, with a further £3m of additional risk up to the end of October. It should be noted that further risks are expected and will be assessed as the impacts of lockdown are understood and government guidance changes. The project team is maintaining a COVID 19 impact tracker to show when and where these impacts are materialising. A more detailed update will be provided to the next Committee.

5.4.14 Retail Park Acquisition - The key risk associated with the acquisition of the Retail Park is ensuring that the acquisition will have no impact on the General Fund and that it is incorporated into the BXT Joint Venture by December 2025 and that the council's acquisition and holding costs are covered. This acquisition is being made on the basis of a thorough understanding of regeneration opportunities having regard to the existing s73 permission and s106 requirements alongside market conditions and development potential. Significant due diligence has undertaken by the council and its advisors, particularly on the finance modelling, existing tenant mix and re-development strategy to inform the purchase price and ensure that there is not a negative impact on the General Fund during the holding period.

5.4.15 However, risks will remain post acquisition associated with market conditions (including Covid and Brexit) that will impact on the changing retail market as well as on the development progress of BXT and the timing for inclusion within the scheme, in the event that the council and BXT agree the Implementation Plan. The council is putting in place the required structures to enable it to manage the Retail Park against these short-term variables to ensure that the council will secure the required returns so that there will be no gap or negative impact on the General Fund.

5.4.16 As explained above, one of the most important control mechanisms for the council is to employ experienced staff. As explained in paragraph 1.53, the council will put in place appropriate internal resources supplemented by external property management expertise as required to provide good proactive asset management of the Park in addition to retaining CBRE and GWLG as its advisors. This will ensure appropriate management of the risks based on up to date knowledge on the current economic market conditions and changing retail market.

5.4.17 The report below addresses other key risks and briefly summarises the strategies currently being pursued to mitigate these risks:

- Retail Market Risk - Whilst it is important to note that the asset is a high quality, fit for purpose retail park serving the large and diverse catchment of North London, benefitting from high frequency shopper visits and limited immediate competition, with sustained supply and demand dynamics, the retail market is changing and the changes need to be closely monitored.

- CBRE has advised the council that in terms of footfall, retail parks have significantly outperformed other retail asset classes because of their convenience, flexibility and speed of adaptation. Their ability to evolve and offer a wider convenience and necessity, based line up and improved amenity, together with free parking and the growth of click & collect have been key to their resilience. The closure of non-essential retail stores during lockdowns has put severe pressure on retailers' revenues and will continue to affect their performance in 2021. The council working with its advisors will be continually monitoring the wider market and retail market conditions, including vacancy rates across the out of town sector, although it is recognised that these remain low compared to other retail sub-sectors. The rise in online penetration levels driven by the UK-wide lockdown is acknowledged as part of the due diligence process. This will continue throughout 2021 as retailers continue to invest in their online platforms and move a larger proportion of their sales online. CBRE forecasts that online penetration will reach 26% in 2021 and 30% in 2025. This one-off step change will be monitored to ensure that it is reflected in the risk mitigation strategies being pursued.
- Overall, CBRE are of the view that the fundamentals that had revived investor interest in the final few months of 2020, will draw momentum in 2021. Pricing of dominant, fit for purpose retail warehouse assets are increasingly being seen as attractive and CBRE expect this view to continue and gain strength, leading to more investor interest and depth in the capital markets. Assets that are dominant or convenient will be at the top of investor's wish lists, and a foodstore on or adjacent to the scheme will provide an added degree of comfort. There is strong demand for assets in London and South-East deemed best in class, fit for purpose assets with underlying alternative use value.
- Financial/Borrowing Risks: CBRE and LBB Finance have undertaken the required financial modelling and sensitivity analysis to understand the impact on the General Fund. The modelling undertaken to support the bid confirms that the passing income is sufficient to generate a return that covers borrowing (interest + MRP) and holdings costs.

5.4.18 To mitigate interest rate and borrowing risks, the council is working towards a capital receipt in excess of the purchase price with BXT JVLP (if it decides to purchase the Property). CBRE has confirmed that working progress has confirmed that this is achievable. The capital receipt will mitigate the PWLB certainty rate dropping, as the receipt will be used as an alternative funding stream in the future capital programme thereby reducing the need to incur external borrowing whilst still maintaining a positive impact on the General Fund. It must be noted increases in the interest rate will result in further opportunity gains due to the funds being available and in hand. The council is also working with BXT to develop the Implementation Plan to include the Retail Park within the wider scheme to achieve the ambitions of the comprehensive regeneration programme. In the event the council experiences market risk or that early council indicators suggest that this acquisition may start to have a negative impact on the General Fund there is the option of a future sale.

5.5 Equalities and Diversity

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

5.5.2 The development proposals for the Brent Cross 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 Brent Cross West 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

5.6.1 None in the context of this report.

6 CONSULTATION AND ENGAGEMENT

BXC Programme wide

- 6.1 The communications and stakeholder engagement strategy agreed at Housing and Growth Committee in March continues to be delivered and will be reviewed by the end of the month in order to ensure we are making improvements to our communications and engagement activity wherever necessary.
- 6.2 Monthly communications meetings bring communications leads together across the different developments to ensure communications are joined up wherever possible across the programme.
- 6.3 We continue to adapt to challenges presented by the COVID-19 outbreak including holding virtual briefings and consultations in place of site visits and exhibitions.

BXC Digital Channels

- 6.4 The TransformingBX.co.uk website has been live for almost a year. Since its launch in February 2020 we've had 6,650 visitors to the site. Both our social media channels and the e-newsletter which launched in August are helping to drive traffic to the website to keep residents informed about works taking place in the area.
- 6.5 The latest digital newsletter was issued in December 2020 covering news updates from across the programme, the plot 25 consultation and a focus on local business Sean's Loaf. The audience has grown three-fold since it launched from 54 readers to 155 with an average open rate of 75% which shows interest in the publication remains high.
- 6.6 We continue to provide news and updates via the @TransformingBX Twitter account as well as via Barnet Council's own social media channels (Twitter, Facebook, Instagram) and respond to resident questions and queries via the programme email address TransformingBX@Barnet.gov.uk In the last quarter we've received around 15 enquiries a month, the majority relating to highways works.

Community Engagement

Plots 53 and 54

- 6.7 We continue to work with residents on Brent Terrace to respond to concerns and seek opportunities to improve the area wherever possible. Alongside Argent, we have met with a local resident to discuss the scope to create more community space, clear fly-tipping and

consider a long-term solution to improve the area. A plan will be drawn up in early 2021 to outline next steps.

- 6.8 We are keen to hold an in person drop in event to continue to engage with residents close to plots 53 and 54 and the Claremont Open Space / Claremont Way. However, it's not possible to do this safely now. We will continue to monitor the pandemic situation and host a resident event when it is safe and appropriate to do so. In the meantime, we continue to provide written communication to residents where there are major changes to the programme.
- 6.9 We invited residents on Brent Terrace to sign up to a very local e-newsletter for updates but received very little uptake. We do, however, see the programme inbox widely used by residents to report noise concerns or issues so feel confident residents know where to go if they need support or information about the project.
- 6.10 A virtual Whitefield Estate Residents Steering Meeting was held on 10th December 2020

Southern Junctions

- 6.11 In early December we supported the programme team to provide information to residents on a change in layout that would provide safer pedestrian routes following concerns that diversions were being ignored. We wrote to business and residents within 500 metres of the works, briefed members, local resident and business groups, and updated the website.
- 6.12 In order to minimise disruption caused by emergency gas works by Cadent Gas at the end of November through to Dec, we also briefed members, local groups and updated the website.

Brent Cross West Station Programme

- 6.13 The latest schedule for the Brent Cross West programme was issued to residents on 10 December outlining the works programme until March 2021 (issued to homes within 500 yards of the sidings (approx. 3500 homes). This provided an update on day, night and weekend working for residents aligned to current Section 61 permissions for all contractors across the project. This also included the Christmas working schedule, for which we received no noise complaints associated with the works, and a noise complaint pre-Christmas was dealt with immediately by the team. Contractors were reminded by the BXW team to be as considerate as possible during this period of heavy works.
- 6.14 The installation of the temporary footbridge marked another milestone in the construction of the station and was promoted across our programme channels.

Brent Cross Town (formerly South)

- 6.15 Brent Cross Town issued their latest construction update at the end of December, outlining forthcoming works in the area and a construction overview until December 2022. The leaflet was distributed to homes within 500 metres of the works and builds on local engagement with residents on Claremont Way as works get underway on The Pavilion and the Claremont Open Space area.
- 6.16 Following the planning approval of the Eastern Entrance this was widely publicised across

programme channels and Argent Related's own digital channels.

- 6.17 Brent Cross Town launched their office strategy on Monday 11 January with wide-reaching communications and engagement with the market, the media and local stakeholders as outlined above.

7 BACKGROUND PAPERS

- 7.1 Urgency Committee, 5 January 2021

<https://barnet.moderngov.co.uk/documents/s62641/Brent%20Cross%20South%20Retail%20Park%20Acquistion%20Report.pdf>

- 7.1.1 Finance Performance and Contracts Committee, 7 December 2020

[\(Public Pack\)Brent Cross Report Agenda Supplement for Financial Performance and Contracts Committee, 07/12/2020 18:00 \(moderngov.co.uk\).](#)

- 7.2 Housing and Growth Committee, 24 November 2020, Brent Cross Cricklewood Update Report

<https://barnet.moderngov.co.uk/documents/s61201/Brent%20Cross%20Cricklewood%20Report%20Nov%202020%20for%20publication.pdf>

- 7.3 Finance Performance and Contracts Committee, 27 October 2020

<https://barnet.moderngov.co.uk/documents/s60814/BXC%20Financial%20Performance%20and%20Contracts.pdf>