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Meeting	Cabinet Resources Committee
Date	17 December 2012
<b>Subject</b>	<b>Annual Regeneration Report</b>
Report of	Leader of the Council
Summary	The report seeks to update Committee on the progress being made towards delivering the Borough's regeneration schemes and skills and enterprise activities, including key wins, achievements and successes in the last twelve months as well as current challenges and expected activities in 2013.

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Officer Contributors	Stephen McDonald, Interim Lead Commissioner – Enterprise & Regeneration Tony Westbrook, Head of Regeneration, Strategic Planning & Regeneration
Status (public or exempt)	Public
Wards affected	Colindale, Burnt Oak, West Hendon, Edgware, Golders Green, Childs Hill
Key decision	Yes
Enclosures	Appendix 1 – Annual Regeneration Report November 2012
Function of	Executive
Reason for urgency / exemption from call-in	Not applicable

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## **1. RECOMMENDATIONS**

- 1.1 That Committee endorse and/or comment on the general progress being made towards delivering the Borough's regeneration schemes and skills and enterprise activities, including key wins, achievements and successes in the last twelve months as well as current challenges and expected activities in 2013.**

## **2. RELEVANT PREVIOUS DECISIONS**

### **Cricklewood and Brent Cross Regeneration Scheme**

- 2.1 Cabinet, 26 April 2004 (decision item 8) – adoption of the Cricklewood, Brent Cross and West Hendon Development Framework as Supplementary Planning Guidance.
- 2.2 Cabinet, 29 March 2005 (decision item 5) – approval of the terms of Cricklewood and Brent Cross Collaboration Agreement.

### **Stonegrove and Spur Road Estates Regeneration Scheme**

- 2.3 Cabinet, 18 June 2007 (Decision Item 6) – approved the final terms of the Principal Development Agreement and legal arrangements for the regeneration of the Stonegrove and Spur Road estates and resolved to make a Compulsory Purchase Order.

### **Grahame Park Estate Regeneration Scheme**

- 2.4 Cabinet, 24 July 2006 (Decision item 5) – authorised the entering into a Principal Development Agreement for the regeneration of the Grahame Park area.

### **West Hendon Estate Regeneration Scheme**

- 2.5 Cabinet, 30 August 2005 (Decision Item 5) – authorised the entering into a Principal Development Agreement for the regeneration of the West Hendon area.

### **Dollis Valley Estate Regeneration Scheme**

- 2.6 Cabinet Resources Committee, 7 November 2011 (Decision 5) – authorised the entering into a Principal Development Agreement for the regeneration of Dollis Valley, subject to the Deputy Chief Executive being satisfied as to the terms of such agreements and the Assistant Director-Legal, or authorised delegate, being satisfied as to the form of such agreements.

### **Granville Road Estate Improvement Scheme**

- 2.7 Cabinet Resources Committee, 18 October 2012 (Decision Item 7) – authorised the appointment of Mulalley/One Housing Consortium comprising of Mulalley & Co Limited, CHA Ventures Limited and, as guarantor with CHA Ventures Limited, Sherrygreen Limited (Bidder B) as the Council's preferred development partner to take forward their Option 1 for the Granville Road, NW2, New Housing Development Scheme.

### **Mill Hill East Regeneration Scheme**

- 2.8 Cabinet, 29 November 2010 (Decision item 14) – approved the Council entering into a Limited Liability Partnership and Co-operation Agreement (instead of a landowners agreement) on Mill Hill East subject to a number of conditions.

### **Skills and Enterprise Activities**

- 2.9 Delegated Powers Report, 23 September 2011 (number 1,443) – the Interim Director for Planning, Housing and Regeneration authorised the Council to enter into an agreement with the Greater London Authority which will provide the Council with a grant of up to

£416,685 to fund a range of physical improvements and capability building initiatives for local traders, aimed at delivering economic uplift to Chipping Barnet Town Centre.

- 2.10 Delegated Powers Report, 7 November 2011 (number 1,467) - the Interim Director for Planning, Housing and Regeneration authorised for the London Borough of Barnet to enter into a Tripartite Agreement with London Councils and Greater London Enterprise Ltd, relating to all aspects of the two year funding and delivery of an European Social Fund Match Funded Employment Project, towards an extension of the WorkFinder job brokerage pilot. Authorisation also given to release £180,000 of Section 106 and £25,000 of London Borough of Barnet monies, as match funding towards this European Social Fund Employment Project and the two year WorkFinder.
- 2.11 Cabinet, 20 June 2012 (Decision Item 6) - approval of The Barnet Skills, Employment and Enterprise Action Plan; and the NEET Platforms package of support to help young people into employment, including support to local businesses.
- 2.12 Delegated Powers Report, 26 July 2012 (number 1,758) – the Assistant Director for Strategy and Policy approved to commission Middlesex University to support the council in developing its analysis of the business sector in Barnet and to develop indicators against which the impacts of growth can be measured. The contract value is £22,260.
- 2.13 Delegated Powers Report, 30 August 2012 (number 1,773) – the Leader of the Council authorised for the Council to enter into an agreement with the Greater London Authority which will provide the Council with a grant of up to £1,074,060 for North Finchley town centre and £1,676,625 for Cricklewood town centre to fund a range of physical improvements to the public realm and its de-cluttering as well as broader initiatives to support the area, aimed at delivering economic uplift. Round two must be delivered by 31<sup>st</sup> March 2014.
- 2.14 Delegated Powers Report, 15 October 2012 (number 1,805) – the Deputy Chief Executive authorised payment of £40,000 to Middlesex University as matched funding for the joint appointment of a Business Connector Manager, which is to be a two year jointly funded post hosted by Middlesex University to fulfil shared objectives around business engagement in the borough.

### **General**

- 2.15 Cabinet Resources Committee, 28 February 2012 (Decision Item 17) – agreed the findings of the Regeneration Review and the proposed next steps (as set out in the detailed Action Plan attached as Appendix A).

## **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 The regeneration of the Council's regeneration estates and skills and enterprise activities support the Corporate Plan 2012-2013 priority of 'A successful London Suburb' and the strategic objective under this priority to '*sustain Barnet as a successful place through regeneration, and supporting enterprise and employment.*'
- 3.2 The estate regeneration programmes and skills and enterprise activities also support the 'A Sustainable Community Strategy for Barnet 2010–2020' through the following objectives:
  1. A new relationship with citizens - the new developments will offer more choice and promote independence by providing a number of different housing options such as shared ownership to residents and those in the wider community. The skills and

enterprise agenda focuses on equipping residents and businesses with the tools and support to prosper and grow in Barnet.

2. A one-public-sector approach - the Council is working together with other public sector partners to ensure the delivery of the programmes.
3. A relentless drive for efficiency - the Council is working with development partners to ensure that the programmes are delivered in the most cost effective way.

3.3 The regeneration schemes and skills and enterprise activities also comply with strategic objectives in the Council's Housing Strategy 2010-2025 which include:

1. Increasing housing supply, including family sized homes, to improve the range of housing choices and opportunities available to residents; and
2. Promoting mixed communities and maximising opportunities available for those wishing to own their home.
3. Supporting residents into employment.

3.4 Furthermore, the regeneration schemes and skills and enterprise activities also comply with the strategic objectives in the Council's Regeneration Strategy (September 2011), including:

1. Enhance Barnet as a Successful London Suburb through delivery of quality new places and neighbourhoods in the areas of the borough in greatest need of investment and renewal
2. Deliver sustainable housing growth and infrastructure, and improve the condition and sustainability of the existing housing stock
3. Ensure residents in all areas of the borough can share in Barnet's success while taking responsibility for the well-being of their families and their communities
4. Promote economic growth by encouraging new business growth while supporting local businesses and town centres
5. Help residents to access the right skills to meet employer needs and take advantage of new job opportunities

3.5 Finally, the regeneration schemes and skills and enterprise activities are a key component of 'A Growth Strategy for Barnet'. The strategy sets out the Council's commitment to mitigating the impact of continued austerity by creating the environment for growth in the local economy. The regeneration and enterprise activities are key drivers for growth as they bring significant investment in infrastructure, create new jobs and homes, support residents into work, reinvigorate communities, improve living standards and support local town centres.

#### **4. RISK MANAGEMENT ISSUES**

4.1 Despite the challenging economic climate, the Council has continued to progress the physical regeneration schemes.

4.2 The viability of each of the physical regeneration projects is substantially dependent on the performance of the housing market over the lifetime of the developments. The poor economic climate and the current housing and finance market place added risks on the estate regeneration schemes. Principal Development Agreements are in place on Grahame Park, West Hendon, Stonegrove and Spur Road and Dollis Valley regeneration estates. These schemes may not progress in the timescales envisaged as a result of the

state of the housing market. The risk attached to this is that the Housing Revenue Account may have to maintain properties on the estates for longer than originally envisaged and costs to be recovered will be delayed. Economic sensitivity review mechanisms have been included in the Principal Development Agreements.

- 4.3 In July 2001 the department for transport, local government and the regions issued guidance to local authorities on meeting 'decent homes' standards. The Council was advised that on the basis of the known data the homes on the priority regeneration estates would fail to meet the required standard. In response to the need to address heating, condensation and general structural repairs problems and the modernisation requirements for the homes on these estates, the Council decided to embark on programmes to regenerate these estates to provide well designed, quality and efficient homes. If the estate regeneration schemes do not proceed and complete the Council will be required to bring the remaining properties up to Decent Homes Standard for which there is no current financial provision.
- 4.4 The Council's development partners are currently responsible for a substantial amount of Council's Costs. The Principal Development Agreements set out the framework for these costs being recovered at later stages of the regeneration projects. These costs include, but are not limited to, the legal costs associated with setting up the Principal Development Agreements, the costs of making and implementing Compulsory Purchase Orders, statutory Home Loss and Disturbance payments to secure tenants required to move, Resident Independent Advisors and cost consultancy advice. If the developer defaults on these payments or the projects do not proceed to stages specified within the Principal Development Agreements, then the Council will not be able to recover the costs already incurred. It is not possible to mitigate against this risk.
- 4.5 The Council also has obligations under the Principal Development Agreements; if the Council fails to fulfil these obligations for each scheme, it may be liable for damages and other financial liabilities given the investment in the regeneration schemes by the Council's developer partners. Thus, the Council will need to ensure that it puts in place, appropriate structures and resources to enable its obligations within the Principal Development Agreements to be met.
- 4.6 The Outer London Funded Town Centre projects required the Council to take on a level of financial risk by undertaking a grant agreement and the subsequent delivery of the works included in the project. The Council is obliged to fund the costs of delivering the project objectives in the first instance, prior to being reimbursed by the GLA by the end of 2013/14.

## **5. EQUALITIES AND DIVERSITY ISSUES**

- 5.1 The Council is committed to improving the quality of life and wider participation for all the economic, educational, cultural, and social and community life in the Borough. This is achieved by pursuing successful regeneration of the Borough's regeneration areas. This will benefit all sections of society and the Borough's diverse communities who are seeking housing and contribute to addressing the shortage of housing in the Borough across all tenures.
- 5.1 The regeneration schemes will deliver a mix of approximately 15,000 new affordable, intermediate and private sale flats and houses. The developments will also provide new community facilities and commercial units for business to rent or lease. The council will have 100 per cent nomination rights to the new affordable housing on the housing estate regeneration schemes and re-housing offers will be made to all the existing secure

tenants on the existing housing estates who live in a property to be demolished. Thus the regeneration schemes will provide new areas of mixed tenure housing that will make these parts of the borough better place to live and contributing to improved community cohesion in areas with highly diverse populations.

- 5.2 The Skills, Employment and Enterprise Plan has the main aim of addressing unemployment and deprivation through specific initiatives to support our most vulnerable residents. It also aims to support business and employment growth. The Outer London Funded town centre projects support Barnet's aspiration to create the right environment for vibrant and viable town centres in the borough. Integral to this is the need to respect the diversity of the town centre network and to take into account the different requirements of each town centre, and the different needs and preferences of those who use them. The actions aim to deliver economic uplift to the area, the benefits of which can be shared by all those who live, work and use the North Finchley and Cricklewood town centres.

## **6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)**

### **6.1 Finance**

- 6.1.1 The Council's development partners are currently responsible for a substantial amount of the Council's costs to bring these schemes to fruition. The Principal Development Agreements allow the Council to recover its costs at certain stages of the regeneration projects
- 6.1.2 On each scheme, the Council's costs are budgeted and recorded on a quarterly basis, and are invoiced either quarterly or towards the end of each financial year, depending on the terms of the agreement with the development partner.
- 6.1.3 The Council have £3.7m worth of Principal Development Agreement repayments profiled over two years, which have amounts received to date of £1.5m and a further £0.2m expected in this current financial year. The remaining accruals are scheduled as £2.0m, which are expected to be received in 2013/14.
- 6.1.4 In order to receive the Outer London Funding for Cricklewood and North Finchley, the Council was required to provide an element of match funding. Details of this were set out in the Delegated Powers Report, 30 August 2012 (number 1,773).

### **6.2 Performance and Value for Money**

- 6.2.1 The Council and its development partners have obligations within the respective Principal Development Agreements to maintain a transparent and open book approach to the management and monitoring of each development. The Council has the right to access management accounts and other relevant documentation to ensure that information being provided in connection with financial matters is accurate and accords with 'Value for Money' criteria.

### **6.3 Property**

- 6.3.1 The Principal Development Agreements for each of the estate regeneration schemes commit the Council, subject to certain pre-conditions, to the phased disposal of all land

and property owned by the Council within the area for redevelopment to its respective developer partners, as and when certain pre-conditions and processes are satisfied, and subject to appropriate consent from the Secretary of State. In general the land will be disposed of at nil value. Where the land/property has been specifically acquired by the Council to enable the regeneration schemes to proceed (for example, properties acquired because of hardship, or pursuant to Compulsory Purchase Orders), then all costs incurred by the Council in these acquisitions will be reimbursed as project costs. If the regeneration schemes yield profits above agreed thresholds, the Council will generally receive a share of the eventual profits known as overage.

#### **6.4 Procurement, Staffing, IT and Sustainability**

6.4.1 There are no issues to report around Procurement, Staffing, IT and Sustainability.

### **7. LEGAL ISSUES**

7.1 All of the Council's regeneration schemes are regulated and governed by Development Agreements. Each of these Development Agreements are long term, legally binding agreements, under which, all parties, usually made up of the Council, a Private Sector Limited Company and a Registered Provider as well as any Special Purpose Vehicles or subsidiaries of the development partners required for the delivery of the schemes, have obligations and responsibilities which in the event they are not fulfilled could give rise to legal liabilities.

Most of the Development Agreements and ancillary documents have been made pursuant to the now defunct, "well being power" under Section 2 of the Local Government Act 2000, whilst the more recent ones have been or are being entered into pursuant to the general power of competence provisions of Section 1 of the Localism Act 2011.

7.2 The Outer London Funded projects in Cricklewood and North Finchley required the Council to enter into legally binding agreements with the Greater London Authority for the period of the two year Grant.

### **8. CONSTITUTIONAL POWERS**

8.1 Council Constitution, Part 3, Responsibility for Functions – Section 3.6 details the functions of the Cabinet Resources Committee which includes all matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council.

### **9. BACKGROUND INFORMATION**

9.1 An external review of the Council's Regeneration Service was undertaken in 2011. At its meeting on 28 February 2012, Cabinet Resources Committee agreed the findings of the Regeneration Review and the proposed next steps which included a recommendation for reporting on the regeneration schemes and skills and enterprise activities by way of an annual progress report. The rationale for an annual report was to provide momentum and an opportunity to report success, rather than the minutiae of delivery.

9.2 Please see attached Appendix 1 for a detailed analysis on the regeneration schemes and skills and enterprise activities comprising the Annual Regeneration Report November 2012.

## 10. LIST OF BACKGROUND PAPERS

10.1 None

<b>Cleared by Finance (Officer's initials)</b>	<b>JH/MC</b>
<b>Cleared by Legal (Officer's initials)</b>	<b>TE</b>