

Outline Business Case: Whittings Road and Moxon Street Development Sites

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Contents

Contents	1
1. Introduction	2
2. Project definition	2
2.1 Aim	3
2.2 Design intent	3
2.3 Tenure mix	8
2.4 Sustainability	9
2.5 Local Planning Authority and LBB Highways	10
2.6 Legal and land assembly	11
3. Rationale	11
3.1 The Strategic Case	12
3.2 The Economic Case	14
3.3 The Commercial Case	15
3.4 The Financial Case	17
3.5 The Management Case	20
4. Options	22
5. Expected Benefits	25
6. Summary of Key Risks	28
7. Approach to equalities and Equalities Impact Assessment	32
8. Approach to consultation and stakeholder engagement	32
9. Project Assurance	33
10. Dependencies	33

1. Introduction

In 2015, Re. acting on behalf of Barnet Council, secured resolution to grant planning consent for five mixed tenure sites. Re. was a joint venture formed by Barnet Council and Capita to deliver regeneration. However, these sites did not progress to delivery and in 2018, it was agreed that; one of the sites would be disposed of, one delivered for affordable housing using GLA grant by Barnet Homes and three transferred to The Barnet Group to bring forward as mixed tenure options. This included Hermitage Lane which is now complete as well as sites at Whitings Road and Moxon Street, both on general fund land.

The Barnet Group (TBG), which includes Barnet Homes and Opendoor Homes, is acting as development agent on behalf of Barnet Council. The Barnet Group and its subsidiaries are wholly owned by the council.

The council approved that TBG take forward proposals for Whitings Road and Moxon Street. The Hermitage Lane delivery model may represent a feasible delivery model for the council, subject to agreement on land value and financial viability. It also needs to be demonstrably more advantageous than other options such as direct delivery through the Housing Revenue Account (HRA), or disposal.

In 2022, the TBG New Build team appointed Peter Barber Architects to deliver Royal Institute of British Architect's (RIBA) plan of works stage 3 Planning designs for both sites. The team is also supported by Potter Raper as employer's agent, JLL's planning consultancy and Staton Cohen landscape architects. A budget of £1.27m was secured from Barnet Council to deliver this work.

Both sites will be submitted to planning together. The target tenure mix is 50:50 private:affordable policy compliant across both sites, including 12no. affordable 3 and 4-bed homes and at least 10% wheelchair accessible. This helps meet the council's 1,000 affordable homes target and is in line with the needs of TBG's Housing Options service greatest need. The homes have been designed to a high quality and target net zero carbon, they will achieve Energy Performance Certificate category "A" or strong "B".

The local community has been consulted as well as local interest and stakeholder groups. Feedback has been positive and supportive of the designs, aspirations for affordable homes and how the consultation has been conducted. The scheme design has been positively amended and impacted by stakeholder feedback.

Opendoor Homes successfully bid for a grant allocation from the Greater London Authority's Affordable Housing programme 2021-2026 for the Whitings Road and Moxon Street sites. An allocation of £3.79m has been approved.

This outline business case (OBC) seeks approval to submit planning applications for the sites and, subject to planning approval, to procure a private sector partner to support delivery of the schemes. The outcome of the tender and further detail of the development agreement structure will then be presented to the Housing & Growth Committee as part of the full business case.

2. Project definition

2.1 Aim

The Whitings Road and Moxon Street project seeks to bring forward these two general fund sites for planning approval and ultimately development to provide 56 new policy complaint homes.

The Whitings Road and Moxon Street project has a number of aims that support the council's key targets, including:

- Contribute towards the council's commitment for 1,000 affordable homes, including larger family accommodation and wheelchair accessible homes to meet the greatest need
- Build high-quality housing in compliance with local planning policy
- Build 50% affordable homes across the two sites
- Target net zero carbon and minimum of EPC B
- Build homes that help to eliminate fuel poverty and improve energy efficiency
- Build schemes that deliver low and medium rise streetscape design-led housing
- Work with the local community in developing the design of new housing
- Maximising the development potential of the sites
- Delivering a lower risk, mixed tenure scheme that retains the freehold of the asset within the wider LBB 'family'
- Provide a range of housing options to Barnet residents including market sale, affordable rent and shared ownership
- Provide a capital receipt to the Council for the land, subject to viability
- Optimise the use of scarce land resources and improve the local physical environment
- Attain greater control of outcomes
- Manage and maintain the whole of the scheme on completion
- Optimise the use of and deploy the resources and capacity of organisations within The Barnet Group.

It is envisaged that the two sites will be delivered through a development agreement with a private sector partner, following the formula of the successful Hermitage Lane project. This is explained further in section 3.3.

2.2 Design intent

The design process has focussed on delivering high-quality sites that will significantly improve the street scene and provide attractive developments that will maximise sales values of the market sale units and provide a policy compliant mix of affordable housing units.

The scheme has been designed in accordance with local, regional and national planning policy. The design has evolved and augmented during the pre-application planning process by way of interaction with council officers as well as local consultation.

Build quality will be achieved through a detailed set of employers requirements, monitoring of the build process by an Employer's Agent and employing a Clerk of Works including

Mechanical and Engineering Clerk of Works to check any equipment going into the build schemes.

2.2.1 Whitings Road, EN5

The Whitings Road site is adjacent to Whitings Road Primary School, just inside the High Barnet ward boundary. It is on general fund land and is 0.71ha in size. The school was originally situated on the site but when a new school building was constructed, it was agreed that the site could be used for residential development. The site was then cleared and has been empty and overgrown since.

The site is a short walk to Barnet Hospital and other local schools. It is also a short bus ride to High Barnet station on the Northern line, or a 25 minute walk.

The proposed scheme includes the construction of 35 new homes, mainly 3 and 4-bed houses including 4no. that are fully wheelchair accessible, around a communal garden.

The proposed accommodation schedule is as follows:

1-bed	5
2-bed	3
3-bed	15
4-bed	12
Total	35
M4(3) wheelchair accessible homes (included in above)	1 x 1-bed 2 x 2-bed 1 x 3-bed
Parking spaces	33

There will be close to 100% parking on site for the scheme, given the site's PTAL rating and distance from local public transport networks.

The site currently does not meet the biodiversity net gain target of 10% and the team is working with the Planners to find an off-site solution. The team are working with the school to explore enhancing the biodiversity on the boundary of their playing field, which borders the rear of the site. The school have been receptive to this proposal and the team are keen to work with their "Eco Warriors", a committee of students across year groups, to design the proposal.



CGI of the completed scheme



Proposed site layout

2.2.2 Moxon Street, EN5

The Moxon Street site sits just off the High Road in High Barnet, a short walk from the Northern line tube. It is on general fund land. This is one of the most desirable residential areas in the borough, with a thriving high street and close to travel networks and good schools.

Part of the site is within the Wood Street Conservation Area. Adjacent the site is a Grade II listed cottage and a cottage listed as a local heritage asset.

The site is currently, partially occupied, in the southern portion, by Checkalow, a tile showroom and distributor, whose commercial lease does not expire until April 2025 with no break clause. The team have worked closely with Checkalow and if alternative premises can be identified, they may agree to vacating earlier than that.

The proposed scheme includes 21 mews houses, set in an L-shape around the existing heritage cottages. Part of the existing Checkalow building will be retained and refurbished. The scheme will include 7no. 1-beds and 14no. 2-beds, including 2no. fully wheelchair accessible homes.

The proposed accommodation schedule is as follows:

1-bed	7
2-bed	14
Total	21
M4(3) wheelchair accessible homes (included in above)	1 x 1-bed 1 x 2-bed
Parking spaces	0

All of the homes will have their own front door onto the mews or Moxon Street. The scheme will be car free, given the site's access to good public transport. This has been supported by Planners and the local community.

The existing commercial space will be replaced but at a reduced amount, in agreement with the council's Economic Development Team and Local Planning Authority, given the high number of commercial spaces along the high road. Barnet Council is likely to retain ownership of this commercial space as part of the consideration for the scheme. The council's Economic Development Team will work closely to support the letting of the completed commercial space, including exploring the potential for the scheme to support the council's emerging Arts and Culture Strategy. It is also possible that Checkalow, the existing commercial tenant, may return upon completion to occupy some or all of the commercial space.



CGI of the completed scheme



Proposed site layout

2.3 Tenure mix

Whitings Road

The current proposed tenure mix for Whitings Road, subject to further viability testing, is as follows:

	1b2p	1b2p WC	2b4p	2b4p WC	3b4p	3b5p	3b6p	3b6p WC	4b8p	Total
Social rent			1	2	1			1	6	11
Shared ownership	4	1					4			9
Private sale						4	5		6	15
										35

Given the site's proximity to the hospital, schools and green space, the site lends itself to affordable rent, shared ownership and private sale. This could be targeted at local keyworkers. There is significant demand for larger family-sized affordable rent homes in the borough which this site is suited to provide.

Moxon Street

The current proposed tenure mix for Moxon Street, subject to further viability testing, is as follows:

		Shared ownership	Private sale	Total
1b2p	House	6		6
1b2p	Maisonette	1		1
2b3p	Flat	1	2	3
2b4p	House		9	9
2b4p	Flat		2	2
Number of homes		8	13	21

The tenure mix proposed is based on the rationale that the site would lend itself well to private sale and shared ownership, targeting first time buyers or local private downsizers as well as maximising values to support a cross subsidy financing model.

Across both sites

The sites will be submitted to planning together with the current proposed tenure split across both sites shown in the table below:

Tenure	Whitings Road		Moxon Street		Combined	
	Homes	%	Homes	%	Homes	%
Social rent	11	31%	0	0%	11	20%
Shared ownership	9	26%	8	38%	17	30%
Open market sale	15	43%	13	62%	28	50%
Total	35	100%	21	100%	56	100%

This shows that the sites combined achieve the target of 50:50 private to affordable tenures.

2.4 Sustainability

The design team been encouraged to follow the recommendations of the RIBA 2030 Challenge to achieve an 'exemplary' sustainable design.

2.4.1 Net Zero Carbon aspirations

The energy strategy for the two schemes aims at reaching beyond the current national, regional and local policy by targeting net zero developments.

The brief to promote ultra-low energy demand, has been achieved primarily through passive design, using highly insulated building fabric and low air permeability. This is combined with carbon free space heating and hot water through the use of air source heat pumps, in tandem with mechanical ventilation and heat recovery units. Furthermore, renewable energy has been embraced through the specification of photovoltaic roof panels.

In terms of the predicted Energy Performance Certificate these homes will achieve, they are designed to achieve category “A” or strong “B”.

2.4.2 Barnet’s Sustainability Strategy

The aspiration of Barnet’s Sustainability Strategy is to build new social housing to a minimum EPC of ‘B’ adopting sustainable methods. All new build commissions are planned for net zero carbon emissions by 2025, with this achieved by 2030.

The Sustainability Strategy identifies that 58% of emission within Barnet come from stationary energy sources, namely buildings, two-thirds of which relate to residential buildings. With an average EPC rating of ‘D’, the retrofitting of the existing housing stock will be the key challenge in the borough.

Sustainable development for new housing in Barnet is guided by the National Planning Policy Framework (NPPF) and the new London Plan 2021, alongside the council’s existing Local Plan and emerging draft Local Plan.

These principles and policies are further supported by building regulations that collectively set the ground rules for energy efficiency.

Barnet Homes closely monitors the evolving building regulations, in particular, the recently introduced Future Homes Standard, ensuring its Employer’s Requirements are kept up-to-date to address developments including, Part L (conservation of fuel and power) and F (ventilation), Part O (overheating) and Part S (electric car charging points). These changes are set to reduce carbon emissions of 75-80% compared to the current regulations.

2.4.3 Biodiversity Net Gain

Surveys conducted by the project team concluded that development of both sites have a positive impact of biodiversity, but less than the required ten percent improvement threshold required.

At the Whittings Road site the team is working with the Planners to find an off-site solution. One proposal under consideration is working with the adjacent Whittings Hill Primary School to explore enhancing the biodiversity on the boundary of their playing field, which borders the rear of the site. The school has ambitions to become a Forest School, so this will hopefully help them achieve this objective.

Similarly at the Moxon Street site, solutions to the shortfall in achieving the biodiversity net gain are under discussion with the council’s ecology team, with options including off-site improvement and / or a financial contribution to improvements elsewhere in the ward.

2.5 Local Planning Authority and LBB Highways

The Barnet Group have met with the Local Planning Authority and LBB Highways for two pre-application meetings, in September and November 2022. The sessions were productive and proactive, with helpful suggestions and recommendations made.

Formal pre-application feedback suggests both sites have the support of the Local Planning Authority and that a recommendation for approval is likely to be made to the Strategic Planning Committee, if no material changes are made.

Both the Planners and Highways will be further engaged as the design progresses.

2.6 Legal and land assembly

2.6.1 Whitings Road

The freehold of the Whitings Road site, as shown on the red line boundary drawings, see Appendix 2, is owned by the council. The site was made available, with the rebuilding of Whitings Road Primary School as part of the Primary School Capital Investment Programme in 2019, on adjacent land. The disposal of this community school land was approved by the Secretary of State in 2012.

A discrepancy between the approved disposed land plan and the earlier 2015 [15/03139/FUL] planning application scheme drawing will require an amended consent to be applied for. This is not considered to be a risk for the project.

A review of the Site Constraint Reports did not raise any matters burdening the site from the proposed development presented.

2.6.2 Moxon Street

The freehold of the Moxon Street site, as shown on the red line boundary drawings, see Appendix 4, is owned by the council. The council has let the southern portion of the site to a tile merchant, Checkalow Ltd. This lease expires in April 2025. Development cannot commence until this tenant has vacated.

The northern portion of the site, fronting Tapster Street, is used by a second-hand car dealer, on a short lease.

A review of the Site Constraint Reports did not raise any matters burdening the site from the proposed development presented.

3. Rationale

This Outline Business Case (OBC) sets out the rationale for bringing forward the sites at Whitings Road and Moxon Street for policy compliant mixed-tenure schemes, delivered through a development partnership.

This OBC has been prepared using the agreed standards and format for business cases, as set out in the HM Treasury Green Book business case methodology.

The agreed format is the Five Case Model, which comprises the following key components:

- the **strategic case** section – this sets out the strategic context, together with the

supporting investment objectives for the scheme;

- the **economic case** section – this demonstrates that the council has selected a preferred way forward which best meets the existing and future needs of the council, and is likely to optimise value for money (VFM) based on optimum delivery solution;
- the **commercial case** section - this defines what the potential development solution will look like;
- the **financial case** section – this highlights the proposed funding and solution for delivering the project;
- the **management case** section – this demonstrates that the scheme is achievable and can be delivered successfully in accordance with accepted best practice.

The purpose of this section is to explain how the scope of the proposed project fits within the existing Barnet Council strategies and provides a compelling case for the delivery of the Whitings Road and Moxon Street project.

3.1 The Strategic Case

3.1.1 LBB context

Barnet has the second largest population of any London Borough with 389,300 residents (Census 2021). This figure is expected to grow to 452,000 by 2036. With a third of the Borough designated green belt, Barnet Council has to be innovative in how new homes can be built in the Borough.

The council has an important role to play in delivering Government targets for housing growth over the coming years. To deliver an increase in housing completions requires the council and wider public sector to increase its own pipeline of housing delivery. To that end the council is reviewing its assets to consider all suitable sites for redevelopment potential.

3.1.2 Business strategies

Corporate Plan 2023 – 2026, Housing Strategy and the Growth Strategy 2020-2030

Delivering more affordable homes in the borough is a priority of the council, as set out in the Corporate Plan 2023 – 2026, Housing Strategy and the Growth Strategy. Since May 2022, this has become a council priority.

A new Housing Strategy is currently being prepared and providing the right homes in the right places and more affordable homes is a key ambition. The schemes will support the ambition to deliver 1000 homes at 50% of market rent or lower. Work is underway to convert current delivery plans to ensure they contribute to starting on site with 1,000 affordable social rent homes over the next 4 years.

The new Corporate Plan is built around a council that cares for people, our places, and the planet. Under the People priority, it aims to be family friendly, tackle inequality, and support health and independence. Under the Place priority, it aims to ensure safe, attractive neighbourhoods, quality affordable homes, sustainable growth, and thriving town centres and make Barnet a fun place to visit. Under the Planet priority, it aims to focus on the council's journey to net zero, local environment, and green spaces.

The council is currently also preparing a new Homelessness and Rough Sleeping Strategy.

Health and Wellbeing Strategy 2021-2025

The Health and Wellbeing Strategy 2021 to 2025 recognises that the condition of and access to local housing has an important role in the quality of life and health of both individuals and communities.

London Plan 2021

See the following link for the new London Plan 2021: <https://www.london.gov.uk/what-we-do/planning/london-plan/new-london-plan/london-plan-2021>

New draft Local Plan

The council is reviewing and updating the Borough's Local Plan. The Local Plan sets out a vision for how Barnet will change as a place over the next 15 years and forms a strategy which emphasises the Borough's attractiveness as a place to live, work and visit. The emerging Plan is expected to be adopted in spring 2022.

There are four key aims in the emerging Local Plan:

- Emphasise housing, jobs, infrastructure and place-making opportunities at Brent Cross (North, Town & West) and New Southgate
- Make Colindale a more sustainable place where the car is no longer dominant
- Revitalise major thoroughfares such as the A5 as corridors for sustainable growth, ensuring that they connect with their suburban surroundings
- Emphasise growth opportunities in Barnet's Town Centres as part of high street recovery and greater neighbourhood living

Investment objectives

The investment objectives for this project are as follows:

(1) Delivering more homes that people can afford

Subject to financial viability, the project aims to meet the council's target of 50% affordable homes which will be let at social rents. In addition, in a relatively high value area of the Borough, there will be shared ownership homes where first-time buyers can purchase just 25% of their home.

(2) Safe and secure homes

The new homes will meet high design standards including the Mayor's Design Guide, current planning guidance and will achieve secure by design which is signed off by local police.

Barnet Homes will be responsible for the ongoing maintenance and management of the scheme which should ensure that the homes are well run and serviced.

(3) Promoting independence

By moving Barnet families from temporary or unsuitable accommodation into an affordable new home, the council provides a springboard from which that family can thrive. These homes will be spacious, light and well-insulated to ensure they are affordable to run as well as to rent.

(4) Tackling homelessness and rough sleeping in Barnet

The council needs to increase housing supply throughout the Borough in order to meet housing demand. The Whittings Road and Moxon Street sites will provide more affordable housing, including larger-family homes and at least 10% wheelchair accessible homes. The project will also offer opportunities for Barnet residents to get on the home ownership ladder.

3.2 The Economic Case

3.2.1 Critical Success Factors

The key Critical Success Factors (CSFs) for the Whittings Road and Moxon Street project are identified as follows:

1. Increasing the provision of affordable and private accommodation in the Borough.
2. Reducing the number of families in temporary accommodation.
3. Delivering a financially viable and successful mixed tenure housing development scheme.
4. Making effective commercial use of council-owned land and buildings.
5. Providing a capital/and or revenue receipt to the Council whilst maintaining the freehold of the site within the Barnet “family”.

3.2.2 Market Activity

The housing and construction sector is feeling the pressure of a number of macroeconomic conditions including high interest rates, high levels of inflation and high mortgage rates. It is also projected that house prices will fall in 2023. These issues will need to be closely monitored in the next stage of the project.

The GLA’s Quarterly London Housing Market Report (January 2023) noted a number of key points:

- According to Rightmove, the average asking price in London was £668,000 in January 2023, up 6% from a year before but down from a peak of £696,000 in October 2022.
- RICS figures show that demand for new homes in London is falling faster than the availability of homes for sale, pointing towards falls in house prices and transaction volumes in the coming months.
- Average mortgage interest rates jumped after the September ‘mini-Budget’ but peaked in October/November and are starting to come down again, albeit more slowly than they increased.
- Consumer confidence has fallen sharply in London, although less so than in the rest of the UK.

However, Savills Research forecast that subject to mortgage markets settling down, and the Bank of England base rate gradually reducing as inflation cools down, there should be a marked improvement in mortgage affordability. Combined with nominal price falls of -10% in 2023 (-12.6% adjusted for inflation), that would gradually bring more buyers into the market

and allow a return to modest house price growth from 2024 onwards, with a more pronounced rebound in 2026.

In October 2022, the Barnet Post reported that over the past year, the average sale price of a property in Barnet rose by £52,000. Buyers paid 10.1% more than the average price in London (£553,000) in August for a property in Barnet. Across London, property prices are higher than those across the UK, where the average cost £296,000. In Barnet, detached houses increased in value in the past year on average by 8.4% and flats by 8.2%.

Shared Ownership market commentary

Across Greater London, it is widely considered that there is a chronic undersupply of affordable housing. Over the last three years, the average London Borough has delivered 21% of new homes as Affordable Housing. Barnet is below this average at circa 18% [source Greater London Authority]. The Mayor of London has set a strategic target of 50% of all new homes to be affordable homes, with individual sites expected to contribute 35% affordable housing as a minimum. The gap between these figures is expected to be made up by Registered Providers (“RPs”), who will deliver a large number of wholly affordable housing schemes (or at the very least schemes with >50% Affordable Housing).

The London Borough of Barnet has set a target of 50% affordable housing on sites. It is clear from the data that over the last three years this target has not been met, in fact, only half of the 40% has been met.

In June 2022, Social Housing published a report on shared ownership demand. London was down by 16 per cent overall in its sales and Outer London saw a 19 per cent decline in sales, compared with a 19 per cent increase in 2019-20. Inner London shared ownership sales, which in 2021 declined by six per cent, continued on a downward trajectory, dropping by a further 10 per cent. David Jubb, director of Greater London development at JLL, said that competition from Help to Buy was probably a driving factor in the decline.

It was forecast that shared ownership sales will drop off further during the 2021-22 period as people rush to take advantage of Help to Buy before it comes to an end in March 2023. However, beyond that JLL predict “an incredibly strong bounceback” in shared ownership sales, assuming the government does not introduce a replacement scheme for Help to Buy that could rival shared ownership.

At the time of writing, only 3 shared ownership properties were available for sale within 1 mile of EN5.

3.3 The Commercial Case

3.3.1 Council-led development

The Outline Business Case proposes the development of sites at Whittings Road and Moxon Street to deliver two policy compliant schemes, with 56 new homes in total and commercial re-provision at Moxon Street. These sites are owned by the council so this project represents council-led development of two high-quality residential schemes.

3.3.2 Proposed development structure

It is envisaged that the two sites will be delivered through a development agreement with a private sector partner, following the formula of the successful Hermitage Lane project. That arrangement follows these key principles:

- Barnet Council secures planning consent via The Barnet Group – this adds value to the sites
- Developer partner procured by The Barnet Group
- Developer partner provides working capital to deliver the scheme, takes both build cost and sales risk on market sale and provides a capital receipt to Barnet Council for land value; the land receipt could be a mixture of capital and a longer-term revenue contribution subject to negotiation
- Opendoor Homes, a subsidiary of The Barnet Group, purchases the discounted affordable rent homes and takes sales risk on any shared ownership
- Freehold to Opendoor Homes after final sale
- Overage agreement if priority return achieved

The successful Hermitage Lane project was conceived by TBG as an innovative and alternative way to deliver more new homes in addition to the direct delivery programmes via the housing Revenue Account (HRA), deploying the skills and capacity of the wider Barnet Group. It also enables the limited capacity to support development in the HRA to be “ring fenced” to support the delivery of high priority schemes such as the regeneration of Grahame Park North East.

Following approval of the outline business case and subject to a resolution to grant planning consent being granted, The Barnet Group will procure a private sector partner on the basis of a contractual development agreement. The development partner will provide post-planning development manager and construction services.

In this model, the two parties (i.e. Opendoor Homes and a private sector developer) do not form a separate legal entity and the governance arrangements are set out in a development agreement.

Further information on the project’s financial viability is included in section 3.4.5.

Benefits for the council and other parties

If the formula of the Hermitage Lane project is followed, there are a number of benefits to the council and its subsidiaries:

Barnet Council	Opendoor Homes	Developer partner
<ul style="list-style-type: none"> • Lower risk mixed tenure delivery • No deployment of working capital or existing HRA capacity • Contribution to 1,000 homes manifesto pledge 	<ul style="list-style-type: none"> • Low risk and low cost mixed tenure delivery • Growth • Meeting ODH charitable & LBB strategic objectives • Commercial expertise from development partner 	<ul style="list-style-type: none"> • Access to consented land in London without purchase costs or land banking • Contracting profit • Development profit

<ul style="list-style-type: none"> • Policy compliant scheme • Temporary accommodation cost avoidance currently c£3.6k p.p.p.a. • Land receipt and potential long term revenue contribution • Assets retained within LBB wider family for future financial leveraging • Commercial expertise from development partner 		
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3.4 The Financial Case

The Financial case considers the budgetary, financial and affordability impact of this project.

3.4.1 Budget for pre-contract stages

In September 2020, the Policy & Resources Committee approved a budget of £1.27m from the general fund to bring three mixed tenure sites forward to planning submission stage, including Whitings Road and Moxon Street.

The updated planning stage budget is as follows:

	Spend to OBC	Est spend to FBC	Total
Whitings Road	£631,000	£496,000	£1,127,000
Moxon Street	£344,000	£289,000	£633,000
Site 3	N/A	N/A	N/A
Total	£975,000	£785,000	£1,760,000

The spend to achieve Outline Business Case stage for Whitings Road and Moxon Street has been 25% higher than originally proposed. However, the sites are developing 25% more homes than originally proposed. There is £295,000 remaining in this budget.

The remaining third site will be subject to a separate outline business case.

Additional capital funding of **£485,000** from the general fund is required for the post-planning and pre-contract stage, for professional services support to tender and set up the development agreement for delivery to Full Business Case stage. This includes a development fee for The Barnet Group acting as development agent for the council. This is subject to Policy & Resources Committee approval in April 2023.

It is envisaged that the pre-contract costs are recovered through the development agreement model, subject to financial viability.

3.4.2 Estimated total scheme cost

[Exempt]

3.4.3 GLA grant allocation

Opendoor Homes successfully bid for a grant allocation from the Greater London Authority's Affordable Housing programme 2021-2026 for the Whitings Road and Moxon Street sites. This is summarised as follows:

Site	Total units	Shared ownership	Social rent	Total GLA grant approved £
Whitings Road	33	23	10	2,980,000
Moxon Street	15	15	0	814,995
				3,794,995

The number of units and the tenure splits/types have been adjusted since the bid application was made and will be updated as part of the Full Business Case.

The grant requires a start on site by March 2026.

3.4.5 Financial viability and appraisal

As explained in section 3.3.2, it is envisaged that the two sites will be delivered together through a development agreement with a private sector partner, following the formula of the Hermitage Lane project.

The property development sector has been significantly affected by wider economic conditions with rising construction inflation and declining house prices. This makes development ever more challenging.

Barnet Homes appointed Beacon Partnerships to assist in assessing the financial viability of both sites, with a range of scenarios tested, the findings of which are summarised in the consolidated appraisals in the Exempt report.

Consolidated appraisal for Whittings Road and Moxon Street:

[Exempt]

Potential mitigations

To help improve the project's financial viability, the council can consider a number of options including different funding streams, reviewing rent levels, reviewing the target for net zero and altering the design.

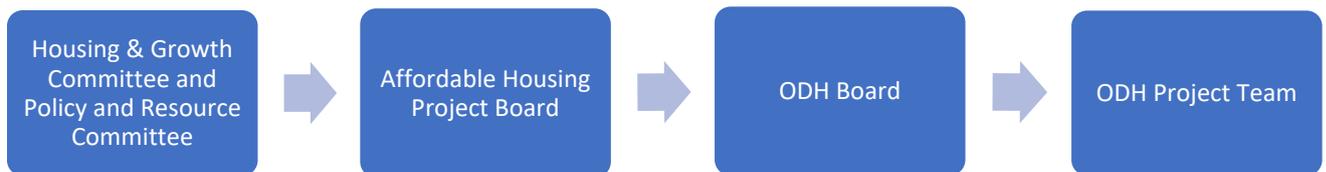
3.5 The Management Case

The management case provides the outline plan for programme management, governance, risk management and benefits realisation that will be required to ensure successful delivery. The project will follow the corporate project management guidelines, specifically around governance, reporting and risk management.

3.5.1 Programme management and reporting

The scheme will contribute to Barnet Council's Housing and Growth Programme, which comprises a portfolio of projects for the delivery of growth requirements across the Borough.

Broad programme management arrangements are summarised below:



The council's change to a Cabinet structure will mean that the project is reported to Cabinet, not Housing & Growth Committee in the future.

Stage	Outline Business Case	Full Business Case	Delivery and start on site
	Gateway 1	Gateway 2	
Key dates	March 2023	Q1 2024/25	Q1 2024/25

Milestones	<p>Actions completed:</p> <ul style="list-style-type: none"> • RIBA stage 3 planning design • Technical due diligence started • Soft market testing started • Financial appraisal and viability modelling 	<p>Actions to be completed:</p> <ul style="list-style-type: none"> • Planning consent granted • Procurement of private sector partner 	<ul style="list-style-type: none"> • Work starts on site at Whittings Road • Subject to vacant possession of Moxon Street
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3.5.2 Target programme and key milestones

3.5.3 Project management arrangements

The project is being managed in line with LBB’s project management toolkit and gateway reviews have been held at the completion of each work stage.

The Affordable Housing Project Board oversee the development of this programme and monitor progress towards its completion, resolving any issues to ensure a successful outcome. The Affordable Housing Board meets monthly and comprises of representatives of Barnet Council and ODH with co-optees who have a vested interest or who may have a significant impact on the project invited to attend, as required.

The Affordable Housing Development Board is responsible for:

- Managing the project budget;
- Monitoring progress of the scheme against agreed targets
- Setting programme targets, including timescales;
- Overseeing engagement with key stakeholders;
- Providing guidance to delivery teams.

The membership comprises the following:

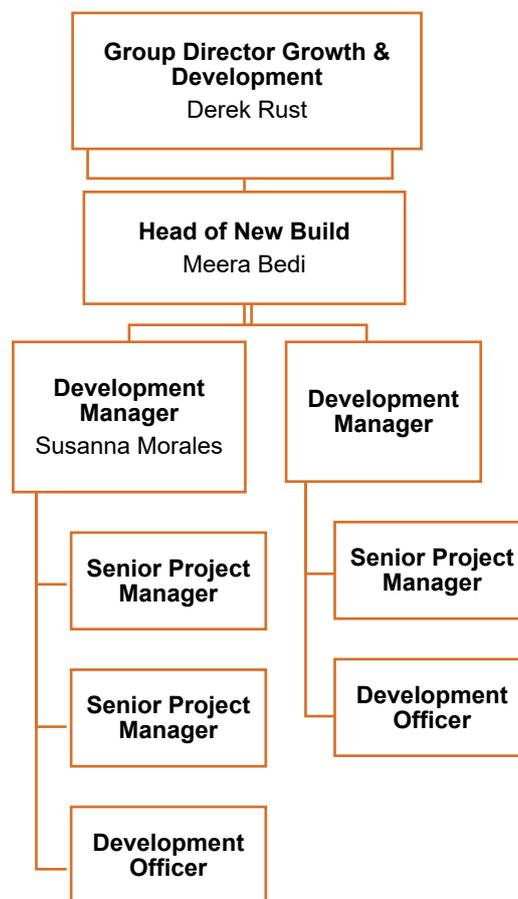
- Susan Curran - Head of Housing & Regeneration, LBB
- Sangita Mistry - Finance Manager, LBB
- Derek Rust – Director Growth & Development, The Barnet Group
- Meera Bedi - Head of New Build, The Barnet Group
- Susanna Morales – Group Development Manager, The Barnet Group

The project is overseen by the Head of New Build at The Barnet Group who is responsible for the overall progress and direction of the project, including ensuring the project management protocols are fully adhered to, and documentation are produced and updated,

as well as managing the internal supply chain and ensuring the team scope and outputs are fully coordinated.

Should the site be transferred to Opendoor Homes, the Opendoor Homes Board are experienced individuals with expertise in social housing, development and finance and oversee the day to day operation of Opendoor Homes. It is a registered provider with the Regulator of Social Housing and a Charitable Community Benefit Society registered with the Financial Conduct Authority.

The Barnet Group development team structure is shown below:



4. Options

There are four potential options identified at this stage. The next stage of work will focus on refining the best delivery option for the council.

- **Option 1** – Do nothing
- **Option 2** – Dispose of the sites, with the benefit of a planning consent
- **Option 3** – Develop the sites as mixed tenure as part of a development partnership

- **Option 4** – Develop the sites as affordable housing only

Option 1 – Do nothing

This option retains the status quo, whereby the sites are not developed.

Advantages	Disadvantages
<ul style="list-style-type: none"> • No development risk for the council • Loss of GLA grant 	<ul style="list-style-type: none"> • The council would fail to meet strategic objectives of delivering new homes • No capital or revenue receipt to the council • No improvement to the street scene

Option 2 – Dispose of the site, with the benefit of a planning consent

This option sees the council dispose of the sites, with the benefit of resolution to grant planning consent.

If financial viability poses too great a challenge to Opendoor Homes or Barnet Council, then selling the sites with the benefit of planning consents could form an exit strategy as a last resort.

Advantages	Disadvantages
<ul style="list-style-type: none"> • No development risk for the council • Quick and inexpensive to put in place • No procurement required • Land receipts for the value of the sites 	<ul style="list-style-type: none"> • The council would fail to meet strategic objectives of delivering new homes and other council priorities • Purchaser may seek an alternative planning consent / land use • Purchaser may seek to reduce the number of affordable homes on the site • Does not prevent landbanking and no assurance of delivery • Resources required to manage disposal •

Option 3 – Develop the sites as mixed tenure as part of a development partnership

This option sees the council deliver the scheme via Opendoor Homes with a develop partner.

Advantages	Disadvantages
<ul style="list-style-type: none"> • The schemes are delivered and a significant contribution to new housing targets achieved • Creates a mixed community and positive “place” • A tried and tested model • Strategic growth achieved • Retain an asset within the Barnet ‘family’ that can be leveraged in the future to deliver more housing • Policy compliant affordable housing 	<ul style="list-style-type: none"> • Potentially a limited ability to adapt to any changing requirements as to what is delivered on the relevant land; or in future • A fully regulated procurement is necessary – likely Competitive Dialogue or possibly Competitive Procedure with Negotiation

<p>provided</p> <ul style="list-style-type: none"> • Development capital from the development partner to help fund the construction • Nominations rights to the affordable rent dwellings • Council and ODH control / influence over the development • Capital receipt paid to the council • Can share in the success of the scheme through overage • The council can control the timing, pace and quality of delivery on the land through imposing long stop dates, quality requirements etc in development agreement • Lower level of development risk for the council 	
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Option 4 – Develop the site as affordable housing only

This option sees the council deliver the scheme for affordable housing only.

Advantages	Disadvantages
<ul style="list-style-type: none"> • The schemes are delivered and a significant contribution to new affordable housing targets achieved • Strategic growth achieved • Retain an asset within the Barnet 'family' • Council control / influence over the development • Minimises profit leakage to the private sector 	<ul style="list-style-type: none"> • Not viable as it would rely on the HRA to fund the schemes, which does not currently have the capacity to support the scheme. • It would not make the most of some of the commercial opportunities that the sites afford in respect of values •

It is recommended that **Option 3** is taken forward.

This option allows The Barnet Group to deliver mixed tenure residential schemes which will provide 56 new homes, thereby contributing to the council's strategic growth objectives.

The financial arrangements for this option provide for a development partner to provide the development funding and take the sales risk on the sale of the market sale units.

The council will receive an immediate capital receipt for the land.

The council will receive nomination rights in perpetuity on the affordable rent homes.

The sites are currently vacant and in the case of Whitings Road, not generating any income / benefits to the council. Approving the development proposals will allow work to commence to transform the sites and improve the street scene for local residents.

The sites are close to other Barnet Council housing stock therefore efficiencies in the provision of housing and maintenance services will be achieved through both being managed and maintained by Barnet Homes.

5. Expected Benefits

Benefit Type	Description of the benefit	Who will benefit	Expected benefit value	Financial year that the benefit will be realised	Benefit Owner	How will the benefit be measured	Baseline value (£, % etc) and date
Benefit 1: Financial cashable Cost avoidance	A financial saving will be made through avoided costs, where Temporary Accommodation is not required for 11 households	Council	£39,600 per annum	2025/26 onwards	HRA	Measured by comparing the cost per year to provide Temporary Accommodation (currently £3,600 per property per year)	Cost of Temporary Accommodation 2022/23
Benefit 2: Financial cashable Council tax revenue	Council tax revenue from the 56 new dwellings.	Council	£75,639 per annum	2025/26 onwards	Council	Calculated on an annual basis using current council tax rates [band D]	Using Council tax rates 2022/23 rates
Benefit 3: Financial cashable Wheelchair cost avoidance savings	A financial saving will be made through avoided costs, where Temporary Accommodation for General Needs Wheelchair Users is not required for 6 households	Council	£131,952 per annum	2025/26 onwards	HRA	Measured by comparing the cost per year to provide Temporary Accommodation	Cost of Temporary Accommodation 2019/20
Benefit 4: Non-financial	Maintain the supply of social housing provision	Council / those in housing need	Provides occupation for 11 households	2025/26 onwards	HRA	Measure occupancy rates	N/A

Strategic objective	within the borough through the use of right to buy receipts to contribute towards the construction of replacement homes.						
Benefit 5: Non-financial Strategic objective	Improvements to the existing street scene	Residents / local community	Expected increase in customer satisfaction	2025/26 onwards	All	Measure resident satisfaction	N/A
Benefit 6: Social value: improved health, life long learning employment and training opportunities	Building contracts will provide employment and training opportunities. New homes will provide a stable environment, conducive to good health and personal development.	Measure number of additional apprenticeships created by the scheme, and use of local suppliers representing benefits to the wider local economy	Apprenticeships data (including transition to full time employment) and information on use of local suppliers to be provided by contractor.	2023 onwards		Baseline to be provided by contractor based on existing apprenticeship levels.	
Benefit 7: Financial and Non Financial	S106 & CiL contributions	Council and local residents / community	c. £750,000	2025/26 onwards	Council	Number of apprenticeships / employment opportunities provided	N/A
Benefit 8: Land receipt	There may be a land receipt as part of the development model	Council	TBC	2024/25	Council	Cashable benefit	N/A
Benefit 9: Supporting high	The scheme will help improve	Council	TBC	2024/25	Council	Cashable benefit	N/A

street economy	High Barnet high road and provide commercial rental income, including potential to support the council's emerging Arts & Communities Strategy						
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6. Summary of Key Risks

A risk assessment has been undertaken and involved the following distinct elements:

- Identifying all the possible business and service risks associated with each option;
- Assessing the impact and probability for each option;
- Calculating a risk score.

This is in line with the LBB corporate Risk Management Strategy, which uses the following matrix score risks:

			PROBABILITY				
			1	2	3	4	5
	Score:		Rare	Unlikely	Possible	Likely	Almost certain
I M P A C T	5	Catastrophic	5	10	15	20	25
	4	Major	4	8	12	16	20
	3	Moderate	3	6	9	12	15
	2	Minor	2	4	6	8	10
	1	Negligible	1	2	3	4	5

Risk	Probability	Impact	Total	Actions to mitigate	Consequence	Current status
Design						
That the design is not fit for purpose	1	3	3	Peter Barber Architects were appointed, who have proven track record in the borough	Changes to the design would need to be made post-contract, causing cost increases and risk to programme.	<p>A highly-qualified and experienced design team were appointed for the planning stage.</p> <p>The appointed construction consultant has reviewed the design to ensure buildability.</p> <p>An experienced developer partner will be procured.</p>
Title matters and rights						
That title matters or rights prevent or delay development, including Rights of Light	3	4	12	All title matters being reviewed by legal representatives. A detailed RoL report has been obtained and specialist advice is being obtained together to provide a robust strategy.	A delay in resolving title matters and rights could delay the contractors from starting on site and attract prolongation costs.	<p>Will be fully reviewed by specialists on behalf of TBG.</p> <p>Secretary of State consent to the amendment of the boundary at the Whittings Road site will be submitted.</p>
Site assembly						
Vacant possession of site and site fully secured	1	2	2	The Whittings Road site is vacant and secure. The Moxon Street site will be vacant by April 2025, if not	Potential delay the project from starting on site, attracting prolongation costs from the contractor if we are in contract.	Regular monitoring by TBG and proactive engagement with Checkalow.

				earlier by mutual agreement.		
Cost						
That there are unforeseen costs arising during the project and a subsequent budget shortfall	3	3	9	A client contingency will be included in the project budget.	If the budget is exceeded.	A contingency allowance will be included in the proposed budget. The proposed delivery model should help mitigate rising costs once in contract.
Market conditions						
That the scheme becomes financially unviable due to wider market pressures	4	3	12	Regular financial appraisal and cost monitoring	The project would be undeliverable as currently intended	The council could dispose of the sites with the benefit of a planning consent. Alternative delivery options could be explored. Regular financial appraisal and cost monitoring. Use right to buy receipts instead of GLA grant on the larger family homes at Whitings Road and charge LAR or BAR. Work with the developer partner to review the efficiency of how the buildings are constructed and make improvements if necessary including reducing the net zero specification if necessary. Alter unit mix as there are a lot of larger oversized homes at Whitings Road. Change tenure so that it is not 50:50 Consider London Living Rent or other tenures. Assume house prices will recover by the time the built products come to market.
Sales risk on market sale and shared ownership units	3	2	6	Sales risk on market sale units will be with the developer partner.	Project does not achieve projected returns	Regular valuation advice being obtained and market conditions monitored. Specialist support to be engaged.

				ODH has minor exposure as only small number of shared ownership units		
Wider pressure on the construction sector due to construction inflation and high interest rates	3	3	9	Complete financial due diligence of the developer partner will be carried out	Contractors and developers are facing financial uncertainty	Financial due diligence will be completed
Construction						
That site conditions cause delay or cost increase	3	3	9	A number of surveys and investigations have taken place.	There could be unforeseen site conditions or issues with statutory bodies that delay the project or cause cost increase.	A further review will be carried out before starting on site. The proposed delivery model should help mitigate rising costs once in contract.
Stakeholder engagement						
That stakeholders are not engaged throughout project delivery	2	3	6	TBG have established a good relationship with the local community and stakeholder groups.	Damage to LBB / ODH reputation	Engagement will continue throughout the process. The developer partner will have a dedicated point of contact for the local community.

7. Approach to equalities and Equalities Impact Assessment

An Equality Impact Analysis (EqIA) is contained in Appendix 6. The EqIA has been prepared to accompany the Outline Business Case and ahead of planning submission. The purpose of this tool is to analyse, from the perspective of existing resident, the likely effect of the proposal to build new homes at Whitings Road and Moxon Street, in terms of equality duties the council is required to promote.

These include documenting the effect on the equality strands: age, disability, gender, race / ethnicity, religion or belief, sexual orientation, or gender reassignment. In this way a systematic approach is taken to ensuring there is no potential for discrimination or adverse impact. Furthermore, all opportunities to promote equality have been taken.

The EqIA assessment identified that a few groups are impacted negatively by the delivery of the project, primarily due to disruption during the construction period. However, it is assessed that these are short term impacts only and that they are outweighed by the longer-term benefits of the project. The needs and requirements of the pupils and wider school community at Whitings Hill Primary School, has received specific focus to ensure any potential impact has been minimised.

There are clear mitigations for the short-term negative impacts, including a communications plan and appointment of a Resident Liaison Officer, which in the longer-term will help to establish good relationships and build trust with the community.

8. Approach to consultation and stakeholder engagement

The project team have undertaken a wide ranging and comprehensive consultation, reaching out to engage with all stakeholders for both sites.

Initial public exhibitions were held on 5 and 7 December for Whitings Road and Moxon Street, respectively, at local venues, where plans were presented on large format presentation board. At the same time electronic versions were made available on Barnet Homes engagement website. Publicity was initiated through a letter drop to addresses in the vicinity. The event was hosted by the client team, including representation from Barnet Homes, Architects, Landscape Architects, Transport Consultants, Planning and Engagement Consultants.

Feedback from the initial consultations led to design development by the project team taking account of comments received. On 1 and 8 February a second round of public exhibitions were held. More detailed floor plans, elevations and computer generated images were presented, demonstrating the approach of “you said” and “we did”.

In addition to local resident, the project team has engaged directly and held individual briefings with a number of key stakeholders. These stakeholders included Ward Councillors, Whitings Hill Primary School, The Barnet Society, and Barnet Residents Association.

The Barnet Society recently wrote a positive article on their website in support of the proposals: <https://www.barnetsociety.org.uk/typical-wait-ages-for-a-decent-modern-housing-scheme-and-two-come-along-at-once>

Within the council the project team has engaged with with the Planners, and also the Town Centre Team. Overall, feedback has been positive with supportive comments received from many stakerholder to date.

9. Project Assurance

Deliverable / Product	Quality Criteria	Author	Reviewers	Acceptor
Construction of 56 new homes	Meets London space standards and local Planning criteria	Council / ODH	ODH Development Team	ODH Development Team
Improved street scene for local residents	High quality residential development	ODH / HRL	ODH Development Team	ODH Development Team

10. Dependencies

The project is subject to the following dependencies that will be carefully monitored and managed throughout the lifespan of the scheme.

Scheme dependencies are summarised in the table below.

Dependent on	Nature of dependency
Government funding	Funding from the GLA grant funding for the affordable homes.
Planning consent	Resolution to grant planning consent obtained, then discharge of planning conditions and non material amendments.
Highways	Reliance on the necessary highways applications being made and accepted as required.
Consultation and community engagement	Usual consultation requirements will need to be adhered to, alongside gaining local community involvement and engagement.
Member engagement	Members engagement required throughout the process.

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Name	Role	Signature	Date	Version

Enter the names and roles of the people who need to sign this document in order to show agreement with the business case's proposal, with space for them to sign it

You should speak to your Head of Finance about any capital project you are proposing to undertake. They will help you to complete certain sections of the business case.