



Cabinet

Title	Report of Overview and Scrutiny Committee to Cabinet: Recommendations on Plot 1 Brent Cross Town Regeneration
Date of Meeting	12 December 2023
Wards	All
Status	Public
Key	Non-Key
Relevant Portfolio(s)	Cllr Barry Rawlings, Leader of the Council and Councillor Ross Houston, Deputy Leader, Cabinet Member - Homes and Regeneration
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Summary

The Overview and Scrutiny Committee met on 27th November 2023 to review the forthcoming decision by Cabinet on 12 December 2023 relating to: Plot 1 Brent Cross Town Regeneration.

Following consideration of the item, the Committee agreed to make the following recommendations to Cabinet.

Cabinet can either respond to the recommendations: verbally at the meeting; by way of a written addendum to be reported to Cabinet; or provide a written response after the meeting.

Recommendations to Cabinet

1. The Overview and Scrutiny Committee (Committee) endorses the Council welcoming Sheffield Hallam University to Brent Cross Town and welcomes the opportunities it will bring for local people and benefits to the Borough as a whole.
2. The Committee supports the principle of the Council intervening to provide funding support for delivery of Plot 1 through the provision of interim project finance.
3. The Committee recognises that the proposal should be considered in light of the new Subsidy Control Act 2022.
4. In light of recommendation 3, the Committee recommends that Cabinet pay particular attention to the commercial structure, and in particular whether our risks are well aligned with those of commercial partners.

5. **The Committee recognises that officers have identified and put in place measures to manage the risks associated with the proposed investment, but also note that such an investment can never be wholly risk free; and highlight that it is important that if issues do materialise we work closely with partners to address them in a way that best protects the interests of the Council, the joint venture with Related Argent, and the delivery of Brent Cross Town.**
6. **The Committee recommends that Cabinet pays particular attention to due diligence on the financial position of Sheffield Hallam University especially in relation to any reliance on international students for the scheme to be viable and impact of any immigration changes to their financial position.**
7. **In light of the above, the Committee recommends that Cabinet may wish to consider whether to explore any appropriate adjustments to the proposed financial structure.**

1. Reasons for the Recommendations

- 1.1 The Overview and Scrutiny Committee met on 27th November 2023 to review the forthcoming decision by Cabinet on 12 December 2023 relating to: Plot 1 Brent Cross Town Regeneration. Details of their comments and recommendations to Cabinet are detailed below.
- 1.2 Councillor Ross Houston, Portfolio Holder for Homes & Regeneration, Cath Shaw, Deputy Chief Executive, and Anisa Darr, Executive Director Strategy & Resources presented a report which detailed a proposal for Barnet Council to make interim funding available for construction of the first commercial office building at Brent Cross Town (BXT), the lower floors of which have been pre-let to Sheffield Hallam University. It was noted that this would be a significant milestone for the scheme, as Sheffield Hallam would bring its first remote campus to BXT and with four faculties, namely, Digital and Technology, Business and Finance, Health and Wellbeing and Nursing. This would in turn support the creation of a thriving business ecosystem at BXT and a unique selling point for commercial occupiers seeking to recruit and undertake research in the above-mentioned areas.
- 1.3 In response to a query on why if other parties were unwilling to enter the arrangement and why the local authority should be willing, the Cabinet Member stated that one of the proper functions of a local authority when it comes to investment is to do it to enable regeneration. This scheme would meet this function in partnership with a key bank and other investors, in a manageable risk environment, thus allowing for the building to be built, with a tenant in place, with interest paid back from day one.
- 1.4 In response to a question of the financial robustness of the scheme, specifically concerns about the current financial climate, the lower than originally estimated appetite for office space, and the delay in the shopping centre, the Cabinet Member commented that decoupling the proposed shopping centre from the rest of the scheme had allowed the bulk commercial and residential element of the Brent Cross regeneration scheme to go ahead. The Cabinet Member further noted that the proposals and the master plan did not rely on this scheme being linked to the shopping centre, but rather focused on creating a new town centre with a mix of commercial, leisure and residential, which this proposal would support delivery of.
- 1.5 In response to a query on the demand for university places at the Sheffield Hallam remote campus, it was confirmed that not only was the university confident enough to sign a legal contractual agreement to pre-let the site, but this was supported by the CBRE market report. Furthermore, the advice commissioned from KPMG in relation to the Subsidy Control regime required them to assess the condition of the market providing further assurance.

- 1.6 In response to a query on what else the loan could be spent on, the Cabinet Member confirmed that this was a standalone scheme and didn't preclude us investing in other areas such as housing for example. However, he stated that the Council would need to be mindful of the increased capital exposure of capital funding if used for other purposes. Officers also confirmed that the proposal wouldn't reduce the Council's ability to borrow capital for other schemes, such as housing, and the interest rate being paid would cover the borrowing costs. Interest payments would cover the council's borrowing costs plus the Minimum Revenue Provision which meant there was no implication on the Council's ability to deliver other services or create a requirement to absorb any of this pressure elsewhere - the proposal would be completely self-contained.
- 1.7 The Committee commented that considering what had been achieved so far and with the new station due to open shortly, in these circumstances it was an appropriate use of public funds to fund the scheme, particularly when there was a pre-let to a quasi-public sector body and a timetable for delivering a key regeneration scheme.
- 1.8 In response to a question on whether the scheme could proceed without this loan, the Cabinet Member confirmed that the Cabinet and officers had looked at options to make the scheme work and this was a good solution and would provide some benefit to the Council. Furthermore, this would support the progress of the wider Brent Cross scheme, as it doesn't just have implications for Sheffield Hallam and the commercial sector, it impacts the broader scheme and in particular the future delivery of housing. As such, the proposal would protect the momentum of the wider scheme and delivery of housing on the site.
- 1.9 Following consideration of the item, the Chair moved to vote on the recommendations set out in the 'Recommendation to Cabinet' section set out above which were unanimously agreed.

2. Alternative Options Considered and Not Recommended

2.1 N/A

3. Post Decision Implementation

3.1 Cabinet can either respond to the recommendations: verbally at the meeting; by way of a written addendum to be reported to Cabinet; or provide a written response after the meeting.

4. Corporate Priorities, Performance and Other Considerations

Corporate Plan

4.1 Our Plan for Barnet 2023 – 2026 has a priority of 'Being an engaged and effective council' where 'We will be open to scrutiny and transparent about the hard choices that we sometimes have to make.'

Corporate Performance / Outcome Measures

4.2 N/A

Sustainability

4.3 N/A

Corporate Parenting

4.4 N/A

	Risk Management
4.5	N/A.
	Insight
4.6	N/A
	Social Value
4.7	N/A
5.	Resource Implications (Finance and Value for Money, Procurement, Staffing, IT and Property)
5.1	N/A
6.	Legal Implications and Constitution References
6.1	<p>The terms of reference of the Overview & Scrutiny Committee and Sub-Committees (Council Constitution, Part 2B, Terms of Reference of Committees and Sub-Committees) includes:</p> <p>“9.4.1.1 Review and scrutinise the decisions made by, and performance of, the Executive, Portfolio Holders and/or Committees and Council officers both in relation to individual decisions and over longer periods of time;</p> <p>9.4.1.2 Review and scrutinise the performance of the Council in relation to its policy objectives, performance targets and/or particular service areas.</p> <p>9.4.1.4 Make recommendations to the Executive and/or appropriate Committee and/or Council arising from the outcome of the scrutiny process;”</p>
6.2	<p>The terms of reference of the Overview & Scrutiny Committee and Sub-Committees (Council Constitution, Part 3C, Committee Procedure Rules: Following consideration of the report, the Committee may, in accordance with the following Committee Procedure Rules:</p> <p>38.2.2 Make reports or recommendations to Full Council or the Cabinet with respect to the discharge of any functions which are the responsibility of the executive.</p> <p>38.2.4 Make reports or recommendations to Full Council or the Cabinet with respect to the discharge of any functions which are not the responsibility of the executive.</p> <p>39.2.5 Make reports or recommendations to Full Council or the Cabinet on matters which affect the borough or its inhabitants.</p> <p>38.2.6 Review or scrutinise the performance of anybody carrying out any function on behalf of or in partnership with the Council.</p> <p>39.3 In relation to the development of the Council’s policy on matters which do not form part of the budget and policy framework, the Overview and Scrutiny Committee and/or Scrutiny sub-committees may make proposals to the Executive or the Council for developments in so far as they relate to matters within their terms of reference.</p>
6.3	Committee Procedure Rule 40 details how the Cabinet and/or Council will deal with matters referred from the Overview and Scrutiny Committee or Sub-Committees.
7.	Consultation
7.1	N/A

8. Equalities and Diversity
8.1 N/A
9. Background Papers
9.1 Overview and Scrutiny Committee, 27 November 2023, Item 6: Agenda for Overview and Scrutiny Committee on Monday 27th November, 2023, 6.00 pm (moderngov.co.uk)