

Decisions of the Overview and Scrutiny Committee

27 November 2023

Members Present:-

Councillor Danny Rich (Chair)

Councillor Edith David	Councillor Paul Lemon
Councillor Richard Cornelius	Councillor Arjun Mittra
Councillor Emma Whysall	Councillor Alex Prager
Councillor Peter Zinkin (as substitute for Councillor Dean Cohen)	

Apologies for Absence

Councillor Daniel Thomas	Councillor Giulia Innocenti
Councillor Dean Cohen	Councillor Ernest Ambe

1. ABSENCE OF MEMBERS (IF ANY)

Apologies for absence had been received from Councillor Dean Cohen who was substituted for by Councillor Peter Zinkin.

Apologies for absence had also been received from Councillors Alex Prager, Daniel Thomas, Giulia Innocenti and Ernest Ambe.

2. DECLARATION OF MEMBERS' DISCLOSABLE PECUNIARY INTERESTS AND OTHER INTERESTS (IF ANY)

None.

3. REPORT OF THE MONITORING OFFICER (IF ANY)

None.

4. PUBLIC COMMENTS AND QUESTIONS (IF ANY)

None.

5. MEMBERS' ITEMS (IF ANY)

None.

6. PLOT 1 BRENT CROSS TOWN REGENERATION

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.

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.

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.

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.

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 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.

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.

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.

Following consideration of the items the Overview and Scrutiny Committee made the following recommendations.

- 1. The 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.**

7. ANY ITEM(S) THE CHAIR DECIDES ARE URGENT

None.

8. MOTION TO EXCLUDE THE PRESS AND PUBLIC

The Chair moved a motion to exclude the press and public on the basis that the exempt items will involve discussion of confidential information.

The Committee resolved – that under Section 100A (4) of the Local Government Act 1972 the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act (as amended).

9. EXEMPT - PLOT 1 BRENT CROSS TOWN REGENERATION

RESOLVED that the Committee note the exempt information.

10. ANY OTHER EXEMPT ITEM(S) THE CHAIRMAN DECIDES ARE URGENT

None.

The meeting finished at 6.45 pm