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**REPORT FOR: CABINET**

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<b>Date of Meeting:</b>	18 January 2018
<b>Subject:</b>	Response to the Scrutiny Review Panel Report on Regeneration Finance
<b>Key Decision:</b>	No
<b>Responsible Officer:</b>	Paul Nichols, Divisional Director of Regeneration and Planning
<b>Portfolio Holder:</b>	Councillor Keith Ferry, Deputy Leader and Portfolio Holder for Business, Planning and Regeneration
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	No, as the recommendations are for noting only
<b>Wards affected:</b>	All Wards
<b>Enclosures:</b>	None

## **Section 1 – Summary and Recommendations**

This report provides responses to the recommendations from the Regeneration Scrutiny Panel Report on Regeneration Finance from the Overview and Scrutiny Committee in November 2017.

**Recommendations:**

Cabinet is requested to:

- Note the recommendations of the Overview and Scrutiny Committee

- Note the actions undertaken in response to the recommendations as set out in this report.

### **Reason: (For recommendations)**

The recommendations and responses are based on the outcome of the Regeneration Scrutiny Review process.

## **Section 2 – Report**

### **Introductory paragraph**

The scope of the Regeneration Scrutiny Review was to consider the Council's regeneration and development programme on general fund land, HRA land, other public sector land and private land in the borough over the period 2017-21.

The purpose of the review was to:

- Review the planned capital and revenue financing for the regeneration programme and to assess whether the Council's proposals for the financing of its regeneration programme are realistic, affordable, robust and deliverable. This includes aspects of the commercialisation strategy (e.g. the proposal to build private homes for rent) that directly impact upon the regeneration and development programme;
- Review selected financial assessments for individual regeneration projects, including investigating the regeneration programme finance model, in particular the underlying assumptions, cash flow projections and projected costs and benefits over the near and longer term;
- Ensure that financial risks are properly considered and that proposed mitigations are appropriate and balanced;
- Appraise the projected financial benefits of the Council's regeneration programme and ensure a balanced risk management process and proposed mitigation measures are in place;
- Greater understanding and clarity of the financing of the regeneration and development programme by members; and
- Carry out a review of projected benefits of the regeneration programme, including direct and indirect benefits to the Council, business and to the local community.

### **Options considered**

The table below sets out the recommendations relating to options considered by the Panel and the Council's response.

## Background

This Scrutiny Review has involved desk research, two Challenge Panels and two field visits as detailed below:

- Policy Officers undertook desk research into the financing of regeneration programmes in a select number of Councils that have a similar make-up to that of Harrow. The aim was to investigate what other comparable local authorities were doing as part of a regeneration and commercialisation agenda. The Panel also had the opportunity to scrutinise the latest update on Regeneration, which was published on 14 September 2017.
- Members and officers visited two London Boroughs (Barnet and Waltham Forest) to gain a detailed understanding of the challenges that were being faced. These field visits explored best practice by other councils in how they finance and manage their regeneration and development programmes.
- Two Challenge Panels were held, with questions being put to the Chief Executive, the Director of Finance, the Divisional Director of Regeneration and the Leader and Deputy Leader of the Council.

## Recommendations and responses

The table below sets out responses to the recommendations arising from the Regeneration Programme Scrutiny Review.

No.	Recommendation	Response
1	That the Corporate Risk Register include the capitalisation of wages in the Regeneration Programme, and the revenue risk involved if this cannot happen in certain cases.	<p>The risk that project costs which have been capitalised may need to be absorbed by revenue budgets, where a project is cancelled, is fully recognised.</p> <p><b>Action:</b> Project risk registers and the regeneration programme risk register have been checked to ensure that this risk is fully referenced. The relative risk weighting, and the degree to which it is effectively mitigated, will determine whether this risk is also reflected in the Corporate Risk Register.</p>
2	That it instruct officers to produce one report that includes all risks and mitigations in relation to the Regeneration Programme, including the effect the increase in population will have on NHS, education, transport services (including both infrastructure improvements to rail and bus services and better London orbital routes	<p>Substantial work has been undertaken to understand the infrastructure impacts of the regeneration programme and this is reflected in the programme wide community impacts model. There is also a substantial programme of work to plan for and incorporate the necessary investment in infrastructure within the programme.</p> <p>The Council's Infrastructure Delivery Plan reflects the overall infrastructure requirements of planned development across the borough. The Harrow and Wealdstone Area Action Plan also incorporates an</p>

	<p>and an increase in London Midland services and local transport issues that will be experienced throughout the developments - parking and road issues) and refuse collection and increased demand for enforcement and regulation against the potential social and economic gains including increase in Council Tax receipts and business rates (including any business profiling that has been undertaken and a strategy to encourage businesses to move and stay in Harrow), New Homes Bonus, increased employment (and whether this will be long or short term) and apprenticeships.</p>	<p>Infrastructure Schedule which underpins a number of projects to secure individual elements, such as the planned primary care hub at Harrow View, schools improvements in the Wealdstone area, individual improvements to road access and upgraded leisure facilities at the Leisure Centre site.</p> <p><b>Action:</b> To produce an updated Infrastructure Plan for the Harrow and Wealdstone Opportunity Area, covering the implementation period of the regeneration programme. This will consider the effect the planned increase in population will have on demand for NHS, education and transport services, as well as refuse collection and other Council services. It will also set out potential social and economic gains including increased Council Tax receipts, CIL payments and business rate impacts, as well as employment growth and apprenticeships.</p> <p>This recommendation was approved by Cabinet in December 2017, as part of the <i>Building a Better Harrow – Winter 2017 Report</i>.</p>
3	<p>That a letter be drafted from the Leader of the Council and the Leader of the Opposition to the Mayor and TfL (London Underground Lines and London Overground), Government Ministers/Department of Transport, Network Rail, and rail operating companies (London Midland, Southern, and Chiltern Railways) calling for improvements in capacity and facilities at Harrow and Wealdstone Station and Harrow-on-the-Hill station along with greater frequency, more capacity and improved reliability of all London Underground Lines, London Overground, London Midland, Chiltern Railways and Southern.</p>	<p>There is regular liaison at both officer and member levels with TfL representatives and the potential impact and requirements of the Harrow regeneration programme have been considered. Specific proposals have been developed as part of the Wealdstone Transport Assessment and now form the basis for future project planning and bidding into available transport funding. It is accepted that more can be done to lobby Network Rail and the relevant train operating companies with regard to services likely to be affected by the regeneration programme.</p> <p>Please also see recommendation (4) below.</p>
4	<p>That a lobbying strategy to promote improved transport links to central London and out of London be developed and integrated within the Regeneration Programme.</p>	<p><b>Action:</b> To develop a lobbying strategy to promote improved rail, bus and underground links both to Central London and to other relevant destinations. This should include writing to the Mayor and TfL, Government Ministers/Department of Transport, Network Rail and train operating companies calling for service</p>

		<p>improvements and improved facilities at Harrow and Wealdstone station and Harrow-on-the Hill station.</p> <p>This recommendation was approved by Cabinet in December 2017, as part of the <i>Building a Better Harrow – Winter 2017 Report</i>.</p>
5	That it request that the Chief Executive produce a Harrow specific, all-encompassing infrastructure plan/ strategy, which will incorporate the Atkins study on Wealdstone and clearly set out how the impacts of the Regeneration Programme will be managed both short and long term.	See action 2 above.
6	That all strategies produced by the Council reference the Regeneration Programme and how they contribute to or are impacted by it.	For Corporate Directors and CSB to cascade the message and to check that considerations have been taken into account as it goes through the sign-off process.

## Performance Issues

There are no specific performance issues relating to this report.

## Environmental Implications

There are no specific environmental issues relating to this report.

## Risk Management Implications

As indicated in action (1), this report requires a check of regeneration programme risk registers to ensure that risks associated with the potential future decapitalisation of projects are fully reflected.

Risk included on Regeneration Programme risk register? Yes  
 Separate risk register in place? Yes

## Legal Implications

The recommendations and responses contained in this report do not give rise to any specific legal implications at this time.

## Financial Implications

The recommendations and responses contained in this report do not have any financial implications at this time.

## Equalities implications / Public Sector Equality Duty

It is considered that there are no specific implications arising from the recommendations in this report on equalities, or as a result of the Public Sector Equality Duty.

### Council Priorities

#### Building a Better Harrow

The Council's regeneration programme for the delivery of new homes, creation of new jobs, commercial workspaces and high quality town centres will create the places and opportunities that residents deserve and make a difference to the borough and to residents' health and quality of life.

#### Protecting the Most Vulnerable and Supporting Families

The Council's aim is to make sure that those least able to look after themselves are properly cared for, safeguarded from abuse and neglect and given access to opportunities to improve their quality of life, health and well-being.

#### Being more Business-like and Business Friendly

The Council aims to support local businesses and enable them to benefit from local economic growth, develop its own commercial ventures and help residents gain new skills to improve employment opportunities.

Through regeneration we will deliver the Council's aim to make a difference for:

- Communities, by providing new homes and jobs, vibrant town centres and an enhanced transport infrastructure and energy network;
- Business, by providing new commercial workspace, support to access markets, advice and finance;
- Vulnerable residents, by providing access to opportunities, reducing fuel poverty and designing out crime; and
- Families, by providing new family homes, expanded schools and renewing Harrow's estates.

## Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 9 January 2018		
Name: Matthew Adams	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 8 January 2018		

<b>Ward Councillors notified:</b>	<b>NO, as it impacts on all Wards</b>
<b>EqIA carried out:</b>	<b>NO</b>
<b>EqIA cleared by:</b>	An EqIA is not required because this report is responding to the recommendations of the Scrutiny Review Panel and is not proposing any programme changes at this time.

## **Section 4 - Contact Details and Background Papers**

**Contact:** Paul Nichols, Divisional Director Regeneration Enterprise and Planning, 020 8736 6149, [paul.nichols@harrow.gov.uk](mailto:paul.nichols@harrow.gov.uk)

**Background Papers:**

The Regeneration Scrutiny Panel Report, November 2017

<http://www.harrow.gov.uk/www2/ieListDocuments.aspx?CId=249&MId=64136&Ver=4>

<http://www.harrow.gov.uk/www2/documents/s147998/Regeneration%20Scrutiny%20Panel%20Report%2007112017%20Overview%20and%20Scrutiny%20Committee.pdf>

<b>Call-In Waived by the Chair of Overview and Scrutiny Committee</b>	<b>NOT APPLICABLE</b>  <i>[Call-in does not apply as the recommendations are for noting only]</i>
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