
REPORT FOR: CABINET

Date of Meeting:	6 December 2018
Subject:	Regeneration Programme Update - Building a Better Harrow
Key Decision:	Yes
Responsible Officer:	Paul Walker Corporate Director, Community
Portfolio Holder:	Cllr Keith Ferry, Deputy Leader and Portfolio Holder for Planning, Regeneration and Employment and Cllr Adam Swersky, Portfolio Holder for Finance and Resources
Exempt:	No, except for the Appendix 1, 3 & 4 to this report which are exempt under paragraph 3 of Schedule 12a of the Local Government Act 1972 (as amended) in that they include information relating to the financial or business affairs of any particular person (including the Authority holding the information)
Decision subject to Call-in:	Yes
Wards affected:	All wards
Enclosures:	Appendix 1: Regeneration Programme Review Executive Summary (Part II - Exempt) Appendix 2: Regeneration Capital Programme Extract Appendix 3: Draft Regeneration Capital Budget 2019/20 to 2021/22 (Part II -Exempt) Appendix 4: Corporate Risk Register Extract (Part II -Exempt)

Section 1 – Summary and Recommendations

Reason for the Report:

To update Members on progress to date of all Regeneration activity across the Borough and report on the outcome of the Council's Regeneration Programme review. To agree to update the Borough Wide Regeneration Strategy and to agree a change of tenure for two of the smaller Regeneration sites.

Recommendations:

1. To agree to commence the update of the Borough Wide Regeneration Strategy. This long term strategy will reflect the current and future needs and requirements for Harrow.
2. To agree to delegate authority to the Corporate Director Community, Director of Finance and Director of Legal and Governance Services, following consultation with Portfolio Holders for Planning, Regeneration and Employment and for Finance and Resources to enter into contracts for the construction of the Haslam House and Waxwell Lane schemes up to the revised total construction up to the revised estimated total costs shown in exempt Appendix 3, and subsequently to enter into contracts and take all other necessary actions to conclude the construction and disposal of the units for the best consideration reasonably obtainable.
3. To reflect the change in operational responsibility for the regeneration programme, to authorise the Corporate Director, Community to exercise delegations previously given by Cabinet to the Chief Executive in relation to the programme and its constituent schemes.
4. To note:
 - a. The proposed changes to the Capital Programme 2019/20 to 2020/21 as a result of the recommended changes to the Regeneration Capital Budget (financial implications section).
 - b. The successful progress on the delivery of the Council led Regeneration Programme.
 - c. The findings of the Regeneration Programme Review (*Appendix 1: Regeneration Programme Review Executive Summary*)

Reason: (For recommendations)

To update members on progress to date of all regeneration activity across the Borough and report on the outcome of the Council's Regeneration Programme review. To agree to update the Regeneration Strategy and to agree a change of tenure for two of the smaller Regeneration sites.

Section 2 – Regeneration Strategy

Introductory paragraph

2.1 The purpose of this report is to highlight progress to date of all Regeneration activity across the borough through a range of public and private partners. To report the outcome from the review of the Council's Regeneration programme.

2.2 Harrow's Borough wide Regeneration Strategy has three core objectives these are:

Place - Providing the homes, schools and infrastructure needed to meet the demands of our growing population and business base, with high quality town and district centres that attract business investment and foster community engagement.

Communities - Creating new jobs, breaking down barriers to employment, tackling overcrowding and fuel poverty in our homes and working alongside other services to address health and welfare issues.

Business - Reinforcing our commercial centres, promoting Harrow as an investment location, addressing skills shortages and supporting new business start ups and developing local supply chains through procurement.

2.3 The Regeneration Strategy 2015-2026 focussed on three key themes, Place, Communities and Business. The final page of the Strategy outlined the Actions, Performance Measures and Outcomes that would be delivered over eleven years. The December 2014 Cabinet approved the Draft Strategy for consultation, it is fitting to review progress 4 years on.

2.4 The information below outlines the performance to date, primarily against the themes delivered and measured by the Economic Development and Research team.

2.4.1 Delivery of the Heart of Harrow Action Plan

Performance Measure: New homes created, new jobs created including: apprenticeships, local labour, private sector investment, new commercial space, new business located in Harrow and to progress against infrastructure delivery plan.

Outcome: £1.75Bn development programme delivered, improved town centre facilities, renewed and expanded housing stock, healthier community
Increased economic activity and resilient business base.

Performance to date: Between 2014/15 and 2017/18 there have been 2,801 housing completions. The net number of jobs has remained at 89,000 (NOMIS). The delivery of the Core Strategy through Planning Policy and Development Management has enabled private sector investment, and the creation of new jobs. However, the job creation has been offset in part by the introduction of Permitted Development (5,900 lost jobs subject to all schemes

being completed). The council's Procurement and Planning Policies and economic development's employment projects have led to 1,492 residents employed through the council's supply chain, and 591 employed on development sites. In this period 850 young people have been supported into employment and 428 into apprenticeships. Private Sector led regeneration in the opportunity area includes the College Rd, Gayton Rd, Lyon Rd, St John's Rd and Harrow View sites.

2.4.2 Improving Harrow's Strategic Accessibility

Performance Measure: Service improvements to Central London, Public Transport Accessibility Levels and improve numbers of people using public transport (bus and rail/tube).

Outcome: Enhanced offer to business, improved levels of inward investment and business retention levels increase.

Performance to date: TFL improvements in the pipeline for Harrow-on-the-Hill, Cannons Park, Rayners Lane & Stanmore. Enhanced offer to business has included the introduction of revised procurement policies, over 20% of Harrow council's procurement is now spent locally (target 15%). During this period 3,657 businesses have been supported through council events. Vacancy rates in district and town centres have reduced from 5.61% June 2014 to 3.05% in June 2018. The Council has enhanced its offer to town centre and district centre businesses through improvements to Station Road, the creation of meanwhile Pop Up Shops at Wealdstone & Rayners Lane, and artists workspace at Whitefriars Studios and the Pinner hub. The Rayners Lane triangle public realm project will be completed by December 2018. A number of trader groups have been supported & established.

2.4.3 Investing In Improved Infrastructure

Performance Measure: Access to new or improved open spaces and sports/leisure facilities, access to improved libraries and other cultural facilities. Access to school places, production of local energy, local suppliers engaged and spend in the local supply chain. Reduce the percentage of residents living in fuel poverty and invest in Community Infrastructure Levy.

Outcome: High educational standards sustained, locally generated heat and power on major development sites. Healthier, more active community and improved accessibility of green spaces. Business growth and retention Increased economic activity.

Performance to date: Harrow schools continue to be rated either Outstanding or Good. The NEET figure is 1.2% Economic Activity levels have increased from 76.7% in 2014 to 79.9% (NOMIS). Number of Active Enterprises 2014, was 14,000, and in 2016 (most up to date ONS Data) rose to 16,365. Survival rates at 1 year and 2 years were respectively 92% and 75% in 2014, (London 91% and 74%). The latest data (2016) only shows survival rates at 12 months which for Harrow was 92% and London 86%. Two new public spaces will be delivered in Harrow Town Centre, the private sector led Harrow Square, and the council led (GLA/Section 106 funded) Lyon Square. A new Wealdstone Square will be in place by March 2019. Over

£6m Community Infrastructure Levy committed for investment. Over £40m spent in the local supply chain.

2.4.4 Maximising local economic benefits

Performance Measure: Jobs created including: apprenticeships, local labour and local suppliers engaged and spend in the local supply chain. Private sector investment, new commercial space, new business located in Harrow 15% spend with local suppliers and 500 young people into jobs and apprenticeships.

Outcome: Business start-ups increased Business growth/retention and increased economic activity. Skills profile further enhanced, economic benefits throughout the supply chain, improved business facilities and supporting infrastructure. Business growth, business resilience, jobs created enhanced skills and productivity.

Performance to date: Economic Activity levels have increased from 76.7% in 2014 to 79.9%. Number of Active Enterprises increased by 16.9% between 2014 and 2016 (latest ONS Data). Survival rates at 1 year have increased by 1% to 92%. (Please note 5 year survival data would be based on 2012 starts). The number of jobs in Harrow has remained the same in 2014 and 2016 (89,000).

As a result of Harrow council initiatives; 1,492 residents employed through the supply chain, and 59 into apprenticeships. 591 have been employed on local development sites and 59 into apprenticeships. Xcite and Learn Harrow have supported 1332 into employment. The above have contributed to 850 young people entering employment and apprenticeships. The total number of apprenticeships is 428 and over 500 learners entered employment from Learn Harrow. Improved business facilities include the creation of Stanmore Place (Innovation Centre), Whitefriars Studios, and Pinner Hub.

Section 3 – Achievements to date

3.1 The Council has built on its early successes by accelerating the pace of housing delivery; exploiting the Council's property assets; worked with partners to improve Harrow's infrastructure; continued to maximize the local economic activity for communities and businesses and to focus on the Heart of Harrow as an area of opportunity.

3.2 The Council's achievements to date are set out below:

- The council has supported 3,657 businesses and has secured funding for pop up shop projects, business to business mentoring, and new workspace.
- The percentage of spend with local suppliers has increased to 26% of total spend in Quarter 2 of this current financial year (2018/19).

- The procurement policies and procedures have been reviewed to ensure a greater emphasis on securing jobs and apprenticeships for Harrow residents and support to Harrow's Community and Voluntary sector. This has enabled 1495 residents into work and over 500 young people into jobs and apprenticeships from 2014/15 until Quarter 2 of 2018/19.
- £2.2m of external funding has been secured from the GLA and TfL and will be used to deliver High Street improvements on Station Road and new affordable workspace at the former Colart site.
- We have also received £1.3m of GLA funding has been secured to deliver a new public square in Wealdstone, and a new public place and additional work space at Lyon Rd.
- Town and district centre vacancy rates have fallen to 3.05% of empty shops across Harrow's district centres and Metropolitan Town Centre.
- Private sector investment in the Heart of Harrow is at unprecedented levels with schemes on College Rd, Gayton Rd, and St John's Rd.
- Harrow Housing completions target has been met. Between 2014/15 and 2017/18 there have been 2,801 housing completions

The Council has been recognised in:

- 2018 Place West London Winner Category: Town Centre
- 2017 Place West London Winner Category: Employment
- 2015 Best All Round Small Business Friendly Borough (Federation Small Businesses and London Council's)
- 2015 Runner Up - Best Work with Supply Chains and Small Businesses (FSB and London Council's).

3.3 Working in Partnership:

Working with developers and partners the council has an extensive programme of regeneration opportunities across the borough which include :

Canons, Rayner's Lane and Stanmore station car parks:

Transport for London/TfL are seeking development partner, to provide a minimum of 400 affordable homes. The planning is due in mid 2019 with a start on site expected in 2020.

Harrow on the Hill station:

TfL proposed development for 600 units on the Harrow on the Hill station site, is moving at pace with a planning application due to be submitted in early 2019.

Cumberland Hotel site:

Origin Housing is currently on site with Hill Development as their main contractor. The scheme will deliver mixed use scheme development including over 200 residential units.

New Commercial Unit:

The Commercial unit on Cumberland site is planned to serve new Lyon's Square. It is ideally located directly facing Lyon Road, with the Redrow Development scheme, due to complete 2019.

Origin Housing:

Northolt Road 120 residential unit scheme is on site. Origin are also planning to announce their development timetable for the 186 units, mixed use 1-17 storey 40% affordable consented Wealdstone sites (subject to S106 with GLA) at Palmerston Road.

Hyde/Barratt:

Harrow Square scheme at 51 College Road is under construction, 318 units plus commercial and new library scheduled for Jan 2020

Harrow View East:

Hyde Housing and Barratt Homes are progressing with their enabling works on the redevelopment of the former Kodak site alongside L&Q. Total capacity 1800 plus

Harrow View West:

Persimmons are constructing 315 units on the Harrow View West site.

Harrow School:

The Council have recently adopted a Supplementary Planning Document, in collaboration with Harrow School, to plan the future of the estate. The school is Harrow's most well-known institution and the continued success of the school will continue to attract investment in the Borough. The school has developed plans for a new science and sports block. Planning Committee resolved to grant planning permission, but the Mayor of London 'called-in' the application and directed that it should be refused in January 2018. Harrow School have now appealed the decision to refused scheme. This appeal will be considered at Public Inquiry in April 2018.

Palmerston Road:

Mixed use scheme with 222 co-living units has committee resolution to grant, in September 2018, subject to Section.106.

3.4 The Council's Regeneration Programme:

The Regeneration Programme Strategic Objectives is to make the best use of Council assets by building new homes, making the best commercial value of the assets, stimulating the local economy and giving the local community a sense of place.

Wealdstone Square:

A scheme to transform the under-used public space in Wealdstone that sits between Holy Trinity Church and Subway into a new town square. Harrow Council was successful in securing a grant of £850k from the Greater London Authority under the London Regeneration Fund. The scheme is being led by the Economic Development team; designs were agreed following consultation with businesses and the public. Work commenced in Quarter 3 of 2018/19 and the scheme will be completed this financial year.

Depot redevelopment:

The scheme has being revised to include two additional floors and an additional floor of vehicle parking. The revised scheme is scheduled to go to Planning Committee in January 2019. A temporary office building has been installed and all staff and some tenants have been relocated to that building and the demolition of the unit 1 is now complete. Demolition will continue to mid December in advance of main building works in January. The project will be completed in two phases with the warehouse spaces; MOT workshop, vehicle repair and body shop complete by November 2019 and full completion of offices and car park complete by July 2020.

Gayton Road:

The Gayton Road scheme is being developed in partnership with Fairview New Homes (FNH). The development totals 355 homes of which 230 are owned by FNH, to be sold on the open market. In accordance with the terms of the land transaction agreed with FNH, the remaining 125 units are owned by Harrow Council on a long leasehold basis. Two blocks, comprising 72 units, are managed by the Housing Services at affordable rents. These units are currently held in the Council's General Fund and let as temporary accommodation. Due to recent changes in funding arrangements for the Housing Revenue Account (HRA), there is the potential for the 72 units to be purchased by the HRA and let as permanent secure Council homes. This would realise a capital receipt for the Council. In addition to the affordable units the land transaction provided for FNH to build out a further block of 53 private units and associated 36 car parking spaces for the Council in lieu of the Council taking a receipt for its land. The private block owned by the Council also includes approximately 5,000 sq. ft of community / commercial space located on the ground floor. In November, Cabinet approved proposals to transfer the units to it's wholly owned investment vehicle Concillium LLP for the purpose of letting the units in the Private Rental Sector (PRS).

Haslam House and Waxwell Lane:

Haslam House and Waxwell Lane are two proposed housing schemes that combined deliver a total of 29 homes which includes 4 affordable homes. Cabinet previously delegated authority to the Chief Executive on 21 April 2016 in respect of Haslam House and on 17th December 2017 in respect of Waxwell Lane, to enter into agreements for the construction works.

During the Regeneration review the Council considered 3 options for the schemes which are:

- Option 1 – Proceed with Direct Delivery (Traditional Procurement)
- Option 2 – Proceed with Direct Delivery (Design & Build Procurement)
- Option 3 – Sell with the benefit of planning consent

The Regeneration Review suggested that the Council review the above options and decide which the most appropriate route for the two projects. It was noted that for both schemes, there has been a significant amount of time, resources and local community consultation already taken place. Planning permission has been granted for both projects and these represent a considerable amount of detailed planning and negotiation with the planning department to ensure that the local community engagement needs are reflected within the designs providing high quality, well designed homes for Harrow with the additional benefit of 4 affordable homes at the Waxwell Lane site. Following the review and taking into account the wider regeneration and council priorities it is recommended to proceed with delivering the units via a JCT Design & Build contract, with a transfer of design over to the main contractor to reduce the risk to the Council. It is also recommended that the units, once constructed, are sold on the open market for the best consideration reasonably achievable in order to realise a capital receipt.

The reasons for selecting Option 2 are:

- 1) Planning approval has been secured.
- 2) The Council will be in control of the development and no opportunities for land banking.
- 3) The scheme will start on site in January 2019 and be delivered by December 2020.
- 4) There are 4 affordable units provided.
- 5) High quality designed homes will be provided.

Following the review the Council carried out a review of both projects Business Cases. The Council recently agreed to rent out the 53 PRS units at Gayton Rd this was to achieve a long term income stream to support Council services. To realise the Councils ambition of a mixed and balanced portfolio, which would also minimise risk to the Capital budget the recommendation for Haslam House and Waxwell Lane is to sell the units which will then generate a capital receipt which can be recycled back into the Programme.

The projected financial implications are set out in Appendix 3, which include the current estimated build costs for the schemes updated since the previous

cabinet decisions. Subject to approval of the recommendations by Cabinet, both schemes are due to start on site for enabling works in January 2019.

Following the Regeneration Review the Council carried out a robust procurement process in which officers have addressed any concerns that were raised on the selection of the main contractor for Haslam House. In addition, the Council has appointed Faithful and Gould Programme consultants to act as the Project Manager and Employers Agent for both projects. This will ensure that the projects are well managed with the correct expertise throughout.

Vaughan Rd:

Vaughan Rd is an operational car park which is currently underutilised. The site itself sits on a one way road with significant site constraints which can hinder development these include a dual carriageway, backs on train line and a significant level difference across site. The Regeneration review has suggested that the Council reassess and consider alternative development options and delivery arrangement for the Vaughan Rd site.

Poets Corner:

The Poets Corner site is where the existing Council Civic Centre is currently located and therefore, it has a direct interdependency with the Harrow New Civic Project. The site is ideal for development given its close proximity to Harrow & Wealdstone station. The proposed project requires vacant possession of the site and has been split into 2 phases. Phase 1 was intended to be delivered directly by the Council, providing 431 Build to Rent Units and is supported by GLA Grant Funding. Phase 2 was proposed to be delivered via a Joint Venture partner to provide 517 open market and affordable new homes. The Regeneration Review has suggested that the Council reassess the proposed scheme to secure maximum commercial return, including extra care and the, delivery of affordable housing. Poets Corner site is the most value site within the Regeneration Programme and due to its interdependencies with Harrow New Civic make the project also the most complex to deliver. Therefore, the Council has been engaging with the market and discussed proposals with the GLA who are very keen to support the Council on its development proposals for the site.

Greenhill Way:

Greenhill Way is an operational town centre car park that currently underutilised by the local community. The site backs onto the Debenhams store. The Regeneration Programme review found that the proposals for Greenhill Way are in the earliest stage of design development looking at potential uses for the site such as: retail, student, residential or hotel. The Regeneration Review has suggested that the Council reviews the potential project options and explores the proposals outlining pros and cons for future development making best use of the site. The review considered that Greenhill Way is a good centrally located site and would gain therefore, would gain the interest of a Joint Venture partner. It was also recommended for the

Council to engage with all town centre retailers to understand their long term plans for their sites

Byron Quarter:

Byron Quarter is the location of the Council only Leisure Centre. The site is in an ideal location and backs onto Byron Park and is centrally located. The proposed scheme will deliver up to 850 new homes, including 130 build to rent units. The Regeneration Review has suggested that the Council will review their proposals to maximise the site and get the best possible outcome for the asset.

Harrow New Civic:

Harrow New Civic Centre is one of the first major regeneration projects that is being delivered through the Regeneration Programme. The proposal is to directly deliver the new Council Civic Centre on the current Peel Rd Carpark site in Wealdstone. The project is proposed to be constructed under JCT Design & Build contract. The project is intended to release the existing Council site known as Poets Corner for future development, creating a more efficient use of the site. The Regeneration Review has suggested that the Council should proceed and carry out the Harrow New Civic Project Audit, this would review the existing Design, Project Finance, Council Space needs, Facilities Management, IT, FF & E and explores opportunities for potential project savings. The Harrow New Civic Audit is due for completion in December 2018.

Harrow Arts Centre:

Harrow Arts Centre will meet its MTFS target for 2018/19, it has adopted a new business plan which focusses on financial sustainability delivered through increasing participation in the arts. This will include securing capital to provide new class rooms and to refurbish unused buildings into workspace. The business plan demonstrates demand from organisation wishing to hire space for dance, music, drama, fitness and yoga and demand for arts workspace.

3.5 The Council's Housing Programme:

Housing Schemes:

The council has recently successfully bid for £32m additional funding to increase its Homes for Harrow development programme under the Mayors Building Council Homes for Londoners Fund this will contribute to 618 new council homes.

Grange Farm:

This Housing regeneration scheme will provide 574 new dwellings, with new community space and public realm to replace 282 existing homes. The planning application was approved by Harrow council in March 2018 with the

first phase of the project in detail and the remainder in outline. The council has an initial allocation of £10m of funding for this scheme from the Ministry for Housing, Communities and Local Government's Housing Infrastructure fund. We are currently out to tender to procure a contractor to directly deliver Phase 1 comprising 89 new flats, 68 for social rent and 21 for shared ownership.

Infill Housing Programme:

On the Homes for Harrow infill programme ten new family homes have been completed for rent and two for outright sale, with a further thirteen homes currently under construction of which five are for sale as shared ownership. 10 of these are due for handover in the next 2 months.

Planning permission has also been received for a further 35 new homes, including one scheme of 26 homes and another of 9 homes to be developed for affordable rent. Until the recent funding announcement it has not been possible to progress with building these homes due to funding constraints. However these can now be taken forward and one scheme will start on site in the New Year.

3.6 The Council's Education Programme:

Schools Programme:

Harrow has completed the third phase of an extensive school expansion programme with the final scheme at Welldon Park Junior School being completed in September 2018. Another scheme having completed is the Priority Schools Building Programme replacement of Cedars Manor Primary School. This scheme was to replace an end of life school and was delivered by the Education and Skills funding Agency on behalf of Harrow Council. The next phase for the school expansion programme is to monitor the impact of the regeneration programme and other large private developments on demand for school places. Two sites have been identified for new schools. Harrow View Primary School on the Kodak East site and space has been identified within the Civic Centre site for a new primary school.

Section 4 – Strategic Direction

4.1 In 2017, the Council was at the point of making significant financial decisions in respect of its Regeneration Programme and the levels of capital investment required the majority of which being funded through external borrowing. Before commitments were made, and taking into account the Council's increasingly challenging financial environment, as part of the Council's due diligence exercise it was agreed that an internal Regeneration Commercial and Finance Review was to be undertaken. The areas the review focussed on were reported to Cabinet in September 2017 and are detailed below:

- Phasing and profiling of the programme
- Further commercial review of designs
- Peer review of approaches taken in other Council's and organisations

- Further analysis of debt and cash flows
- Clarification of advice on the legal and tax implications
- Seeking advice on partnering structures

4.2 The review did result in a revised Regeneration Capital Programme Budget which was agreed by Council in February 2018 as part of the Council's Capital Programme 2018/19 to 2020/21. The impact of the review on the capital investment required for regeneration was detailed in full when presented to Council and is included in Appendix 2 for information.

4.3 The results of the Commercial and Financial Review did raise concerns about the financial risk of the programme against a backdrop of a continued challenging financial position. In addition, as the programme evolved and the property market changed the Council wanted to assure itself that the Programme was being assessed commercially and securing the best value for the Council land assets.

4.4 In light of this it was agreed to immediately undertake an external review of the Regeneration Programme reviewing the existing master programme, the viability of each of the individual projects and the overall Programme funding model.

4.5 The Council commissioned AspireDM to use their commercial and development expertise to make recommendations and options for delivery. The findings of the review are set out in Harrow Regeneration programme review, Executive Summary (*Appendix 1 – Part II*)

4.6 The review was overseen by the Council's Building a Better Harrow Board, established in January 2018 to provide, at Corporate Strategic Board level an overarching strategic view of regeneration in its broadest sense across the Council, to have a clear understanding of the links between investment, performance and outcomes and to review and agree all regeneration projects before formal approval by Cabinet.

The terms of reference of the Board include: to take stock of wider interactions of regeneration programmes within the Council's Ambition Plan, patterns of need in the community and service delivery across the range of Council functions for example: impact on homelessness, care provision, education, health. As well as broader economic impacts such as business rates, employment and health of the town centre.

The Board monitors the performance and budget of all regeneration/capital projects across the Council and provides CSB members with the opportunity to understand the wider remit of the current regeneration/capital programme and interrelationships between different elements of the programme, including housing, extra care, the Harrow New Civic Centre, the Depot development and the Poets Corner and Byron Quarter developments.

Following the Regeneration Programme Review, a refresh of its Borough Wide Regeneration Strategy is to be undertaken is to take account of Economic climate and to reflect the current and future needs and requirements for Harrow.

Risk Management Implications

Risks included in the Corporate Risk Register: The risk of failure to deliver a regeneration programme that is financially viable and meets its aims leading to a worsening of the Council's financial position and damage to our reputation resulting in an inability to pay the Council's debts and loss of support from residents and business is included in the Corporate Risk Register.

An extract of the Corporate Risk Register is attached (Appendix 4) showing the key measures in place to mitigate this risk and the risk rating.

The proposed changes to the Regeneration Programme outlined in this report will further help to mitigate this risk.

As part of the Governance arrangements for the Regeneration Programme, risks are to be assessed at a project level and at individual project boards these will then be reported up to Building A Better Harrow Board on a monthly basis and through onto Cabinet on a quarterly basis in line with the councils strategic corporate risk register.

Procurement Implications

Any procurement arising from the updated Regeneration strategy will be supported by the Procurement Team and will comply with the Council's Contract Procedure Rules and Public Contract Regulations.

Legal Implications

The Council has a range of powers to enter into the contractual arrangements arising from the regeneration programme, including the general power of competence under Section 1 of the Localism Act 2011 to do anything that individuals can do subject to any specific restrictions contained in legislation.

The Council also has the power to dispose of acquire and dispose of land by agreement in accordance with Sections 120 and 123 of the Local Government Act 1972 subject to obtaining all appropriate consents and approvals and ensuring that any grants of leases for more than seven years are for a consideration that is the best that can reasonably be obtained (unless secretary of state consent is obtained).

All procurement activity of works and services must be carried out in compliance with the Public Contracts Regulations 2015 and Council Contract Procedure Rules.

The Council has good freehold title to both the Waxwell Lane and Haslam House sites. In addition it is recommended that the sites are appropriated to planning purposes prior to commencement of development, which will operate

to override any historic third party rights preventing development.

Appropriation to planning purposes can be authorised by officers under previously delegated powers.”

Financial Implications

Following the Regeneration Commercial and Finance Review, In February 2018 Cabinet approved a revised Capital Budget for Harrow’s Regeneration Programme of £207m net (after capital receipts) covering the eight year period 2015/16 to 2022/23. The rationale behind the revised Capital Budget was detailed in full when presented to Council and is included at Appendix 2 for information.

The Regeneration Capital Budget for 2018/19 is £71.4m. The Quarter 2 Capital Monitoring Report, elsewhere on this agenda, is forecasting a spend of £7.06m (9.89%) of this budget with the balance of £64.3m being reported as an underspend to be removed from the Council wide Capital Programme.

This position covers all projects within the current programme which this section goes on to advice and the reset is for four projects initially.

This report provides an update on the Council’s Regeneration Programme and the progress of each scheme within it. As the Council is considering its development options and delivery arrangements for a number of the projects, it is thought good practice to re-set the capital budget for the Regeneration Programme to ensure the budget accurately reflects current activity. As development options and delivery arrangements for Council sites are progressed, reported to and approved by Cabinet, their capital investment requirements will be added to the council wide Capital Programme, which in turn will be approved by Council.

In 2019/20 there are four projects proceeding which require capital investment:

- Harrow New Civic
- Poets Corner
- Haslam House
- Waxwell Lane

For the four projects, over the three year period 2019/20 to 2021/22 total expenditure is forecast at £25.770m reduced to £8.630m after estimated capital receipts. The detailed draft Regeneration Capital Programme 2019/20 to 2021/22 is shown in Appendix 3 (exempt), a summary of which is included in the draft Council wide Capital Programme 2019/20 to 2020/21 elsewhere on this agenda. This draft Council wide Capital Programme is for two years and the new Regeneration Capital Budget spans three years. The third year will be added during the annual refresh process.

The estimated capital receipts from the four projects will be recycled within the programme in the most financially beneficial way, at the time of receipt, for the

Medium Term Financial Strategy.

It is therefore recommended that the existing Regeneration Capital Budget, is removed from the Council wide Capital Programme and replaced with a revised Capital Budget for the four schemes approved to progress:

The existing Regeneration Capital Budget recommended for removal is:

- 2019/20 £169.9m
- 2020/21 £37.3m
- 2021/22 £0.2m
- 2022/23 £0.2m

(Figures shown are Total Gross Regeneration Expenditure)

The new Capital Budget recommended for those schemes approved to progress is:

- 2019/20 £19.692m
- 2020/21 £5.193m
- 2021/22 £0.510m

This report recommends delegating authority to the Corporate Director - Community to enter into contracts for Haslam House and Waxwell Lane. The capital investment required for Harrow New Civic Centre and Poets Corner is included in the draft Capital Programme as a place holder and each scheme is subject to the completion and approval of a Business Case before draw down.

The Regeneration Review estimated land values for Haslam House and Waxwell Lane. After accounting for all total estimated costs and capital receipts, the net return is estimated at £95,000 over the estimated land values. When the schemes start on site the expectation that further value engineering will be carried out and this will increase the NET return to the Council.

The details are shown in Appendix 3 (Part II - Exempt)

Equalities implications / Public Sector Equality Duty

The EQIA for the Regeneration Programme is attached.

In addition, there is individual EQIA carried out for all projects including Haslam House and Waxwell Lane (*please refer to background papers*).

Council Priorities

The Council's vision:

Working Together to Make a Difference for Harrow

Please identify how the report incorporates the administration's priorities.

- Making a difference for the vulnerable
- Making a difference for communities
- Making a difference for local businesses
- Making a difference for families

Please find below the link to Building a Better Harrow website and Regeneration Strategy document 2015-2016:

<http://www.buildingabetterharrow.co.uk/#/about/>

Section 5 - Statutory Officer Clearance

Name: Dawn Calvert.....	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: ...26 November 2018...		
Name: Hugh Peart.....	<input checked="" type="checkbox"/>	Monitoring Officer
Date: ...26 November 2018.....		

Section 5 - Procurement Officer Clearance

Name: Nimesh Mehta	<input checked="" type="checkbox"/>	Head of Procurement
Date: ...23 November 2018.....		

Ward Councillors notified:	NO, as it impacts on all Wards
EqIA carried out:	NO
EqIA cleared by:	N/A

Section 6 - Contact Details and Background Papers

Contact: Paul Walker, Corporate Director, Community
paul.walker@harrow.gov.uk

Background Papers:

EQIA for Haslam House & Waxwell Lane

**Call-In Waived by the
Chair of Overview and
Scrutiny Committee**

NO – CALL IN APPLIES