
**REPORT FOR: OVERVIEW AND
SCRUTINY COMMITTEE**

Date of Meeting:	12 November 2019
Subject:	Regeneration Scrutiny Review – Progress Update
Responsible Officer:	Paul Walker, Corporate Director of Community
Scrutiny Lead Member area:	Community: Councillor Ghazanfar Ali Councillor Jean Lammiman
Exempt:	No
Wards affected:	All
Enclosures:	None

Section 1 – Summary and Recommendations

This report provides an update on progress on the delivery of the recommendations arising from the Overview and Scrutiny report issued in February 2018, *Financing of the Regeneration Programme in Harrow by the Regeneration Scrutiny Review Panel*.

Recommendations:

Overview and Scrutiny is requested to:

1. To note the completed items undertaken in response to Regeneration Review recommendations.

2. To note that all future reports will focus on the finalising the remaining recommendations 2, 3, 4 and 11 which will cover the following areas:
- a. Overarching Infrastructure Plan
 - b. Council Lobbying Strategy
 - c. Cross Party Engagement.

Section 2 – Report

Introductory paragraph

2.1 The Regeneration Scrutiny Review Panel was established in to scrutinise the Council's Regeneration Programme and for its members to gain a greater understanding and clarity of the financing of the Regeneration Programme. Furthermore, its focus was to carry out a review on the projected benefits of the Regeneration Programme and appraise the projected financial benefits of the Programme. In February 2018, the Regeneration Scrutiny Review Panel published their report *Financing of the Regeneration Programme in Harrow*, the reports set out the findings and recommendations of the Panel.

2.2 The scrutiny review involved desk research, two Challenge Panels, and two field visits. The report finalised in 17 recommendations which were based on evidence gathered from local data, information garnered from hosting authorities and from senior council officers and members.

2.3 The initial response to these recommendations was provided in a report to Cabinet on 21 June 2018. *Financing of the Regeneration Programme in Harrow* which can be located on the following link:

<http://moderngov:8080/documents/s150199/Regeneration%20Scrutiny%20Panel%20-%20Final%20Report%20-%20March%20Cabinet.pdf>

Harrow Strategic Development Partnership:

2.4 Since the completion of the Regeneration Scrutiny Review Panel in May 2017, the Cabinet approved to the commencement of the procurement exercise to identify a Strategic Development Partner for Harrow Council.

<https://www2.harrow.gov.uk/documents/s156670/SDP%20-%20Final%20cover%20report.pdf>

2.5 The report considered a number of possible procurement routes and recommended Strategic Development Partnership route as this most appropriate as this option would offer the Council the greatest chance of achieving regeneration and development on a scale consistent with the Council's ambitions and objectives and enabling the wider economic and social benefits the Council requires.

2.6 The Harrow Strategic Development Partnership (HSDP) is intended to deliver housing and regeneration across the borough via a new private entity which

would be owned 50% by the Council and 50% by the private sector partner. The HSDP is anticipated to take the form of a Limited Liability Partnership and is anticipated to be over 30-35 years.

- 2.7 Ahead of the procurement process the Council needed to identify core sites that would be included in the new vehicle.
- 2.8 Following a detailed review of the Council owned sites that would have the greatest impact and contribution to regeneration within Harrow's Area of Opportunity. Three sites were identified: the Council's flagship regeneration site Poets Corner (which currently houses the Council's existing Civic Centre), Peel Road (which is the Council's preference for the New Civic Centre) and Byron Quarter (Phase 1).
- 2.9 The partnership will be responsible for the construction of the Council's New Civic Centre, maximising affordable housing across the 3 core sites and all at no cost to the Council's general fund.
- 2.10 In June 2019, the Council launched its procurement exercise for Harrow Strategic Partnership. The procurement process has successfully completed the Submission Questionnaire and Invitation for Outline Solutions which has included detailed dialogue sessions with the prospective bidders. The next stage Invitation for Detailed Solutions will commence in Nov 2019. The procurement exercise is programmed to complete in April 2020. The ultimate decision on the appointment of the Harrow Strategic Partner will be made by Cabinet this is currently anticipated to be in June 2020.

Section 3 – Report

Overview and Scrutiny Report Recommendations

Update on Progress

- 3.1 The information below details out an update on the response to recommendations arising from the *Financing of the Regeneration Programme in Harrow* report.
- 3.2 Recommendation 1: That the Regeneration Programme Risk Register includes the capitalisation of wages in the Regeneration Programme, and the revenue risk involved if this cannot happen in certain cases.

Update on Progress: As of 2018/19, all feasibility schemes are treated as revenue in the first instance and salaries are only capitalised where a decision is made to take a scheme forward. Costs are reviewed on a monthly basis to ensure they are in line with the capitalisation policy. Currently there are no risks to report in terms of the schemes going forward.

Current Status: Complete subject to this activity continuing, it is therefore recommended that recommendation 1 is closed.

3.3 *Recommendation 2:* That officers produce one report that includes all risks and mitigations in relation to the Regeneration Programme. This report will include the impact the expected increase in population will potentially have on the Council, its partners and the borough. The report will analyse and discuss, but not be limited to, the impact on (1) the NHS and care services, (2) education, (3) transport services (including both infrastructure and capacity improvements to rail and bus services, better London orbital routes, and other local transport issues that will be experienced throughout the developments, i.e. parking and road issues), (4) refuse collection, (5) 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), (6) the New Homes Bonus, (7) increased employment (and whether this will be long or short term), and (9) apprenticeships that may be created in the area, and if so, in which sectors and in what numbers.

Update on Progress: A proposal for production of a *Building a Better Harrow Infrastructure Plan* has been drafted and is intended to be presented to Build a Better Harrow Board on 27th November 2019.

Work on chapter briefs is ready to begin once BABHB agreement and financial approvals in place. Briefs will be drafted with relevant departments/'chapter owners' and shared for sign-off and costing.

Types of infrastructure to be considered:

- Education
- Housing
- Health services, social care, and older-person accommodation
- Waste collection and recycling
- Emergency services
- Culture and community facilities
- Environmental, open space, biodiversity, and air quality
- Recreation and leisure
- Cemeteries and burial space
- Transport
- Flood mitigation
- Utilities (gas, power and water)
- Digital connectivity and high speed broadband
- Economic (New Homes Bonus, taxes and rates, employment).

Current Status: Underway, Anticipated sign-off of proposal: November 2019, draft plan complete Autumn 2020.

- 3.4 Recommendation 3: That a comprehensive lobbying strategy be agreed to promote improved transport links to central London and out of London be developed and integrated within the Regeneration Programme.

Update on Progress: First draft of *Public Transport Lobbying Strategy* is complete and being considered by the wider officer group. Regular meetings are being held with TfL in relation to the Harrow town centre development and TfL car park sites. Specific meetings have been held with bus and rail operators, TfL and Network Rail as well as user groups to help shape the contents of the strategy and future aspirations. Public transport policies have been updated in the latest version of the TfL Local Implementation Plan.

General lobbying is also a matter of course by the Highways Team: this is currently focused on bidding for transport projects in the regeneration area that could be funded by TfL, e.g. Wealdstone Liveable Neighbourhood, Wealdstone bus priority scheme, MHCLG Future High Streets Fund.

Typical engagement with bus and rail stakeholders is undertaken via quarterly HPTUA user group meetings in the Commercial & Public transport team. Issues connected with step free access, rail and bus route improvements and interchange capacity are discussed at this forum.

Current Status: Underway, Draft *Public Transport Lobbying Strategy* to be shared with a wider group of Officers for comment November/December 2019 and be proposed to Build a Better Harrow Board in March/April 2020.

- 3.5 Recommendation 4: That, as part of the lobbying strategy, for a letter to 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), relevant Government Ministers, the Department of Transport, Network Rail, and rail operating companies (London Northwestern Railways, 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 services operated by London Underground Lines, London Overground, London Northwestern Railways, Chiltern Railways and Southern.

Update on Progress: The Deputy Mayor for Transport, Heidi Alexander, visited Harrow on 18 January 2019 with further discussions recently through the West London Economic Priorities Board to understand key transport issues, in particular relating to the Council's Regen aspirations. Themes included lobbying for increased frequency of rail services between Harrow and Central London, better reliability of services, more step free stations including Harrow, and Stanmore, improvements at Harrow & Wealdstone station. Data collection is also underway on rail capacity from various operators, DfT and TfL underway.

Current Status: Underway, data collection results expected late 2019. Letters to follow to support Lobbying Strategy to be complete in early 2020.

3.6 Recommendation 5: That the Council 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.

Update on Progress: Included in “all-encompassing” Building a Better Harrow Infrastructure Plan – see recommendation 2 – that builds on the Atkins work to assess the broad magnitude of the boroughs infrastructure need – in light of the Regeneration Programme, its cost and how to pay for it, where it might be needed and how to deliver it better.

Current Status: Complete subject to this activity continuing, it is therefore recommended that recommendation 5 is closed.

3.7 Recommendation 6: That all relevant strategies produced by the Council reference the Regeneration Programme and how they contribute to or are impacted by it.

Update on Progress: A report to Council on 18 July 2019 proposed changes to the constitution further defining the role of Corporate Strategic Board (CSB) and Building a Better Harrow Board (BBHB) relating to “provision of strategic leadership”; “consideration and making of decisions on council issues which need cross council input and/or ownership to deliver”; and providing “a wider Strategic Direction on the interactions within Council services to meet the Councils Ambition plan”.

BABH monitors the performance and budget of all regeneration projects across the Council and provides CSB members with the opportunity to understand the wider remit of the current regeneration programme and interrelationships between different elements of the programme.

Current Status: Complete subject to this activity continuing, it is therefore recommended that recommendation 6 is closed.

3.8 Recommendation 7: That the Programme should investigate and learn from the 2008 financial crash and specifically what happened to rental prices in Harrow and further consider what a 20% - 30% downwards price correction would do to the For Sale strategy to make sure we better protect the financial viability of the programme.

Update on Progress: Sales value assumptions for directly delivery schemes (Haslam and Waxwell) have been updated and sensitivity analysis carried out to show what the impact adverse prices would have on sales value. This continues to be monitored through the budget monitoring process. Project models have a facility to enable a number of potential scenarios to be tested.

Current Status: Complete subject to this activity continuing, it is therefore recommended that recommendation 7 is closed.

3.9 Recommendation 8: The panel recommends that the break-even point for all planned regeneration projects is constantly reviewed, and that appropriate steps are taken to address any adverse change.

Update on Progress: As per above (Recommendation 7), the break-even point for the two direct delivery schemes (Haslam and Waxwell) going forward is reviewed regularly as part of the monitoring process. For the remainder of the programme, whose delivery is still under discussion, the issue of financial viability, which will include break-even, is critical to the Strategic Development Partner evaluation process.

Current Status: Complete subject to this activity continuing, it is therefore recommended that recommendation 8 is closed.

3.10 Recommendation 9: To understand the implications of the 2020 business rates recalculation on the Civic Centre and Kodak sites; to ensure a reduction in notional business rates for the borough; and to establish a proactive lobbying strategy (particularly with Ministry of Homes, Communities, and Local Government (MHCLG), and Treasury) to ensure an exemption in business rates for both sites.

Update on Progress: The Business Rates re-baseline by Government has been delayed by at least 1 year and additionally, there is another rate revaluation is due on 1st April 2021. As the existing Civic Centre will not be removed from the ratings list for a number of years and the Kodak site has already been removed from the ratings list (these being the two largest in Harrow). There is now no immediate impact on the business rates.

Current Status: Complete subject to this activity continuing, it is therefore recommended that recommendation 9 is closed.

3.11 Recommendation 10: The panel recommend that modelling of the new Civic Centre should reflect the efficiency of the new Civic Centre for staff and maintenance costs, so that we get the true opportunity costs of any delay, including a reduction in business rates.

Update on Progress: The Council is in the process of procuring a Strategic Development Partner for its Regeneration Programme covering three key council sites. This process includes provision of a new Civic Centre on one these sites. As part of the process, it is very clear that the imperative for the new Civic Centre is that it is cost neutral (build costs) and meets the specification provided. The revenue costs are being modelled alongside the procurement process and will be concluded once the outcomes of the process is known which will set the design and delivery method of the new civic centre.

Current Status: Complete, now part of the HSDP procurement process. The cabinet report for a decision is anticipated in June 2020 by which time the 2020/21 Budget will be approved. If any amendments are required to the 2020/21 Budget, these will be enacted and reported in line with Financial Regulations. It is therefore recommended that recommendation 10 is closed.

3.12 Recommendation 11: To formalise governance arrangements for cross-party engagement on the regeneration programme post-election, and establish a public forum, either through the Major Developments Panel as it currently exists, or by expanding the remit of this Panel, or establishing a new, specific Regeneration Panel.

Update on Progress: Formal cross-party arrangements include the Major Developments Panel, and the public Regeneration Residents' Panel which continues to meet on a quarterly basis – the last meeting was 17 September. Informal meetings with Officers, Portfolio Holders and Shadow Portfolio Holders held regularly. There will be further opportunities for cross party working following the procurement of the Harrow Strategic Development Partnership. Please also see response to recommendation 13.

Current Status: This is ongoing, requirement to progress further cross-party arrangements once HSDP established post June 2020.

3.13 Recommendation 12: For the Corporate Risk Register to reflect an overall risk and level of risk of the regeneration programme, and to include a risk on the Corporate Risk Register of each high value project (such as the Civic Centre) at the GARMS committee.

Update on Progress: Building a Better Harrow Board is currently informed about Regeneration Programme risks. The Corporate Risk Register item 4 relates to “Failure to deliver the council-led Regeneration Programme through the Harrow Strategic Development Partnership (HSDP)” and includes a detailed risk description, measures in places to manage the risk, and further actions to be undertaken. Risk is currently at a C2 level due to the potentially serious impact that not delivering the Programme would have on achievement of council Priorities. Local project risks and issues are discussed on a monthly basis in project review meetings. It's anticipated that Regeneration Programme project (and risk) management is soon to be migrated onto SharePoint and that formation of risk registers, and escalation through correct channels, will be automated. Action with Business Transformation Team.

Current Status: Complete subject to this activity continuing, it is therefore recommended that recommendation 12 is closed.

3.14 Recommendation 13: To develop cross-party understanding of the critical pathways of the regeneration programme, and the timing of the “stop-go points”.

Update on Progress: Please refer to Recommendation 11. The last quarterly Regeneration Programme Update presented to Cabinet on 10 October 2019. Next update expected in January 2020.

Current Status: Complete subject to this activity continuing, it is therefore recommended that recommendation 13 is closed.

- 3.15 Recommendation 14: To ensure that other related bodies, such as the Health and Well-being Board, Harrow's Clinical Commissioning Group, Safer Harrow, Harrow Youth Parliament, and all relevant and significant partners have an integrated approach to the Council's regeneration strategy.

Update on Progress: Please refer to response to recommendation 6. Corporate Senior Board (CSB) and Building a Better Harrow Board (BABHB) continue to have a role in ensuring all relevant and significant partners are engaged in the development and implementation of the programme. Trial of a more proactive approach to engagement with local regeneration is ongoing in Wealdstone: Wealdstone Action Group is supported by the Council with the aim to better understand community sentiment and explore how it can make a positive difference to the local area; Wealdstone Traders' Association is being supported to develop its own action plan to help address some of the issues in the town centre; and work is underway to establish a high level working group to steer implementation of project and bids for further funding opportunities. The group has now met twice.

Current Status: Complete subject to this activity continuing, it is therefore recommended that recommendation 14 is closed.

- 3.16 Recommendation 15: To continue to monitor and assess risks in relation to the likelihood of further interest rate rises.

Update on Progress: The most appropriate debt management strategy for the Regeneration Programme is under constant review with the Council's Treasury Management Advisors to ensure that the most appropriate borrowing opportunities are pursued and the borrowing is timely to minimise the cost of carry.

The monitoring of interest rates continues and sensitivity analysis carried out as part of viability and finance monitoring.

Current Status: Complete subject to this activity continuing, it is therefore recommended that recommendation 15 is closed.

- 3.17 Recommendation 16: The panel recommends that borrowing is not delayed by pursuing unrealistic borrowing opportunities.

Update on Progress: Funding has been arranged for those smaller sites ready to proceed at Haslam House and Waxwell Lane. For the remainder of the Programme, the HSDP tender will inform the budget and hence borrowing requirement going forward.

Current Status: Complete subject to this activity continuing, it is therefore recommended that recommendation 16 is closed.

3.18 *Recommendation 17*: To ensure a proactive transport lobbying strategy is in place in order to ensure issues around reliability, capacity, and frequency are addressed in relation to Harrow and Wealdstone station.

Update on Progress: A follow up meeting to the Deputy Mayors meeting was held with Network rail at Harrow & Wealdstone station where a list of improvements were identified and future refurbishment programme was discussed. Harrow has successfully secured Metropolitan Line upgrade - more trains and new signalling; Bakerloo Line upgrade - new trains and signalling, greater capacity; £3.8m Network Rail improvements to Harrow and Wealdstone Station. A proactive lobbying strategy is incorporated in the *Public Transport Lobbying Strategy* (please see response to recommendation 3).

Current Status: Complete, See also response to recommendation 3. In light of that response it is therefore recommended that recommendation 17 is closed.

4. Implications of the Recommendations

4.1 This report provides an update on progress on the delivery of the recommendations arising from the Overview and Scrutiny report issued in February 2018, *Financing of the Regeneration Programme in Harrow by the Regeneration Scrutiny Review Panel*.

4.2 Following the detailed update on the Overview and Scrutiny recommendations outlined in Section 3. It is recommended that the following recommendations are considered closed these are: 1, 5, 6, 7, 8, 9, 10, 12, 13, 14, 15, 16 and 17.

4.3 To agree that recommendations 2, 3, 4, and 11 should remain open and agreed that a further update on progress at a future meeting. The specific areas they relate to are as follows:

- Infrastructure Plan,
- Lobbying Strategy
- Cross-party working arrangements

5. Financial Implications

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

6. Environmental Impact

6.1 Environmental issues for the Regeneration Programme as a whole are considered as part of the Building a Better Harrow quarterly update to Cabinet.

6.2 A number of responses to recommendations will have specific environmental impact – in particular outputs from the *Building a Better Harrow Infrastructure Plan*. The implications of these will be discussed in detail in the plan itself.

The Infrastructure plan will address issues relating to:

- Energy
- Water and flooding
- Traffic and transport
- Air quality and pollution
- Waste
- Biodiversity, flora and fauna.

7. Risk Management Implications

7.1 Risk included on Directorate risk register? Yes

7.2 Separate risk register in place? No

7.3 There is a risk register for the Regeneration Programme. The top three risks for each work stream are included in the Regeneration Programme Dashboard which is reviewed each month at the Councils Build a Better Harrow Board.

8. Equalities implications / Public Sector Equality Duty

8.1 Was an Equality Impact Assessment carried out? No

8.2 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.

8.3 An Equality Impact Assessment has been carried out for the Regeneration Programme as a whole and has been recently updated (May 2019).

9. Council Priorities

9.1 The content of this report relates to the Council's Priorities in the following ways:

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.

Supporting those most in need

The Council's aim for the Regeneration Programme 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.

Protecting vital public services

The Regeneration Strategy aims to provide the homes, schools and other infrastructure needed to meet the demands of our growing population and business base, through enhancements to Harrow and Wealdstone and Harrow on the Hill stations, schools expansion, new libraries, new public spaces, further work on Harrow's green grid and the establishment of a town centre district energy network.

Delivering a strong local economy for all

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. The Regeneration Programme aims to reinforce our commercial centres, promote Harrow as an investment location, address skills shortages and support new business startups, and develop local supply chains through procurement.

Modernising Harrow Council

Our regeneration strategy reflects a new approach to the management of the Council's property assets. The goal is to secure a long-term income from these assets, addressing long-term pressures on the Council's revenue funding, whilst securing positive regeneration outcomes which will benefit the local economy and address our acute housing needs as a Borough.

Delivery of a new civic centre will provide a more cost-effective, well-designed and efficient home for the Council, more suited to modern methods of working and civic activity.

Section 10 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 31.10.19		
Name: Hugh Peart	<input checked="" type="checkbox"/>	Monitoring Officer
Date: 31.10.19		

Name: Paul Walker



Corporate Director of
Community

Date: 31.10.19

Ward Councillors notified:

NO, as it impacts on all wards.

Section 11 - Contact Details and Background Papers

Contact: Adam Towle, Regeneration Manager, adam.towle@harrow.gov.uk

Background Papers:

Report for Cabinet 30 May 19, Harrow Strategic Development Partnership

Available at:

<https://www2.harrow.gov.uk/documents/s156670/SDP%20-%20Final%20cover%20report.pdf>

Financing of the Regeneration Programme in Harrow, Regeneration Scrutiny Review Panel

Available at:

<http://moderngov:8080/documents/s150199/Regeneration%20Scrutiny%20Panel%20-%20Final%20Report%20-%20March%20Cabinet.pdf>

Overview and scrutiny committee, minutes, 27 February 2018

Available at:

<http://www.harrow.gov.uk/www2/documents/g64191/Printed%20minutes%20Tuesday%2027-Feb-2018%20.30%20Overview%20and%20Scrutiny%20Committee.pdf?T=1>

Report for Cabinet, *Response to the Scrutiny Review Panel Report on Regeneration Finance*, 21 June 2018

Available at:

<https://www.harrow.gov.uk/www2/documents/s151200/Regeneration%20Finance%20Scrutiny%20Review.pdf>