

	<b>Resources &amp; Public Realm Scrutiny Committee</b> 23 <sup>rd</sup> April 2024
	<b>Report from the Corporate Director of Neighbourhoods &amp; Regeneration</b>
	<b>CIlr Shama Tatler</b> <b>Cabinet Member for Regeneration, Planning and Growth</b>
<b>Regeneration In Brent</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Non-Key
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>List of Appendices:</b>	One: Appendix 1 - Examples of Existing Regeneration Schemes in Growth Areas in the Borough
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Gerry Ansell Director of Inclusive Regeneration and Employment <a href="mailto:Gerry.ansell@brent.gov.uk">Gerry.ansell@brent.gov.uk</a> 020 8937 6477

## 1.0 Executive Summary

1.1 This report provides an update on the challenges that have arisen in the delivery of existing regeneration schemes, and how the Council have learned lessons to apply to the future. It looks at the framework of the Council's 8 growth areas and schemes within it and considers the principal challenges faced in scheme delivery over recent years.

## 2.0 Recommendation(s)

2.1 To note the contents of the report and agree feedback including any recommended actions.

## 3.0 Detail

This report responds to the request of scrutiny committee to cover the following matters:

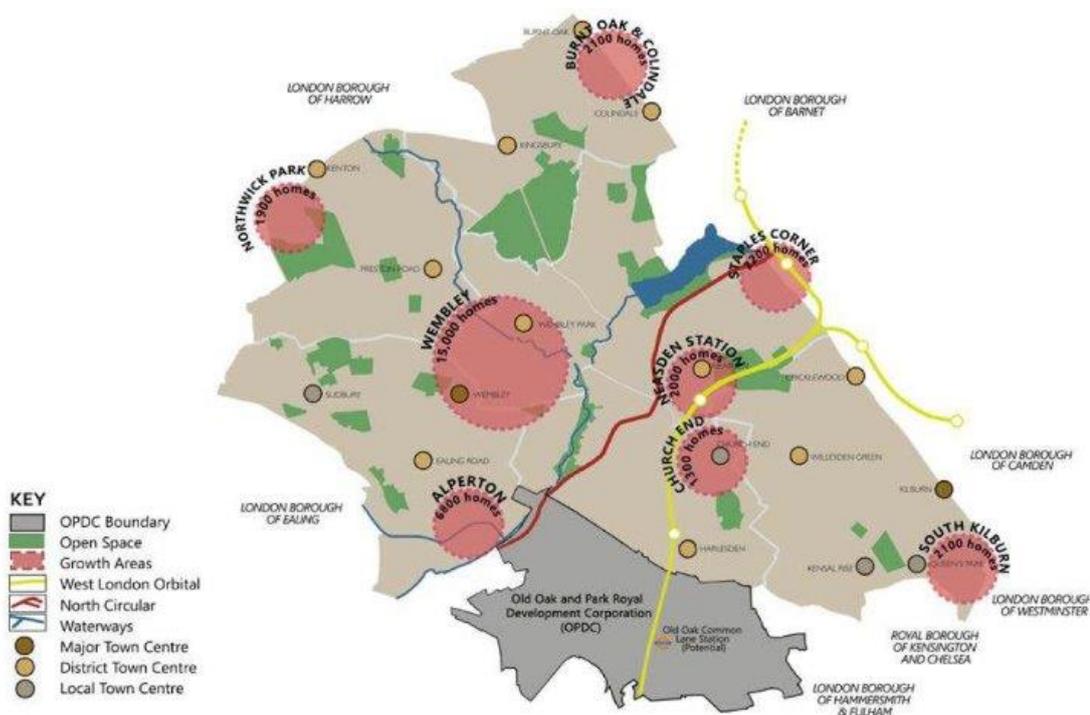
- Overview of growth areas
- Site assembly
- Financial viability
- Macro-economic issues
- Lessons learned.

Whilst this report primarily focusses on development, the service supports regeneration in other ways, including securing affordable workspace, promoting meanwhile uses, town centre and neighbourhood management, green neighbourhoods, and other relevant initiatives (e.g., cargo bike trials), enhancing public realm and supporting cultural activities e.g., murals, arts trails, creative enterprise zone. The Council has been fairly successful in securing grants to progress projects, such as GLA funding streams for Good Growth, High Street Challenge, Civic Partnership Programme, and finally the governments Levelling Up Fund and the UKSPF.

### 3.1 Overview of Existing Regeneration Schemes In Growth Areas

#### Brent's Growth Areas

3.1.1 Brent Local Plan 2022 sets the context for growth to take place in the borough. There are 8 growth areas providing the focal point for meeting the development and regeneration needs of the borough over the coming years. This plan is supplemented by detailed guidance on certain matters such as affordable workspace, S106 obligations, sustainability, and amenity space. The minimum anticipated capacity for new homes for each area is as follows:



- Wembley (15,000 homes)
- Alperton (6,800 homes)
- South Kilburn (2,100 homes)
- Burnt Oak / Colindale (2,100 homes)
- Northwick Park (2,285 homes)
- Neasden Stations (2,000 homes)
- Church End (1,300 homes)
- Staples Corner (2,200 homes)

### 3.1.2 *Wembley Growth Area*

This is the largest growth area in Brent which is set to deliver over 15,000 new homes and 10,000 new jobs in addition to those already delivered in the period to 2020. This is principally across Wembley Park and Wembley, centred along the High Road. Development along Wembley High Road includes the recently completed 'Uncle' build to rent scheme with sites to the east under construction for residential development and legal agreements being completed for adjacent student accommodation schemes. The Council has two large development sites here, part of the former Ark Elvin school site and Ujima House.

Wembley Park has seen transformative change over the last 20 years and development continues apace with Quintain schemes for residential and commercial space, student accommodation and a new community centre under construction to the northeast of the stadium. Sites further east along Fulton Road including Euro House are under construction, with a number of sites benefitting from outline consent or progressing through the planning consent process.

### 3.1.3 *Alperton Growth Area*

Alperton Growth Area has seen very significant change over the last 10 years. Extensive development has been focussed around the Grand Union development on the southern part of the area towards the North Circular Road, including 3,300 dwellings on this site, community facilities and a multi-storey industrial scheme fronting the North Circular.

The other main focus has been around Alperton station where a number of residential-led schemes have been delivered, are under-construction or have consent. An application for 464 dwellings and 421 co-living units has recently been submitted along Atlip Road, south of the station.

### 3.1.4 *South Kilburn Growth Area*

South Kilburn is being transformed through a comprehensive estate regeneration programme, which is around 60% complete. A masterplan adopted in 2017 is providing the guiding principles for development. A current planning application is being progressed for the Hereford & Exeter scheme which will provide 250 new homes.

### 3.1.5 *Burnt Oak / Colindale*

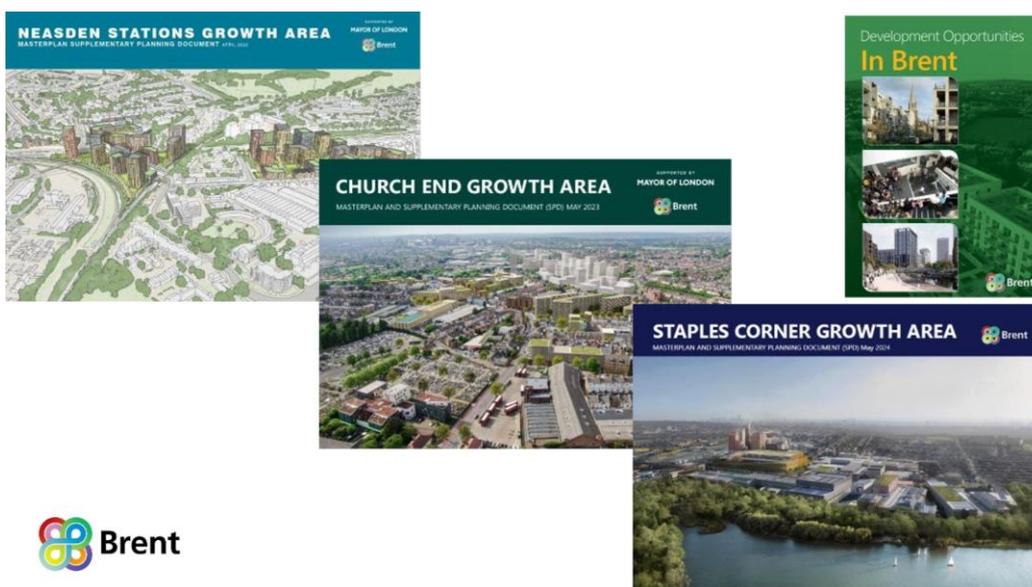
The Burnt Oak / Colindale Growth Area, on the west of the Edgware Road and adjacent to an opportunity area in LB Barnet, will be subject to masterplanning to realise its potential. The area has seen the completion of schemes including the TNQ 'The Northern Quarter' residential led scheme and the Silver Works.

### 3.1.6 *Northwick Park Growth Area*

Brent Council, London North West University Healthcare NHS Trust, the University of Westminster and Network Homes are committed to working in partnership to deliver homes, commercial and community uses, for which outline planning consent has been granted. Major infrastructure works including road and junction improvements have been completed along with a new multi-storey car park. This provides the capacity for extensive residential schemes to follow. In addition, the University is considering the potential to increase its student accommodation provision on site.

## 3.2 **Masterplans and Sites**

An overview of the 3 most recent current/emerging masterplans, namely Neasden Stations, Church End and Staples Corner is set out below with reference to current and recent sites within them. Appendix 1 sets out a broader range of activity within growth areas and elsewhere in the borough.



### Neasden Stations

- 3.2.1 Neasden Stations' Growth Area (NGSA) is 11.5 hectares. It covers industrial land in the immediate vicinity of the Neasden underground station and prospective West London Orbital (WLO) station along Neasden Lane, as well as the College of North-West London Dudden Hill campus. It is subject to a Masterplan Supplementary Planning Document (SPD) adopted by the Council in April 2022. Its development will provide a minimum of 2,000 additional homes, improvements to public realm/ townscape around the stations, re-provided industrial space and social infrastructure in a mixed-use area.
- 3.2.2 The SPD considers the area on the basis of the area's growth both with, and without, a new station for the proposed West London Orbital rail line, which the council is very supportive of.
- 3.2.3 There is presently a planning application at Neasden Goods Yard (see appendix 1). An application for the College of North West London site is likely to be submitted very shortly. It links in closely with the College's recent planning approval to relocate to the former Network Homes site on Olympic Way thus consolidating their Dudden Hill and Wembley Park Campuses on one site.

### Church End

- 3.2.4 Church End Growth Area (CEGA) is 26 hectares, comprising Victorian housing stock, the local town centre and industrial land. CEGA plans for mixed-use regeneration, set around the economic revitalisation of the local centre and an improved public realm, to improve the area and change the perception of the place to a busy, thriving, safe and secure neighbourhood.
- 3.2.5 The CEGA Masterplan SPD adopted by the Council in May 2023 is a long-term plan to secure at least 1,300 new homes and infrastructure to maximise opportunities and wellbeing for local residents, businesses and communities, including the provision of education, health, cultural and community facilities, open space and play facilities. The Council has entered into a contract with Wates Construction to deliver 99 Council homes, a new supermarket and commercial space. Works are on site and are expected to complete in Spring 2026.

### Staples Corner

- 3.2.6 Staples Corner is a large industrial area, primarily in Brent but crossing over into the adjoining Brent Cross Town Barnet/Cricklewood Opportunity Area. Strategically located at the intersection of the North Circular Road A406, the M1 and A5 Edgware Road the Midland Main line, the SCGA is an important strategic industrial location, serving London's need for logistics and

manufacture. It is designated as a strategic industrial location by the London Plan.

- 3.2.7 The Local Plan designates Staples Corner for industrial and housing growth, with the ambition to transform the area into a new mixed-use community, providing a range of new business premises fit for modern day occupiers, as well as at least 2,200 new homes with an improved environment and supporting infrastructure. A draft Masterplan will be presented to Cabinet in May 2024 for approval for formal public consultation (planned for early summer).
- 3.2.8 It also seeks to capitalise on the considerable development and new station at Brent Cross new town opposite, on the Barnet side of the A5.
- 3.2.9 There is a current application at 403-405 Edgware Road for new hotel and commercial space. It has been significantly delayed as a result of build cost inflation discussed below. The application has also been submitted in advance of the publication of a masterplan and there have been a variety of issues around the need for supporting information to justify the proposals. These complexities have led to an elongated timeline for the application.

### 3.3 **Site Assembly**

- 3.3.1 Where sites are fragmented or where land is needed to bring about coherent change, a programme of site assembly is required. For example, in the Staples Corner Growth Area one of the principles is to seek to intensify the amount of employment floorspace in order to release land for other uses such as residential. Research has been undertaken to establish the nature of occupancy and land ownership. Moreover, discussions have taken place with landowners to understand opportunities and aspirations for their sites.
- 3.3.2 A recent scheme at Abbey Manufacturing has permission for 684 homes including 218 affordable and commercial space. The site lies within the Alperton Housing Zone. Although the majority of the site is in the ownership of the main developer there are leased sites that need to be incorporated in order to secure delivery. Site acquisition is in the hands of the developer. Since this is within the Alperton Housing Zone the Council has accepted the principle of the use of Compulsory Purchase powers should this prove necessary to support delivery.
- 3.3.3 In general, the Council looks to the private sector to assemble sites. Compulsory Purchase is a complex and lengthy process and is only used as a last resort.

### 3.4 **Macro-economic Issues**

- 3.4.1 Despite challenging economic circumstances, the Council has still kept good delivery levels against the target. The following table shows the breakdown of approvals staying on average above the 2,325 local plan target for new homes.

Year	Units granted (net)	Affordable units	(%) Affordable
2020/21	2457	809	32.93%
2021/22	5171	1531	29.61%
2022/23	1519	418	27.54%
Total	9147	2758	30.15%

Key macro-economic issues that have come to light are:

- Accommodating new legal requirements
- Build cost inflation
- Interest rates
- Labour shortages and construction skills
- Affordable housing grant rates and funding landscape

#### Accommodating New Legal Requirements

- 3.4.2 The legal framework has been changing over recent years with new planning and building legislation being enacted. The Levelling Up and Regeneration Act is responsible for current and planned changes to development management, planning performance and timescales, plan making and methods for measuring and setting housing targets. The Building Safety Act 2022 (BSA) has dramatically changed the framework for building control nationally particularly around tall buildings and with the introduction of a new building safety regulator.
- 3.4.3 In particular the BSA has raised standards of fire safety in tall buildings. Recommendations for additional means of escape via a 2<sup>nd</sup> staircase has meant a major review of new buildings over 18m in height. This has led to redesign, delays, and cost impacts for major developments across the Borough.
- 3.4.4 A forum of the nation's largest Registered Providers, known as the G15, estimate that overall spend of members on building safety, including fire remediation works, will reach c.£3.6 billion by 2036. Consolidating so much funding into this remediation work will significantly reduce financial capacity for other activities, including new development or further acquisition of S106 Affordable Housing packages.
- 3.4.5 As an example, the Wembley Housing Zone schemes have required significant redesigns, with an additional 6 stair cores being introduced to the Cecil Avenue scheme. These redesigns have delayed programme times by approximately 1-year, reduced housing delivery from 304 to 291 homes, and negatively impacted financial viability.
- 3.4.6 The Hereford & Exeter (H&E) scheme in South Kilburn has been in planning since early 2022. However, it was paused for a significant period due to the scheme's viability and the effects of the Building Safety Act, which required all cores to be redesigned with a second staircase. This has had a further negative

effect on the viability of the scheme, with the residual land value (RLV) being reduced significantly.

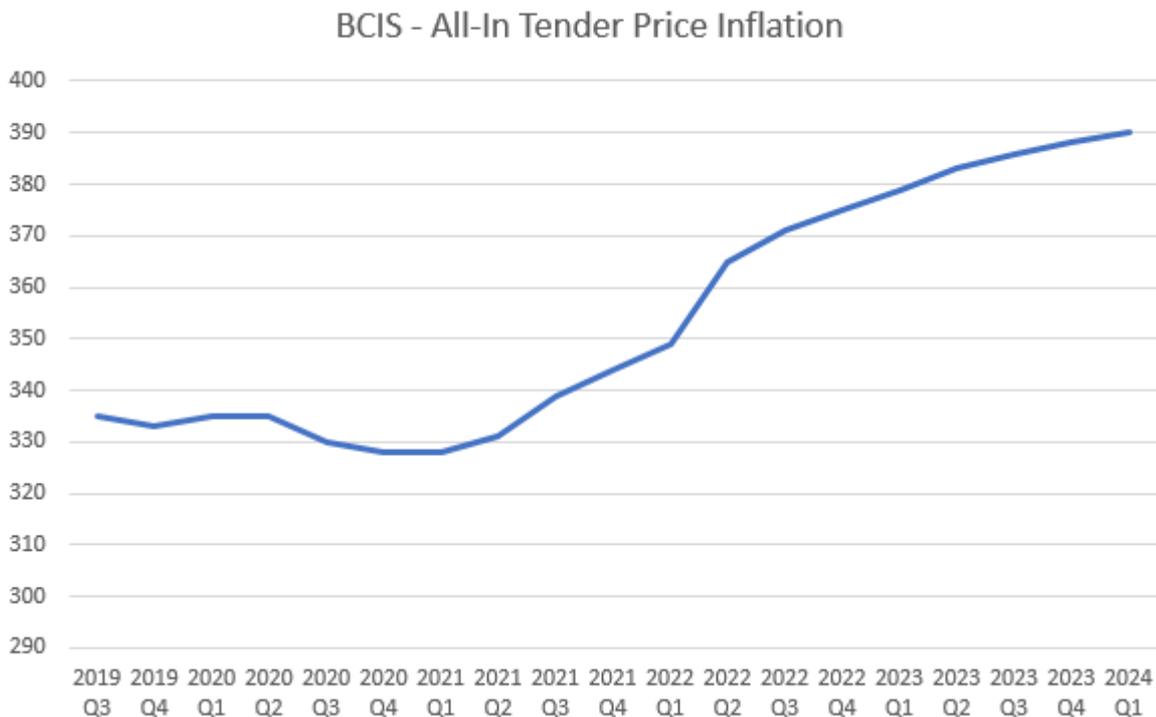
3.4.7 The H&E planning application resumed in early February 2024 once the designs and associated planning documents were updated and submitted to Brent Planning. This additional time has resulted in some of the blocks in the scheme no longer qualifying for a reduction of CIL liability when calculating the levy. This could result in reducing the schemes viability further. Officers are testing options with the Legal Team to develop a strategy to mitigate against this issue.

3.4.8 The extant permission for the Park Parade 383-397 Edgware Road (see Appendix 1) is currently being redesigned to future proof against potential changes to fire safety regulations through engagement with the London Fire Brigade. These design changes will require a new planning application.

#### Build Cost Inflation

3.4.9 There has been a significant spike in build cost inflation attributable to some global factors leading to the disruption of both energy and material markets.

3.4.10 The All-In Tender Price Index (TPI) for construction costs has increased by c.16.4% in the last 4 years as illustrated below.

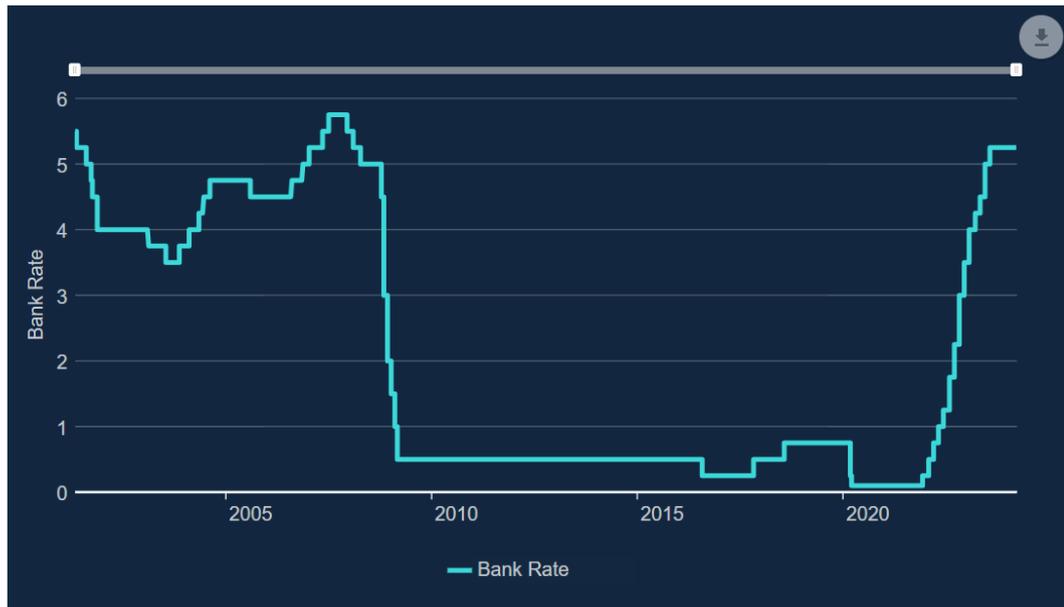


3.4.11 The rate of cost inflation has now slowed. However, industry forecasts are suggesting that build costs will continue to increase by 15% over the next 5 years, and tender prices will rise by 17% over the same time period.

## Interest Rates

3.4.12 Despite low interest rates in recent decades rates have increased significantly over late 2022 and 2023 to the current 5.25% figure, which has increased both development finance and mortgage costs.

**Official Bank Rate**



3.4.13 The Council predominantly borrows from the Public Works Loan Board and their rates have increased in line with inflation. As a result, the Council's cost of borrowing is now significantly higher, and cost of delivery of schemes now signed into main works contracts has risen compared to what was previously assumed in initial viability testing.

3.4.14 UK interest rates are predicted to start falling in the second half of 2024.

## Labour Shortages & Construction Skills

3.4.15 A recent industry report revealed that across the UK 937,000 new workers will be needed in the construction and trade industries by 2032. The 4 biggest shortages of construction labour in London are: -

- Groundworkers
- Bricklayers
- Plant Operatives
- Dry liners

3.4.16 Key labour shortages in Brent Borough are: -

- Labourers
- Hoist Operators
- Traffic Marshalls

- Groundworkers

3.4.17 Apprenticeships in most demand from employers in Brent are: -

- Plumbing
- Electrical
- Dry lining
- Site Management
- Carpentry
- Form Work

3.4.18 The Employment Team works with Planning to leverage s106 commitments to deliver employment opportunities for Brent residents and the team and the council's Brent Works brokerage service use regular and robust monitoring of sites and S106 obligations to maximise jobs and apprenticeships from the developers in the borough. The service are placing ever greater numbers of higher-level apprentices at levels 3, 4 and above.

3.4.19 The Council's large, own construction contracts also require significant social value, including employment and training opportunities.

3.4.20 Developing valuable networks across West London Councils, Apprentice Training Agencies and private sector agencies has seen an increase in partnership working and being able to offer flexible solutions to local construction employers that have included moving displaced apprentices in order to continue and complete their industry training and joint work with them on upskilling new but also existing employees. For example, the Council has recently worked with West London partners and HS2 on training some residents to secure an HGV licence.

#### Affordable Housing Grant Levels & Funding Landscape

3.4.21 In London, affordable rented grant rates under the GLA's 2016/23 Affordable Homes Programme are £100k per new home for Local Authorities, but that covers just 25% of development costs, versus grant rates for around 50% development costs under the 2008/11 programme. This is a significant reduction in grant rates.

3.4.22 For the WHZ, GLA grant is via the Building Council Homes for Londoners programme at £17.4 million and the Council has claimed 75% of this grant.

3.4.23 The Hereford and Exeter scheme has been provisionally approved to receive the GLA Affordable Homes Programme Grant. However, even with the average grant rate, and more favourable developer assumptions, the scheme would still have a negative Residual Land Value (RLV). There is a current workstream to test the viability of the scheme to see what level of grant would be necessary, or what reduced level of affordable housing would be required to reach a positive RLV.

3.4.24 Grant funding will often be subject to delivery milestones and be time limited. Good financial planning demands that this is factored into project plans and that

there is good communication between funders (such as the GLA) and the Council project management Team. Under the 2021/26 grant programme, 40% of the grant can be drawn down at the point land is acquired, 35% at start on site and the remaining 25% at practical completion which is a shift away from the 90% start on site and 10% practical completion as seen in the previous programme.

#### 4.0 **Lessons Learned**

- 4.1 Since a number of these issues were unforeseen or difficult to predict it would be wise to see additional contingency built into project plans to cover delays and increased costs. This involves joint working across regeneration and planning, housing and property and assets. Financial constraints will be a factor but will mean greater prudence in decisions to proceed with schemes. It does inevitably mean that some schemes will not proceed until financial viability improves.
- 4.2 Fragmented land ownership is a consideration of masterplanning and does require some time to facilitate landowners cooperating in delivering wider proposals. This will require proactive engagement throughout the initial stages of plan making as well as a strategy to assist with occupier relocation and site assembly. It is open to the Council to support land acquisition through its own funds or securing grant. However, this would of course be subject to seeing a return on that investment and minimising financial impacts on the Council. Compulsory purchase is also an option but can be costly and inevitably is a long process. Local businesses and residents may also be resistant to such action and engagement needs to be handled sensitively.
- 4.3 Even where schemes have secured planning permission and are ready to implement there are risks with contract management. Until main works contracts are signed, inflation risk lies with the Council, and regular forecasting is essential so that challenges can be monitored. The relevant boards – Regeneration, Housing and Capital Programme Board - have over 2023-24 exerted greater scrutiny over contracts, project management, and financial viability.
- 4.4 Good financial planning must take account the nature of funding regimes which may be time limited and or be stage released. It is important that the financial planning takes account of this, and projects are delivered to the agreed timetable and mechanisms are in place with funders to raise issues that may affect delivery.
- 4.5 Brent is generally seen by the development sector as a good council to work in, with strong leadership and technically good and positive staff. However, in the current, challenging market, we are seeing a decline in the number of major development proposals which not only impacts on planning and building control fee income, but also reduces the ability to deliver good growth as set out in the Local Plan and other strategies.

- 4.6 The Council needs to maintain its reputation as being 'open for business'. One method of demonstrating that Brent is open for business would be around raising the borough profile and marketing. The Council has a Development Opportunities booklet that is provided to developers at events and available online. Moreover, the Regeneration Team are working on an Investment Prospectus to see that Brent attracts business and developer investment to the area. There are various events throughout the year to promote employment and skills e.g., the business summit, Brent Jobs Fair; networks such as Opportunity London and the West London Alliance; and Forum's such as UKREiiF which brings together partners around property investment.

## **5.0 Contribution to Borough Plan Priorities & Strategic Context**

- 5.1 Delivery and provision of the proposed infrastructure within the growth areas and estate regeneration schemes referred to in this report, will directly contribute to Brent's Borough Plan strategic priorities as follows: -

### Prosperity and Stability in Brent

- 5.2 New developments increase the Council Tax and business rates base within and bring in funds such as Community Infrastructure Levy and New Homes Bonus. It can enhance the quality of the environment, brings in residents and employees to spend locally, and provides employment opportunities during and after construction. It also leads to better quality places that are more attractive for investors.

### A Cleaner, Green Future

- 5.3 Schemes such as Cecil Avenue will deliver new open space, planting, and trees, increasing the urban greening factor and reducing carbon emissions and reducing effects of extreme heat in the summer. The Wembley Park area will see a new urban park and has had hundreds of new trees planted throughout the area. A focus on growth areas which are better connected and where transport improvements can be made is more sustainable.
- 5.4 The estate regeneration schemes will provide new development on brownfield sites, with more energy efficient buildings. The South Kilburn Estate Regeneration scheme include a Decentralised Energy Network.
- 5.5 In this regard regeneration proposals within the growth areas respond well to national, GLA and local priorities around climate change.

### A Healthier Brent

- 5.6 The Cecil Avenue scheme is located within Wembley Town Centre, which is recognised as having an open space deficiency. The new publicly accessible courtyard on the Cecil Avenue scheme will provide new open space, supporting community wellbeing and quality of life, with play spaces for children of all ages and abilities.

- 5.7 Community Infrastructure Levy is being used to contribute towards the delivery of three new health centres; the new facility in Wembley Park is due to open in May; the South Kilburn one is on site and due to be open early 2026; the Alperton one is still to be delivered.

### Thriving Communities

- 5.8 The Cecil Avenue scheme has capacity to provide a community centre, which would open out onto the publicly accessible courtyard. This would provide a new facility for local people and community groups for events and activities, located in an area of rapid population growth.
- 5.9 The Hereford & Exeter scheme also includes the re-provision of Granville Urban Park, as well as public realm improvements and new commercial space. There are also within the Carlton and Granville sites provision for affordable workspace and community kitchens, Peel affordable workspace.
- 5.10 In Church End the Council is supporting the opening of a youth centre, working closely with local community groups. Procurement of an operator is currently taking place.
- 5.11 Community Centres have also been provided by Brent Council at the Brent Indian Centre and the Learie Constantine Centre and on private schemes, secured through planning, at Wembley Park (the Yellow and proposals for The Green) and Alperton within the Grand Union development.
- 5.12 The acquisition of the Picture Palace in Harlesden will result in a new community facility, operated by a consortium of local groups. Fit out of the facility will complete in autumn 2024.
- 5.13 Other forms of infrastructure delivery are through the Neighbourhood CIL.
- 5.14 The Council is innovative around engagement for example the work on CEGA reached out to a wider range of community groups and businesses. Brent's Quality Review Panel. and new Community Review Panel are also important ways of ensuring engagement to bring forward high quality proposals.

## **6.0 Financial Considerations**

- 6.1 The Council's regeneration capital expenditure in the last 5 financial years is c.£13m. (FY19 to FY23). This includes ongoing projects such as Housing Zones, Picture Palace, and Bridge Park Regeneration. The budget for FY24/25 is c.£64m, which is predominantly Housing Zones, but this is now likely to be re-profiled based on the contractors cashflow as Wates development agreement has just gone unconditional. Further future years approved budget are c.£118m but the budget ask will be submitted on a yearly basis and each project will go through its governance stages for approval, so future budgets will evolve.

6.2 All projects go through a viability modelling assessment which will be reported during the governance papers. These viability models will have up to date assumptions and risks/opportunities will be considered as scenario modelling and sensitivities come into focus. The economic position the UK and Local Boroughs are in is a financially challenging. This means that value for money and financial impacts are in the fore even more so than previously. Viability assessments will include the consideration of strategies, project costs, including land assembly, and project funding, including working with our funding partners such as the GLA and developers. Assessments will be cash flowed to show when debt is to supplement the programme and affordability of Regeneration schemes to the wider Council. In the pursuit of regeneration of the borough, affordability is a key factor in which Regeneration projects happen and therefore the Regeneration programme will evolve, and the finance team will be involved in these strategic plans.

## **7.0 Legal Considerations**

7.1 This report sets out some of the Council led schemes which are being developed. The Local Plan and supporting documents set the process of managing the development and use of the land mentioned in accordance with the policies set out in the Local Plan. The Local Plan therefore helps to determine, the type and location of development in an area, achieve key objectives by setting out a vision and a framework for the future and, helps inform the process of determining planning applications.

7.2 The Master Plan Supplementary Planning Documents build on and provide more detailed advice or guidance on policies set out in the adopted local plan. The Master Plans are a material consideration in planning decision-making.

7.3 Sections 17 and 18 of the Housing Act 1985 deals with the obligation conferred upon the Council to use certain land acquired for of the provision of housing.

7.4 As a consequence of the recent legal changes, there is the inclusion of a second staircases in residential buildings in England above 18 meters. Under the Building Safety Act 2022, the new Building Safety Regulator will be responsible for making all regulatory decisions for High-Risk Buildings. High Risk Buildings are defined as being at least 18 metres in height or have at least 7 storeys. This change to the building safety regime and other factors mentioned in this report has an impact on the viability of some of the proposed housing development schemes.

## **8.0 Equity, Diversity & Inclusion (EDI) Considerations**

8.1 The aim of inclusive regeneration is to ensure that property investment and planning, benefits everyone, from all equality groups. The strategic framework, namely, the borough plan, the inclusive growth strategy, the Local Plan and associated masterplans have all been the subject of equalities impact analyses to ensure that the policies are responsive to the diverse needs of the population. Providing affordable and accessible homes are likely to have a positive effect on life chances. Business growth and investment will provide employment and

training opportunities. Delivering supporting health, education and other physical and social infrastructure would also respond positively to the differing needs of local people.

## **9.0 Climate Change and Environmental Considerations**

9.1 All schemes will require a Sustainability Assessment and are assessed against criteria in the local plan and Sustainability SPD. South Kilburn includes the Decentralised Energy Network and other schemes incorporate a range of low carbon measures to ensure compliance with Brent's sustainability policies.

## **10.0 Communications Considerations**

10.1 None applicable.

## **11.0 Human Resources/Property Considerations**

11.1 None applicable.

**Report sign off:**

***Alice Lester***

Corporate Director of Neighbourhoods and Regeneration