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## **CABINET**

16<sup>th</sup> February, 2022

**Subject Heading:**

Bridge Close Regeneration LLP Business Plan Refresh 2022-23

**Cabinet Member:**

Councillor Damian White

**SLT Lead:**

Neil Stubbings  
Director of Regeneration

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**Policy context:**

The Council has entered into a delivery vehicle, Bridge Close Regeneration LLP (BCR LLP), to deliver the regeneration of Bridge Close, Romford pursuant to the Council's ambitions for regeneration as set out in the Local Plan, the Romford Area Action Plan (2008), the Romford Town Centre Development Framework (2015) and the emerging Romford Masterplan and new Local Plan (awaiting adoption).

The Bridge Close Regeneration LLP Business Plan 2019/2020 was approved by Cabinet on 13 February 2019, including funding provision reflecting 50% Council ownership of BCR LLP operated as a joint venture vehicle at the time.

This report provides an update of the Bridge Close Regeneration LLP Business Plan 2019/2020 in light of the Council having acquired full interest in BCR LLP on 29<sup>th</sup> October 2020 and the approval by Cabinet authorising the update of the Bridge Close Regeneration LLP Business Plan to reflect the approved changes to the funding and delivery arrangements set out in the 16<sup>th</sup> December 2020 Cabinet report.

**Financial summary:**

The Council has made provision in the financial year 2021/2022 to provide funding for the Council's capital contributions to meet financial commitments arising from the operation of Bridge Close LLP (BCR LLP) in accordance

with the project documents, the BCR LLP Business Plan 2019/2020, and the approval by Cabinet of the recommendations relating to the funding and delivery arrangements set out in the 16<sup>th</sup> December 2020 Cabinet agenda.

This report outlines proposed changes to the Business Plan, and recommends a revised budget to enable its implementation.

**Is this a Key Decision?**

This is a key decision because the expenditure exceeds £500,000.

**When should this matter be reviewed?**

December 2022

**Reviewing OSC:**

Overview & Scrutiny Board  
Town & Communities OSC

**The subject matter of this report deals with the following Council Objectives**

Communities making Havering  
Places making Havering  
Opportunities making Havering  
Connections making Havering

**SUMMARY**

- 1.1 The Council established a joint venture development vehicle, Bridge Close Regeneration LLP ('BCR LLP', 'Joint Venture' or 'JV') to bring forward the proposed regeneration of the site known as Bridge Close (see plan with red line at Appendix A). BCR LLP was until October 2020 jointly owned between the Council and a private sector partner. On 16<sup>th</sup> September 2020, Cabinet approved the proposed acquisition by the Council of the private sector interest in BCR LLP and on 29<sup>th</sup> October 2020, the Council entered into a purchase agreement to acquire the interest in BCR LLP that it did not already own from the private sector partner.
- 1.2 In light of the Council acquiring full control of Bridge Close Regeneration LLP, on 16<sup>th</sup> December 2020, Cabinet considered a number of recommendations relating to the future funding and delivery of the scheme. Approval was granted for the Council to deliver the regeneration of Bridge Close directly, funding the development entirely through Council resources, predominantly using the Housing Revenue Account. Cabinet approved a budget with referral to and subsequent agreement by Full Council on 3<sup>rd</sup> March 2021.
- 1.3 Cabinet also authorised the Director of Regeneration to update the Bridge Close Regeneration LLP Business Plan 2019/20 ('the Business Plan') to reflect the proposed changes to the funding and delivery arrangements and new ownership structure.
- 1.4 The Business Plan forms part of a comprehensive suite of project documents, including the Members' Agreement, the Land Agreement, the Land Acquisition Strategy, the Security Agreement and the Loan Note Instruments, which amongst others, set out the strategy and the terms and conditions for provision of funding by the Council as principal Member of the Joint Venture. The Business Plan is a suite of strategy and policy documents, including a budget and financial model with detailed forecasts, which provides a management framework for delivering the vision and objectives for the regeneration of Bridge Close. The Bridge Close Regeneration LLP Business Plan 2019/2020 was approved by Cabinet on 13<sup>th</sup> February 2019 and subsequently adopted by the Bridge Close Regeneration LLP.
- 1.5 In accordance with the Members Agreement, the Board of Bridge Close Regeneration LLP must prepare, issue and agree a draft Business Plan to the Council as Member. Once agreed, the draft Business Plan would replace the then current Business Plan as the formal Business Plan adopted by the Bridge Close Regeneration LLP.
- 1.6 This report provides an update of to the Business Plan and a review of key work streams underpinning the delivery of the Council's vision for Bridge Close. It provides an update of the budget and financial model approved by Cabinet in December 2020 and recommends that the updated Business Plan be agreed, noting the significant benefits to the regeneration of Romford town centre, the contribution towards Havering's target for housing delivery, and the expected financial returns anticipated in the plan.

**RECOMMENDATIONS**

**That Cabinet:**

1. Agree the draft Bridge Close Regeneration LLP Business Plan 2022/2023 (the Business Plan) as attached at Appendix B.
2. Agree the provision of a budget to enable the funding and delivery of the regeneration of Bridge Close as required and detailed within the exempt Financial Implications and Risks section; this budget to be included within the proposed HRA Capital Programme that will be considered by Cabinet in the Housing Revenue Account Business Plan update.
3. Agree that the Leader of the Council, after consultation with the Director of Regeneration, the S151 Officer and the Monitoring Officer, approve detailed business cases, funding arrangements and legal agreements as may be required to deliver the regeneration of Bridge Close as per the Business Plan 2022-2023.
4. Authorises the Director of Regeneration, acting in consultation with the Monitoring Officer and Section 151 Officer, to negotiate, finalise and enter into all necessary legal agreements, as may be required, to bring into effect the proposed arrangements set out in Recommendations 1-3 inclusive.

**REPORT DETAIL**

**2.0 Background**

- 2.1 Bridge Close is a 3.45 hectare site currently occupied by mixed industrial, warehouse and ancillary units under multiple ownerships, an ambulance station, Islamic Cultural Centre and a number of terraced properties which front onto Waterloo Road and Oldchurch Road in Romford.
- 2.2 The Business Plan, forming part of the legal agreements adopted on establishment of Bridge Close Regeneration LLP in April 2018, sets out a suite of strategies, plans, work streams and activities designed to give effect to the implementation of the Objectives of the Joint Venture (JV).
- 2.3 Amendments to the Business Plan for the year 2019-2020 were approved by the Council as Member in February 2019 and adopted by the Board of the JV. As set out above, this Cabinet report provides an update to the adopted Business Plan and provides a draft Business Plan for the year 2022-2023 for consideration by Cabinet. The draft Business Plan is included in the exempt agenda Appendix B of this report due to the commercially sensitive nature of the information.
- 2.4 The Objectives of the JV as set out in the Business Plan are the following:

- i. To undertake the regeneration of Bridge Close, by way of housing development and other ancillary beneficial development, for the benefit of the Borough and its residents;
- ii. To secure wider social and economic benefits (including employment opportunities) for the benefit of existing and new residents of the Borough;
- iii. To incorporate land belonging to other occupiers and owners, both public and private sector, into the development;
- iv. To achieve an acceptable return for the benefit of the JV and its Members, having regard to the principal objective remains the regeneration of Bridge Close.

2.5 In pursuing these objectives through the JV, the Council aims to ensure the following:

- i. A comprehensive development, which delivers infrastructure for the residents of the new development and for the whole of Romford;
- ii. Direct control over the quality, timing, and implementation of development (separate from, and in addition to, its role as planning authority);
- iii. Direct control over the housing tenure mix and the ability to maximise the provision of affordable housing, having regard to the needs of the people of Romford and Havering;
- iv. A greater influence and control over support given to businesses, community groups and residents displaced or seeking relocation.

2.6 As such, the Council's main objective remains the regeneration of Bridge Close. The development will transform a key part of Romford town centre, delivering a comprehensive development, comprising all of the following:

- 1,070 new homes (incl. between 35% and 50% affordable homes subject to viability)
- A 3-form entry primary school with nursery and SEND provision
- A community and cultural space
- A local health facility
- Commercial floor space, including affordable work space
- Improved east-west links, including a new pedestrian and cycle bridge
- Environmental improvements to the River Rom.

2.7 Save for minor proportional changes as a result in an increase in floor area dedicated to office/work space, the scope of uses and quantum of development has remained unchanged since the last review and adoption of the Business Plan in February 2019.

2.8 Further details of the financial strategies and policies underpinning the current draft Business Plan, including a detailed budget and forecasts for funding and delivering the regeneration of Bridge Close are provided in the exempt part of the report due to the commercial nature and sensitivity of the information.

### **3.0 Scheme Review**

3.1 In view of the practical difficulties of implementing the Business Plan under the former JV ownership structure, and being mindful of the Council's commitment to bringing

about a comprehensive redevelopment of Bridge Close, Bridge Close Regeneration LLP is progressing activity in the following key areas:

- i. Planning and Consultation
- ii. Design Development
- iii. Land assembly

3.2 This reflects the Council acquiring full control of Bridge Close Regeneration LLP in October 2020 further to the approvals granted by Cabinet on 16<sup>th</sup> December 2020.

### **3.3 Planning**

3.3.1 The development of the proposed planning application for Bridge Close is undertaken in accordance with the Planning Strategy forming part of the Business Plan. The Planning Strategy and by extension, the planning application, takes account of existing and emerging planning policy and aligns to the vision for the regeneration of Bridge Close. It outlines the approach and scope for the planning application(s) and considers the anticipated planning obligations that will apply to the development.

3.3.2 The planning application takes the form of a hybrid planning application to be submitted for the whole site. The proposed application will seek full planning permission for an initial Phase 1 of the development and outline permission for the remainder of the site. Detailed planning permission is sought for Phase 1, comprising approximately 383 new homes, flexible commercial floor space, a three form entry primary school and nursery, a pedestrian and cycle bridge as well as new public realm works and associated infrastructure, including the revitalisation of the River Rom.

3.3.3 Outline planning permission will simultaneously be sought for the remainder of the site. The outline permission will be accompanied by detailed parameter plans and a design code to inform future detailed proposals for future phases, serving to ensure continuity and to safeguard the Council's vision and the comprehensive nature of the development.

3.3.4 Throughout 2021, the planning application suite of plans and documents have been subject to review in light of the adoption of the new London Plan in March 2021 as well as other existing and emerging planning policy and building regulations, including Havering's proposals for the ring road developed as part of the Liveable Neighbourhood project. Studies, surveys and assessments have been completed to ensure alignment and compliance. Whilst the review has been comprehensive across all relevant areas, the following have been in particular focus:

- i. Energy Strategy – focusing on communal centralised energy provision using air source heat pump technology and the opportunity to connect in the future to wider heating distribution networks as required.
- ii. Flood risk assessment – mitigating the risk of flooding by implementation of a surface water management strategy using sustainable drainage systems and the naturalisation of the River Rom in consultation with the Environment Agency.
- iii. Fire risk assessment – minimising risk to life safety through the implementation of a fire strategy for the development in compliance with planning policy, building regulation and relevant codes of practice.
- iv. Climate change and net zero carbon review – achieving net zero compliance, including reducing CO<sub>2</sub> emissions for both domestic and non-domestic

buildings to achieve at least a 35% on-site reduction against the baseline as set out in Building Regulations Part L 2013.

- 3.3.5 In addition to considering the impact of new and emerging policy and regulation on key physical aspects of the development, such as height and massing in the context of Romford town centre, further consideration is also being given to the long-term housing needs of local people in Romford and Havering more widely. Whilst provision of between 35% and 50% affordable housing is anticipated, further review of the appropriate tenure and unit mix will continue into the early parts of spring next year, leading to the compilation of the final suite of documents of the planning application for submission in the summer of 2022.
- 3.3.6 Recognising the regeneration of Bridge Close is subject to additional stages of design development before commencement of works, further review of proposals will take place in the future to ensure continued compliance with existing and emerging policy, building regulations, codes of practice, and importantly, the needs of local people.

### **3.4 Consultation**

- 3.4.1 Consultation has continued in 2021 with the Local Planning Authority (LPA), Highways Authority and with other key stakeholders. This follows numerous pre-application meetings with the LPA, the Greater London Authority (GLA), the Strategic Planning Committee, the Council's Quality Design Review Panel and internal stakeholders already held in 2019. It is anticipated that further public consultation will be undertaken with all stakeholders in 2022, leading up to the proposed submission of the hybrid planning application in the summer of the same year.

#### **3.4.2 Primary School & Health Building**

- 3.4.3 Consultation also continues with key education and health economy partners in order to meet potential rising demand for services to support growth in the local community. As such, the Council will acquire a new 3 form entry primary school and a health building from the Joint Venture. The Council will fund the acquisition of the school from the Basic Needs Grant allocated by the Department for Education (DfE) and through own resources, including borrowing and where possible from S106 contributions. BCR LLP continues to consult with Children's Services and the DfE to plan ahead for the delivery of BCR LLP's proposals, having regard to the demand for pupil places as a result of the development and from adjoining communities in Romford town centre. The primary school is expected to be delivered in the initial phase of the development
- 3.4.4 The Council continues its discussions with local healthcare authorities and partners to facilitate the delivery of a new health building on Bridge Close in accordance with integrated healthcare infrastructure capacity planning in Havering. The building will provide services from across the integrated care system, which may include primary and social care, community services and other specialist services, including enhanced diagnostics where appropriate. By bringing services together, the health building will play a vital role in improving access for members of the local community and reducing pressures in other parts of the local health economy. Funded through Council resources, a lease granted to an appropriate primary and community care provider is anticipated to secure a recurring revenue stream to the Council. The health building is expected to be delivered in phase two of the development.

### **3.4.5 Affordable Housing**

- 3.4.6 It is anticipated that the development will provide between 35% and 50% affordable housing, subject to viability. This is in accordance with the principles underpinning existing Housing Zone funding support for 35% provision agreed with the Greater London Authority (GLA). Further to discussions with the GLA in light of the adoption of the new London Plan, affordable housing provision below 50% may be acceptable in circumstances where land has been acquired for regeneration purposes, noting furthermore the achievement of 50% affordable housing provision by the Council across its wider regeneration programme. Consultation with the GLA continues with respect to the potential for release of funding to support the provision of affordable housing through both Housing Zone funding and the Affordable Homes Programme.

### **3.5 Design Development**

- 3.6 The design team, consisting of leading firms of architects, landscape architects, masterplanners, technical experts and engineers, has continued to progress the proposals throughout 2021 in accordance with client and planning requirements, underpinned by a design brief and development specification approved by the Board of BCR LLP.
- 3.7 Design development has been informed by the vision and objectives for the regeneration of Bridge Close, and enshrined in key proposals, plans and documents, including:
- i. The design and access statement, incorporating:
    - a. The masterplan for the site as a whole
    - b. Individual plot designs for residential and non-residential uses
    - c. Landscape and public realm design
  - ii. The design code and parameter plans
- 3.8 The Design and Access Statement describes the design process and proposals at a site-wide masterplan scale covering the entire application boundary. It deals with the landscape strategy and with the detailed proposals for the plots in the initial phase of development.
- 3.9 The masterplan for Bridge Close builds on the principles established in adopted and emerging policy, proposing a mixed-use residential-led scheme, which will include a new bridge across the River Rom, a new east-west connection to the town centre, non-residential uses to complement the town centre offer and create a well-designed, high-quality neighbourhood.
- 3.10 Detailed designs for individual plots have been brought forward as part of an initial phase to provide 383 new homes of which between 35% and 50% will be affordable tenures. Plot designs provide a balance of both traditional and more contemporary architecture with use of high quality materials and immediate access to local retail, play space, public realm and other amenities. The initial phase maintains the provision of a 3 form entry primary school with nursery and special educational needs and disability (SEND) provision. Detailed plans set out the internal design of floors and units complemented by sections and external elevations.
- 3.11 Proposals for landscape design provide for ample high-quality public realm and open space, including the provision of green space and play space for local residents as



well as the greening and revitalisation of the River Rom. It sets the parameters for a river walkway along the River Rom, a new junction to Waterloo Road and a new street through the centre of the site. More widely, it sets the strategy for the use of materials informing the initial parameters for long-term estate maintenance.

- 3.12 As set out at paragraph 3.3.4 above, the masterplan, plot designs and landscape architecture have been informed by adopted and emerging policy and regulation, having regard to key issues around energy provision, flood risk and fire risk as well as climate change and environmental impact.
- 3.13 Design Code provides strategic design guidance and place-making principles for all phases of delivery. The purpose is to ensure that the development is well designed and built to a high standard, providing a coherent framework within which architectural diversity can be achieved and where the public realm is an integrated element which provides continuity with the surrounding area. The Design Code will control development in future phases and be conditioned as part of any grant of planning approval.
- 3.14 Underpinning the Design Code are parameter plans setting out the application boundary, development plots, indicative heights, open space and illustrative ground floor uses and routes through the site. Together the Design Code and the parameter plans provide distinct guidance to ensure the comprehensive development of Bridge Close is progressed across phases consistently underpinned by high-quality design and public realm place-making principles.
- 3.15 As set out in paragraph 3.4.1 above, the masterplan, plot designs and landscaping have been informed by extensive consultation with the Local Planning and Highway Authority and the Greater London Authority, but with elected Members, the Strategic Planning Committee and the public. Importantly, a Quality Review Panel of external urban design experts was established to independently vet and inform the place making qualities of the emerging masterplan and designs. Future phases of development will be require separate planning applications (reserved matters) subject to consultation with the Quality Review Panel and Strategic Planning Committee.
- 3.16 In close consultation with the Cabinet and other stakeholders, it is anticipated that a planning application may be submitted in summer of 2022.

**3.17 Land Assembly**

- 3.18 Land assembly is undertaken in accordance with the Land Acquisition Strategy forming part of the Business Plan.
- 3.19 The Council and the JV continue to engage with all owners and occupiers of residential and commercial interests on Bridge Close. All commercial property owners have instructed valuations and private treaty discussions are progressing with all owners and principal occupiers at various stages of development.
- 3.20 In November 2018 the Cabinet resolved to approve the acquisition of all remaining residential interests not in Council or JV ownership to be used as temporary accommodation until such time as they may be required for development. To date, 31 out of a total of 37 residential properties have been acquired or have terms agreed. Further engagement and communication is underway with the remainder of owners and occupiers.

- 3.21 Overall, there may be some adverse impact from the redevelopment of Bridge Close, particularly as a result of the displacement and disruption caused to existing businesses, staff, residents and their families, as well as some religious groups. To reduce this impact, the Council is working closely with those affected and offering a full package of support, through access to dedicated advice and assistance, through the offer of financial compensation, by offering a range of options to help residents move to a new home and providing businesses and other groups with help in finding and relocating to new premises, as well as additional support to mitigate against any potential disturbance.
- 3.22 A number of acquisitions of commercial property have completed since the establishment of the JV and more recently, including 3 Bridge Close, 6 Bridge Close, 12A-C Bridge Close, 12C-E Bridge Close and 13A Bridge Close. Constructive private treaty discussions continue with the remaining owners and occupiers of commercial property with a number having reached the final stages of agreeing terms.
- 3.23 Relocation support continues to be provided to businesses where appropriate. Whilst the market for industrial property is buoyant, it has been possible to maintain business continuity and employment whilst completing on transactions and successfully relocating businesses to new premises.
- 3.24 Other owners of non-residential property include the London Ambulance Service and the Havering Islamic Cultural Centre ('HICC'). Whilst the London Ambulance Service has announced a pause to the implementation of its relocation from Bridge Close to enable redeployment of resources to cater for anticipated rise in demand for its services over the winter period 2021-2022, discussions continue with advisors to seek a mutually satisfactory long-term agreement. Contact to the HICC and its advisors also continues in order to consider all options for relocation within the existing development or on an alternative site where practicable.
- 3.25 With the progress being made on private treaty discussions with owners and occupiers of both residential and commercial property, the table below provides a summary of interests acquired to date or subject to contracts with a right to purchase on agreed terms.

<b>Interest</b>	<b>Total (Ha)</b>	<b>% of Total</b>	<b>% Held</b>
Residential Property	0.64	19%	87%
Commercial Property	2.34	68%	51%
Public & Other Land	0.12	3%	-
Unregistered Land with Council as Highway Authority	0.34	10%	-
<b>Total</b>	<b>3.45</b>	<b>100%</b>	<b>51%</b>

<sup>1</sup> Freehold interest, Ardent Management Limited, 2021

- 3.26 The potential use of the Council's Compulsory Purchase Order (CPO) powers continues to form part of the Council's land assembly strategy as a means of last resort in circumstances where private treaty discussions do not deliver the anticipated outcomes. All private treaty discussions and agreements are completed having regard to the CPO guidance and regulatory framework to ensure appropriate support as well as disturbance and compensation payments are provided.
- 3.27 The review of key work streams above reflects the pre-application planning stage that the regeneration of Bridge Close is at. As the regeneration progresses, further activity

relating to contractor procurement, construction, sales and leasing as well as estate management, amongst others, will form an integrated part of day-to-day activity.

#### **4.0 Indicative Phasing and Delivery Programme**

4.1 Bridge Close is anticipated to be developed in three phases as set out below:

- **Phase 1** is expected to deliver approximately 383 new homes of which between 35% and 50% may be affordable housing with retail and commercial units to serve the local community and provide space for local business. A new 3 form entry primary school will also be delivered, serving as vital educational infrastructure for the new communities at Bridge Close, the Waterloo Estate and Rom Valley Way, the latter two of which are in advanced stage of development with construction expected to commence in the foreseeable future. Phase 1 would also provide high-quality public realm, including a new bridge to enhance east-west links in the town centre and much needed investment and environmental upgrade of the River Rom.
- **Phase 2** is expected to deliver approximately 259 new homes of which between 35% and 50% may be affordable housing along with further retail and commercial units to serve the local community and provide space for local business, including where possible, existing businesses at Bridge Close wishing to relocate on site. A new health building would be provided, catering for families at Bridge Close and the wider community, serving to reduce pressures on acute care at nearby Queen's Hospital. A new community centre would be provided with cultural facilities and services for local people.
- **Phase 3** is expected to deliver approximately 428 new homes of which between 35% and 50% may be affordable housing, providing the final addition to a vibrant new community where families may live, thrive and contribute to the wider regeneration of the town centre.

4.2 The table below sets out anticipated dates for each of the key programme milestones underpinning the Business Plan.

<b>Table 2 Indicative Delivery Programme</b>			
<b>Milestone</b>	<b>Phase 1</b>	<b>Phase 2</b>	<b>Phase 3</b>
Review of Planning Policy and Design	Quarter 1 '22		
Completion of Planning Application	Quarter 2 '22	-	-
Submission of Hybrid Planning Application	Quarter 3 '22	-	-
SPC Resolution to Grant	Quarter 1 '23	-	-
Cabinet Make the CPO	Quarter 1 '23	-	-
Main Contractor Procurement	Quarter 1 '23	-	-
Planning Approval / S106	Quarter 1 '23	-	-
Main Contractor Selection	Quarter 2 '23		
Public Inquiry	Quarter 3 '23	-	-
Confirmation of CPO	Quarter 4 '23	-	-
Issue General Vesting Declaration (GVD)	Quarter 1 '24	-	-
Vacant Possession	Quarter 2 '24		
Main Contractor – Site Possession Phase 1	Quarter 2 '24	-	-
Planning Application (Phase 2 and Phase 3)	-	Quarter 4 '24	

Planning Approval (Phase 2 and Phase 3)	-	Quarter 2 '25	
Main Contractor Appointment - Phases 2 & 3	-	Quarter 4 '25	Quarter 1 '27
Start on Site	Quarter 2 '24	Quarter 4 '25	Quarter 1 '27
New Homes Completed	Quarter 4 '26	Quarter 2 '28	Quarter 3 '29
Final Sales Completed	Quarter 4 '27	Quarter 1 '29	Quarter 3 '30

- 4.3 All work streams, including planning applications for each phase, acquisition of property and any CPO activity as well as the procurement of a contractor for delivery of Phases 1, 2 and 3 fall within the Council's control.
- 4.4 As set out in paragraph 3.3.5 above, it is anticipated that the planning application suite of plans and documents will be completed in final form in spring of 2022, allowing for the application to be submitted in summer of the same year. This will allow appropriate time for the Council to consider the full implications of newly adopted planning policy in the form of the new London Plan (adopted March 2021) and to determine the appropriate housing tenure mix that best meets the long-term needs of the Council and local people.
- 4.5 As set out in paragraph 3.4.1 above, consultation with key stakeholders will continue throughout the delivery programme, including public consultation ahead of future planning submissions.
- 4.6 Land assembly will continue in parallel with the development of the planning application both through private treaty discussions with owners and occupiers, and through the preparation for the potential use of the Council's Compulsory Purchase powers. With the making of the CPO in Quarter 1, 2023 and the public inquiry in Quarter 3, 2023, it is anticipated that the CPO may be confirmed by Secretary of State in at the end of 2023, allowing for vesting declarations to be served and vacant possession to be taken in summer of 2024.
- 4.7 With start on site expected in the summer of 2024, completion of Phase 1 is anticipated at the end of 2026 with phased delivery of the scheme to completion in the summer of 2029 in accordance with circumstances prevailing at the time.

**REASONS AND OPTIONS**

**5.0 Reasons for the decision:**

- 5.1 The Council has been consistent in promoting and progressing its vision to regenerate Bridge Close, a key site on the edge of Romford town centre, and in so doing, advancing the objectives of delivering new homes and affordable housing as well as key infrastructure, including a new school, a health building, a bridge and high-quality public realm and the revitalisation of the River Rom.
- 5.2 On 16<sup>th</sup> September 2020, Cabinet resolved for the Council to take full control of Bridge Close Regeneration LLP in order to ensure the future regeneration of Bridge Close in light of the difficulties in pursuing this objective with its former private sector partners.

On 16<sup>th</sup> December 2020, Cabinet approved the recommendation for the Council to deliver the regeneration of Bridge Close funded predominantly through the HRA. Both decisions were strong statements of intent to fulfil the vision to regenerate this part of Romford Town Centre and reap the associated benefits, including the generation of long-term social value for people of Romford and the wider Borough of Havering.

5.3 The Draft Business Plan is a suite of policies, processes and operational plans, providing a path for the Council to crystallise its vision and make the regeneration of Bridge Close a reality supported by a robust risk management and governance framework.

5.4 The Draft Business Plan sets out the strategic framework to support direct delivery of the scheme by the Council in accordance with Cabinet's decision in December 2020 and would:

- Accord with the Council's vision and objectives for the regeneration of the site;
- Deliver between 35% and 50% new affordable homes, subject to viability, at a potentially relatively low net average cost per unit, providing acceptable value for money as a regeneration scheme;
- Provide additional certainty in relation to the funding of the scheme;
- Offering an acceptable payback of the Council's investment;
- Provide greater certainty for affected business and resident communities;

5.5 In summary, the approval by Cabinet of the Business Plan would enable this key regeneration scheme located at a gateway to Romford Town Centre to move forward, underpinned by a comprehensive financial model and accompanying analysis, which substantiates the delivery of regeneration outcomes at a financial return to the Council in excess of its cost of capital.

5.6 The Members' Agreement contemplates the Board of Bridge Close Regeneration LLP preparing, agreeing and issuing a Draft Business Plan as set out in Appendix B for approval by the Council as Member. The Members' Agreement provides that this be done at regular intervals. Once agreed, the Draft Business Plan would replace the then current Business Plan as the formal Business Plan adopted by the Bridge Close Regeneration LLP. Any potential approval of the Draft Business Plan as set out in this report would therefore be in accordance with the provisions of the Members' Agreement and would regularise the cycle of updating going forward, having regard to the Council now being in full control of Bridge Close Regeneration LLP.

## **6.0 Other Options Considered and Rejected:**

6.1 **Not Approve the Draft Business Plan.** Whilst this option would not run contrary to provisions in the Members' Agreement, which in these circumstances would allow the existing adopted Business Plan to remain in force; however, not approving the Draft Business Plan would run contrary to the Council's vision and objectives of delivering both affordable housing and the regeneration of Bridge Close, a key site on the edge of Romford town centre. Whilst key work streams such as land assembly, the making of the CPO and submission of the planning application could potentially be progressed under the existing Draft Business Plan, it would be without having due regard to the latest planning, land assembly, market, cost and financial advice that would otherwise inform the strategy. Moreover, it could potentially be perceived as a statement of intent

not to progress with the regeneration of Bridge Close. Accordingly, there would be significant reputational damage and impediment to implementation of key work streams. The regeneration scheme could be either lost completely or delayed for a significant period of time. This could have reputational implications and potentially impair the Council's investment to date. This option has been rejected.

- 6.2 **Approve the Draft Business Plan and Pause the Scheme.** Whilst pausing a scheme may be standard practice for a private sector developer, it does not constitute good practice from a regeneration perspective. This is due to the lack of certainty that this strategy entails and the difficulties arising in treating meaningfully with owners and occupiers in private treaty land assembly discussions. A pause to the scheme would in the first instance prevent a planning application being made, which in turn would prevent a CPO being progressed, assuming that a CPO would be necessary to complete land assembly. No CPO Inquiry can be contemplated before the Acquiring Authority (the Council) can demonstrate that there are no insurmountable planning impediments that would prevent the scheme from being implemented. Without the grant of some form of planning permission this could not be proven. It would also be very difficult to secure meaningful engagement from potential contractors without knowing what the scheme is or is likely to be in planning terms and having a level of programme certainty. A pause would create an element of uncertainty over the scheme, with adverse impact for owners and occupiers within the proposed regeneration area and deny the Council the benefit of the significant progress on planning and land assembly that has been made since reporting to Cabinet in December 2020. There would also be a risk of reputational damage. This option has been rejected.

## IMPLICATIONS AND RISKS

### 7.0 FINANCIAL IMPLICATIONS AND RISKS

- 7.1 The assumptions underpinning the Business Plan and related financial model have been reviewed and updated to reflect anticipated economic conditions and development in key appraisal parameters, having regard to the early stage of development and the pre-planning concept stage at which masterplans and design development are being progressed.
- 7.2 Accordingly, the financial model and related budget approved by Cabinet on 16<sup>th</sup> December 2020, has been revised with a downward adjustment to the budget as set out in the exempt Financial Risks and Implications of this report.
- 7.3 Achieving regeneration outcomes, including the provision of much needed housing, the generation of social value and the creation of a high-quality place where people want to live, work and play continues to be the Council's principal objective. The Council recognises, however, that achieving the regeneration of Bridge Close at the scale envisioned comes with some risks.
- 7.4 Whilst some risks may relate to the operational implementation of the development, such as planning risk, ground condition and construction risk, cost price inflation, sales price inflation and programme, others relate directly to the funding of the project. The Council recognises that operational risks may have a direct impact on the overall

funding envelope and that active risk management may serve to mitigate the Council's exposure by capping, sharing or transferring risks where possible.

- 7.5 The potential adverse impact of the prospect of a material increase in the longer term cost of borrowing is also a risk that requires ongoing review and management. Whilst potential increased cost of borrowing is included in the Council's contingency planning, the potential for capping interest rate risk is subject to ongoing review.
- 7.6 The Council continues to monitor and manage identified risks, having regard to each stage of development required to complete the regeneration of Bridge Close. Drawing on the expertise and capacity of an experienced team of internal and external delivery partners forms an integrated part of the Council's risk management strategy. Appropriate application of contractual structuring, insurance and financial contingency planning provides an overlay to core risk management practices.
- 7.7 The review of financial assumptions, risks and implications are exempt due to the commercial nature and sensitivity of the information.

## **8.0 LEGAL IMPLICATIONS AND RISKS**

- 8.1 The Bridge Close Regeneration LLP Business Plan 2019/2020 was approved by Cabinet on 13<sup>th</sup> February 2019 and adopted by the Bridge Close Regeneration LLP. In accordance with clause 14 of the Members Agreement dated 29<sup>th</sup> October 2020, the Board of Bridge Close Regeneration LLP shall prepare, agree and issue a draft Business Plan to the "Approving Person", being the Council as Member. Once agreed, the further Business Plan shall replace the then current Business Plan as the formal Business Plan adopted by the Bridge Close Regeneration LLP.
- 8.2 The Bridge Close Regeneration LLP Business Plan 2022/2023 (the draft Business Plan) set out in Appendix B has been reviewed and recommended for approval by the Bridge Close Regeneration LLP Board of Nominees. Subject to the approval by the Council as Member and Approving Person, the draft Business Plan would be formally adopted by the Board of Bridge Close Regeneration LLP.
- 8.3 As an Approving Person, the Council relies on a number of powers in considering the proposed strategy and funding envelope underpinning the draft Business Plan.
- 8.4 In providing funding the Council may rely upon the General Power of Competence ("general power") provided for in Section 1 of the Localism Act 2011 to pursue the proposed development of Bridge Close. The general power is a wide power which allows the Council to do anything that an individual may do (subject to public law principles), but it is subject to certain statutory limitations.
- 8.5 In establishing BCR LLP, the general power was relied on, as well as the fact that Sections 8 and 9 of the Housing Act 1985 impose a duty on local authorities to review housing needs in their district and provides them with related powers to provide housing accommodation by building and acquiring houses or by converting other buildings into houses. These powers can include provision via third parties. The general power and Sections 8 and 9 of the Housing Act 1985 may also be relied on in the setting up of a nominee company by the Council.
- 8.6 The Council has investment powers by virtue of Section 12 of the Local Government Act 2003, but the objective of the Council in establishing BCR LLP (and in providing the proposed funding recommended in this Report) is not as an investment. The purpose was, and remains, the regeneration of Bridge Close.

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- 8.7 More widely, the Council has land acquisition powers by virtue of Section 120 of the Local Government Act 1972. This Section 120 power does furthermore support the general position adopted, because it also recognises and allows acquisitions to be made for any authorised purpose “notwithstanding that the land is not immediately required for that purpose; and, until it is required for the purpose for which it was acquired, any land acquired under this subsection may be used for the purpose of any of the council’s functions.”
- 8.8 In light of the acquisition of the interest of former private sector partner, FB BCR LLP, in BCR LLP agreed by Cabinet on 16<sup>th</sup> September 2021, this report makes reference to, inter alia, the strategy to bring forward the regeneration of Bridge Close directly within the HRA with the primary objective of the scheme being to address housing need in Havering rather than generating a commercial return.
- 8.9 The Council took external legal advice on the direct delivery strategy approved by Cabinet on 16<sup>th</sup> December 2020. In summary, this confirmed that the Council has the power to deliver the scheme directly. The key statutory power is Section 9, Housing Act 1985, which is broad enough to empower the Council to provide both affordable and market sale housing where the latter is provided to subsidise the former (as could be case).
- 8.10 The Council also has the power in Section 12, Housing Act 1985 to provide other buildings, including retail and commercial uses, subject to obtaining Secretary of State (SoS) consent. The SoS has broad discretion in this respect with the criteria being whether the buildings will serve a beneficial purpose for those provided in Part II housing accommodation. There is a clear process in place to apply for consent.
- 8.11 If the Council were to rely on Sections 9 & 12 (subject to consent) to deliver the regeneration scheme directly, then relevant income and expenditure relating to residential accommodation and other buildings would be subject to the HRA ring fence under Section 74, Local Government and Housing Act 1989. On the basis of what is currently known, the Council is advised that capital expenditure to fund the regeneration scheme would be permitted under Schedule 4, Part II, Item 2 of that Act.
- 8.12 So the external legal advice indicates that it is unlikely that there would be any insurmountable impediments to prevent the HRA from delivering up to a 50:50 mix of affordable and open market sale units if that were the option to be selected.
- 8.13 The Council has also taken external legal advice on Subsidy Control (formerly known as State Aid). Given that the Council’s objective is to develop the site for regeneration purposes and not as a commercial undertaking, the strategy to deliver the scheme directly by the Council is likely to be able to comply with Subsidy Control requirements given the Council is a public undertaking.
- 8.14 The key risks are financial and commercial, as described in the preceding “Financial Implications and Risk” section at paragraph 7.0 above. In making a lawful decision, the Council should weigh up and consider these risks and whether they are acting prudently in public law terms.
- 9.0 HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)**
- 9.1 There are no Human Resource implications of, or risks relating to, the proposed decision.



**10.0 EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS**

- 10.1 The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:
- i. the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
  - ii. the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
  - iii. foster good relations between those who have protected characteristics and those who do not.
- 10.2 Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.
- 10.3 The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.
- 10.4 Whilst officers consider there are no implications or risks associated with the Council's statutory duty and the decisions recommended for approval relating to the Bridge Close Regeneration LLP Business Plan, the Council has continued to monitor and implement measures to ensure management policies and practices are aligned to the Public Sector Equality Duty.
- 10.5 The Equality Impact Assessment for Bridge Close, reported to Cabinet in November 2017, subsequently reviewed in September 2019 and November 2021, flows from the Council's Equality Impact Assessments for the Havering Estate Renewal Programme and the Local Lettings Plan. To inform the Bridge Close Equality Impact Assessment, engagement with affected residents and businesses has been undertaken, alongside a review of the wider Romford Town ward to establish a demographic profile of those affected. This broadly considered the impact of the proposal on these stakeholders, within the context of the protected characteristic. The Equality Impact Assessment will continue to be monitored and updated as part of a process of continuous engagement with stakeholders as proposals for the scheme are developed.
- 10.6 Overall, there may be some adverse impact from the redevelopment of Bridge Close, particularly as a result of the displacement and disruption caused to existing businesses, staff, residents and their families, and some religious groups. To reduce this impact, the Council is working closely with those affected and offering a full package of support, through access to dedicated advice and assistance, through the offer of financial compensation, by offering a range of options to help residents move to a new home and providing businesses and other groups with help in finding and relocating to new premises, as well as additional support to encourage business improvement and sustainability in the future.
- 10.7 The Council believes that the benefits of the Bridge Close redevelopment will outweigh some of the adverse impacts identified. The redevelopment of Bridge Close is predicted to be largely positive, presenting far reaching benefits and opportunities for Romford, Havering and its diverse communities. This includes making a significant contribution to the provision of new and high quality mixed tenure housing, which will be well managed, and sustainable, helping to reduce fuel poverty and contributing to the quality of life for people of all ages, genders, ethnicities and faiths/beliefs.

Regeneration of the area will also support economic growth and prosperity across Havering, through creating new mixed workspace and community facilities, which will support business growth, enterprise and inward investment, as well as local jobs, apprenticeships and wider employment opportunities. The development will also help to create a greater sense of place and platform for learning, creativity and culture, whilst also supporting education, health, leisure and recreation. The introduction of robust estate management services across the development will also aid in preventing crime and social disorder, whilst the new neighbourhood will encourage social inclusion, community cohesion and equality, helping to foster positive relations amongst existing and new communities.

- 10.8 The development will also improve the local environment by helping to reduce the barrier effect of the Ring Road, creating a safer and more welcoming environment. The introduction of a new east-west pedestrian and cycle bridge will provide greater access and connectivity to the town centre and rail station, encouraging use of public transport, walking and cycling. A rejuvenated public realm and enhanced River Rom will create an improved blue and green amenity, both for the enjoyment of local people and visitors alike. The development will reintegrate Bridge Close with Romford town centre and in doing so will complement the town centre and help the areas expansion as retail and residential quarter, providing more choice and opportunity for the future and new health and education facilities as well as affordable housing for local people.
- 10.9 Further to a review officers consider the existing Equality Impact Assessments for Bridge Close, as updated in November 2021, continue to be of relevance to the project and for the purpose of seeking the agreement by Cabinet of the Bridge Close Regeneration LLP Business Plan 2022-23.

#### **11.0 HEALTH AND WELLBEING IMPLICATIONS AND RISKS**

- 11.1 There are no Health and Wellbeing implications of, or risks relating to, this proposed decision.
- 11.2 In relation to the proposed development, an initial Health Impact Assessment has, however, already been undertaken. This indicates that the overall nature of the identified impacts is positive or neutral, including positive impacts on housing provision, mental health and the wellbeing of new residents. The proposed scheme provides opportunities for employment, provides community floor space and contains multiple and well connected public spaces.
- 11.3 An updated Health Impact Assessment has been undertaken in October, 2021 in preparation for the submission of the planning application in due course. The Assessment concludes that the overall nature of the identified impacts is positive or neutral including positive impacts on housing provision, mental health and wellbeing of the new residents. The proposal provides opportunities for employment, provides community floorspace and contains multiple and well connected public spaces. The proposed design is characterised by high quality, accessibility and sustainability. A minor negative impact has been estimated with regards to a small shortfall in the on-site provision of children play space and a remedy has been provided.
- 11.4 It is anticipated that the longer term benefits outweigh the short term impacts. More efficient use of land, high design standards, sustainable solutions and the provision of social infrastructure ensure that the proposed uses are the best uses of the land.
- 11.5 A further Health Impact Assessment will be carried out for the development prior to the commencement of works, covering the period during and post construction to identify

and maximise any positive impacts and also to identify and highlight how measures to mitigate against any negative impacts will be put in place to protect the health and wellbeing of residents during construction.

**BACKGROUND PAPERS**

None.

**APPENDICES**

<b>Appendix A</b>	Bridge Close Site Plan (PUBLIC)
<b>Appendix B</b>	Bridge Close Regeneration LLP Business Plan 2022-2023 (EXEMPT)
<b>Appendix C</b>	Financial Annexes (i) – (iii) (EXEMPT)
<b>Appendix D(i)</b>	Legal Advice Note – Subsidy Control (EXEMPT)
<b>Appendix D(ii)</b>	Legal Advice Note – Funding (EXEMPT)