

MINUTES OF THE MEETING OF THE SPECIAL CABINET HELD ON TUESDAY, 7TH MARCH, 2017, 6.00pm

PRESENT:

Councillors: Claire Kober (Chair), Peray Ahmet, Jason Arthur, Eugene Ayisi, Ali Demirci, Joe Goldberg, Alan Strickland and Bernice Vanier

Also present

Councillors : Newton, Engert, Brabazon, Ibrahim, Tucker, McNamara, Carter.

201. FILMING AT MEETINGS

The Leader referred to agenda item 1, as shown on the agenda in respect of filming at this meeting and Members noted this information.

202. APOLOGIES

There were apologies for absence from Councillor Weston.

203. DECLARATIONS OF INTEREST

There were no declarations of interest put forward.

204. MATTERS REFERRED TO CABINET BY THE OVERVIEW AND SCRUTINY COMMITTEE - DECISION OF THE OVERVIEW AND SCRUTINY COMMITTEE ON THE 2ND OF MARCH 2017 REGARDING MINUTE 184 APPROVAL OF PREFERRED BIDDER FOR THE HARINGEY DEVELOPMENT VEHICLE

The Leader referred to the agenda which set out that this was a special meeting of Cabinet convened, within the constitutionally required timescale of 5 working days, to re-consider the February 14th Cabinet decision on the “preferred bidder for the Haringey Development Vehicle”. This was following the outcome of the Overview and Scrutiny Committee meeting, held on the 2nd of March to consider the call in of this key decision.

Councillor Wright, Chair of Overview and Scrutiny, was invited to introduce his report and he spoke in relation to the six recommendations, agreed by the Overview and Scrutiny Committee. These had been compiled following a lengthy meeting which had enabled a full airing of the issues raised by the Call Ins and also allowed

representatives attending the meeting from GMB and the Northumberland Park residents association to put forward their concerns.

These recommendations were centred around: protection for all communities, guaranteeing right of return for residents to their homes following development, ensuring the principle of value for money was maintained in the construction exclusivity arrangements, maintaining target rents and 50 % affordable housing provision on sites that are developed, in the partnership agreement, having mitigations in place to deter any blacklisting activities, and ensuring the company arrangement provides local employment opportunities, especially for disadvantaged groups.

The Cabinet Member for Housing, Regeneration and Planning responded to the 6 recommendations as follows:

Recommendation 1 - That Cabinet make a firm commitment that there be no allocation of any sites to the HDV without a full Equalities Impact Assessment being undertaken for each site.

Councillor Strickland reiterated that any site given to the HDV would be presented to Cabinet for approval. As the normal procedure for key decisions, the site decision would need to be accompanied by an Equalities Impact Assessment.

Recommendation 2 - That Cabinet agree that any allocation of Category 1 sites include specific policies, including around eviction, to guarantee a right of return for residents and leaseholders on the same terms and conditions. This is to be agreed with the tenants and leaseholders affected, and to take into account the housing conditions and requirements of those residents.

Councillor Strickland stressed that, as discussed at Cabinet and Overview & Scrutiny Committee previously, there was a clear commitment on right of return. The leaseholder offer would be different to reflect the different issues facing leaseholders. There was already ongoing regeneration consultation with tenants and leaseholders on the category one sites and as with the Love Lane Estate development, there would also be subsequent detailed consultation on these particular re-housing issues.

Recommendation 3 - That Cabinet ensure that there is no agreement with any HDV partner without effective arrangements to ensure value for money in respect of any construction exclusivity arrangements, on a site by site basis, including undertaking an independent assessment to demonstrate its value for money to the Council.

Councillor Strickland clarified that the exclusivity agreement arrangements would not entail a hundred percent of construction contracts being awarded to Lendlease, but a percentage of this construction work they would do themselves.

The exclusivity agreement would also be available to the public in July when the Cabinet consider the overall agreement with Lendlease.

Details of the exclusivity agreement were being compiled with external legal advisers so there would be external advice on the agreement itself. The monitoring of the

exclusivity agreement and reassurance that the HDV Company was getting good value for money was a high priority. There would be an independent organisation appointed to monitor this agreement and also provide an independent assessment of value for money on the award of construction contracts.

Recommendation 4 - That Cabinet ensure that there is no loss of target rent properties on Category 1 sites and should also seek to ensure the provision of 50% genuine affordable housing on those sites.

Councillor Strickland reiterated Cabinet's previous commitment to re-provision of homes in category one sites.

Although the Overview and Scrutiny Committee had put forward a 50% rate for affordable housing, the Council's emerging publicly consulted Local Plan Policy was 40% and this was based on significant work completed by external advisers on what is viable in the borough. Therefore, it was not realistic to make a firm agreement on 50% affordable housing on sites.

However, the Council had committed, through the agreement of the Housing Strategy, to maximise affordable housing and would continue to work as hard as possible to increase numbers, going above the 40% Council target where possible, as increased affordable housing was a huge priority.

Recommendation 5 - That the Council enter into discussions with relevant trade unions regarding historical allegations of blacklisting involving the preferred bidder and to ensure that relevant mitigations are put in place.

Councillor Strickland stressed that the Council had always been clear that the practice of blacklisting was completely unacceptable and if there was evidence of any contractor, working for the Council, using black listing the Council would take this matter very seriously.

The Council had been reassured by Lendlease, having had significant discussion on this matter, that the allegations of blacklisting were historical and related to a company that was involved in this issue of construction industry vetting, prior to the acquisition by the Lendlease Group in 1999. Apologies had been issued and claims now settled by Lendlease. The Cabinet Member had made clear to union representatives that if they had any evidence of ongoing blacklisting issues they should bring this to the Council's attention and, so far, no issues had been presented. There was also a continued open offer, from the Cabinet Member, to unions and partners to raise any concerns in relation to the trade union activities of Lendlease.

Members and officers had met with Haringey unions to discuss the decisions being taken on the Haringey Development Vehicle and would continue meeting with unions in the normal way.

Councillor Strickland explained that there would be continued meetings with Lendlease to discuss a whole range of workplace issues such as offering apprenticeships and training programmes. Ensuring a high standard of employment

practice was a top priority for the Council and they would be working hard with Lendlease to enshrine these employment offers and practices in an agreement.

Recommendation 6 - That Cabinet ensure that arrangements be put in place with the construction subsidiary of the HDV partner to provide local employment and training opportunities; particularly in respect of equalities groups, including job support and training for disabled people.

Councillor Strickland confirmed the Council's commitments to local employment and training and this would be central to the Council's agreement with Lendlease, not only for the contracts let to its construction subsidiary but to all sub-contracts. The Council and Lendlease had discussed this and were committed to ensuring that these initiatives were available and accessible to all, including support to ensure access for protected groups.

Lendlease's existing not for profit company had a good track record of inclusive employment; an example of this was their work, over the last 9 years, helping social excluded groups including serving prisoners and former offenders back into meaningful employment.

The Leader invited questions from Councillors attending the meeting and the following information was noted:

- The Cabinet were very clear that they were considering the Scrutiny recommendations, set out at paragraph 3 of the report. Although, there had been a wide ranging discussion at the Overview and Scrutiny Call in meeting, there were no further recommendations put forward to Cabinet.
- Councillor Strickland stressed the clear aim of the Council to re - provide all affordable homes. The current Estate Renewal Rehousing and Payments Policy referred to by Councillor Tucker, was generic and applied to any site in the borough where there is redevelopment at any point. In this document Cabinet could not give guarantees on future site re -provision in 10 to 15 years time as they did not know what the housing situation would be. Councillor Strickland reiterated that the Council had made a clear commitment on category 1 sites. He further explained that although the Estate Renewal Rehousing and Payments Policy advised the Council cannot guarantee similar re -provision, this did not mean that the Council did not want to do this and the policy also makes this clear.
- The Director of Housing & Growth had previously made clear that there were different ways of enshrining the agreement on re-provision of housing. Officers were now working to determine the best way to enshrine this. The decision had not been made yet but the commitment to do this and having a formal agreement on re -provision was beyond question.
- Councillor Strickland reiterated that the issues concerning: right of return, maintained current terms and conditions for tenancies and re -provision of

homes would be enshrined in writing and in agreement with the HDV. These agreements would be worked on, in the ensuing period ahead of July Cabinet with legal advice to understand the best way to do this. The Cabinet Member would not be recommending a blanket agreement on re – provision as it was not known what the housing situation would be in the next 10 to 15 years and also the impact, of such a policy, on other potential housing partnerships[e.g. with housing associations] could not be known. However, the Council were taking forward a clear commitment on re – housing, written into agreements. The current question was the best way to enshrine this in the agreements, but this did not signify a watering down of any commitment.

Following the completion of responses to the scrutiny recommendations and responses to member questions at the meeting which did not involve reference to the exempt part of the report, Cabinet agreed that they did not require private discussion of the exempt material and exempt minutes at decision number 197 which were unchanged and unanimously,

RESOLVED:

1. To agree to the selection of Lendlease as preferred bidder with whom the Council will establish the joint venture HDV.
2. To agree to the selection of a reserve bidder as set out in the exempt part of this report.
3. To agree to proceed to the Preferred Bidder Stage ('PB Stage') so the preferred bidder's proposal can be refined and optimised, in particular to formalise the structure of the vehicle, finalise legal documents and further develop site and portfolio business plans, as required to establish the HDV; and gives Delegated Authority to the Director of Regeneration, Planning and Development after consultation with the Leader of the Council to agree any further documentation as is required at the PB Stage.
4. To note the emerging arrangements for governance of the vehicle and its likely shadow implementation, and emerging issues informing the management of the Council's relationship with the vehicle.
5. To agree to receive a further report recommending approval of the final documentation to support the establishment of the Haringey Development Vehicle, and agreement of the relevant business plans, following further refinement at preferred bidder stage.
6. This was subject to further commitments made by Cllr Strickland in response to the Scrutiny recommendations.

Reasons for decision

The case for growth

The Council's corporate plan makes a strong commitment to growth. Specifically, it identifies the need for new homes to meet significant housing demand which is making decent housing unaffordable for increasing numbers of Haringey residents, and causing more and more families to be homeless. It also identifies the need for more and better jobs, to revitalise Haringey's town centres, increase household income for Haringey residents and give all residents the opportunity to take advantage of London's economic success. This commitment to growth is further reflected and developed in the Council's Housing Strategy and Economic Development & Growth Strategy.

Growth is also essential to the future sustainability of the Council itself. With Government grant dwindling, local authorities are increasingly dependent on income from Council tax and – in light of recent reforms – business rates. Without growing the Council tax and business rate base, the Council will increasingly struggle to fund the services on which its residents depend. Improvement in the living conditions, incomes, opportunities and wellbeing of Haringey residents will also not only improve their quality of life, but also reduce demand for Council and other public services.

The risks of failing to secure growth in homes and jobs – or of securing growth at low quantities, quality and/or pace – are significant:

Failure to meet housing demand will lead to more and more families unable to afford a home in the borough, either to rent or buy, deepening the already stark housing crisis.

Failure to meet housing demand will also drive up levels of homelessness, not only leading to more households finding themselves in crisis, but also increasing the already significant pressure on the Council budget through increased temporary accommodation costs.

Failure to increase the number of jobs in the borough will lead to fewer opportunities for Haringey residents to boost their incomes and job prospects, less vibrant and successful town centres with less activity and spending during the working day, and increased risk of 'dormitory borough' status as working residents leave the borough to work elsewhere.

Insufficient or poor quality housing, low employment and poor quality urban environments are all linked to poor public health outcomes which in turn place a burden on Council and other public services; improved outcomes for residents also create reductions in demand-driven public sector costs.

Low levels of development reduce the Council's receipts in s106 funding and Community Infrastructure Levy, in turn reducing the Council's ability to invest in improved facilities and infrastructure (like schools, health centres, open spaces and transport) and in wider social and economic programmes such as those aimed at improving skills and employability.

Failure to grow the Council tax and business rate base will increasingly lead to a major risk of financial instability for the Council, and to further, deeper cuts in Council budgets and hence to Council services as Government grants dwindle to zero over the coming years.

Options for driving growth on Council land

The Council cannot achieve its growth targets without realising the potential of unused and under-used Council-owned land. Accordingly, in autumn 2014 the Council commissioned work from Turnberry Real Estate into the options for delivering these growth objectives, either on its own or in partnership with the private sector. Turnberry also examined the market appetite for partnership with the Council to deliver new housing and economic growth.

In February 2015 Cabinet, on the basis of this work, agreed to commission a more detailed business case to explore options for delivery. At the same time, the Member-led Future of Housing Review concluded (as set out in its report to Cabinet in September 2015) that a development vehicle was 'likely to be the most appropriate option' for driving estate renewal and other development on Council land.

The business case developed following Cabinet's February 2015 decision compared a number of options for achieving the Council's objectives, and ultimately recommended that the Council should seek through open procurement a private sector partner with whom to deliver its objectives in an overarching joint venture development vehicle. This business case, and the commencement of a procurement process, was agreed by Cabinet on 10 November 2015.

The joint venture development vehicle model

The joint venture model approved by Cabinet on 10 November 2015 is based on bringing together the Council's land with investment and skills from a private partner, and on the sharing of risk and reward between the Council and partner. The Council accepts a degree of risk in that it will commit its commercial portfolio to the vehicle, and will (subject to the satisfaction of relevant pre-conditions) also commit other property, as its equity stake in the vehicle. It has also to bear the costs of the procurement and establishment of the vehicle, and a share of development risk. However, in return, the contribution to its Corporate Plan objectives, including high quality new jobs, new homes including affordable homes and economic and social benefits, would be at a scale and pace that would otherwise be unachievable. The Council will also receive a financial return, principally through a share of profits that it can reinvest in the fulfilment of its wider strategic aims as set out in the Corporate Plan.

Under this model, the development partner matches the Council's equity stake, taking a 50% share of the vehicle and hence a 50% share of funding and development risk. In return, and by maintaining strong relationships and delivery momentum, they obtain a long term pipeline of development work in an area of London with rising land values, and with a stable partner.

The preferred bidder decision

As well as approving the business case for establishing the Haringey Development Vehicle, at its meeting on 10 November 2015 Cabinet also resolved to commence a

Competitive Dialogue Procedure under the Public Contracts Regulations 2015 to procure an investment and development partner with which to establish the Haringey Development Vehicle. Following a compliant procurement process, the preferred bidder is recommended in this report.

By approving the final stage of work with a single preferred bidder, paving the way for a final agreement and establishment of the vehicle later in 2017, Cabinet will be taking the next vital step in unlocking the considerable growth potential of the Council's own land and meeting a number of core Council ambitions.

Alternative options considered

In November 2015, Cabinet considered and approved a business case for establishing an overarching joint venture vehicle to drive housing and job growth on Council land. That business case identified and assessed a number of alternative options for achieving the Council's objectives, and found that the overarching joint venture vehicle would be the most effective mechanism of achieving those goals.

The Council has reserved its position to not appoint any of the bidders in the event of the bids not being satisfactory, or otherwise not wishing to proceed. The report outlines the benefits and projected outcomes that will arise from the appointment of the proposed preferred bidder, and how they meet the Council's objectives and aspirations as set out in the November 2015 report to Cabinet. If the Cabinet chooses not to appoint any bidder, it will not obtain these likely benefits.

Notwithstanding the above, choosing a preferred bidder does not at this stage commit the Council to enter into an agreement or indeed to the establishment of the Haringey Development Vehicle at all. That decision is taken after the close of the preferred bidder stage and will be the subject of a further report to Cabinet.

The Council has within its procurement documentation made clear to bidders that bidders' participation in the process is at their own expense, that the Council will not be responsible for bid costs and that it is not obliged to accept any tender.

205. EXCLUSION OF THE PRESS AND PUBLIC

Not required.

206. APPROVAL OF A PREFERRED BIDDER FOR THE HARINGEY DEVELOPMENT VEHICLE

As per 204.

CHAIR: Councillor Claire Kober

Signed by Chair

Date

