

Report for: Cabinet – 5th August 2019

Title: **Call In – Disposal of Red House, 432, West Green Road, N15 3PJ**

Report

Author: Councillor Lucia das Neves, Chair of Overview and Scrutiny Committee

Ward(s) affected N/A

Report for Key/

Non Key Decision: Key decision

1. Describe the issue under consideration

1.1 This report sets out the outcome of the Overview and Scrutiny Committee's consideration of the Cabinet's decision on the Disposal of Red House, 423, West Green Road, N15 on 9th July 2019, following its referral to the Committee under the Call-In process (as described in Part 4 Section H of the Council's Constitution).

2. Introduction

2.1 The Overview and Scrutiny Committee considered the Cabinet's decision at a special meeting on 29th July 2019. The Committee heard from deputations led by Ms Hilary Adams and from Mr Gulam Choudhury from the Association of Multicultural Communities. The Committee also heard from Councillors Julie Davies, Mike Hakata and Ruth Gordon, signatories of the call-in request.

2.2 The Committee considered the views expressed by the deputation led by Ms Adams and, in particular, concerns regarding:

- The lack of public accountability regarding the proposals. Specific financial details had been withheld from the public report, which also referred to information not publically available;
- The lack of specific information regarding the financing of the scheme as well as the significant areas of responsibility that had been delegated to officers;
- The fact that only 53% of the land would return to Council ownership;
- The cost of each home to be built on the site to the Council; and
- The lack of an Equalities Impact Assessment for the scheme.

2.3 The Committee also noted the concern expressed by Mr Choudhury that the Mitalee Centre might be included within the scheme and the impact that any redevelopment might have on the services that it provided for vulnerable members of the community. He had previously been unaware of the possible inclusion of the Centre or its presence in the site allocation SA57.

2.4 Consideration was also given to the views expressed by the signatories of the call-in, including;

- Consistency of the scheme with the Borough Plan;

- The loss of Council owned land and lack of land sale receipts;
- Insufficient consideration of alternative options that may have the potential to deliver more Council homes, including direct delivery of them by the Council;
- Lack of clarity regarding whether the scheme represented good value for money;
- The lack of larger sized properties, with there only being twelve with three or four bedrooms, despite this previously being thought to be a priority for the borough;
- The absence of a procurement process as required by OJEU regulations. The view of a QC had been sought, which suggested that this had been considered as being open to question; and
- Insufficient due diligence on the developer.

2.5 Cllr Adje, the Cabinet Member for Finance and Strategic Regeneration, and Cllr Ibrahim, Cabinet Member for Housing and Estate Renewal, responded to the deputations and call-in as follows:

- There was a possibility that a Council delivered scheme could deliver up to 14 additional homes, based on the indicative consideration of that option. It was acknowledged that it could be cheaper for the Council to directly deliver homes on the site but there were risks associated with trying to build additional homes on the site as the Council did not have full control of it.
- In addition to the lack of certainty that additional homes could be built, it was likely to take between 18 and 24 months more for any to be delivered directly, which would impact negatively on families awaiting rehousing. Such delay could also put grant funding for the development at risk;
- There was currently a lack of properties of the size that were to be included in the scheme;
- The scheme was for the disposal of land and purchase of properties and therefore did not require an OJEU compliant procurement process;
- Other options had not been discounted. On balance, it was considered that the current scheme was the better option;
- The current scheme did not include the Mitalee Centre;
- The agreement with the developer and the investment that they had already made meant that there was a strong financial incentive for them to deliver the properties at the specified time; and
- There was appropriate budgetary provision for the scheme.

2.6 The Committee deliberated on the evidence that it had received and views expressed. It agreed that it had not received sufficient convincing evidence to suggest that the decisions taken were outside the budget or policy framework. However, it felt that the numerous questions and issues that had been raised on the merits of the scheme were of sufficient significance to warrant reconsideration of it. It therefore agreed to refer the matter back to the Cabinet, as the decision maker, as set out in paragraph 10(b) of the Call-In Procedure rules set out in Part 4 Section H of the Council's Constitution. To assist with this, the Committee made a number of recommendations to the Cabinet, as follows:

3. Recommendations

3.1 That Cabinet defer final decision on the matter until an alternative and fully costed option for direct delivery of the scheme by the Council is developed,

shared and considered fully. The Borough Plan emphasises the building of Council homes on Council land and this commitment should be honoured by the Council through it retaining ownership of the freehold of sites and building homes itself wherever possible;

- 3.2 Cabinet should consider how trust, accountability and transparency may be enhanced when making key decisions. In particular, specific consideration should be given to how professional legal advice can best be recorded and shared so that a clear understanding can be gained of the substance of advice given and to what extent key decision makers have been party to that advice and their understanding of it. Cabinet should consider how this advice can be made available even if only as an exempt item;
- 3.3 That clear reasons be provided for the selection of developers in future acquisitions and disposals of land, with recognition that transparency demands clarity of why selections are made.
- 3.4 When the development of sites is being considered, a process of identification of all key stakeholders should take place and they should be included fully in the process. All reports should make clear what engagement and consultation has taken place and with whom;
- 3.5 There be better co-ordination between different Council teams when providing reports and/or information on cross cutting issues. In particular, there should be clarity and consistency on the borders of development sites across all relevant documentation in order to avoid confusion;
- 3.6 Although the Cabinet report made reference to Public Sector Equality duties under the Equality Act, all housing related proposals should have their own, stand alone, Equalities Impact Assessment that outlines risks and how they will be mitigated to allow the Council to meet fully its legal obligations;
- 3.7 That it be noted that the Overview and Scrutiny Committee will be including issues arising from this matter within its future work planning processes.

4. Background

- 4.1 The papers considered by the Overview and Scrutiny are attached to provide the background to this paper. They are:
 - Copy of the Call-in requests
 - Excerpt from the draft cabinet minutes of the meeting held on the 9th of July
 - Report to the Cabinet – The Red House
 - Report of the Monitoring Officer and Chief Finance Officer
 - Report of the interim director for Housing, Planning and Regeneration