

Report for: Overview & Scrutiny Committee

Item number: 14

Title: Work Programme Update – Outline Scope for Scrutiny of Haringey Development Vehicle (Governance Arrangements)

Report authorised by: Cllr Charles Wright, Chair Overview & Scrutiny Committee

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Ward(s) affected: ALL

**Report for Key/
Non Key Decision:** N/A

1. Describe the issue under consideration

1.1 Under the agreed terms of reference, scrutiny panels can assist the Council in its budgetary and policy framework through conducting in-depth analysis of local policy issues and make recommendations for service development or improvement. The panels may:

- Review the performance of the Council in relation to its policy objectives, performance targets and/or particular service areas;
- Conduct research to assist in specific investigations. This may involve surveys, focus groups, public meetings and/or site visits;
- Make reports and recommendations, on issues affecting the authority's area, to Full Council, its Committees or Sub-Committees, the Executive, or to other appropriate external bodies.

1.2 In this context, the Housing & Regeneration Scrutiny Panel (HRSP) have agreed to contribute to the process of establishing the governance arrangements necessary to support the creation of the Haringey Development Vehicle: a new private entity and joint venture between the Council and a private sector partner.

1.3 The attached outline scope (Appendix A) details the aims and objectives of this work, probable contributors to the review and reporting arrangements to detail conclusions and recommendations of the panel.

2. Cabinet Member Introduction

N/A

3. Recommendations

3.1 That the Overview and Scrutiny Committee note and agree the outline plan of work for the HRSP to scrutinise governance arrangements for the Haringey Development Vehicle.

4. Reasons for decision

- 4.1 An annual consultation is undertaken each year to support the development of the Overview & Scrutiny Work Programme. Following a public consultation (May 2016) and discussions with partners and senior officers at the Scrutiny Cafe (June 2016) the work programme priorities for the HRSP were agreed; this included the Haringey Development Vehicle.
- 4.2 In discussions with senior officers, it was agreed that in scrutinising the Haringey Development Vehicle, most value would be added in contributing to the development of prospective governance arrangements. This decision was verified by the HRSP at its meeting on 27th June 2016.

5. Alternative options considered

- 5.1 Other options for scrutiny involvement were assessed and prioritised at the Scrutiny Café event. The three priorities for the panel were:
- #1 Haringey Development Vehicle;
 - #2 Emergency Accommodation;
 - #3 Models of supported housing for older people.

6. Background information

- 6.1 In November 2015, Cabinet approved the business case and procurement process for the establishment of a Development Vehicle, a new private entity which would be a joint venture between the Council and a private sector partner. The this new private entity will be a Local Asset Backed Vehicle (LABV) which will help the Council to unlock land and deliver projects that could not otherwise be developed, due to a lack of either public funding or private sector engagement.
- 6.2 LABVs are developed for regeneration purposes although the focus of such a project may vary (e.g. housing, town centre development). LABVs often operate on a bundle of projects, in order to even out risks and incentivise the development of under-valued land.
- 6.3 It is expected that the Haringey Development Vehicle agreement will lead to the creation of a board, which will grant equal representation to both partners (the Council and private sector partner), though wider governance arrangements have yet to be fully established.
- 6.4 In this context, it is proposed that the Housing & Regeneration Scrutiny Panel (HRSP) can contribute to the development of local governance arrangements through a policy development exercise. It is proposed that the HRSP would consult with other authorities that have similar joint ventures and other informed practitioners/ specialists, to ascertain best practice in the development of governance arrangements.
- 6.5 The Council is in procurement dialogue process with three shortlisted 3 potential partners under the Official Journal of the European Union (OJEU) Competitive Dialogue process. It is expected that the preferred bidder for the Development Vehicle will be confirmed by Cabinet in January 2017. Subsequent to final discussions, the final agreement with the preferred bidder will be agreed, and the Haringey Development Vehicle created by Cabinet in spring 2017.

- 6.6 It is proposed that the Housing & Regeneration Scrutiny Panel can contribute to the development of governance arrangements for the Development Vehicle through a comparative assessment of arrangements in other authorities which support similar joint ventures with a private sector partner.
- 6.7 It is further proposed that this exercise is undertaken in 'scrutiny-in-a-day' format at which contributors will be invited to give evidence sequentially on the same day. This will help ensure that there is continuity to evidence gathering and that questioning is focused to agreed objectives. A report of the day's proceedings, together with conclusions and recommendations of the panel will be agreed by the Panel. Once the recommendations have been confirmed by Overview & Scrutiny Committee, the report will then be submitted to Cabinet for agreement.
- 6.8 Overview & Scrutiny is a non-decision making function of the Council therefore any conclusions or recommendations reached by Housing & Regeneration Scrutiny Panel are advisory. It should in particular be made clear to the three remaining bidders that the Panel's recommendations will be to the Council, and that bidders should not be influenced by the conduct or outcomes of the scrutiny process; only if and when the Council confirms any changes in its requirements arising from the scrutiny will this become relevant to the bidders.

7. Contribution to strategic outcomes

- 7.1 The work of the panel will contribute to Priority 4 and Priority 5 of the Corporate Plan:
No. 4 - Delivering sustainable housing, growth and employment
No. 5 - Creating homes and communities where people choose to live and are able to thrive

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance and Procurement

It is expected that the cost of undertaking this Scrutiny review can be contained within existing budget allocations. If there is any additional cost then funding will need to be identified before the related work can take place

Legal

Members should note that the Council has reached Stage 2 of the Competitive Dialogue process whereby the bidders are being asked to submit detailed solution with their final tenders due for submission on 18 November 2016. Any recommendations must be fed through to all of the bidders during the dialogue sessions due to take place between 30 August – 10 November and preferably as early in the sessions as possible in order to keep to the deadlines and to allow bidders to respond.

Care must be taken in discussing any solutions submitted by the bidders during the procurement process and legal advice must be obtained with regards to any such information.

Equality

The Council has a public sector equality duty under the Equalities Act (2010) to have due regard to:

- Tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
- Advance equality of opportunity between people who share those protected characteristics and people who do not;
- Foster good relations between people who share those characteristics and people who do not.

The attached report sets out the scope of scrutiny involvement and the plan for evidence gathering. Any equalities issues identified within this work will be highlighted in the final report together with any associated recommendations.

9. Use of Appendices

Appendix A - Outline scoping document for Housing & Regeneration Scrutiny Panel.

10. Local Government (Access to Information) Act 1985

Cabinet Report – Haringey Development Vehicle, November 2015

Memorandum of Information & Pre-Qualification Questionnaire - For the appointment of a Strategic Investment & Development Partner to form the Haringey Development Vehicle with Haringey Council 2016

Appendix A – Outline Scope for Scrutiny of Haringey Development Vehicle

Review Topic	Development Vehicle
<p>Rationale</p>	<p>In November 2015, Cabinet approved the business case and procurement process for the establishment of a Development Vehicle, a new private entity which would be a joint venture between the Council and a private sector partner.</p> <p>This new private entity will be a Local Asset Backed Vehicle (LBAV) which will help the Council to unlock land and deliver projects that could not otherwise be developed, due to a lack of either public funding or private sector engagement.</p> <p>LBAV are developed for regeneration purposes although the focus of such a project may vary (e.g. housing, town centre). LABVs often operate on a bundle of projects, in order to even out risks and incentivise under-valued land development.</p> <p>It is expected that the Haringey Development Vehicle agreement will lead to the creation of a board, which will grant equal representation to both partners (the Council and private sector partner), though wider governance arrangements have yet to be fully established.</p> <p>In this context, it is proposed that the Housing & Regeneration Scrutiny Panel (HRSP) can contribute to the development of local governance arrangements through a policy development exercise. It is proposed that the HRSP would consult with other authorities that have similar joint ventures and other informed practitioners/ specialists, to ascertain best practice in the development of governance arrangements.</p> <p>The Council is in procurement dialogue process with three shortlisted 3 potential partners under the Public Contracts Regulations (2016) Official Journal of the European Union (OJEU) Competitive Dialogue process. It is expected that the preferred bidder for the Development Vehicle will be confirmed by Cabinet in January 2017. Subsequent to final discussions, the final agreement with the preferred bidder will be agreed, and the Haringey Development</p>

	<p>Vehicle created by Cabinet in spring 2017.</p> <p>As Overview & Scrutiny is a non-decision making function of the Council, any conclusions or recommendations reached by Housing & Regeneration Scrutiny Panel are advisory. With sound evidence based approach however, it is hoped that any recommendations reached by the panel may guide and inform decision making.</p>
Scrutiny Membership	The review will be undertaken by members of the Housing and Regeneration Scrutiny Panel: Cllrs Amin, Bevan, Engert, Gallagher, Ibrahim (Chair), Morton and Newton.
Terms of Reference (Purpose of the Review / Objectives)	<p><u>Overarching aim:</u> To assess and review models of governance for Local Asset Backed Vehicles, to identify best practice to guide and inform local arrangements for the Haringey Development Vehicle.</p> <p><u>Objectives:</u> (i) To understand key principles and purpose of the Haringey Development Vehicle – as context (ii) Through consultation with other Local Authorities and other specialist practitioners, identify good practice for governance arrangements for Local Asset Backed Vehicles;</p>
Links to the Corporate Plan	<p>The review will link to Corporate Priorities</p> <p>No. 4 - Delivering sustainable housing, growth and employment</p> <p>No. 5 - Creating homes and communities where people choose to live and are able to thrive</p>
Evidence Sources	<p>Background reports:</p> <p>(1) Cabinet Report – Haringey Development Vehicle, November 2015</p> <p>(2) Memorandum of Information & Pre-Qualification Questionnaire - For the appointment of a Strategic Investment & Development Partner to form the Haringey Development Vehicle with Haringey Council</p> <p>(2) Elphicke House Report, 2015</p> <p>(3) Supporting Housing Investment (Local Government Association), 2015</p>

<p>Witnesses</p>	<p>There are numerous other authorities which have joint ventures with the private sector to deliver housing and regeneration ambitions. Possible informants identified at this stage include:</p> <ul style="list-style-type: none"> • Council Regeneration Officers • LB Hammersmith & Fulham and LB Ealing • Sheffield City Council (Sheffield Housing Company), Bournemouth Council, Sunderland City Council • National Housing Federation (NHF) • Royal Institute of Chartered Surveyors (RICS)
<p>Methodology/Approach</p>	<p>It is anticipated that evidence gathered through a scrutiny in day type approach, in which informed participants will be invited to give evidence on a sequential basis throughout the day. This approach facilitates continuity to evidence gathering, and will allow members to focus on specified key objectives.</p> <p>In addition, is expected that visits may be made to other authorities that operate LABVs.</p> <p>Evidence from the day will be summarised from which members will draw up conclusions and recommendations.</p> <p>Being an evidence gathering session, this is not a public meeting, though the conclusions and recommendations from the meeting will be published at the HRSP.</p>
<p>Timescale</p>	<p>Initial meeting with officers will take place in August 2016, with a subsequent meeting and or visits to other authorities in September 2016. Reporting of recommendations will be in October 2016.</p>
<p>Reporting arrangements</p>	<p>The Housing & Regeneration Scrutiny Panel will produce a report of its evidence gathering detailing the conclusions and recommendations of members. Once agreed it will be ratified by the overarching Overview & Scrutiny Committee before submission to Cabinet for approval.</p>

Publicity	Any publicity for this work will be at the point of which recommendations are agreed by Cabinet.
Constraints / Barriers / Risks	<p>The Haringey Development Vehicle is still within a procurement process and the review should be mindful not to put this at risk. As such, the review will focus explicitly and exclusively on the governance arrangements and any subsequent conclusions and recommendations should reflect this. It should in particular be made clear to the three remaining bidders that the Panel's recommendations will be to the Council, and that bidders should not be influenced by the conduct or outcomes of the scrutiny process; only if and when the Council confirms any changes in its requirements arising from the scrutiny will this become relevant to the bidders.</p> <p>Legal and procurement officers will be present at evidence gathering to assist and advise the panel.</p>
Officer Support	Officer support will be provided from the Scrutiny Team, with occasional support from officers within the Regeneration Team.