

Haringey Development Vehicle (HDV) – Scrutiny Stage 2 Briefing from Council project team

- 1. To establish and provide recommendations on the feasibility of the proposed joint venture model of council tenants being re-housed on rent matching that of an equivalent council property and on the same terms, either on the estate or elsewhere in the borough, according to their choice.***
- 2. To establish and provide evidence and recommendations on whether the HDV can deliver a tenancy and evictions policy which protects vulnerable tenants in the same way as council tenancies do.***
- 3. To establish and provide recommendations on whether overcrowded tenants can be offered a replacement property of a size that meets their needs.***

At the 2 March meeting of the Overview & Scrutiny Committee, the Council's external legal advisor confirmed that Procurement Regulations permit the parties, at Preferred Bidder stage, to 'optimise, specify and clarify' the terms of the preferred bidder's submission before financial close. He also confirmed that all of the commitments made by Cabinet members in the Cabinet meeting on 14 February were comfortably within the scope of 'optimise, specify and clarify' and therefore that there would be no legal/procurement obstacle to securing these elements at Preferred Bidder Stage. Our preferred bidder is aware of these issues and that we intend to enshrine the appropriate commitments in the final agreements to be put to Cabinet for approval in summer 2017.

- 4. To further establish and provide recommendations on whether the financial arrangements of the proposed HDV adequately protect the Council's interest.***

The detailed financial structure and modelling is still the subject of the discussion as part of the Preferred Bidder stage of the procurement process. It's therefore not possible to explore in detail how the Council's interests are reflected and the extent of the protection. However, the high level elements of the financial structure are in the public domain, through the cabinet papers, scrutiny discussions and other material (including the online FAQ at www.haringey.gov.uk/hdv). The structure has been designed - by the Council team - specifically to protect the Council's financial interests, and all the fundamental elements have been accepted by the preferred bidder.

- 5. To consider the impact of the HDV on the Council's Commercial Portfolio, including the impact on current businesses and those who work in them.***

With leases simply transferring from the Council to the HDV, with no change, the impact of the transfer itself on current businesses will be negligible. Any impacts following transfer would arise from the management regime to be agreed in the business plan for the portfolio (which is still under development, and subject to approval by Cabinet in summer 2017) and from the HDV Board's implementation of that business plan over time.

6. To consider the impact of the HDV on Metropolitan Open Land.

The provisional list of commercial portfolio properties proposed in November 2015 for possible transfer to the HDV included two properties (the Finsbury Park cafe and the 'Mushroom House' in Woodside Park) adjacent to parks designated as Metropolitan Open Land (MOL). The final list of sites proposed for transfer will not be confirmed until closer to the final Cabinet decision in summer 2017, with the recommended list based on a number of considerations including the implications for open space.

In any case, if one or both of these sites (or any other similarly located site) were to transfer, this would be a transfer of ownership but not of use. The MOL designation is defined in terms of what you can do with the land, rather than who owns it i.e. it's a planning designation which is blind to ownership. Any development on open land at any time, whether owned by the Council, HDV or anyone else, is subject to very strict planning rules which set a high bar and are subject to members' decision.

7. To consider the equalities impact of the HDV.

As set out in the Cabinet report considered on 14 February and 7 March, the recommendations to Cabinet expected in summer 2017 – to establish the HDV, and to agree the first set of business plans – will be accompanied by full Equality Impact Assessments. The potential impact of the individual business plans is likely to be greater than that of the decision to establish the HDV. Those business plans, and the final terms of the HDV's establishment, are still in development, so at this stage it will only be possible to talk about the equalities impact at a high level and on a provisional basis.

8. To further establish the risks of the venture and make recommendations on whether these risks can be adequately mitigated.

The detailed governance structure is still the subject of the discussion as part of the Preferred Bidder stage of the procurement process. It's therefore not possible to explore in detail how the Council's exposure has been addressed, and the extent of the remaining risk. However, the high level elements of the risk analysis and proposed governance structure are in the public domain, through the cabinet papers, scrutiny discussions and other material (including the online FAQ at www.haringey.gov.uk/hdv). The structure has been designed - by the Council team - specifically to protect the Council's exposure to risk, and all the fundamental elements have been accepted by the preferred bidder.