

## 'CALL IN' OF DECISIONS OF THE CABINET

This form is to be used for the 'calling in' of decisions of the above bodies, in accordance with the procedure set out in Part 4 Section H.2 of the Constitution.

<b>TITLE OF MEETING</b>	Cabinet
<b>DATE OF MEETING</b>	3 <sup>rd</sup> July 2017
<b>MINUTE No. AND TITLE OF ITEM</b>	Agenda items 10 &16, Haringey Development Vehicle - Financial Close and Establishment

### **1. Reason for Call-In/Is it claimed to be outside the policy or budget framework?**

It is not claimed to be outside of the policy or budget framework.

The Liberal Democrats believe the HDV proposals are flawed. We believe they do not protect local residents and business, may not represent the best value for money and are very risky.

#### **Reasons for call-in:**

1. We are concerned that the proposal is far too risky to the council, to the local taxpayers and to tenants and leaseholders
2. We are concerned that there are still too few protections for leaseholders and tenants
3. We are concerned that new information—revealed in the Member Agreement—casts doubt on the 'cast iron guarantee' regarding right of return for displaced tenants
4. We are concerned that leaseholders will not be able to afford even close to 100% of a new home on redeveloped estates
5. We are concerned by the record of the chosen development partner on affordable housing, union blacklisting and over-charging of clients.
6. We are concerned that the commitment to 40% affordable homes could be lost if the outlook for the economy worsens and new viability assessments are made.
7. We question how many of the homes built by the HDV will be genuinely affordable to people who currently live in the borough
8. We are concerned that thus far, there has been very little meaningful consultation with the people and businesses who will be most affected by the HDV
9. We believe the small businesses who rent spaces from the council will not be able to continue to run their business with the HDV as landlord, given they would have to pay VAT, when currently they do not pay VAT.
10. We are concerned about the environmental impact and carbon cost of the proposed demolition and rebuilding of so many buildings
11. We believe that this is the wrong time for this programme when the future of Crossrail 2 looks very uncertain and much of the regeneration of Wood Green, due to be undertaken by the HDV, is predicated on Crossrail 2.

12. We note that the London housing market appears to be experiencing the start of a downturn and possible crash. Professors Cheshire and Hilber of the LSE have recently said a downward price correction of 37% following a Brexit provoked recession is possible and in this case '*an extended and severe downturn*' is very likely. This would mean that the council has bought property in Wood Green near the height of the market and therefore the expected added land value through development, on which much of the HDV is predicated, may be unachievable in the medium term. This would impact on profits for the HDV and increase the risks to the council.
13. We are concerned that Lendlease will enjoy a 60% exclusivity clause on top of a 20% management fee and other fees. We believe they are very likely to make a substantial profit even if the HDV does not.
14. We are concerned that the legal contracts do not appear to have a break clause or a 'force majeure' clause which would allow the council to bring an end to the HDV if external circumstance such as an extended property market crash occur. Instead the contract appears to rely on mutual consent for winding up the HDV with all the costs this entails.
15. We are also concerned that there will be very limited opportunities for the public and the Scrutiny Committee to scrutinise the HDV and its activities.
16. The Liberal Democrats believe that the formation of the HDV, which is the biggest and riskiest decision this council is ever likely to take, should be decided by a vote of all councillors at a Full Council meeting and should not be taken by Cabinet Members alone.

We were also very concerned that the extensive documents made available for the Cabinet meeting on 3<sup>rd</sup> July were not made available to the scrutiny panel. We understand that panel members requested these documents more than once.

We urge the committee to examine the full document list taken to Cabinet on 3<sup>rd</sup> July so they can make a fully informed decision on our proposal to halt the HDV.

## **2. Variation of Action Proposed**

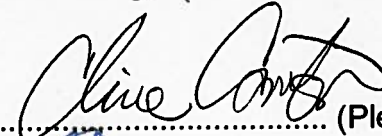

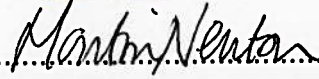

For the reasons stated above, we do not believe the HDV should proceed; there are clearly other ways to deliver regeneration and build new council and affordable homes. The HDV is far too risky and offers too few benefits and protections for residents who currently live in Haringey.

We believe this matter should be referred to Full Council for consideration with a vote on a proposal to not proceed with the establishment of the HDV and to explore other options to deliver more council and affordable homes.

**Signed:**

Councillor:  (Please print name): W. R. HARE

**Countersigned:**

1. Councillor:  (Please print name): CLIVE CARTER
2. Councillor:  (Please print name): LIZ MORRIS
3. Councillor:  (Please print name): MARTIN NEWTON
4. Councillor:  (Please print name): GILL ENGERT

**Date Submitted:**

**Date Received :**

(to be completed by the Democratic Services Manager)

**Notes:**

1. Please send this form to:  
Michael Kay (on behalf of the Proper Officer)  
Democratic Services and Scrutiny Manager  
5th Floor  
River Park House  
225 High Road, Wood Green, London N22 8HQ  
Tel: 8489 2920  
Fax: 020 8881 5218

This form must be received by the Democratic Services and Scrutiny Manager by 10.00 a.m. on the fifth working day following publication of the minutes.

2. The proper officer will forward all timely and proper call-in requests to the Chair of the Overview and Scrutiny Committee and notify the decision taker and the relevant Director.
3. A decision will be implemented after the expiry of ten working days following the Chair of Overview and Scrutiny Committee's receipt of a call-in request, unless a meeting of the Overview and Scrutiny Committee takes place during the 10 day period.
4. If a call-in request claims that a decision is contrary to the policy or budget framework, the Proper Officer will forward the call-in requests to the Monitoring Officer and /or Chief Financial Officer for a report to be prepared for the Overview and Scrutiny Committee advising whether the decision does fall outside the policy or budget framework.

