

MINUTES OF THE MEETING OF THE OVERVIEW AND SCRUTINY COMMITTEE HELD ON MONDAY, 17TH JULY, 2017, 6.00 - 11.00 pm

PRESENT:

Councillors: Charles Wright (Chair), Pippa Connor (Vice-Chair), Kirsten Hearn, Emine Ibrahim & Tim Gallagher

Cooptees: Yvonne Denny and Luci Davin

55. FILMING AT MEETINGS

The Chair referred those present to agenda Item 1 as shown on the agenda in respect of filming at this meeting and asked that those present reviewed and noted the information contained therein.

56. APOLOGIES FOR ABSENCE

No apologies for absence were received

57. URGENT BUSINESS

The Chair advised that a call-in had been received in respect of the decision of Cabinet on 3rd July 2017 to enter into legal agreements with the preferred bidder and establish the Haringey Development Vehicle. This was accepted as urgent business.

Under Paragraph 9, Part Four, Section H of the Council's constitution: "Discussion of any called-in decisions shall precede all other substantive items on the agenda of the Overview & Scrutiny Committee".

**Clerk's note: The Committee considered the call-in item as the first item of business, however these minutes follow the order of the agenda. **

58. DECLARATIONS OF INTEREST

No declarations of interest were received.

59. DEPUTATIONS/PETITIONS/PRESENTATIONS/QUESTIONS

The Committee received a deputation from Paul Burnham from Haringey Defend Council Housing in relation to the called-in decision by Cabinet to establish the HDV, who made the following points:

- a. The land assembly agreement did not contain a right of return for housing association tenants, instead the Council would have to make an extra payment for each tenant and their right of return. It was suggested that this was symptomatic of the power imbalance of the relationship between the Council and Lendlease.
- b. Lendlease did not believe in affordable homes.
- c. The documents presented to Cabinet did not show any tenure breakdown for Northumberland Park.
- d. The decision to enter into contract with Lendlease contradicted the Housing Strategy and other key Council policies, as well as contradicting the key aims and principles of the Local Plan.
- e. The proposals outlined in the Cabinet report did not deliver what the Council said it would and the Committee was asked to send it back to Cabinet.

In response to a request for clarification from the Committee, Mr Burnham acknowledged that, in relation to his point around tenures, he would have expected to see a breakdown of the number of social homes being built as part of the affordable housing strategy. In response to a request for further information around the alleged contradiction of Council policies and the proposals contained in the HDV, Mr Burnham advised that the Council was in the process of revising its estate renewal and rehousing policy to include a right of return for housing association tenants, which the HDV Land Assembly Agreement stated would not be offered for housing association tenants.

The Committee then received a deputation from Phil Wilkinson, Phil Rose and Sam Leggatt on behalf of Stop the HDV, who made the following points:

- a. The voices of Northumberland Park Residents had been completely ignored. Ms Leggatt advised that she was a resident in Northumberland Park and had not been consulted on these proposals.
- b. It was unfair to expect members of the public to read and comprehend over 1400 pages of documents in a week.
- c. Questions were raised as to why the demolition of the mosque and the Asian centre on Caxton Road were not mentioned in the documents.
- d. Mr Wilkinson questioned the transparency of the process with the public, giving the example that he had submitted a Freedom of Information request and been told that there were no minutes of meetings held with Tottenham Hotspur Football Club.
- e. No comprehensive risk assessment had been publically disclosed and there were serious questions around a lack of due diligence.
- f. Alternative options should be examined.

In response to a query from the Committee on whether undertaking consultation at this stage would be welcomed by residents, Ms Leggatt advised that she did not think there was much use doing so at this late stage. Ms Leggatt advised that the Council had set up a consultation area on Park Lane recently but that the whole process felt very late and out of touch. The Committee sought clarification on the link between the Spurs development and the HDV. Mr Wilkinson suggested that the timing was crucial and questioned whether the timing of the HDV was to accommodate a Spurs building schedule and whether that explained the seeming desire to push this through.

Northumberland Park was adjacent to Spurs and Spurs owned a significant amount of land in the area, the value of which would be affected by redevelopment.

The Committee received a deputation from Gail Wardman and Prof. Michael Edwards on behalf of Highgate residents, who made the following points:

- a. It was questioned whether the legal documents which established the HDV could be signed prior to the outcome of a Judicial Review.
- b. Concerns were raised about the amount of affordable housing units that would be built.
- c. Concerns were also raised about the likelihood of Crossrail 2 being built, given apparent divisions in the Westminster Cabinet. Furthermore, the efficacy of hinging schemes such as the HDV and the Wood Green Area Action Plan on Crossrail 2 as, even if it is introduced, it will not be in place until at least 2030.
- d. Proposals to increase the existing capacity on the Piccadilly line may undermine the need for Crossrail 2, further weakening some of the assumptions made around the HDV and the Wood Green AAP.
- e. It was questioned why the Wood Green site was favoured for Crossrail 2, if additional capacity can be found through upgrades to the Piccadilly line.

60. MINUTES

This item was deferred.

61. MINUTES OF SCRUTINY PANEL MEETINGS

This item was deferred.

62. CORPORATE PLAN 2015-18 PRIORITY PERFORMANCE UPDATE ON BUILDING A STRONGER HARINGEY TOGETHER

This item was deferred.

63. PROVISIONAL OUTTURN 2016/17

This item was deferred.

64. UPDATED TREASURY MANAGEMENT STRATEGY STATEMENT 2017/18 - 2019/20

This item was deferred.

65. SCRUTINY REVIEW ON FEAR OF CRIME

This item was deferred.

66. OVERVIEW AND SCRUTINY ANNUAL REPORT 2016/17

This item was deferred.

67. OVERVIEW & SCRUTINY WORK PROGRAMME

In addition to the recommendations set out in the report, the Committee AGREED that Councillor Jennifer Mann be removed from the Housing and Regeneration scrutiny panel and that Cllr Adam Jogee be removed from the Environment & Community Safety scrutiny panel.

RESOLVED

- I. To agree the indicative scrutiny work programme for the scrutiny panels 2017/18 attached at Appendix 1 of the report, having considered the Committee's work programme at its June meeting.
- II. To agree the draft scope and terms of reference for the Committee's inquiry into Fire Safety in High Rise Buildings and the Environment and Community Safety's review on Parks, as set out at Appendix 2 of the report.
- III. To note the briefing for Members on suicide prevention, as attached at Appendix 3 of the report. This follows the letter from the Chair of the Commons' Health Select Committee on Councils' scrutiny role in relation to suicide prevention plans, and will be taken forward by the Adults and Health Panel.
- IV. To note that further review work will be prepared and draft scopes referred to the Committee at future meetings.

68. NEW ITEMS OF URGENT BUSINESS

The call-in of the Cabinet's decision of 3 July *Haringey Development Vehicle: Financial Close and Establishment* was accepted as a new item of urgent business.

Stephen Lawrence Orumwense introduced the Monitoring Officer's report setting out the process and the Monitoring Officer and chief finance officer's view that this decision fell within the policy and budget framework. Following an outline of the process for the call-in meeting, and the possible outcomes available, the Chair invited Councillor Hare to set out why the signatories had requested the Cabinet decision be called in and the alternative action proposed.

Cllr Bob Hare set out his reasons for the Call-in and stated that he did not claim that the decision was outside the policy or budget framework. He believed that the establishment of the HDV should be referred back to Full Council to reconsider the scheme and with a vote on a proposal not to proceed with the scheme. It was felt that the scheme was too risky and offered too few benefits and protections to existing leaseholders and tenants. The regeneration schemes brought about by the HDV would fail to deliver adequate numbers of genuinely affordable social housing and that existing leaseholders would not be able to afford homes on a redeveloped estate.

Cllr Hare advised the Committee that the Liberal Democrats were concerned that a large amount of the papers recommending the Cabinet decision to form the HDV were exempt and had not been seen by the majority of Councillors. Furthermore, proposals for the HDV had failed to take into account the experiences of tenants and leaseholders from other similar schemes undertaken by different local authorities. Cllr

Hare also advised the Committee that the Liberal Democrats were concerned with the choice of development partner, given their record on affordable housing, union blacklisting and over-charging of clients elsewhere. The timing of the proposals poor, given uncertainty around Crossrail 2 and the potential for a significant downturn in the housing market.

The Committee clarified that, should the Call-in be referred to Full Council, it would simply entail Full Council scrutinising the decision rather than the Overview & Scrutiny Committee, and with the same available outcomes of the scrutiny. Full Council would not have the power to decide whether to proceed as Cabinet was responsible for taking executive decisions. Cllr Hare acknowledged the respective roles and functions of Cabinet and Full Council, but stated that the Liberal Democrats felt that the whole Council should be given a vote on it as it was probably the biggest and riskiest decision ever taken by Haringey.

The Committee sought clarification around what aspect of the Member Agreement cast doubt on the guaranteed right of return. Cllr Hare responded that he was concerned with the prioritisation outlined in the documents for a single move from current accommodation, with any move away likely hindering a return, for example, once a child had been enrolled in a different school.

The Chair invited Cllr Clive Carter to address the Committee in support of Councillor Hare's call-in. Cllr Carter sought further information in regard to the wind-up transfer price, enquiring whether it would be a fixed amount or percentage. Cllr Carter also raised concerns regarding a proposal contained in the Cabinet report to acquire properties through a third party in order to avoid paying a premium and asked whether the Council were trying to deny property owners the true value of their homes or businesses.

Cllr Strickland, the Cabinet Member for Housing, Regeneration and Planning responded to the concerns raised, noting that the affordable housing grant had been significantly reduced by the coalition government and that this had put huge financial pressure on the provision of affordable homes. He also sought to reassure the Committee that the decision to establish the HDV had involved a detailed and deliberative two-year process which conformed to EU procurement regulations and had not been rushed in any way.

Cllr Strickland expressed concern that residents did not feel like they had been heard and stated that, further to the Tottenham Futures consultation, the Council would continue to consult with residents. In addition, the Committee was advised that staff would continue work in Northumberland Park and engage with tenants and leaseholders. Cllr Strickland advised that he had been to a number of sessions at the consultation shop at Park Lane and met tenants to answer questions and discuss their concerns.

The Committee heard that, despite there not being a document with the words risk assessment in the title, extensive work had been undertaken to understand and mitigate the level of risk involved and that risk was clearly one of the major issues that the Council had been working on throughout the development of the HDV. In

response to concerns about the commitment to sustainability, the Committee heard that the HDV was committed to achieving a world leading sustainability accreditation.

Cllr Strickland advised the Committee that the example of the Heygate estate was not comparable as it was not a joint venture, and in fact involved land being sold in its entirety to Lendlease, without a categorical right of return – an arrangement not being followed in Haringey. Cllr Strickland reiterated that a right of return for residents was absolutely guaranteed and that this was fundamental to the scheme. Cllr Strickland also advised the Committee that the HDV was one of several parts of a much bigger jigsaw to create new homes and jobs throughout the borough, including the establishment of the largest Housing Zone in London which also had a commitment to 40% availability of affordable homes.

Lyn Garner, Strategic Director of Regeneration, Planning and Development advised the Board that development was not predicated on the Crossrail 2 and that the Wood Green Area Action Plan was over a three to five year trajectory. In addition, no date had been given on the Piccadilly line upgrade.

The Committee then put questions to the Cabinet Member. In response to further questions around the right of return, the Cabinet Member advised that the right of return was guaranteed and that tenants could be offered a new property within the same estate, which would entail a single move from the existing property to a new building without leaving the estate. It was reiterated that tenant choice was at the heart of these proposals and that, whilst tenants would be permitted to move off the estate if they wished, only the tenant themselves would be able to waive their right of return. In response to concerns about the difference between an assured and a secure tenancy, officers advised that they could not offer social tenancies as the HDV, rather than the Council, would be the landlord. Officers advised however, that there was specific provision within the Land Assembly Agreement that assured tenancies would be offered on the same terms as secured Council tenancies.

Officers also advised that a guaranteed right of return would apply to both council tenants and housing association tenants. The responsibility for each category would be slightly different however, with the Council responsible for housing association tenants (in collaboration with the relevant housing association) and the HDV responsible for Council tenants (in collaboration with the Council).

In response to a request for clarification on prioritisation or stipulations around a single move, officers advised that the aim of this was to reduce disturbance and wasted resources on multiple moves; the right of return remained absolute in any scenario. The Committee was informed that the phasing of development on a site-by-site basis would facilitate the tenants' right to return to the same estate – effectively remaining on the same estate. The Committee were assured that no piece of land could be put into the HDV without it confirming to a long list of conditions, which included Cabinet approval.

Cllr Strickland reiterated the principle of there being no net loss in the overall number of housing units, which was enshrined in the documents. The percentage of social and affordable housing units would not be known until the specific plans for each development site were drawn up. The Committee expressed concern about a failure

to commit to a percentage of affordable homes available at target rents, particularly given the high numbers of social tenants currently residing in Northumberland Park. In response, Cllr Strickland advised that it was envisaged that there would be a dramatic increase in the number of all types of homes available in Northumberland Park, which could mean the number of homes available for affordable housing increasing but the proportion decreasing.

The Committee raised concerns at the level of service charges set out in the documentation, noting the annual service charge for a 1 bed flat in an affordable unit was listed as £1440-£1580. Cllr Strickland agreed to write to Cllr Ibrahim to set out the level of service charges for two, three and four bed properties as well as setting out what that service charge would pay for. **(Action: Cllr Strickland).**

Concerns were also raised with the introduction of a VAT payment for the commercial portfolio. In response, the Committee was advised that the matter was still under consideration, but that if it were introduced it would be phased in over a period and that the 20% payment would not be due on day one. Furthermore, discussions were ongoing about what further mitigations could be brought in to support businesses, some of which were set out in the accompanying equalities impact assessment.

In response to a question, Cllr Strickland set out that the arrangements for the HDV were sufficiently flexible to accommodate a change in national policy or if the level of affordable housing grant were increased. Cllr Strickland acknowledged the need to develop the requisite expertise both internally and externally to support the Council and also acknowledged the need to ensure that adequate support arrangements were developed to support Councillor engagement in the process.

In response to further concerns around the nature of the relationship between Lendlease and the Council, it was emphasised that the HDV could only operate within the confines of a business plan, which would be agreed by Cabinet and subject to the usual scrutiny process. Further controls were available to the Council through its role as the Planning Authority and the process of granting planning permission for each site, which would take account of the provision of affordable housing in a development proposal.

The Committee expressed concerns that the deal was heavily weighted in favour of Lendlease and cited the exclusivity clause and the fact that Lendlease would have significant say in the appointment of the independent verification team, as a 50/50 partner. In response officers advised that, although the independent verification team would be appointed by the HDV Board, that only the Council representatives on the Board would be able to vote on those appointments.

The Committee sought assurances over concerns raised by Cllr Carter around the HDV using intermediaries or third parties to purchase properties to prevent paying inflated prices. Officers responded that this was done in order to prevent the price of properties bought by the HDV from being artificially inflated; which had happened in other major development projects. This, however, was not an attempt to pay less than the market rate. Officers also assured the Committee that the proposal to use third party companies only applied to the commercial portfolio and not residential properties.

In response to a question around the permanency of assured social rents and whether they would continue beyond the first move, the Cabinet Member confirmed that they would be held in perpetuity.

The Chair requested a response on the earlier point raised around winding up penalties. Officers advised that the Members Agreement set out the provisions for this and that at the point of the HDV being wound up because of a Council default, the Council would have the opportunity to buy out the relevant amount of assets from Lendlease; the price of which would be independently set plus ten percent. In the instance that the winding up were because of a Lendlease default, then the Council would be able to purchase assets at a discounted rate. Officers acknowledged that there would be a premium paid in certain circumstances if the Council defaulted on agreements.

Officers were asked why the breadth of documents provided to Cabinet for its decision were not made available at an earlier stage, and specifically as part of the scrutiny panel's consideration of the matter. In response, it was noted that the Council had been in closed discussions since the in-principle appointment of Lendlease as the preferred bidder. The Committee was advised that the documents resulted from those discussions and were, therefore, not available any earlier.

In response to further questions around the model of vehicle chosen, the Committee was advised that the documents in the pack highlighted a peak borrowing requirement of around £248m and that a joint venture had the advantage of allowing the Council to diversify the risk of such a large capital outlay. The Committee also sought clarification on why a previous scrutiny recommendation around offering exclusivity on a site by site basis had been rejected. Officers emphasised that the exclusivity arrangements were agreed on a 60/40 basis. Lendlease had exclusivity on the construction of 60% of sites, but that the Council could adopt different models on the other 40%.

In response to concerns raised around the Northumberland Park Community School and the Vale School being within the site allocation plan for Northumberland Park, the Committee noted that the site allocation was not finalised and that any relocation would have to be formally agreed with the schools in question. Officers confirmed that any site costs arising from relocation, would need to be met by the HDV not the Council.

Clerk's note – at this point in the meeting, the Committee passed a motion to exclude the press and public to allow them to move to private session and discuss the exempt section of the report. The meeting then reconvened in public session at 22:50.

Following deliberations, the Committee AGREED that the decision was within the policy and budget framework and voted to send the report back to Cabinet by four votes to one. The Committee agreed to put forward the following recommendations for Cabinet to consider.

1. Clarification of what the overall numbers of social homes at target rent could be expected for Site 1 allocations immediately, as well as a clear commitment to a net increase in homes available for social homes at target rent.

2. Clear commitment to the prioritisation of the absolute right of return
3. That any exclusivity arrangement be on a site-by-site basis, rather than overall exclusivity.
4. To establish a wholly owned company in order to buy up social rented units at target rents
5. A commitment to the Councillor appointed to the social impact vehicle being different to that appointed to the HDV Board
6. Obligation for senior HDV staff to attend and engage fully in the scrutiny process
7. A commitment to an assessment of buildings in community use, prior to their transfer to the HDV, to identify and protect their social and community value.

RESOLVED

That the decision be sent back to Cabinet for reconsideration with the Committee's recommendations.

69. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED

That the press and public be excluded from the remainder of the meeting by virtue of Paragraphs 3 & 5 of Part 1 of Schedule 12a of the Local Government Act 1972.

70. NEW ITEMS OF EXEMPT URGENT BUSINESS

RESOLVED

The Committee noted the information contained in the exempt part of the report.

71. FUTURE MEETINGS

The future meeting dates were noted as:

- 16th October 2017
- 21st November 2017
- 16th January 2018
- 29th January 2018
- 26th March 2018

CHAIR: Councillor Charles Wright

Signed by Chair

Date