



COUNCIL MEETING

7.30 pm Wednesday, 24 January 2018

At Council Chamber - Town Hall

Members of the Council of the London Borough of Havering are hereby summoned to attend a meeting of the Council at the time and place indicated for the transaction of the following business

**Kathryn Robinson
Monitoring Officer**

For information about the meeting please contact:

Anthony Clements tel: 01708 433065

anthony.clements@oneSource.co.uk



Please note that this meeting will be webcast.

**Members of the public who do not wish to appear
in the webcast will be able to sit in the balcony,
which is not in camera range.**

Protocol for members of the public wishing to report on meetings of the London Borough of Havering

Members of the public are entitled to report on meetings of Council, Committees and Cabinet, except in circumstances where the public have been excluded as permitted by law.

Reporting means:-

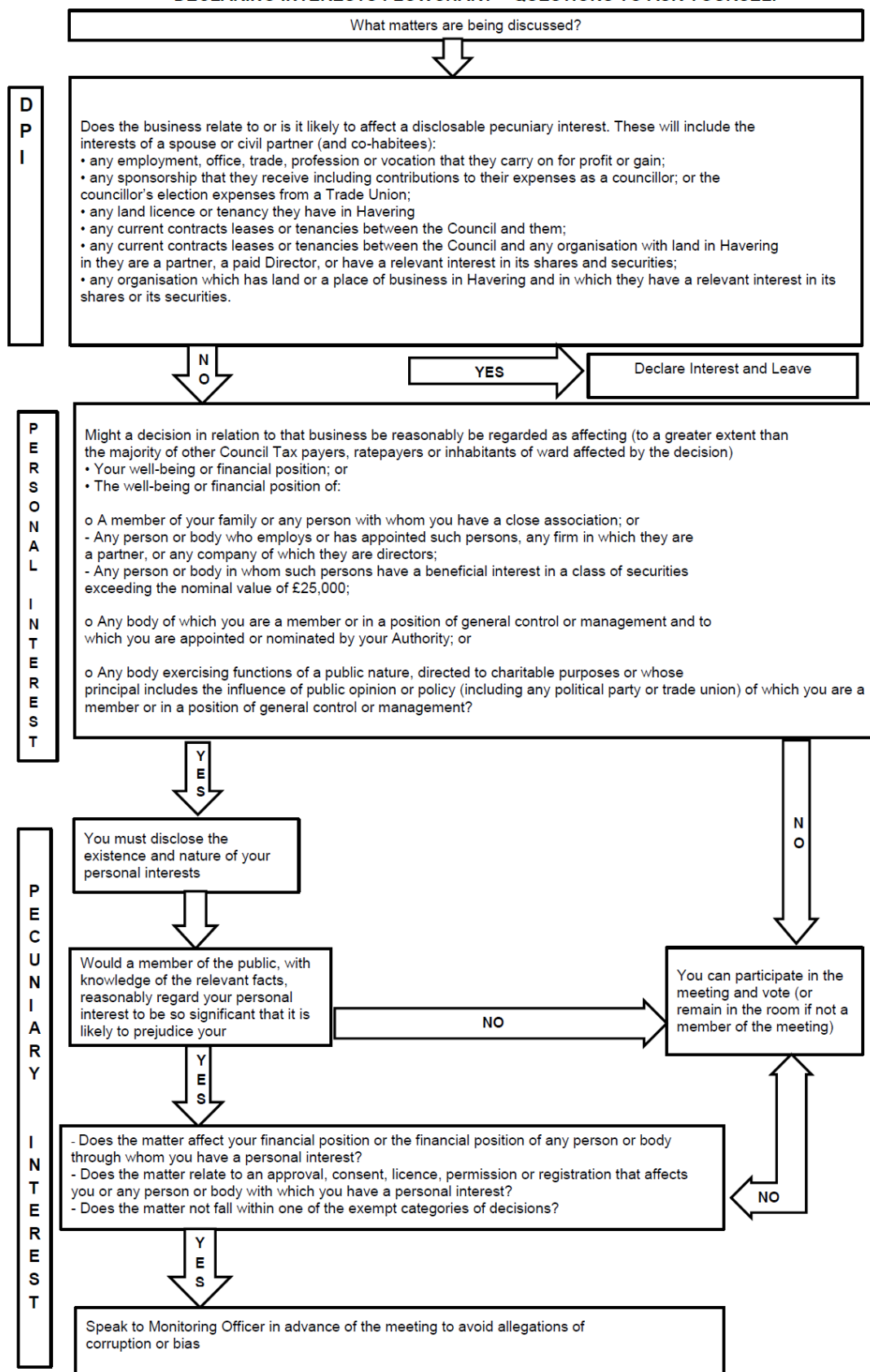
- filming, photographing or making an audio recording of the proceedings of the meeting;
- using any other means for enabling persons not present to see or hear proceedings at a meeting as it takes place or later; or
- reporting or providing commentary on proceedings at a meeting, orally or in writing, so that the report or commentary is available as the meeting takes place or later if the person is not present.

Anyone present at a meeting as it takes place is not permitted to carry out an oral commentary or report. This is to prevent the business of the meeting being disrupted.

Anyone attending a meeting is asked to advise Democratic Services staff on 01708 433076 that they wish to report on the meeting and how they wish to do so. This is to enable employees to guide anyone choosing to report on proceedings to an appropriate place from which to be able to report effectively.

Members of the public are asked to remain seated throughout the meeting as standing up and walking around could distract from the business in hand.

DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF



AGENDA

1 PRAYERS

2 APOLOGIES FOR ABSENCE

To receive apologies for absence (if any).

Apologies have been received from Councillor Julie Wilkes.

3 MINUTES (Pages 1 - 66)

To sign as a true record the minutes of the Meeting of the Council held on 22 November 2017 (attached).

4 DISCLOSURE OF INTERESTS

Members are invited to disclose any interest in any of the items on the agenda at this point of the meeting.

Members may still disclose any interest in an item at any time prior to the consideration of the matter.

5 ANNOUNCEMENTS BY THE MAYOR, BY THE LEADER OF THE COUNCIL OR BY THE CHIEF EXECUTIVE

To receive announcements.

6 PETITIONS

No notices to present a petition have been received.

7 THE COUNCIL'S FINANCIAL STRATEGY (COUNCIL TAX SUPPORT SCHEME) (Pages 67 - 110)

NOTE: The final deadline for receipt of amendments to all reports issued with the Final Agenda is midnight, Monday 22 January.

To consider a report of Cabinet on the Council's Financial Strategy (Council Tax Support Scheme) (attached, subject to approval by Cabinet).

8 SELECTION AND APPOINTMENT OF A JOINT VENTURE PARTNER TO DELIVER THE LONDON BOROUGH OF HAVERING'S ESTATE REGENERATION PROGRAMME (Pages 111 - 588)

To consider a report of Cabinet on 12 HRA sites JV procurement – entering into a Limited Liability Partnership (attached, subject to approval by Cabinet).

9 THE HAVERING LOCAL PLAN (Pages 589 - 602)

To consider a report of Cabinet on the Submission Procedural Requirements for the Havering Local Plan (attached, subject to approval by Cabinet).

10 TREASURY MANAGEMENT MID-YEAR UPDATE (Pages 603 - 626)

To consider a report of the Audit Committee on the Treasury Management mid-year update (attached).

11 EXCEPTIONS TO THE CALL-IN PROCEDURE (Pages 627 - 630)

To consider a report of the Chief Executive on Exemptions to the Call-in Procedure (attached).

12 APPOINTMENT OF VICE-CHAIR OF ADJUDICATION AND REVIEW COMMITTEE (Pages 631 - 632)

To consider a report of the Chief Executive on the Appointment of the Vice-Chair of the Adjudication and Review Committee (attached).

13 ALLOCATION OF COMMITTEE PLACES (Pages 633 - 640)

To consider a report of the Chief Executive on the Allocation of Committee Places (attached).

14 MEMBERS' QUESTIONS (Pages 641 - 644)

Attached.

15 MOTIONS FOR DEBATE (Pages 645 - 648)

Attached.

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**MINUTES OF A MEETING OF THE COUNCIL OF THE
LONDON BOROUGH OF HAVERING
Council Chamber - Town Hall
22 November 2017 (7.30 pm – 10.10 pm)**

Present: The Mayor (Councillor Linda Van den Hende) in the Chair

Councillors Councillors June Alexander, Clarence Barrett, Robert Benham, Ray Best, Wendy Brice-Thompson, Michael Deon Burton, Joshua Chapman, John Crowder, Philippa Crowder, Keith Darvill, Meg Davis, Ian de Wulverton, Osman Dervish, Nic Dodin, David Durant, Brian Eagling, Gillian Ford, Jason Frost, Jody Ganly, John Glanville, Linda Hawthorn, David Johnson, Phil Martin, Barbara Matthews, Robby Misir, Ray Morgon, Barry Mugglestone, John Mylod, Stephanie Nunn, Denis O'Flynn, Ron Ower, Garry Pain, Dilip Patel, Viddy Persaud, Roger Ramsey, Keith Roberts, Patricia Rumble, Carol Smith, Frederick Thompson, Linda Trew, Jeffrey Tucker, Melvin Wallace, Lawrence Webb, Roger Westwood, Damian White, Michael White, Reg Whitney, Graham Williamson, Darren Wise and John Wood

Approximately 20 Members' guests and members of the public and a representative of the press were also present.

Apologies were received for the absence of Councillors Alex Donald, Steven Kelly and Julie Wilkes.

The Mayor advised Members and the public of action to be taken in the event of emergency evacuation of the Town Hall becoming necessary.

Father Roderick Hingley, of the Church of St Alban, Protomartyr, Romford opened the meeting with prayers.

The meeting closed with the singing of the National Anthem.

53 MINUTES (agenda item 3)

The minutes of the meeting of the Council held on 13 September 2017 were before the Council for approval.

RESOLVED:

That the minutes of the meeting of the Council held on 13 September 2017 be approved as a correct record.

54 DISCLOSURE OF INTERESTS (agenda item 4)

Agenda Item 7A. Resignation off the Chairman of the Governance Committee

Councillor Philippa Crowder disclosed a personal interest as she had been nominated for a position attracting a Special Responsibility Allowance.

Councillor Ray Morgon disclosed a personal interest as he had been nominated for a position attracting a Special Responsibility Allowance.

55 ANNOUNCEMENTS BY THE MAYOR, BY THE LEADER OF THE COUNCIL OR BY THE CHIEF EXECUTIVE (agenda item 5)

The Mayor congratulated all involved in Havering having won a large number of awards at the recent London in Bloom awards. The mayor was also pleased that Councillors Mugglestone, Nunn, Tucker and Wallace had been present at the awards ceremony.

The text of the announcements made by the Leader of the Council is attached as appendix 1 to these minutes.

56 PETITIONS (agenda item 6)

The following petitions were presented:

By Councillor Ower regarding a request for the introduction of parking restrictions in Maple Avenue, Upminster.

By Councillor Wise regarding a request for more Police presence in Harold Hill and in Heaton and Gooshays wards.

By Councillor O'Flynn regarding a request by residents of The Mount in Heaton ward for improved signage and speed calming measures in order to reduce accidents at the junction of The Mount and Noak Hill Road.

By Councillor Tucker in relation to a request for double yellow lines in Anglesey Drive.

57 SPORT AND LEISURE MANAGEMENT (SLM) CONTRACT AND FINANCIAL IMPLICATIONS (agenda item 7)

A report of Cabinet asked Council to approve capital expenditure and proposed financing for a number of areas including building of the new Hornchurch Sports Centre, the operation of the new Sapphire Ice and Leisure Centre and investment in new health and leisure facilities at Central Park Leisure Centre.

The report was **AGREED** by 44 votes to 0 (see division 1) and it was **RESOLVED**:

That the capital expenditure and proposed financing as set out within the Exempt Report Appendix Financial Information in Table 5 of the report to Cabinet dated 15 November 2017, be approved for inclusion within the Approved Capital Programme.

58 RESIGNATION OF THE CHAIRMAN OF THE GOVERNANCE COMMITTEE (agenda item 7a)

Following the resignation of Councillor Meg Davis as Chairman of the Governance Committee, a report of the Chief Executive invited nominations for the position. The following nominations had been received:

Councillor Philippa Crowder on behalf of the Conservative Group
Councillor Ray Morgon on behalf of the Residents' Group

Councillor Crowder was elected by 29 votes to 18 (see division 2) and it was **RESOLVED**:

That Councillor Philippa Crowder be appointed as Chairman of the Governance Committee.

59 ALLOCATION OF SEATS ON THE COMMITTEES OF THE COUNCIL (agenda item 7b)

A report of the Chief Executive recommended a slight change to the allocation of seats on the Committees of the Council following the decision by Councillor Mylod to cease to be a member of the Residents' Group and to become an independent member on the Council. This would allow the Council to continue to meet requirements of political proportionality in the allocation of seats on Council Committees.

The report was **AGREED** without division and it was **RESOLVED**:

That the seat allocation for political balance as set out in appendix 2 to these minutes be approved.

60 PAY POLICY STATEMENT 2017/18 (agenda item 8)

A report of the Chief Executive proposed a revised Pay Policy Statement 2017/18 in light of recent restructures to the Council's workforce. The Council was required under the Localism Act 2011 to publish the policy showing the remuneration of its Chief Officers and of its lowest paid employees as well as the relationship between the remuneration of its Chief Officers and its other employees.

The report was **AGREED** by 42 votes to 1 (see division 3) and it was **RESOLVED**:

That the Pay Policy Statement 2017/18, as shown in appendix 3 to these minutes, be approved.

61 MEMBERS' QUESTIONS (agenda item 9)

Fifteen questions were asked and replies given. The text of all questions submitted, together with their answers, is shown as appendix 4 to these minutes.

62 METROPOLITAN POLICE FUNDING (agenda item 10A)

Motion on behalf of the Independent Residents' Group

Following Brexit this Council calls on the Executive to lobby the Government to end austerity and properly fund public services and adult social care, including a review of Metropolitan Police funding to retain operational ability to deliver on response times, ensure Designated Ward Officers remain ring fenced and to keep local police stations and Safer Neighbourhood Team bases open.

Amendment by the Conservative Group

This Council supports the Executive in continuing to lobby the Government to bring forward the Fair Funding Review for local government and to lobby the London Mayor to ensure a fair proportion of Metropolitan Police resources for Havering.

Following debate, the amendment by the Conservative Group was **CARRIED** by 43 votes to 6 (see division 4) and **AGREED** as the substantive motion, without division.

RESOLVED:

This Council supports the Executive in continuing to lobby the Government to bring forward the Fair Funding Review for local government and to lobby the London Mayor to ensure a fair proportion of Metropolitan Police resources for Havering.

63 REVIEW OF GAMING MACHINES (agenda item 10B)

Motion on Behalf of the Conservative Group

This Council welcomes the Government's recent consultation and "call for evidence" relating to the Review of Gaming Machines and Social Responsibility Measures.

This Council notes that further consultation on proposals for changes to Gaming Machines restrictions opened recently.

This Council agrees that the current regulation of B2 gaming machines introduced in 2009 is inappropriate to achieve the stated objective of protecting consumers and wider communities.

This Council supports regulatory changes to the maximum stake, in order to reduce the potential for large session losses and therefore to the potentially harmful impact on the player and their wider communities.

This Council supports the “Option 4” proposal to reduce the maximum stake for B2 (Fixed Odd Betting Machines) to £2.00.

This Council agrees that the status quo on B1, B3, B3A, B4 and D machines should be maintained.

This Council requests that a response to the DCLG Gambling Review Consultation should be submitted reflecting these views.

The motion on behalf of the Conservative Group was **AGREED** unanimously, without division.

RESOLVED:

This Council welcomes the Government’s recent consultation and “call for evidence” relating to the Review of Gaming Machines and Social Responsibility Measures.

This Council notes that further consultation on proposals for changes to Gaming Machines restrictions opened recently.

This Council agrees that the current regulation of B2 gaming machines introduced in 2009 is inappropriate to achieve the stated objective of protecting consumers and wider communities.

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This Council requests that a response to the DCLG Gambling Review Consultation should be submitted reflecting these views.

64 VOTING RECORD

The record of voting decisions is attached as appendix 5 to these minutes.

Mayor

Appendix 1

Madam Mayor,

There are a number of areas that I would like to update members on this evening.

Heathrow logistics hub

Firstly, I would like to start with some encouraging news. Just recently, Heathrow Airport announced an area in the Rainham business sector as one of the 65 longlisted sites in the running to be selected as an expansion Logistics Hub for building Britain's new runway. The airport plan would be the first UK infrastructure scheme to create four Logistic Hubs across the country that would provide offsite manufacturing and construction for the third runway.

This would be a huge opportunity for Havering people to play a major role in the development of a new UK expansion model, and we have been selected as one of only two London locations out of the 65 potential sites; this has been reduced from the initial 121 applications.

It would be a significant economic development advancement for the site to be chosen as one of the final four, and if successful, this would create local jobs for local people, with the opportunity for a legacy of construction excellence.

Cocoon opening

Last month, Children's services held an event to officially open The Cocoon, one of east London's only dedicated support hubs for children in care and care leavers.

The Children's Commissioner for England, Anne Longfield and I attended the ribbon cutting with local young people in care, as did The Deputy Mayor, Cabinet Members, council staff and foster carers.

The centre will provide a safe drop-in space for children and young people living in care or leaving care, where they can meet with key workers and progress with personal development. The Cocoon will enable young people to develop key life skills, get access to training, receive additional education support, learn how to cook and receive help with housing and health. It will also provide new opportunities for children and young people as they move towards independent living.

Care leaver's council tax

To support further these young people as they take their first steps towards independence, the council is proposing to cover the cost of council tax for care leavers who live in their own accommodation Havering until they reach the age of 25. We have 128 care leavers, 51 of whom live within Havering in independent accommodation.

As corporate parents, we take our responsibilities seriously, with the aim of providing these young people with access to life chances that others enjoy. Officers across the

council are working together to support Care Leavers, helping them to secure sustainable tenancies and reducing the risk of evictions and homelessness.

These two initiatives highlight the improved local offer to our most vulnerable residents and show our aim to work in partnership with our communities to develop practical solutions to real problems.

Bryant Avenue opening

There is also some good news at last for residents and businesses in Harold Wood who have been suffering because of the closure of Bryant Avenue in connection with the Ardleigh Green A127 Bridge works. Following the constant pressure that we have applied about delays in this project, I can announce today that TfL will be opening the road ahead of schedule in the second week of December. This will hopefully be welcome news for residents and businesses in the area.

We will of course continue to press TfL to complete the remaining Ardleigh Green Bridge works as early as possible.

Remembrance Day

It was very humbling to see the impressive number of people who turned out to mark Armistice Day and Remembrance Sunday events. More than 2,000 people attended these commemorations, services and parades across Havering to remember those who lost their lives and to honour their sacrifices. It was particularly good to see so many young people and organisations involved.

No one plays a greater role in keeping us safe than our Armed Forces and these services gave us a chance to remember the servicemen and women past and present.

Thanks are also due to our local police for their support.

Christmas events

Also, last week we officially kick-started Christmas activities with thousands filling the Market Place in Romford to enjoy the big light switch-on event along with lots of family entertainment. This was followed by the Christmas Cracker event in Hornchurch, and we can look forward to many more switch-ons across the borough in the coming weeks – as Havering lights up for Christmas.

As always the fun doesn't stop there. Residents can also enjoy various enchanted Christmas events in Romford Market, including the Kingdom of Elves and a Winter Wonderland Experience.

Noak Hill Sports Centre opening

I'm also pleased to announce that there will be an official open day on Saturday 25 November Noak Hill Sports Complex. There will be free football and tennis coaching sessions, a bouncy castle and face painting. Since opening earlier this year, the 3G football pitch and tennis courts have proved extremely popular, and are regularly fully booked, showing that the community really values the additional facilities now provided here.

Central Park Gym opening

The newly-refurbished Central Park Leisure centre in Harold Hill, officially reopened by Mayor of Havering last month attracted over 500 people to mark the successful completion of works improve facilities at the site.

Residents and visitors attended the centre to make use of its refurbished fitness suite for free and took part in other activities. The centre fully reopened for the first time on Saturday 7 October. Councillor Melvin Wallace was also in attendance and we all tried out the new equipment which was very impressive.

Romford Leisure Development

Continuing with the leisure theme, last month, I placed the last tile in the 25m eight-lane main pool at the new Sapphire Ice and Leisure centre in Romford, where I was joined by other Cabinet members, Willmott Dixon Construction and partners. There is also be a 15 x 8m learner pool and sauna and steam rooms, which completes the facilities on the ground floor. Councillor Melvin Wallace was also lucky enough to help install the very first seat near the ice-rink. This will be the borough's biggest leisure facility and it is due to be complete ahead of schedule for residents and visitors to enjoy very soon.

myplace cafe opening

myplace is celebrating its fifth year in operation since opening on 6 June 2012. myplace has had over 225,000 people visit the building over the years. Last month, I attended the opening of the new 1950s style dinner, which was opened by the Mayor, and includes a soft play area. This new facility has really enhanced the service at myplace, especially for our early years' visitors and parents. Very soon, the centre will also host new arts initiatives working in partnership with the London College.

Miles the Mole

The Miles the Mole Air Quality campaign continues to go from strength to strength. On 15 November I joined the Miles Mascot at Queen's Hospital, Romford. Miles and the team were down there to mark World COPD Day - handing out educational

merchandise and met both patients and staff on the children's COPD ward – to promote cleaner air.

The Miles campaign has also been shortlisted for Local Authority Initiative of the Year at the National Air Quality Awards (run by Air Quality UK Magazine). I'm sure you'll want to join me in wishing the team the best of luck at tomorrow evening's award ceremony, and we'll keep our fingers and paws crossed for Miles.

DCLG consultation

Moving on to more less encouraging matters, we recently responded to the DCLG consultation on their most recent housing target ideas.

In their proposals, DCLG would set Havering a target of delivering 1,821 new homes each year between 2021-2026, which is a third more than what has been determined as part of our draft Local Plan. It not only fails to take account of our need and land availability assessments completed only last year it also fails to recognise the challenges we face in meeting current housing targets and providing the essential infrastructure.

More than half of Havering is Green Belt, and for anyone to suggest such significant increases in our housing targets shows in my view that the methodology used is flawed and unrealistic. We fear also from what we have been told that Sadiq Khan could propose even higher targets in his draft London Plan due shortly. If he is serious this could put swathes of the borough's Green Belt in danger despite his having assured us at the time of his election that he would protect the Green Belt.

There needs to be a more holistic approach to address the housing crisis across London. We want to provide high-quality places where people will want to live in sustainable communities that have the right infrastructure, such as for travel, health and education. Such a large increase in the annual housing target allotted to us in the current London Plan would make this very difficult to deliver.

We have submitted our formal feedback on the proposals and have asked DCLG to think again and make the targets more practical and realistic. We shall be responding also to the London Mayor's plans when announced.

MOPAC consultation

I would also like to update you on our efforts to save police public access point in the borough, and say that I'm extremely disappointed with the outcome of MOPAC's consultation. MOPAC has announced the closure of both Hornchurch and Rainham police stations, as well as Safer Neighbourhood bases across the borough, with the exception of Elm Park. This is absolutely unacceptable and fails to consider the needs of our residents and of our population growth. This is why are looking at the prospect of a legal challenge.

We have even offered to provide space for police to use in outlying areas and will still honour that.

I will of course keep you updated on this matter.

Lower Thames Crossing

Members should be aware that Highways England are currently developing their proposals for a new crossing to relieve pressures on the existing bridge and tunnel at Dartford. The plans propose a new tunnel beneath the river Thames between Tilbury and Gravesend.

The Planning Inspectorate has just published the Scoping Report for the Environmental Impact Assessment and is now inviting technical comments on this from a wide range of statutory bodies such as local authorities. Council officers will be reviewing the document and responding on behalf of the Council in due course.

The London Mayor's Transport Plan

The Council's response to this Plan emphasising the continuing need for road transport and car use was submitted recently. I am grateful to the Overview and Scrutiny Board for examining key aspects of this and for their support for the position which we have taken. I hope that the assurances received from the GLA officers as to some specific issues will be followed up by positive action as strategy is progressed.

Bridge Close Romford

Members will be aware that Cabinet Members agreed to enter into a Joint Venture with Savills Investment Management and First Base, to facilitate the redevelopment of the Bridge Close site. The funding for the scheme will now be subject to approval at a meeting of the full council on Wednesday 21 February 2018.

The development includes new homes – of which at least 30 per cent of homes would be affordable – and would also provide local workspace, a primary school and community and health facilities, which are absolutely critical.

Communities, opportunities and connections are central to the place we want to create, and key to our vision and ambition for Romford and the rest of the borough. Being part of a Joint Venture as an equal partner will give us control over the development, and allow us to ensure it is of the highest quality and fits with the expectations of our people and our heritage.

Next month we will consider a report that will recommend a similar joint venture partnership arrangement for Beam Park Rainham Housing Zone, and there will be a full member briefing ahead of this.

Mercury Land Holdings – Cathedral Court

While of the topic of housing, I would like to update you on Cathedral Court in Romford. The first development by the Council's private lettings company, Mercury Land holdings is now fully let.

The site consists of 65 private rented properties and provides residents with modern accommodation in the heart of Romford, close to the station which will soon benefit from new Crossrail services.

As I'm sure members are aware, Cabinet recently approved further funding for Mercury Land Holdings which will enable us to generate additional income. This type of revenue generating venture is essential at a time when we're receiving reduced grants from government.

London Borough of Culture

Finally, Members will have seen various communications about our bid to become the London Borough of Culture in 2020.

This is a very good opportunity for us to showcase the importance of Havering's culture, heritage and arts offer.

We have strong heritage buildings such as Langtons and Rainham Hall – a National Trust property, which hosts exhibitions for local residents and visitors.

We also have a range of exciting projects taking place, including a partnership with English National Ballet exploring dance programmes with children and seniors. With two theatres' – Queen's Theatre in Hornchurch and Brookside in Romford, and over 100 green spaces and parks, Havering has a lot to offer.

I encourage everyone here to support the bid and share our community's rich culture. Winners will be announced in February 2018.

RECOMMENDED SEAT ALLOCATION

Having regard to the principles of political balance and of seat allocation referred to in Appendix 1, the following allocation of seats is recommended on the basis that, taking all factors into account, it shows a “reasonably practicable” allocation of seats and is therefore the default position.

		CONS	RESIDENTS	EHRG	UKIP	IRG	LAB
Governance	13	5	3	2	1	1	1
Licensing	11	6	2	1	1	1	0
Regulatory Services	11	5	2	2	1	1	0
Highways Advisory	11	4	2	2	1	1	1
Adjudication	10	4	2	2	1	1	0
Pensions	7	3	1	1	1	1	0
Audit	6	2	1	1	1	1	0
Rainham & Sth HX WP	6	2	1	1	1	1	0
O&S Board	16	7	3	2	2	1	1
Children's	9	4	2	1	1	1	0
Crime & Disorder	6	2	1	1	1	1	0
Towns & Communities	9	4	2	1	1	1	0
Environment	6	2	1	1	1	0	1
Health	6	3	1	1	0	0	1
Individuals	7	3	1	1	1	1	0
Total seats allocated	134	56	25	20	15	13	5

- Committee seats are allocated, and each Committee is balanced, as “reasonably practicably” as possible

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London Borough of Havering

Pay Policy Statement 2017/18

1. Introduction

2. This pay policy statement is produced in accordance with Chapter 8 of the Localism Act 2011 which requires the Council to prepare a pay policy statement by the 31 March each year before it comes into force.
3. This pay policy statement was approved by a meeting of full Council on 22 March 2017, (updated on 10 November 2017 to reflect the change to terms and conditions of employment). The policy is made available on the Council's website.
4. Under the Localism Act 2011, the Council's pay policy statement must set out:
 1. the remuneration of its chief officers
 2. the remuneration of its lowest-paid employees
 3. the relationship between:
 - i. the remuneration of its chief officers and
 - ii. the remuneration of its employees who are not chief officers
5. Under the Localism Act 2011, Chief Officers in Havering are defined as those remunerated on the following grades:
 1. G18 (Chief Executive)
 2. G16/G17 (Director/Chief Operating Officer)
 3. G15 (Director/Assistant Director/Head of Service)
 4. G14/G13 (Director/Assistant Director/Head of Service)
6. This pay policy statement excludes staff in schools.
7. The Council's next pay policy statement will be for the year 2018/19 and will be submitted to a meeting of full Council for approval by 31 March 2018.
8. **Remuneration of Chief Officers**
9. Chief Executive
10. The Chief Executive role is the Council's Head of Paid Service.

11. The Chief Executive role is paid on the G18 grade comprising the following spinal points and annual Full Time Equivalent salary, as at 1 September 2017.

G18

1. £167,217
 2. £168,768
 3. £170,319
 4. £171,870
 5. £173,421
12. The values of the spinal points are increased in accordance with the Joint Negotiating Committee for Chief Executives of Local Authorities with effect from 1st April each year.
13. Progression through the spinal points is subject to annual incremental progression
14. The Chief Executive role is entitled to receive a separate Returning Officer fee in respect of elections. The approach to the setting of these fees is set out in Appendix 1.
15. The Chief Executive role receives no other bonuses, overtime or any other additional salary payments.
16. Director/Chief Operating Officer
17. Director/Chief Operating Officer roles are paid on one of the following 2 grades comprising the following spinal points and annual Full Time Equivalent salary, as at 1 September 2017:

G16

1. £112,215
2. £116,292
3. £120,375
4. £124,455
5. £128,535

G17

1. £132,615
2. £136,698
3. £140,775
4. £144,858
5. £148,938

18. The values of the spinal points are increased in accordance with the Joint Negotiating Committee for Chief Officers of Local Authorities with effect from 1st April each year.
19. Progression through the spinal points is subject to annual incremental progression.
20. The Council's statutory chief officer roles currently undertaken by Director roles are detailed below :
 - Section 151 Officer (Finance) - attracts a market supplement of £2,385 per annum
 - Children's Services – Director of Children's Services (no additional payments)
 - Adults Social Services – Director Adult Social Care & Health (no additional payments)
21. Director/Chief Operating Officer roles may be entitled, if appointed for an election, to receive a fee for any Deputy Returning Officer role undertaken. The approach to the setting of these fees is set out in Appendix 1.
22. Director/Chief Operating Officer roles receive no other bonuses, overtime or any other additional salary payments.
23. Director/Assistant Director/Head of Service
24. Director/Assistant Director/Head of Service roles of larger services are paid on the following grade comprising the following spinal points and annual Full Time Equivalent salaries, as at 1 September 2017:
25. The following roles attract a Market Supplement of £7,664 per annum:
 - Director of Exchequer & Transactional Services
 - Director of Human Resources & Organisational Development

G15

1. £96,912
2. £98,952
3. £100,992
4. £103,035
5. £105,072

The values of the spinal points are increased in accordance with the Joint Negotiating Committee for Chief Officers of Local Authorities with effect from 1 April each year.

26. Progression through the spinal points of the grade is subject to annual incremental progression.
27. Director/Assistant Director/Head of Service roles may be entitled, if appointed for an election, to receive a fee for any Deputy Returning Officer role undertaken. The approach to the setting of these fees is set out in Appendix 1.
28. Director/Assistant Director/Head of Service roles receive no other bonuses, overtime or any other additional salary payments.
29. Director/Assistant Director/Head of Service
30. Director/Assistant Director/Head of Service roles of smaller services are paid on one of the following 2 grades comprising the following spinal points and annual Full Time Equivalent salaries, as at 1 September 2017:

G13

1. £76,509
2. £78,552
3. £80,589
4. £81,924
5. £84,672

G14

1. £86,712
2. £88,749
3. £90,792
4. £92,832
5. £94,872

31. The Head of Communications role attracts a Market Supplement of £21,192 per annum.
32. The values of the spinal points are increased in accordance with the Joint Negotiating Committee for Chief Officers of Local Authorities with effect from 1 April each year.
33. Progression through the spinal points is subject to annual incremental progression

34. The Deputy Director of Legal Services is the Council's Statutory Monitoring Officer. This post attracts an allowance of £10,000 per annum.
35. Director/Assistant Director/Head of Service roles may be entitled, if appointed for an election, to receive a fee for any Deputy Returning Officer role undertaken. The approach to the setting of these fees is set out in Appendix 1.
36. Other Assistant Director/Head of Service roles receive no other bonuses, overtime or any other additional salary payments.
37. **Other Remuneration for Chief Officers**
38. On appointment, Chief Officers will be placed on the appropriate spinal point within the appropriate grade and paid any other allowance/payment as set out in this pay policy statement, having regard to the knowledge, skills and competencies of the individual as well as their current and previous salary levels.
39. Where it is proposed, on appointment, to place a Chief Officer on a spinal point/grade or pay an allowance/payment outside of those set out in this pay policy statement, full Council will be given the opportunity to vote on the application of any salary package that exceeds £100,000pa.
40. The Council does not operate a performance related pay scheme or other bonus schemes for Chief Officers.
41. Chief Officers are not entitled to payment for any other charges, fees or allowances.
42. Chief Officers are not entitled to any benefits in kind as a result of their office or employment.
43. **Other Remuneration for Chief Officers and the Council's Other Employees**
44. The Council's policies regarding how the Council exercises the various employer discretions provided by the Local Government Pension Scheme (LGPS) are set out at Appendix 2. These discretions are applied equally to all employees. In general the Authority will not grant any increase or enhancement of pension entitlement as a result of its discretions policy, although each case will be determined on a case by case basis. As a result of the introduction of the new LGPS 2014 scheme

all employer and Administering Authority discretions have now been reviewed and noted by Pension Committee.

45. The Council's policies regarding how the Council exercises the various employer discretions under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 are set out at Appendix 3.
46. On ceasing to be employed by the Council, all employees will only receive compensation:
 - in circumstances that are relevant (e.g. redundancy) and
 - that complies with the specific terms of any compromise agreement
47. Any severance package in excess of £100,000 (excluding annual pension/pension lump sum payments) will be subject of a vote by full Council.
48. All directly employed staff, whether permanent or fixed term, will be paid via the Council's payroll system and subject to deduction of tax and national insurance in accordance with PAYE regulations.
49. **Remuneration of the Council's Other Employees and the Council's Lowest Paid Employees**
50. The Council uses the following pay and grading structures to pay its other employees:
 - NJC for Local Government Employees (GLPC Outer London Pay Spine)
 - Soulbury Committee
 - JNC for Youth & Community Workers
 - School Teachers Pay & Conditions
51. The grades, incremental points and annual Full Time Equivalent salaries, as at 1 September 2017, associated with these pay and grading structures are detailed at Appendix 4. The values of the spinal points are increased in accordance with the respective negotiating body with effect from a variety of dates each year.
52. The remuneration of the Council's other employees also includes the payments/allowances detailed at Appendix 5.
53. For the purpose of this pay policy statement the Council's lowest paid employees are defined as those paid at G1, spinal column point 7 of the NJC for Local Government Employees (GLPC Outer London Pay Spine), for which the annual Full Time Equivalent salary, as at 1 September 2017 is £17,985.

54. For the purposes of this pay policy statement the Council's median paid employee is paid at G5, spinal column point 26 of the NJC for Local Government Employees (GLPC Outer London Pay Spine), for which the annual Full Time Equivalent salary, as at 1 September 2017 is £26,805.

55. Relationship between the remuneration of the Council's top earner, its lowest paid employees and other employees

56. Although the Council does not have a policy regarding the ratio between the remuneration of its top earner, its lowest paid employees and other employees, the current ratios are detailed below.

Top Earner : Lowest Paid Employee	1:9
Top Earner : Median Paid Employee	1:6

Approach to the Setting of Returning Officer/Deputy Returning Officer Fees

Local Elections

Returning Officer fees are paid in accordance with the scale of fees agreed by the Leaders Committee of London Councils. The fees are funded by the Council which provides a budget every fourth year for running local elections. Fees for Deputy Returning Officer roles are paid by the Returning Officer from a budget allocated for clerical assistance and vary in accordance with duties and responsibilities undertaken.

Greater London Authority Elections

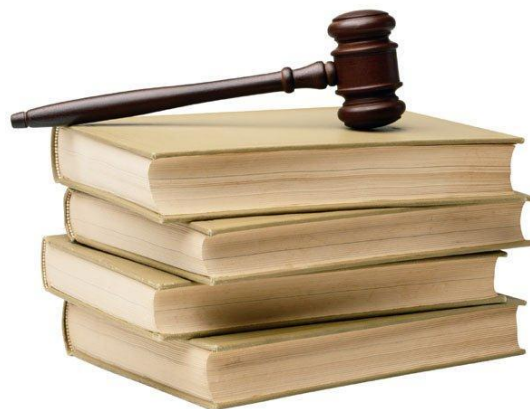
Returning Officer fees are set by the Greater London Returning Officer. The fees are funded by the Greater London Authority. Fees for Deputy Returning Officer roles are paid by the Returning Officer from a budget allocated for clerical assistance (and/or by allocation of some of the Returning Officer fee) and vary in accordance with duties and responsibilities undertaken.

European Parliamentary and Parliamentary Elections and National Referenda

Returning Officer fees are set by the Central Government usually through the publication of a Statutory Instrument. The fees are funded by Central Government. Fees for Deputy Returning Officer roles are paid by the Returning Officer from a budget allocated for clerical assistance (and/or by allocation of some of the Returning Officer fee) and vary in accordance with duties and responsibilities undertaken.



London Borough of Havering
Employing Authority Discretions and Administration
Authority Discretions
Statement of Policy



1) Determination of contribution rate and how it will be determined (9(1) and 9(3))

- The employee contribution band will be reviewed each April.
- Contributions are payable on all pay received such as non-contractual overtime or additional hours. Reductions in pay due to sickness, child related leave etc. are ignored. The salary used to determine the band will be assessed by taking into account basic salary each April plus any additional hours or overtime that were paid for in the previous financial year.

2) Funding of additional pension contributions (16(2)(e) and 16(4)(d)) (LGPS 2013)

Where APCs are to be paid by regular contributions, whether to fund in whole or in part a members additional pension contribution. The maximum additional pension which can be purchased from 1 April 2014 is £6,500. (16(2)(e))

Where APCs are to be paid by a lump sum contribution, whether to fund in whole or in part members additional pension contribution. The maximum additional pension which can be purchased from 1 April 2014 is £6,500. (16(4)(d))

The Council will generally not contribute by either regular contributions or lump sum contribution towards a members additional pension contributions but may determine on a case by case basis if there has been any operational benefit gained by the employer and if so whether the APC should be wholly or partly funded. Strike action will not be funded.

3) Flexible retirement (30(6)) (LGPS 2013)

Whether to allow an active member, who has attained the age of 55 or over, who reduces their working hours or grade, to receive immediate payment of all or part of their retirement pension to which the member is entitled to in respect of that employment, subject to an actuarial reduction.

The Council has decided to allow flexible retirement in cases where there is normally no or minimal cost to the Council on a case by case basis, ensuring the detailed merits of each individual case is taken into account. Employees can choose to draw all of their pension benefits or defer payment of all or part of their fund which has accrued since 1 April 2008. The following criteria will apply: there must be at least a 25% reduction in pay or hours; the member may not move to another promotion post with the Council and/or increase their hours following flexible retirement; will not be granted a 2nd or subsequent flexible retirement.

Flexible retirement will normally result in an actuarial reduction of pension benefits. In exceptional circumstances the Council may consider waiving the actuarial reduction where it is in the Council's interest to do so.

4) Waiving actuarial reduction (30(8)) (LGPS 2013)

Whether to waive, in whole or in part, any reduction to a members pension benefits as a result of a member who has not attained normal pension age but who has attained the age of 55 or over and has elected to receive immediate payment of a retirement pension.

There will normally be a reduction to the pension where employees retire before their normal pension age with insufficient service to qualify for a full pension, except in compassionate grounds. Compassionate is normally defined as:

- The applicant had to leave employment to care for a dependent who is suffering from long term illness/incapacity. For this purpose dependent normally includes a partner, child or parent; and
- That the dependant's need is for constant supervision for both day and night and that this is supported by confirmation from the Benefits Agency that an Attendance Allowance at the higher rate is payable; and
- That the dependant has no recourse to alternative means of support from his/her immediate family nor the financial resources to provide independent care support (for this purpose a certified statement of income and expenditure will be required); and
- That the applicant is suffering or facing severe financial hardship, that the applicant has no other significant source of income and that their personal financial circumstances are unlikely to improve. For this purpose the applicant will be required to submit a certified statement of income and expenditure covering both the applicant and any partner living with them; and
- That the applicant's opportunities for employment are severely limited by the nature of the care duties they are undertaking.

Flexible retirement will normally result in an actuarial reduction of pension benefits. In exceptional circumstances the Council may consider waiving the actuarial reduction where it is in the Council's interest to do so.

5) Award of additional pension (31) (LGPS 2013)

Whether to award additional pension up to a maximum of £6,500 to an active member or a member who was an active member who was dismissed by reason of redundancy, or business efficiency, or whose employment was terminated by mutual consent on grounds of business efficiency within 6 months of the date the member's employment ended.

The Council will not generally apply this discretion but in extreme cases consider on a case by case basis.

6) Applying the rule of 85 (Transitional 2014)

'Switch on' the 85 year rule protection, allowing a member to receive fully or partly unreduced benefits subject to the Scheme employer paying a strain cost to the Pension Fund (Schedule 2 paragraph 1 (1) (c) (Application of the 85 year rule between age 55 & 60) and that is correct).

The Council will not usually exercise discretion to fund additional costs applicable to the 85 Year Rule for 55 to 60 year olds. However in exceptional circumstances, to be considered on individual merits on a case by case basis, where this is of benefit to the Council then the Council may exercise discretion to pay the cost waiving actuarial reductions.

7) Whether to grant application for early payment of deferred benefits on or after age 55 and before age 60. NB: The rule of 85 currently applies for members for member who qualify for the rule and it cannot be turned off.

Elections made under this Regulation by members aged less than 60 are ineffective without employer consent of the employing authority or former employing authority. No employees will be permitted to receive early payment of benefits prior to age 60 except in compassionate cases. Applications may be granted on a case by case basis in circumstances where it may be considered to be to the Council's operational or financial advantage.

8) Regulation 30 (5) (Waiving of actuarial reduction)

Whether to waive, on compassionate grounds, any actuarial reduction applying to a member's deferred benefits that are paid early.

Elections made under this Regulation by members aged less than 60 are ineffective without employer consent of the employing authority or former employing authority. No employees will be permitted to receive early payment of benefits prior to age 60 except in compassionate cases. Applications may be granted on a case by case basis in circumstances where it may be considered to be to the Council's operational or financial advantage.

Local Government Pension Scheme Regulations 2013

		Discretion application
9(1)	Determination of contribution rate and how it will be determined.	<p>For new employees - Where possible a reasonable assessment is made and the contribution rate relevant to that annual rate is applied.</p> <p>The contribution policy is:</p> <p>The employee contribution band will be reviewed each April.</p> <p>Contributions are payable on all pay received such as non-contractual overtime or additional hours. Reductions in pay due to sickness, child related leave etc. are ignored. The salary used to determine your band will be assessed by taking into account basic salary each April plus any additional hours or overtime that were paid for in the previous financial year.</p> <p>A review of the initial policy is periodically undertaken to ensure a reasonable contribution collection.</p>

9(3)	To determine a revised employee contribution rate where there is a change in employment or a material change affecting the member's pensionable pay in the course of a year.	<p>Contributions are payable on all pay received such as non-contractual overtime or additional hours. Reductions in pay due to sickness, child related leave etc. are ignored. The salary used to determine your band will be assessed by taking into account basic salary each April plus any additional hours or overtime that were paid for in the previous financial year.</p> <p>We will review the banding in the event of a material change where a member requests such a review.</p>
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16(2)(e) and 16(4)(d)	Whether and how much and in what circumstances to contribute to a shared cost APC/SCAPC	Generally this discretion will not be exercised but delegated authority is given to the Pensions Panel to determine on a case by case basis if there has been any operational benefit gained by the employer and if so whether the APC should be wholly or partly funded. As a general rule the Council will not contribute to a shared cost APC/SCAPC where the absence is due to an unauthorised absence such as strike action.
17(1)	Establishment of a Shared Cost AVC (SCAVC) facility	The decision taken by the Investment Committee in 2001 is still relevant, therefore for the time being the Council does not set up a shared cost AVC facility.

19(2)	Right to a refund if member left due to offence of fraudulent character or grave misconduct	In the first instance withhold the return of contributions in all cases but each situation is considered on a case by case basis with delegated powers being given to the Pensions Panel
20(1)	Specify in an employee's contract benefits to be determined as pensionable	Where the Council wishes to specify in a contract of employment that other payments or benefits may also be pensionable it is determined by the Pension Panel on a case by case basis with the appropriate business case being presented
21(5)	Determine "regular lump sum" for Assumed Pensionable Pay	Where necessary the Transactional Manager (HR, Pensions and Payroll) is given delegated authority to make a determination on a case by case basis
22(7)(b)	Extension of time limit for deferred benefits to not be aggregated (concurrent employments)	Where a decision is required delegated authority is given to the Team Leader (Pensions Administration) to take account on a case by case basis of the relevant circumstances whether or not the 12 month time limit is to be extended and that the decision is communicated in writing to the scheme member within one month of the decision being made.
22(8)(b)	Extension of time limit for deferred benefits to not be aggregated	Where a decision is required delegated authority is given to the Team Leader (Pensions Administration) to take account on a case by case basis of the relevant circumstances whether or not the 12 month time limit is to be extended and that the decision is communicated in writing to the scheme member within one month of the decision being made.
30(6), and 11(2) of the Transitional Provisions Regulations –	Flexible retirement and waiving any actuarial reduction that would apply	<p>A business case is prepared for each request, ensuring that this includes the Fund cost and any costs of additional salaries for a new part-time post to fill the reduced capacity, as well as quantifying the benefits of agreeing to the flexible retirement.</p> <p>Any actuarial reduction will not be waived.</p>

30(8)	<p>To waive in whole or in part an actuarial reduction due for a member:</p> <ul style="list-style-type: none"> • Who is allowed to take flexible retirement and is not protected by the 85 year rule • Who having reached age 55 but not yet their normal retirement age and who is no longer working in the employment in relation to their accrued benefits elects to receive early payment of their benefits* 	<p>A business case is prepared for each request, ensuring that this includes the Fund cost and any costs of additional salaries for a new part-time post to fill the reduced capacity, as well as quantifying the benefits of agreeing to the flexible retirement.</p> <p>Any actuarial reduction will not be waived.</p>
31	Power of employing authority to grant additional pension to an active member	The Council does not generally apply this discretion to award additional pension but may in extreme cases consider on a case by case basis where the full cost benefit is presented in a business case and agreed by the Pension Panel.
37(3)	Recovery of payments following date of discontinuance of third tier ill health pension entitlement	Where pension payments have continued to be paid after the date of discontinuance they should be recovered in all cases with the individual being notified of the repayment procedure and timescales.
37(7)	Subsequent determination on level of ill health benefit following review of third tier ill health award as to whether tier two ill health benefits should apply.	Where in the opinion of the medical adviser and any other relevant information available in each individual case, if the member at the time of the review of their tier 3 ill health entitlement, satisfies the requirements of a tier 2 ill health pension the Council agrees and determines to put the increased ill health pension into payment. Where the member does not satisfy the requirements of a tier 2 ill health pension all the facts of the case are presented to the Pension Panel for a final determination.

38(6)	Decision whether a deferred and deferred pensioner member meets criteria for early payment due to permanent ill health	Where the Council is required to make a determination as to agreeing to the early payment of a deferred pension on the grounds of permanent ill health once the opinion has been received from the IRMP, all the facts of the case are presented to the Pension Panel for a final determination.
91 to 93	Forfeiture of pension rights as a result of offences or misconduct	The Council will seek recovery of any loss it has suffered and any such cases are referred to the Pension Panel to be considered
95	Impact of forfeiture decision on surviving spouse or civil partner	The Council will seek recovery of any loss it has suffered and any such cases are referred to the Pension Panel to be considered.
98(1)(b)	Agreement to a bulk transfer	Each opportunity is determined on a case by case basis with delegated authority given to the Transactional Manager (Exchequer and Transactional) in consultation with the Fund actuary.
100(6)	Extension of time limit to accept a transfer value	Where discretion needs to be exercised it is determined on a case by case basis with delegated authority given to the Team Leader (Pensions Administration).

Government Pension Scheme (Transitional Provisions and Savings and Amendment) Regulations 2014

Regulation	Description	Discretion application
3(6), 4(6)(c), 8(4), 10(2)(a), 17(2) and 17(2)(b)	Agreement to member selecting final pay period for fees	Where a scheme member's final pay consists of fees then the use of a period of three years ending on 31st March in last ten will be permitted so as to have a fairer fee figure used in the calculation of benefits.
12(6)	Use of an ill health certificate produced under the 2008 scheme	Delegated authority is given to the Team Leader (Pensions Administration) to agree the use of a certificate produced under the 2008 scheme on a case by case basis.
	Continuing contribution in to a Shared Cost AVC (SCAVC) facility	The Council did not agree to the setting up of a Shared Cost AVC (SCAVC) facility so therefore this discretion does not apply.
15(1)(d)	Allow late application to convert scheme AVCs into membership credit	Where an election is received late then delegated authority is given to the Team Leader (Pensions Administration) to determine on a case by case basis.
Schedule 2 paragraph 1(1)(c)	<p>To allow the rule of 85 to apply for members (who otherwise qualify for the rule) electing to take early payment of their pension on or after age 55 and before age 60 under regulation 30(5) of the Local Regulations 2013.</p> <p>i.e. Use of the discretion waives the actuarial reduction that would otherwise arise. NB: This applies only to members who were members of the LGPS after 1 April 2014.</p>	<ul style="list-style-type: none"> If the member satisfies the 85 year rule, that part of the member's benefits accrued under the Earlier Scheme(s) which is calculated by reference to any period of membership before the 1 April 2014 is reduced by reference to the period between the date of the request and age 60.

		<ul style="list-style-type: none"> If the member does not satisfy the 85 year rule, that part of the member's benefits accrued under the Earlier Scheme(s) which is calculated by reference to any period of membership before the 1 April 2014 is reduced by reference to the period between the date of the request and the date the member would satisfy the 85 year rule, or age 60 if later. <p>Each case be dealt with on a case by case basis and although generally the 85 year rule will be applied as above, where there may be a circumstance for a different application agreement is sought from the Pension Panel.</p>
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Discretions in relation to the Local Government Pension Scheme (Benefits Membership and Contributions) Regulations 2007

Regulation	Description	Discretion Application
11(2)	Final pay period to be used where a member's pay consists of fees	Where a scheme member's final pay consists of fees then the use of a period of three years ending on 31st March in last ten will be permitted so as to have a fairer fee figure used in the calculation of benefits.
12	Increase total membership for an active member (This will be spent after 30 September 2014)	For the remaining period for which this discretion will apply that the Council will not agree to the award of increased membership.
30(2)	Consenting to the immediate payment of benefits between age 55 and 60	No applications are permitted to receive early payment of their unreduced benefits prior to age 60 except in compassionate cases. Applications may be granted on a

		case by case basis in circumstances where it may be considered to be to the Council's operational or financial advantage subject to a business case to the Pension Panel.
30(5)	Waiving an actuarial reduction to pension benefits on compassionate grounds	<p>The waiving of an actuarial reduction on compassionate grounds will be considered on a case by case basis with the following criteria taken into consideration–</p> <p>Leave employment to care for dependent</p> <p>Dependents need for constant supervision</p> <p>No recourse to alternative care</p> <p>Suffering severe hardship</p> <p>Opportunity for employment severely limited</p> <p>If all the above criteria are met the Pension Panel will consider such cases, and that any costs that are incurred are paid by the relevant service/department. Any actuarial reduction that may apply will not be waived.</p>
30A(3)	Consenting to application of payment for a suspended tier 3 ill health pension	<p>Generally applications will not be agreed but may be granted on a case by case basis with all circumstances being taken account and to be determined by the Pension Panel.</p> <p>Where the Council is required to make a determination as to agreeing to the early payment of a deferred pension on the grounds of permanent ill health that once the opinion has been received from the IRMP, all the facts of the case will be presented to the Pension Panel for a final determination.</p>
30A(5)	To waive actuarial on compassionate grounds	The Pension Panel will determine each application on a case by case basis and that it will only agree to the waiving of an actuarial reduction in extreme circumstances where the application has been enforced on the member due to unforeseen circumstances or circumstances beyond their

		control.
Regulation 31(4) and 31(7)-	Determine payment of deferred pension on health grounds. Decision whether a deferred or deferred pensioner member meets criteria for early payment due to permanent ill health	Where the Council is required to make a determination as to agreeing to the early payment of a deferred pension on the grounds of permanent ill health once the opinion has been received from the IRMP all the facts of the case are presented to the Pension Panel for a final determination.

Discretions in relation to the Local Government Pension Scheme (Administration) Regulations 2008

		Discretion application
Regulation 47(2)	Payment of a refund of contributions in misconduct cases	In the first instance the return of contributions will be withheld in all cases but each situation is considered on a case by case basis with delegated powers being given to the Pension Panel.
Regulation 72	Forfeiture of pension rights as a result of offences or misconduct	The Council seeks recovery of any loss it has suffered and any such cases are referred to the Pension Panel.

Discretions in relation to the Local Government Pension Scheme Regulations 1997 (The 1997 Pension Regulations) (some may continue to apply in relation to historical cases or councillors)

There are a number of regulations within the former 1997 Pension Regulations that apply to councillors who elect to join the LGPS. Where discretions are applicable in relation to active councillor members they should be applied as they are mirrored within the LGPS Regulations applicable from 1 April 2014.

Regulation	Description	Discretion application
22(1)(b)	Allow post 31 March 1998 / pre 1 April 2008 member to select final pay period for fees to be a period of not less than 3 or more than 5 years back from date of leaving	Delegated powers have been given to the Pension Panel
23 (4)	Issue a certificate of protection of pension benefits where eligible non-councillor member fails to apply for one (pay reduction / restrictions occurring pre 1 April 2008)	Delegated powers have been given to the Pension Panel
31(2)*	Whether to grant applications for the early payment of pension benefits on or after age 55 and before age 60. NB: The rule of 85 currently applies for members who qualify for the rule and it cannot be turned off.	No employees are permitted to receive early payment of benefits prior to age 60 except in compassionate cases, where the payment of such benefits would arise on a voluntary basis. Applications may be granted on a case by case
31(5)*	Whether to waive, on compassionate grounds, any actuarial reduction applying to a member's benefits that are paid before age 65.	Will be considered on a case by case basis.

31 (7A)	Whether to allow an employee who opted out to receive their benefits from their normal retirement date.	This to be allowed
34(1)(b)	Where a scheme member would be entitled to a pension or retirement grant under two or more regulations by reason of the same period of scheme membership, the employer can choose which benefits is to be paid if the member does not make a choice within 3 months of becoming entitled to elect.	Delegated powers have been given to the Pension Panel
71(7)(a)	Consent to a member's former employer assigning to the new employer rights under any SCAVC life assurance policy (pre 1 April 2008 non-councillor leavers)	No SCAVC payments are permitted.
88(2)	No right to return of contributions due to offence of a fraudulent character unless employer directs a total or partial refund is to be made (councillors and pre 1 April 2008 leavers)	Delegated powers have been given to the Pension Panel
92	Contribution Equivalent Premium (CEP) in excess of the Certified Amount (CA) recovered from a refund of contributions can be recovered from the Pension Fund (councillor or pre 1 April 2008 leaver)	Contribution Equivalent Premium (CEP) in excess of the Certified Amount (CA) recovered from a refund of contributions will be recovered from the Pension Fund
111(2) & (5)	Forfeiture of pension rights on issue of Secretary of State's certificate (councillors and pre 1 April 2008 leavers)	Delegated powers have been given to the Pension Panel
112(1)	Where forfeiture certificate is issued, direct interim payments out of Pension Fund until decision is taken to either apply the certificate or to pay benefits (pre 1 April 2008 leavers)	Delegated powers have been given to the Pension Panel

113(2)	Recovery from Fund of monetary obligation owed by former employee or, if less, the value of the member's benefits (other than transferred in pension rights) (pre 1 April 2008 leavers)	Delegated powers have been given to the Pension Panel
115(2) & (3)	Recovery from Fund of financial loss caused by employee, or amount of refund if less (pre 1 April 2008 leavers)	Delegated powers have been given to the Pension Panel

Discretions in relation to the Local Government Pension Scheme Regulations 1995 (the "1995 Pension Regulations")

There are some regulations within the former 1995 Pension Regulations that still apply scheme members who ceased active membership before 1 April 1998. Where discretions are also applicable in relation to active members in the LGPS2014 Regulations they should be applied as they are mirrored within the LGPS Regulations applicable from 1 April 2014.

Regulation	Description	Discretion application
D11(2)(c)	Grant application from a pre 1 April 1998 leaver for early payment of deferred benefits on or after age 50 on compassionate grounds	Delegated powers have been given to the Pension Panel
D10	Decide in the absence from a pre 1 April 1998 leaver of an election from the member within 3 months of being able to elect, which benefit is to be paid where the member would be entitled to a pension or retirement grant under 2 or more regulations in respect of the same period of Scheme membership	Delegated powers have been given to the Pension Panel

SCHEME EMPLOYER CONFIRMATION

The Pension Committee (24 June 2014) delegated to the Group Director of Resources, the Director of Human Resources and Organisational Development, and the Council's Monitoring Officer, acting jointly, the setting of the discretion decisions and Policy Statement.

It is understood that the discretions contained within this statement of policy are applicable to all eligible members of the Scheme. The Scheme rules allow for a revised statement to be issued at least one month in advance of the date that any new policy takes effect. The revised statement must be sent to the administering authority and the employer must publish its statement as revised in a place that is accessible to all of its eligible scheme members.

The policies made above:

- Have regard to the extent to which the exercise of the discretions could lead to a serious loss of confidence in the public service;
- Will not be used for any ulterior motive;
- Will be exercised reasonably;
- Will only be used when there is a real and substantial future benefit to the employer for incurring the extra costs that may arise;
- Will be duly recorded when applied.

Agreed on behalf of the Scheme Employer by the Group Director of Resources, the Director of Human Resources and Organisational Development, and the Council's Monitoring Officer, acting jointly.

Scheme Employer's Name: The London Borough of Havering

Date: 29 July



**The Local Government (Early Termination Of Employment)
(Discretionary Compensation) (England And Wales)**

Regulations 2006

Statement of Policy

(as amended)

(Published March 2010, effective from 1st April 2010)

*The Council has made decisions under the above Regulations, which have resulted in the following policies being adopted. (Please note the above Regulations only apply to employees of the Council who are eligible to be members of the Local Government Pension Scheme (LGPS) and who have been employed for 2 years or more – **they do not apply to teachers**). All awards are subject to the Pension Scheme Regulations.*

Increase of Statutory Redundancy Payments

All redundancy payments will be based on an employee's actual weekly rate of pay.

Compensation for Redundancy: General

Employees whose employment is terminated by reason of redundancy will be paid according to the statutory redundancy table based on actual pay. Those who receive immediate pension benefits will have their redundancy payment capped at a maximum of £30,000.

Added Pension Years Award for those aged 55 and over

Employees aged 55 or over who are members of the LGPS and whose employment is terminated by reason of redundancy or in the interests of the efficient exercise of the authority's functions will be eligible for immediate payment of pension benefits. The Local Government (Early Termination Of Employment) (Discretionary Compensation) (England And Wales) Regulations 2006 do not provide for the award of compensatory added years.

Grades, Incremental Points and Annual Full Time Equivalent Salaries for the Council's Other Employees

1. NJC for Local Government Employees (with effect from 1/4/17 to 31/3/18)

Administrative, Professional, Technical, Clerical Staff & Principal Officers & Social Workers

GLPC Outer London Pay Spine (Havering Council)

Spinal Point	G1	Spinal Point	G2	Spinal Point	G3	Spinal Point	G4	Spinal Point	G5	Spinal Point	G6
7	£17,985	11	£18,357	16	£19,281	21	£21,984	26	£25,242	31	£29,517
8	£18,051	12	£18,375	17	£19,623	22	£22,506	27	£26,019	32	£30,324
9	£18,105	13	£18,396	18	£19,917	23	£23,115	28	£26,805	33	£31,170
10	£18,330	14	£18,657	19	£20,598	24	£23,802	29	£27,801	34	£31,998
11	£18,357	15	£18,936	20	£21,276	25	£24,510	30	£28,668	35	£32,628
Spinal Point	G7	Spinal Point	G8	Spinal Point	G9	Spinal Point	G10	Spinal Point	G11	Spinal Point	G12
36	£33,444	41	£38,229	46	£42,876	51	£47,544	57	£53,478	66	£62,829
37	£34,338	42	£39,147	47	£43,815	52	£48,489	58	£54,480	67	£64,140
38	£35,286	43	£40,086	48	£44,751	53	£49,452	59	£55,494	68	£65,481
39	£36,372	44	£41,025	49	£45,666	54	£50,445	61	£57,501	70	£68,259
40	£37,293	45	£41,898	50	£46,608	55	£51,465	63	£59,523	71	£70,809

GLPC Outer London Pay Spine

Spinal Point	Pay	Spinal Point	Pay	Spinal Point	Pay
		27	£26,019	49	£45,666
6	£17,961	28	£26,805	50	£46,608
7	£17,985	29	£27,801	51	£47,544
8	£18,051	30	£28,668	52	£48,489
9	£18,105	31	£29,517	53	£49,452
10	£18,330	32	£30,324	54	£50,445
11	£18,357	33	£31,170	55	£51,465
12	£18,375	34	£31,998	56	£52,476
13	£18,396	35	£32,628	57	£53,478
14	£18,657	36	£33,444	58	£54,480
15	£18,936	37	£34,338	59	£55,494
16	£19,281	38	£35,286	60	£56,496
17	£19,623	39	£36,372	61	£57,501
18	£19,917	40	£37,293	62	£58,515
19	£20,598	41	£38,229	63	£59,523

20	£21,276	42	£39,147	64	£60,525
21	£21,984	43	£40,086	65	£61,536
22	£22,506	44	£41,025	66	£62,829
23	£23,115	45	£41,898	67	£64,140
24	£23,802	46	£42,876	68	£65,481
25	£24,510	47	£43,815	69	£66,861
26	£25,242	48	£44,751	70	£68,259

2.Soulbury Committee (with effect from 1/9/17 to 31/8/18)

Educational Improvement Professionals

Spine Point	Salary	Spine Point	Salary
1	£34,067	26	£62,914
2	£35,287	27	£64,001
3	£36,439	28	£65,102
4	£37,606	29	£66,207
5	£38,767	30	£67,309
6	£39,928	31	£68,402
7	£41,148	32	£69,512
8	£42,321*	33	£70,623
9	£43,689	34	£71,761
10	£44,908	35	£72,895
11	£46,112	36	£74,062
12	£47,277	37	£75,210
13	£48,597 **	38	£76,371
14	£49,773	39	£77,515
15	£51,073	40	£78,659
16	£52,248	41	£79,809
17	£53,426	42	£80,958
18	£54,582	43	£82,106
19	£55,775	44	£83,259
20	£56,391 ***	45	£84,410
21	£57,575	46	£85,562
22	£58,607	47	£86,719
23	£59,744	48	£87,865 ****
24	£60,762	49	£89,016 ****
25	£61,851	50	£90,168 ****

Salary scales to consist of not more than four consecutive points, based on the duties and responsibilities attaching to posts and the need to recruit and motivate staff.

*normal minimum point for EIP undertaking the full range of duties at this level.

**normal minimum point for senior EIP undertaking the full range of duties at this level.

***normal minimum point for leading EIP undertaking the full range of duties at this level.

****extension to range to accommodate structured professional assessments.

Educational Psychologists – Scale A

Spine Point	Salary
1	£35,731
2	£37,545
3	£39,359
4	£41,171
5	£42,984
6	£44,797
7	£46,504
8	£48,211
9	£49,810*
10	£51,411*
11	£52,903*

Notes

Salary scales to consist of six consecutive points, based on the duties and responsibilities attaching to posts and the need to recruit, retain and motivate staff.

*Extension to scale to accommodate structured professional assessment points.

Senior & Principal Educational Psychologists

Spine Point	Salary
1	£44,797
2	£46,504
3	£48,211*
4	£49,810
5	£51,411
6	£52,903
7	£53,516
8	£54,661
9	£55,795
10	£56,950
11	£58,081
12	£59,235
13	£60,409
14	£61,543**

15	£62,731**
16	£63,908**
17	£65,093**
18	£66,276**

Notes

Salary scales to consist of not more than four consecutive points, based on the duties and responsibilities attaching to posts and the need to recruit, retain and motivate staff.

*Normal minimum point for the principal educational psychologist undertaking the full range of duties at this level.

**Extension to range to accommodate discretionary scale points and structured professional assessments.

Trainee Educational Psychologists

Spine Point	Salary
1	£22,955
2	£24,636
3	£26,314
4	£27,996
5	£29,675
6	£31,355

Assistant Educational Psychologists

Spine Point	Salary
1	£28,218
2	£29,371
3	£30,523
4	£31,669

Young People's Community Service Managers

Spine Point	Salary	Spine Point	Salary
1	£35,333	13	£49,103
2	£36,489	14	£50,259
3	£37,645	15	£51,417
4	£38,824*	16	£52,578
5	£40,023	17	£53,745
6	£41,192	18	£54,904
7	£42,388**	19	£56,057
8	£43,747	20	£57,235***
9	£44,497	21	£58,435***
10	£45,654	22	£59,663***
11	£46,805	23	£60,915***

12

£47,958

24

£62,194***

Notes:

The minimum Youth and Community Service Officers' scale is 4 points.

Other salary scales to consist of not more than four consecutive points based on duties and responsibilities attaching to posts and the need to recruit retain and motivate staff.

*normal minimum point for senior youth and community service officers undertaking the full range of duties at this level.

**normal minimum point for principal youth and community service officer undertaking the full range of duties at this level.

***extension to range to accommodate discretionary scale points and structured professional assessments.

London Area Payments

With effect from 1st September 2017 staff in the London area shall receive the following:

(a) at the rate of £3,057 per annum to officers serving in the Inner area.

(b) at the £2,016 per annum to officers serving in the Outer area.

(c) at the rate of £779 per annum to officers serving in the Fringe area.

(d) officers normally serving in the London area but temporarily employed elsewhere shall continue to receive London area payments at the rate appropriate to their normal area of employment.

(e) in the case of an officer required to serve in different parts of the London areas, or partly outside that area, the officer shall be deemed to be serving in the area in which he is required to spend more than one half of his time.

(f) for the purpose of this paragraph –

The “Inner Area” means the area of the London Boroughs of: Camden, City of London, Greenwich, Hackney, Hammersmith & Fulham, Islington, Kensington & Chelsea, Lambeth, Lewisham, Southwark, Tower Hamlets, Wandsworth, Westminster (the former Inner London Education Authority), and the London Boroughs of Barking and Dagenham, Brent, Ealing, Haringey and Merton.

The “Outer Area” means Greater London, excluding the Inner area.

The “Fringe Area” means:

Berkshire: the districts of Bracknell, Slough, Windsor and Maidenhead.

Buckinghamshire: the districts of Beaconsfield and Chiltern.

Essex: the districts of Basildon, Brentwood, Epping Forest, Harlow and Thurrock.

Hertfordshire: the districts of Broxbourne, Dacorum, East Hertfordshire, Hertsmere, St. Albans, Three Rivers, Watford and Welwyn Hatfield.

Kent: the districts of Dartford and Sevenoaks. Surrey: the whole County.

West Sussex: the district of Crawley.

The “London Area” comprises the Inner area, the Outer area and the Fringe area.

3. JNC for Youth & Community Workers (with effect from 1/9/16 to 31/8/18)

Support Worker Level

<u>Spine Point</u>	<u>1/9/16</u>	<u>1/9/17</u>
2	15,507	15,807
3	16,117	16,417
4	16,681	16,931
5	17,241	17,491
6	17,828	18,006
7	18,450	18,636
8	19,069	19,260
9	19,856	20,055
10	20,472	20,677
11	21,467	21,682
12	22,441	22,665
13	23,445	23,679
14	24,485	24,730
15	25,194	25,446
16	25,935	26,194
17	26,662	26,929

<u>Grade</u>	<u>Spine Points</u>	<u>Grade</u>	<u>Spine Points</u>	<u>Grade</u>	<u>Spine Points</u>
First Level		Second Level		Second Level (Contd.)	
YSW 11	1-4	YSW 21	7-10	YSW 25	11-14
YSW 12	2-5	YSW 22	8-11	YSW 26	12-15
YSW 13	3-6	YSW 23	9-12	YSW 27	13-16
		YSW 24	10-13	YSW 28	14-17

Professional Level

<u>Spine Point</u>	<u>1/9/16</u>	<u>1/9/17</u>
13	23,445	23,679
14	24,485	24,730
15	25,194	25,446
16	25,935	26,194
17	26,662	26,929
18	27,396	27,670
19	28,123	28,404
20	28,852	29,141
21	29,672	29,969
22	30,601	30,907

23	31,505	31,820
24	32,413	32,737
25	33,329	33,662
26	34,243	34,585
27	35,159	35,511
28	36,085	36,446
29	37,005	37,375
30	37,924	38,304
31	38,545*	38,930*
32	39,565*	39,961*

* Discretionary Points

LONDON AREA ALLOWANCE

	2016	2017
Outer	£1979	£1,999

SLEEPING IN DUTY ALLOWANCE

	2016	2017
Sleeping in Allowance	£34.34	£34.68
Disturbance Element	£19.19	£19.38

4. School Teachers Pay & Conditions

Unqualified Teachers

Spine Point	Salary
1	£19,749
2	£21,684
3	£23,618
4	£25,555
5	£27,487
6	£29,422

Main Pay Scale

Spine Point	Salary
M1	£26,662
M2	£28,315
M3	£30,067
M4	£31,929
M5	£34,637
M6	£37,645

Upper Pay Scale

Spin Point	Salary
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U1	£39,519
U2	£40,981
U3	£42,498

Lead Practitioner

Minimum	£42,498
Maximum	£62,985

Teaching and Learning Responsibility

Minimum	£529
Maximum	2,630

Additional Payments for Class Teachers

TLR 2 min	£2,667
TLR 2 max	£6,515

TLR 1 min	£7,699
TLR 1 max	£13,027

SEN min	£2,106
SEN max	£4,158

Leadership

Scale	Salary
L1	£42,498
L2	£43,486
L3	£44,490
L4	£45,525
L5	£46,582
L6	£47,667
L7	£48,870
L8	£49,924
L9	£51,090
L10	£52,325
L11	£53,597
L12	£54,766
L13	£56,059
L14	£57,370
L15	£58,720
L16	£60,202
L17	£61,515
L18	£62,985
L19	£64,469
L20	£65,988

Leadership

Scale	Salary
L21	£67,545
L22	£69,139
L23	£70,774
L24	£72,454
L25	£74,177
L26	£75,934
L27	£77,738
L28	£79,591
L29	£81,481
L30	£83,432
L31	£85,422
L32	£87,461
L33	£89,562
L34	£91,697
L35	£93,897
L36	£96,141
L37	£98,459
L38	£100,817
L39	£103,195
L40	£105,697
L41	£108,259

L42	£110,887
L43	£112,460

Additional Payments/Allowances for Other Employees

The following additional payments/allowances may be paid to employees other than Chief Officers.

Additional Allowance
 Additional Hours
 Additional Payments
 Additional Pension
 Additional Programmed Activity
 Additional Statutory Paternity Pay Birth
 Advance of Pay
 Agreed Programme Activity (NHS)
 Annual leave not taken
 Bank Holiday Enhanced
 Bicycle Mileage
 Callout Allowance
 Casual Pay
 Childcare Allowance
 Contractual overtime
 Electoral registration
 Electoral duties
 Enhanced payments
 Excess Leave
 FE Lecturer Pay
 First Aid
 GTC Payment
 Gritting Allowance
 Holiday Pay
 Honorarium
 Invigilation
 Keep In Touch Days Payment
 Leave Not Taken
 Local Authority Liaison Officer Allowance
 London Allowance
 London Living Wage Allowance
 Market Supplement
 Mileage
 New Starter Arrears
 Night rates
 Occupational Adoption Pay
 Occupational Maternity Pay
 Occupational Sick Pay
 On-call allowance
 Out of school activity
 Overtime
 Pay adjustment

Pay In Lieu Of Notice
Pension
Protected rate
Redeployment payment
Relocation expenses
Session payment
Shared Parental Salary Offset
Shift payment
Sleep in allowance
Special Needs Allowance
Standby allowance
Statutory Adoption Pay
Statutory Maternity Pay
Statutory Paternity Pay
Statutory Shared Parental Pay Birth
Statutory Sick Pay
Supplement
Supply
Teaching Assistant 2 Allowance
Travel Allowance
TLR2
TLR7
Unsocial hours



FULL COUNCIL, Wednesday 22 November 2017

MEMBERS' QUESTIONS

Public Space Protection Orders around School

- 1) **To the Cabinet Member for Environment and Community Safety (Councillor Osman Dervish)**
From Councillor Reg Whitney

The Public Space Protection Order around schools was heralded as the way to deal with illegal and dangerous parking. The current Administration courted huge local and national publicity when the scheme was rolled out to four schools. Would the Cabinet Member confirm what has happened since?

Answer

The PSPO scheme at all four schools continues to address illegal and dangerous parking and further improvement measures are due to be introduced to ensure the current schemes continue to be effective.

A consultation programme was undertaken in June to seek views from the broader community and stakeholders on the PSPO scheme. 400 responses were received with overwhelming support for the schemes to continue because they have been so successful in keeping children safe and reducing disruption outside the schools.

The Strategic Enforcement Board agreed that a PSPO scheme Application Policy for schools be introduced to enable other schools in Havering to be considered and this will be subject to a consultation in due course.

In response to a supplementary question, the Cabinet Member confirmed that the application process for PSPOs would come forward for consultation in due course and that schools would be able to comment on this.

Assistance for Residents when Universal Credit is Implemented

- 2) **To the Cabinet Member for Housing (Councillor Damian White)**
From Councillor Ian de Wulverton

During the trial period people have had to wait long periods of time for payment, causing rent arrears and destitution. Since many residents have private landlords how are we going to manage their housing needs if and when they are evicted and what provisions have the council made to assist residents when universal credit is implemented?

Answer

Any arrears action is automatically put on hold if we are aware that someone has applied for Universal Credit. In the majority of cases we would receive a request from the DWP seeking information on the breakdown of the claimant's housing costs, which prompts us to suspend any arrears actions.

As private tenants will not be in arrears with the council, the Income Team may never know what their situation is. However, we will give advice to anyone who approaches us.

Where we are aware that tenants are affected we assist them by looking at their income and expenditure to see if there are any expenses they can realistically cut and make suggestions to them accordingly.

We will also provide them with additional support and advice, so at the very least they will have guidance to cover the period they are waiting for the Universal Credit to be assessed.

In preparing for the Homelessness Reduction Act, we will pilot an early intervention and prevention approach, so that residents are assisted in sustaining their tenancy.

In addition, we have commissioned the Chartered Institute of Housing to work with us to support our ongoing preparations for Universal Credit.

In response to a supplementary question, the cabinet Member stated that the Council was required to administer Universal Credit in line with Regulations set by Central Government. The Cabinet Member was happy to arrange, if required, a briefing sessions for Members on Universal Credit.

Update on Policing in the Borough

- 3) **To the Cabinet Member for Environment & Community Safety (Councillor Osman Dervish)**
From Councillor Jeffrey Tucker

Please would the Cabinet Member provide an update about the Tri-borough pilot, closure of stations and SNT bases and the Local Policing Model?

Answer

The new tri-borough pilot went live in January 2017, bringing together Havering, Redbridge and Barking and Dagenham under one Borough Commander. The pathfinder initially had four strands – Emergency Response, Investigations, Safeguarding and Neighbourhoods. A fifth, cross-cutting strand of Headquarters has recently been added.

The change has proven beneficial to social care services, which now benefit from closer joint working with the police.

Initially Havering suffered a reduction in response times to both emergency and “significant” calls to the police. Response times have now recovered to pre-pilot levels but are not yet quite meeting targets. Regular project oversight meetings continue, attended by the Leader and chief executive. The Crime and Disorder Overview and Scrutiny Sub-Committee also monitors response times.

Following a public consultation, MOPAC launched its new Public Access and Engagement Strategy on 1st November. The 24/ 7 front desk at Romford police station will remain. Havering will also retain the neighbourhood policing base at Tadworth Parade. Despite lobbying by the Council, Hornchurch police station, Rainham police desk and all other neighbourhood policing bases are earmarked for closure. A date for closure has not yet been set and the strategy commits that bases will not be closed until alternative policing hubs are identified.

This is unacceptable and fails to consider the needs of our residents or of our population growth. This is why we are looking at the prospect of a legal challenge.

In response to a supplementary question, the Cabinet Member stated that work in progress with other Councils was not relevant as this related only to back office services, not to policing.

Parking Meters at Hilldene Shops

4) To the Cabinet Member for Environment & Community Safety (Councillor Osman Dervish) From Councillor Keith Darvill

When will the Parking Meters at Hilldene Shops, Harold Hill be upgraded?

Answer

There are currently no plans to upgrade the Pay & Display machines in the Hilldene area. The machines at this location are operational with the exception of one in Farnham Road.

Plans to repair the machine have not been successful and the machine is soon to be removed. However, the location will still be well-served by alternative Pay & Display machines. In addition, customers are being able to use the Phone & Pay service (Cashless).

In response to a supplementary question, the Cabinet Member stated that he would arrange a visit, with officers, to the Hilldene shops area.

Removal of Dumped Vehicles in Hornchurch Town Centre

- 5) To the Cabinet Member for Environment & Community Safety, (Councillor Osman Dervish)
From Councillor John Wood**

Would the Cabinet Member confirm why the Council removes dumped vehicles from some areas of private land behind shops in Hornchurch Town Centre?

Answer

The Council receives frequent complaints about abandoned vehicles either on the public highway or on private land.

The Council has a duty to remove abandoned vehicles and there is a procedure to follow that involves the land owner.

Abandoned vehicles often attract other types of anti-social behaviour and their prompt removal reduces the impact on local people and businesses.

We have been asked to investigate abandoned vehicles behind shops in Hornchurch Town Centre and this has led to some vehicles being removed under the relevant procedure.

In response to a supplementary question, the Cabinet Member reiterated that the Council had a duty to remove abandoned vehicles and that land owners would be engaged with where appropriate.

Discharge Targets

- 6) To the Cabinet Member for Adult Social Services & Health (Councillor Wendy Brice-Thompson)
From Councillor Ian de Wulverton**

Is Havering meeting its discharge targets for blocked beds so that we are not going to be hit by a reduction in the Better Care Fund?

Answer

Havering's Better Care Fund Plan which includes the required trajectory for Delayed Transfers of Care (DToC) has been "Approved" as compliant. We understand there are between 24 and 49 authorities that felt unable to commit to such a trajectory in their area. They have been undergoing a period of negotiation and intervention and may be subject to withdrawal of BCF funding; Havering is not one of these.

We have received a letter from the Secretaries of State for Health and for Communities and Local Government to the effect that Havering is not a focus of the review announced by NHS England and the Department of Health for this November.

Havering has a very strong DToC track record, particularly for the low number of delays attributed to Social Care. In National terms, our performance is in the top quintile.

Details of the review are minimal, but it is expected to be based on September's outturn, as the latest data will be available at that time. Havering has been set a challenging target, however, plans have been put in place for discharges in November. The Director of Adult Social Care is also taking direct responsibility for signing-off any delays.

Re-development of Former Rainham Library Site

7) To the Cabinet Member for Housing, Councillor Damian White From Councillor Michael Deon Burton

The Council has entered an agreement with Persimmon Homes to redevelop the old library site on Broadway, Rainham. Please would the Cabinet Member explain this agreement and whether evidence was provided they could deliver a quality development opposite listed Rainham Hall and Parish Church in the Rainham Village Conservation Area?

Answer

The Council and an adjoining landowner have entered into a contract with Persimmon Homes to dispose of the old Rainham library and 21 Broadway following the decision to declare the complete site surplus. The contract is conditional upon planning consent being achieved.

I understand that Persimmon has conducted detailed design work and is aware that the development proposals must reflect the scale, materials and design of the existing buildings within the Conservation area and minimise the perceived impact on Rainham Hall and the Church.

The proposed redevelopment scheme has been subject to pre-application discussions and will be determined in accordance with the usual planning processes.

In response to a supplementary question, the Cabinet Member added that they Council's planning division could provide advice to developers. There were also insurance schemes that could cover the cost of repairs to any sub-standard works.

Solar Park Project, Dagnam Park

8) To the Cabinet Member for Housing (Councillor Damian White) From Councillor Barry Muggleston

In the September Cabinet papers, it is quoted that the Solar Park project in Dagnam Park was effectively abandoned due to Planning issues. Would the Cabinet Member confirm what these planning issues were and how they were not

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picked up at an earlier stage and what changed to make the site near Gerpins Lane unviable so soon after it being put forward?

Answer

The Council's feasibility work into developing solar park proposals recognised that it was not certain that the necessary planning permission(s) would be achieved.

From early on, the Council engaged the community around both sites before it committed to preparing planning applications. The Dagnam Park proposal generated considerable adverse comment.

It also became clear that it was likely the Secretary of State (rather than the Council) would take the final decision on the proposals, and that the community's comments would be an important factor. Evidence suggested that the Secretary of State was likely to refuse the proposals.

The business case for both proposals (including Gerpins Lane) became unviable because of the removal of Government subsidies and the rise in electricity prices.

In response to a supplementary question, the Cabinet Member added that it was important to have undertaken proper consultation and investigation work re the Solar Park and its business case. The Cabinet Member would advise Councillor Mugglestone of the exact cost of this work.

Condition of Farringdon Avenue

**9) To the Cabinet Member for Environment and Community Safety, (Councillor Osman Dervish)
From Councillor Ian de Wulverton**

When was Farringdon Avenue last resurfaced, who carried out the last assessment of the road condition and when was it carried out?

Answer

I can advise that resurfacing to sections of the carriageway in Farringdon Avenue was carried out in 1994/95, 2007/8 & 2011/12. In respect of the footways, sections of repairs were undertaken on six occasions from 1994 to 2016.

The last carriageway highway safety inspection of Farringdon Avenue was undertaken on 20th October 2017, while the last footway highway safety inspection was carried out on 1st November 2017. These inspections are carried out by the Highways Area Liaison Officers.

The last United Kingdom Pavement Management System Detailed Visual Inspection condition survey of Farringdon Avenue was undertaken in 2015/2016. These inspections are undertaken by a third party contractor (currently Highway Surveyors Limited).

In response to a supplementary question, the Cabinet Member indicated he would be happy to attend a site visit to inspect the condition of the road.

Removal of Doormats, Pots and Flowers from Public Areas

10) To the Cabinet Member for Housing (Councillor Damian White) **From Councillor David Durant**

Will the Cabinet Member for Housing review his decision to order the removal of all doormats, pots and flowers from public areas of our social housing and belatedly ask tenants whether they agree with this over-reaction to the Grenfell disaster?

Answer

We acknowledge the terrible tragedy at Grenfell Tower and the loss of life is something that nobody wants to see repeated. Whilst the enquiry continues into the disaster, a range of agencies including the London Fire Brigade, DCLG, GLA and London Councils have been working together to provide guidance on measures to reduce risks.

There is invaluable evidence to show that maintaining clear common areas saves lives.

One of the London Fire Brigade's concerns is around clutter in common areas. It is not just about fire risk but also about trip hazards for firefighters. In consultation with the LFB, the Council has a zero tolerance policy on any aspect that could cause a risk, which ensures there is no ambiguity about what is acceptable and what is not.

The recent activity around fire management was to remind all residents of our policy. We re-issued the fire awareness guide, to reinforce vigilance and adherence of policies.

In response to a supplementary question, the Cabinet Member added that the safety of tenants was the Council's highest priority and that only a tiny minority of residents did not support the current policy.

New Homes in the Borough

11) To the Cabinet Member for Housing (Councillor Damian White) **From Councillor Ray Morgon**

In a speech at July Council, the Cabinet Member for Housing indicated that the 30,000 homes quoted in an explanatory booklet handed to members at a previous council meeting was some kind of artistic licence to hook in developers. An edition of "At the Heart" magazine also quoted that the council was committed to building 30,000, a figure that he said was incorrect, although not corrected in the latest edition of "At the Heart" magazine. Would the Cabinet Member confirm whether council tenants and developers (the most to benefit from increased housing) have been misled by the 30,000 figure or that

communications from the Council have been poor by providing incorrect information

Answer

The same question was asked by Cllr Morgon at the last Council Questions and the following answer was provided:.

We did publish a copy of the At the Heart which did include in error, reference to the incorrect 30,000 homes figure. Officers would like to apologise for this error.

The above answer which still stands and we would like to apologise once again for this error.

In response to a supplementary question, the Cabinet Member agreed that the Council should be as clear as possible in its communications and ensure that relevant information was made available to tenants.

Allocation of Council Houses

**12) To the Leader of the Council, (Councillor Roger Ramsey)
From Councillor Lawrence Webb**

There has been a great deal of coverage recently about government plans to rehabilitate returning Isis fighters, part of the process being to give them a council house. Can the Leader assure this chamber and indeed the residents of Havering that no returning Jihadis will be granted a council house through the assisted bid system in preference to those already on our lengthy housing waiting list?

Answer

The assessment and allocation of social housing is based on the qualifying criteria housing need requirements as set out in the Housing Allocation Policy. The main criteria underpinning the policy is the six year residency requirement.

The rehabilitation of returning Isis fighters is not a consideration in this process. Therefore any allocation of property through the assisted bidding system is carried out to qualifying residents who are on the waiting list in accordance with the policy.

Profile of the Borough

**13) To the Leader of the Council (Councillor Roger Ramsey)
From Councillor Ray Morgon**

Would the Leader of the Council confirm what steps the Council are taking to raise the profile of Havering to attract more interest in our Borough?

Answer

The Council takes a proactive approach to raising the profile of Havering and this is one of the reasons why we have developed a new vision for the borough. 'Havering – Making a Greater London'. This is about embracing the best of what Havering has to offer, and demonstrating how the borough can play an active role in the success of the whole of the region.

Havering has many great features including its award-winning green spaces and its great riverside location. Our proactive communications will continue to make the most of what Havering has to offer including promoting our excellent travel connections. The completion of Crossrail and the introduction of the new Elizabeth line will further raise the borough's profile with high-speed access to central London from three stations in Havering.

The Council uses a full range of communications channels to promote the borough including publications, digital and social media and working with the media to feature the work of the Council. Just recently, the Council was featured in a number of documentaries on BBC1 television including Council House Crack Down and Dom on the Stop, which reaches an audience of up to 20 million viewers.

In response to a supplementary question, the Leader of the Council stated that regular surveys were undertaken and that people did know where Havering was, particularly those people from the London and Essex areas. A lot of developers were aware of Havering's location, as had been seen by the amount of interest shown in the borough at a recent international property conference.

The Role of Community Wardens

14) To the Cabinet Member for Housing (Councillor Damian White) From Councillor June Alexander

Would the Cabinet Member for Housing confirm the role of the Community Wardens, how many incidents that they have dealt with in each of the last five years and how their value for money is assessed?

Answer

The details of activity for the Community Wardens dealing with incidents are as follows:-

2014 – 26,896 incidents

2015 – 21,653 incidents

2016 – 18,996 incidents

2017 to date – 11,528 incidents.

The primary function of the service is to intervene in incidents of anti-social behaviour on the estates and in areas where the Housing Service manages properties. This is done either by being directed to an area or by providing a visible presence. The year on year reduction in incidents is a positive direction of level.

Value for money is measured by assessing the reduction of incidents being attended and residents' satisfaction. Surveys were conducted in 2013, 2015 and 2016 with positive results.

The other measure is to look at is expenditure associated with costs of ASB. A good example of this is graffiti removal. This has fallen year on year.

Should my colleague or any other colleague wish to experience the service I would be very happy for them to have a day with the Community Wardens.

In response to a supplementary question, the Cabinet Member stated that he did not believe the wardens had any enforcement powers.

Mayor's Charities

**15) To the Leader of the Council (Councillor Roger Ramsey)
From Councillor Nic Dodin**

Would the Leader of the Council confirm when money raised by the Mayor in the last municipal year was paid over to the respective charities?

Answer

The beneficiaries' cheques, totalling in excess of £65,000, were drawn up on 1st November 2017. The final transaction relating to the appeal fund was processed on the 4th August 2017.

Funds can only be released after completion of the audit of accounts. They are then lodged with the Charities Commission.

The internal audit was actioned later than usual this financial year and an apology was issued to the previous Mayor.

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VOTING RECORD

<i>DIVISION NUMBER:</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
The Mayor [Cllr. Linda Van den Hende]	✓	✓	✓	✓
The Deputy Mayor [Cllr. Dilip Patel]	✓	✓	✓	✓
<u>CONSERVATIVE GROUP</u>				
Cllr Roger Ramsey	✓	✓	✓	✓
Cllr Robert Benham	✓	✓	✓	✓
Cllr Ray Best	✓	✓	✓	✓
Cllr Wendy Brice-Thompson	✓	✓	✓	✓
Cllr Joshua Chapman	✓	✓	✓	✓
Cllr John Crowder	✓	✓	✓	✓
Cllr Philippa Crowder	✓	✓	✓	✓
Cllr Meg Davis	✓	✓	✓	✓
Cllr Osman Dervish	✓	✓	✓	✓
Cllr Jason Frost	✓	✓	✓	✓
Cllr Steven Kelly	A	A	A	A
Cllr Robby Misir	✓	✓	✓	✓
Cllr Garry Pain	✓	✓	✓	✓
Cllr Viddy Persaud	✓	✓	✓	✓
Cllr Carol Smith	✓	✓	✓	✓
Cllr Frederick Thompson	✓	✓	✓	✓
Cllr Linda Trew	✓	✓	✓	✓
Cllr Melvin Wallace	✓	✓	✓	✓
Cllr Roger Westwood	✓	✓	✓	✓
Cllr Damian White	✓	✓	✓	✓
Cllr Michael White	✓	✓	✓	✓
<u>RESIDENTS' GROUP</u>				
Cllr Ray Morgon	✓	✗	✓	✓
Cllr June Alexander	✓	✗	✓	✓
Cllr Nic Dodin	✓	✗	✓	✓
Cllr Jody Ganly	✓	✗	✓	✓
Cllr Barbara Matthews	✓	✗	✓	✓
Cllr Barry Mugglestone	✓	✗	✓	A
Cllr Stephanie Nunn	✓	✗	✓	✓
Cllr Reg Whitney	✓	✗	O	✓
Cllr Julie Wilkes	A	A	A	A
Cllr John Wood	✓	✗	✓	✓
<u>EAST HAVERING RESIDENTS' GROUP</u>				
Cllr Clarence Barrett	✓	✓	✓	✓
Cllr Alex Donald	A	A	A	A
Cllr Brian Eagling	✓	✓	✓	✓
Cllr Gillian Ford	✓	✓	✓	✓
Cllr Linda Hawthorn	✓	✓	✓	✓
Cllr Ron Ower	✓	✓	✓	✓
Cllr Darren Wise	✓	✓	✓	✓
<u>UK INDEPENDENCE PARTY GROUP</u>				
Cllr Lawrence Webb	✓	O	O	✓
Cllr Ian De Wulverton	✓	✓	✓	✓
Cllr John Glanville	✓	O	✓	✓
Cllr David Johnson	✓	✗	✓	✓
Cllr Phil Martin	✓	✗	✗	✓
Cllr Patricia Rumble	✓	✗	O	✓
<u>INDEPENDENT LOCAL RESIDENTS' GROUP</u>				
Cllr Jeffrey Tucker	O	✗	O	✗
Cllr Michael Deon Burton	O	O	O	O
Cllr David Durant	O	✗	O	✗
Cllr Keith Roberts	O	✗	O	✗
Cllr Graham Williamson	O	✗	O	✗
<u>LABOUR GROUP</u>				
Cllr Keith Darvill	O	✗	✓	✗
Cllr Denis O'Flynn	O	✗	✓	✗
<u>INDEPENDENT</u>				
Cllr John Mylod	✓	O	✓	✓
<i>TOTALS</i>				
✓ = YES	44	29	42	43
✗ = NO	0	18	1	6
O = ABSTAIN/NO VOTE	7	4	8	1
ID =INTEREST DISCLOSED/NO VOTE	0	0	0	0
A = ABSENT FROM MEETING	3	3	3	4
	54	54	54	54

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COUNCIL, 24 JANUARY 2018

REPORT OF CABINET

THE COUNCIL'S FINANCIAL STRATEGY (COUNCIL TAX SUPPORT SCHEME)

The attached report was subject to approval by Cabinet at its meeting of 17 January and gave details, within the report and in appendices A and B (also attached) of the proposed Council Tax Support Scheme 2018. It is proposed to maintain the current Council Tax Support Scheme in 2017 for 2018 and make no amendment to the current local scheme.

Subject to approval by Cabinet, Council is recommended to:

Approve the Council Tax Support Scheme 2018 (Appendices A and B attached).

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Subject Heading:	The Council's Financial Strategy
Cabinet Member:	Cllr Roger Ramsey
SLT Lead:	Julie Oldale Interim Chief Finance Officer (Section 151 officer) 01708 433 957 Julie.oldale@onesource.co.uk
Report Author and contact details:	Toyin Bamidele Financial Strategy Manager 01708 431979 Toyin.bamidele@onesource.co.uk
Policy context:	The Council is required to approve an annual budget and Medium Term Financial Strategy and this report is the third in a series of reports within that process that will conclude with the Budget and Council Tax setting Council in February 2018.
Financial summary:	This report provides an update on assumptions within the Medium Term Financial Strategy approved by Cabinet in October. It sets out further budget proposals to achieve a balanced budget for 2018/19. The report also seeks Cabinet approval for the amendments to the Council Tax Support Scheme from April 2018.
Is this a Key Decision?	Yes
Is this a Strategic Decision?	Yes
When should this matter be reviewed?	February 2018
Reviewing OSC:	Scrutiny Board
The subject matter of this report deals with the following Council Objectives	

Communities making Havering	[X]
Places making Havering	[X]
Opportunities making Havering	[X]
Connections making Havering	[X]

SUMMARY

Cabinet approved the Council's Medium Term Financial Strategy (MTFS) and further proposals for balancing the 2018/19 budget to go to consultation where necessary at its meeting on 26 October 2017. This was followed by a Budget Update report on 13 December 2017.

The October and December reports set out the Council's financial strategy to manage the predicted budget gap over the period 2018/19 to 2022/23. This report:

- Provides an update on the policy and strategic context and assumptions within the MTFS and the forecast budget gap (section 1)
- Presents for approval amendments to the Council Tax Support Scheme from April 2018 (section 5 and Appendix A).
- Budget Risks (section 6)

The detail in this report is based on the best available information and the funding assumption is still subject to confirmation of the final Local Government Finance Settlement for 2018/19 which will not be announced until January 2018.

Future reports to Cabinet and Council will take account of the impact of the funding changes outlined above as far as is possible. However, the Council's current medium-term working assumptions is that these changes will have a neutral impact on revenue support grant (RSG) or that any reduction in RSG will be matched by an upside in business rates revenue. At this moment in time, we do not have enough information to make any other assumption.

The Council is required by statute to set a balanced budget for 2018/19 and to have a robust plan in place to achieve financial balance over the medium term. The revised assessment of the medium term financial forecast is based upon the best information available at this time. Assumptions will be continually reviewed and refined as work progresses in the period to final budget setting in February 2018. Table 1 sets out the updated budget gap over the period.

Breakdown of Movement	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	5 Year Plan
Forecast Budget Gap - December	3.990	6.536	14.286	2.537	3.591	30.940
Growth Proposal January	0.441	0.000	0.000	0.000	0.000	0.441
Adjustment - January	(0.273)	1.425	(0.105)	0.657	0.269	1.974
Forecast Budget Gap - January	4.158	7.961	14.182	3.194	3.860	33.355

The movement in the budget gap since the December cabinet figure is due to budget adjustment of £1.974m (as detailed in table 3) over the period (of which £0.273m relates to 2018/19) following the provisional local government financial settlement announcement and further £0.441m made up of £0.271m Legislative practices pressure and £0.170m Capacity pressure (as detailed in table 2 below).

Table 1 - Breakdown of Growth Proposal January

Proposal Description	2018/19 £m
2 Additional NNDR Posts to address multitude of NNDR changes moving forward.	0.043
Technical Services pressure	0.228
Total Practice and Legislative Practices/External Grant Reduction	0.271
Increased capacity to support Economic Development.	0.060
Increased capacity to support services	0.110
Total Capacity	0.170
Total One Source Directorate	0.441

Table 2 - Breakdown of Adjustments in January

Description	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	5 Year Plan
Base Budget realignment	0.032	0.974	(0.533)	0.345	(0.014)	0.804
Capital impact	0.169	0.451	0.428	0.313	0.283	1.644
Business Rates Compensation	(0.474)	(0.474)	(0.474)	(0.474)	(0.474)	(0.474)
Adjustment January	(0.273)	0.951	(0.579)	0.184	(0.205)	1.974

At period eight the forecast outturn position for service directorates and oneSource is £140.207m resulting in a forecast overspend of £4.367m (3.31%), as set out in section 3 below. The uncommitted Corporate Risk Budget and Corporate Contingency budgets stand at £4.900m (£1.6m reduction from the £6.500m reported in the December) to enable the overall outturn to be achieved within the approved budget for 2017/18. However, in light of the reduction in these corporately held budgets in from December 2017 to January 2018 and further forecast reduction expected in 2018/19, it is crucial for financial sustainability over the medium term, that service directorates manage their ongoing expenditure within approved budgets.

The Senior Leadership Team continues to focus upon delivering mitigating action plans and previously agreed savings plans and exercising restraint on non-essential expenditure. A further update with mitigating action plan will be provided to Cabinet in February 2018.

This report provides an update on the London Business Rate Pilot Pool from April 2018. Following the confirmation of Government's commitment to the 2018/19 London Business Rates retention pilot in the Autumn statement a formal confirmation in a form of Memorandum of Understanding was signed by the Mayor, the Chair of London Councils; the Minister for London and Secretary of State for Communities; and Local Government in December 2017. Further details are set out in section 1.

RECOMMENDATIONS

Cabinet is asked to:

1. **Note** the progress made to date with the development of the Council's budget for 2018/19 and of the implications for Council Tax setting, although no decisions will be taken until the February cabinet meeting.
2. **Note** the outcome of the Autumn Budget Statement and the likely impact on local authorities.
3. **Note** the provisional local government financial settlement announcement, and that this largely confirms the budgetary assumptions set out in the MTFS based upon the four year financial settlement.
4. **Note** that a public engagement exercise on the budget process will be carried out during January 2018.
5. **Recommend to Full Council** that the Council Tax Support Scheme 2018 is approved. (Appendices A and B)
6. **Note** the Equalities Impact Assessment in respect of the Council Tax Support Scheme as set out in Appendix B

REPORT DETAIL

1 **Policy and Strategic context**

- 1.1. This report provides an update on the policy and strategic context and assumptions, in year financial performance and budget gap within the MTFS approved by Cabinet in October and December.
- 1.2. The Secretary of State for Communities and Local Government announced the provisional 2018/19 Local Government Finance Settlement on 19th December 2017. The Settlement outlines provisional Settlement Funding Assessment (SFA) and Core Spending Power (CSP) allocations for local authorities for 2018/19 as well as 2019/20 allocations. Further details provided in section 2.
- 1.3. Cabinet has previously received two progress reports on the Council's Medium Term Financial Strategy (MTFS). On 26th October 2017 and 13th December 2017 update reports were provided which reviewed and updated the key underpinning assumptions in the MTFS in relation to;
- Business Rates
 - The Impact of the London Business Rates Pool Pilot
 - Council Tax Base and Council Tax
 - Better Care Fund and Improved Better Care Fund
 - New Homes Bonus
 - Housing and Homelessness
- 1.4. Since the October and December reports there has been further progress in these areas which are set out below and reflected, where relevant, in the revised forecast:

Business Rates

- 1.5. In the autumn budget, the Chancellor confirmed that the enhancing of business rates switched from RPI to CPI will be brought forward to April 2018 (2 years earlier than planned). Any shortfall arising from the switch to CPI is expected to be funded by central government thereby no detrimental effect on Local authorities is anticipated.
- 1.6. The provisional LGFS confirmed that the government intends to move to a system of 75% business rates retention across local government in 2020-21. This is expected to include rolling in RSG, Rural Services Grant, GLA Transport Grant and Public Health Grant.

The London Pilot and the impact of the pilot

- 1.7. As part of the autumn budget announcement, Government confirmed its commitment to the 100% business rates retention pilot in London in 2018-19. Subsequently, a formal confirmation in a form of Memorandum of Understanding (MOU) was signed by the Mayor, the

Chair of London Councils, the Minister for London and Secretary of State for Communities and Local Government in December 2017.

- 1.8 The MOU established Government's commitment to giving participating Authorities greater control over the revenues they raise; subject to the evaluation of the Pilot. Government will work with London Local Authorities and the GLA to explore the options for grants including, but not limited to: Public Health Grant and the Improved Better Care Fund being transferred to the Pool; the potential for transferring properties in London on the central list to the local list where appropriate; and legislative changes needed to develop a joint committee model for future governance of a London pool.
- 1.9 Furthermore, the MOU confirmed the Pool will aim to improve the well-being of the communities the Participating Authorities serve in London. By working together they can retain a greater proportion of business rate growth within London, providing opportunities to further economic growth as well as building financial resilience.
- 1.10 The Principles of the Pilot Pool remains as highlighted in the October and December cabinet report; from 1 April 2018 the Participating Authorities shall retain 100% of their Business rate and that no authority will be worse off than they are under the current scheme. All participating Authorities will receive 100% of the value of the lost income via Section 31 Grant from the Government in respect of changes to the business rates system.
- 1.11 As a result of the pool, DCLG will not pay RSG to London Local Authorities in 2018/19 but the equivalent value of the estimated RSG in 2018/19 (£6.847m for Havering) will be rolled into the Business rate pot. Tariffs and top-ups will be adjusted accordingly to reflect both the 100% retention of rating income and higher funding baselines.
- 1.12 The rules under the 100% rates retention Pilot will be as the existing scheme subject to the 67% retention scheme in place in 2017-18 (which reflects the incremental impact of the GLA's partial pilot as a result of the rolling in of the GLA's RSG and the Transport for London investment grant). No "new burdens" will be transferred to the Participating Authorities and participation in the Pilot will not affect the development or implementation of the Fair Funding Review.
- 1.13 The deadline for any authority wishing not to accept the designation is the 16th January 2018 (28 days from the date the draft Local Government Finance Report is published i.e. 19 of December 2017). If no authority requests an annulment, the pool will come into effect on 1 April 2018 and all local authorities within the pool will remain in the Pilot pool for the full financial year 2018/19. For Authorities in an existing pool (including Havering), the designations under those pools are revoked.

Council Tax Base

- 1.14 The estimated base for next year has been set at £113.268m. The calculation has been affected by the changes relating to Council Tax Support, long term empty properties and a general rise in the number of properties within the borough.
- 1.15 This is in line with previously assumed growth of £0.980m (0.89%) in the tax base as reported in the October cabinet report.

Council Tax

- 1.16 In the provisional LGFS, the Government announced a change to the council tax referendum principles by increasing in the council tax referendum threshold in 2018/19 and 2019/20 from 2% to 3%. This change means that Councils will have the ability to increase their core Council Tax requirement by an additional 1% without the need for a local referendum.
- 1.17 A 1% increase in LB of Havering's Council Tax will generate additional income of around £1.101m.

Better Care Fund and Adult Social Care Grant

- 1.18 A review of the 2018/19 Improved Better Care Fund (iBCF) allocations announced at Spring Budget was conducted by the Department for Communities and Local Government (DCLG) in November 2017. The result of the review confirmed there will be no impact on the additional iBCF allocation in 2018/19.
- 1.19 The LGFS confirmed the continuation of the Adult Social Care precept in 2018/19 and confirmed publication of a 'Green Paper' in summer 2018 that will address the future challenges of adult social care funding.
- 1.20 Havering's share of the additional iBCF allocation in 2018/19 (£2.844m) has been incorporated into the Council's medium term forecasting model.

Public Health

- 1.21 On 19 December 2017, the Secretary of State for Communities and Local Government announced the move towards increased business rate retention by local government from 1 April 2020. Thereby confirming the Public Health Grant ring-fence and grant conditions will remain in place until 31 March 2020. From April 2020, it is expected that the Public Health Grant will be replaced by retained business rates
- 1.22 Havering's provisional Public Health grant allocation for 2018/19 is £10.935m, a reduction of £0.289m compared to 2017/18 allocation of

£11.224m. The indicative allocation for 2019/20 is £10.646m, a further reduction of £0.289m compared to 2018/19 allocation.

New Homes Bonus (NHB)

- 1.23 The provisional NHB allocations for 2018/19 were published as part of the LGFS announcement. Overall NHB funding has fallen as a result of the reforms announced last year by £280.7m (22.9%) with London boroughs' allocations fallen by £60.3m (23.1%).
- 1.24 Havering's NHB forecast allocation has reduced by (£0.424m) compared to that published as part of the 2017 Settlement. These revised figures for the NHB have been built into the Financial Plans shown in this report.

Housing and Homelessness

- 1.25 With the advent of the Homelessness Reduction Act the Council, together with all local authorities, is facing a range of different duties and obligations. The new range of duties will impose significant financial pressure and a whole new range of housing solutions will need to be created. In addition, the ever increasing cost of solutions within the private sector is adding to the pressures being faced. In order to meet these new challenges officers have devised a new staffing arrangement with the required skill sets to meet the wider ranging client groups.
- 1.26 In addition, we are actively engaging with the private sector and voluntary organisations to seek innovative property and person centric resolutions. We are making greater use of "find your own" Schemes by, supporting residents financially with deposit payments. We are also running a pilot to have earlier intervention and prevention working with local landlords. This was well received at our recent Private Landlords event held at the CEME centre.
- 1.27 In the autumn budget 2017 the government announced the Private rented sector access schemes. This is to support households at risk of homelessness and will provide £20 million of funding for schemes to support people at risk of homelessness to access and sustain tenancies in the private rented sector. It is the Council's intention to build on the success of its "find your own" scheme and approach central government for access or bidding details as policy in this area develops.
- 1.28 In conjunction with the LGFS, the Government published Flexible Homelessness Support Grant allocations for 2018/19. London boroughs will receive £115.8 million in 2018/19. Havering's indicative allocation in respect of the Flexible Homelessness Support Grant in 2018/19 is £1.6m

- 1.29 The Government published the Homelessness Reduction Act new burdens funding in October 2017. LB Havering will receive £0.213m and £0.201m in 2018/19 and 2019/20 respectively.

2. The Local Government Financial Settlement and General Financial Prospects.

Local Government Financial Settlement (LGFS)

- 2.1 The provisional 2018/19 Local Government Finance Settlement was announced on 19 December 2017. The Settlement outlines provisional Settlement Funding Assessment (SFA) and Core Spending Power (CSP) allocations for local authorities for 2018/19 and illustrative allocations for 2019/20 (which will be the final year of the current “four year offer” period). The full implications are currently being analysed and, where known, have been built into this update. Highlights of the settlement include;

- The Council Tax referendum threshold will increase by 1% to 3% in 2018/19 and 2019/20.
- Transitional Relief Grant is not continued into 2018/19.
- 11 new pilots have been confirmed for 2018/19 (including the London pilot pool) as well as the 5 existing pilots continuing – with a commitment to further pilots in 2019/20
- Plans to move to 75% business rates retention in 2020/21 across local government were announced
- A further consultation has been published on the Fair Funding Review (deadline 12 March), and government confirmed its intention to implement new funding baselines in 2020/21
- £19m was announced for Universal Adults Social Care (although figures have not been published at the time of writing)

Core Spending Power

- 2.2 The 2018/19 LGFS included two new funding elements within the Core spending Power in 2018/19 compared with 2017/18; the compensation for the change from RPI to CPI indexation and the separate funding for New Homes Bonus.
- 2.3 Havering's indicative allocation of the compensation for the change from RPI to CPI indexation is £0.700m in 2018/19 and £1m in 2019/20. Whereas the funding for NHB indicative allocation is £4.4m in 2018/19 and £3.8m in 2019/20. However the Adult Social Care (ASC) Support Grant (£6.565m) and the Transition Grant (£1.2m in 2017/18) were excluded for 2018/19.

Havering's Settlement Funding Allocation

- 2.3 The Government has confirmed total Settlement Funding Assessment to be £16.9 billion in 2018/19. This comprises £1.4bn of Revenue Support Grant (RSG) and £15.6bn of Baseline Funding. At a national level, SFA will reduce from £17.9bn in 2017/18 to £16.9bn in 2018/19 (5.4%).
- 2.4 The provisional funding allocation is used to determine Havering's Settlement Funding Allocation. For 2018/19 LB Havering SFA will reduce by £4.5m (10%) from £44.6m in 2017/18 to £40.1m.

Fair Funding Formula

- 2.5 The Secretary of State launched the consultation on the funding formula which determines the level of financial resource that Local Authorities need to fund local needs. The consultation will take place over the next 12 weeks. Officers will consider this consultation when it is published and prepare the Council's response. The intention is that the new needs formula will be implemented from 2020/21

Unringfenced Grants

- 2.6 Government announced the provisional Unringfenced Grants allocation on the 19 of December 2017. Havering's indicative allocations from Government in respect of the Unringfenced Grants for 2018/19 is £9.890m and £10.472m in 2019/20 as detailed below.

Table 3 - Unringfenced grant

Indicative Unringfenced grant	2018/19 £m	2019/20 £m
New Homes Bonus	4.376	3.814
Improved Better Care Fund	4.822	5.619
Under-indexing compensation grant	0.693	1.040
Total	9.891	10.472

Revenue Support Grant (RSG)

- 2.7 As a result of the London Business Rate pilot pool, the equivalent value of the estimated RSG in 2018/19 (£6.847m for Havering) will be rolled into the Business rate pot.

Capital Receipts Flexibility

- 2.8 The provisional LGFS confirmed the continuation of Capital Receipts Flexibility for a further three years from 2018/19. This provides the authorities with the additional flexibility to use funds from capital receipts to invest in organisational transformation programmes to deliver cost and efficiency saving plans.

- 2.9 Details of the Council's proposed use of Capital receipts for the MTFS the period 2018/19 to 2022/23 will be reported in the February cabinet report as part of the Capital programme update.

Transition Grant

- 2.10 The LGFS confirmed no Transition Grant will be made to Local authorities in 2018/19.

Council Tax Referendum Threshold

- 2.11 In addition, the council tax referendum threshold has been increased in 2018/19 and 2019/20 from 2% to 3% for the general council tax increase. The adult social care precept rules remain the same.

3. CURRENT FINANCIAL POSITION

- 3.1 The 2017/18 original net budget as agreed by Full Council in February 2017 was £156.369m. At period eight after adjusting for grant re-allocation and in-year inter-directorate budget virements, the revised net controllable budget is £165.341m.
- 3.2 The total net controllable budget (£167.341m) reflects the combination of corporate budgets of £31.500m and service expenditure budgets £135.840m.
- 3.3 The forecast outturn position on the service budgets is £140.207m resulting in a forecast overspend of £4.367m (3.21%), as set out in table 5 below.

Table 4 - 2017/18 Period 8 Forecast Outturn

Directorate	Original Budget	Revised Budget	Forecast Outturn	Forecast Outturn Variance	
	£m	P8 £m	£m	£m	%
Public Health	(0.300)	(0.308)	(0.308)	0.000	0.00
Children's Services	32.502	35.945	38.611	2.666	7.42
Adult Services	55.021	57.345	57.345	0.000	0.00
Neighbourhoods	12.394	14.263	15.062	0.799	5.60
Housing	1.356	1.941	3.156	1.215	62.59
oneSource Non-Shared	0.735	1.888	1.849	(0.040)	(2.10)
Chief Operating Officer	7.154	7.036	6.820	(0.216)	(3.07)
SLT	1.019	1.308	1.293	(0.015)	(1.12)
oneSource shared	14.788	16.421	16.378	(0.042)	(0.26)
Service Total	124.669	135.840	140.207	4.367	3.21

3.4 The uncommitted Corporate Risk Budget and Corporate Contingency budgets currently stands at £4.900m (£1.6m reduction from the £6.500m reported in the December) to enable the overall outturn to be achieved within the approved budget for 2017/18. These corporately held budgets are forecast to reduce further by the 31 of March 2018 therefore, service directorates are asked to investigate variances and trends and also to identify further measures to assist in containing expenditure within overall budget in order to ensure financial sustainability over the medium term.

3.5 The demand and cost pressures associated with Children's services, Housing Demand in relation to Private Sector Leased (PSL) properties and Homelessness service are the key reasons for the forecast overspend.

SLT are focussed upon the delivery of mitigation and savings plans and general restraint on non-essential expenditure to manage the outturn within budget by the end of the financial year. A further update will be provided in February cabinet report together with detailed mitigating action plans aiming to recover the underlying predicted pressure at 2017/18.

3.6 The material forecast variances at period eight relate to:

Neighbourhoods - £0.799m forecast overspend

Neighbourhoods is experiencing financial pressure within year due to a number of delayed savings and other in year pressures, some of which are being mitigated by the generation of additional income in excess of budget.

Housing Services - £1.215m forecast overspend

As reported in the December Cabinet report, the financial pressure in the Housing services remains predominantly in the homelessness demand pressures. Cost of prevention options are being used to minimise pressure.

Children's Services - £2.666m forecast overspend

Children's Service is experiencing in year one off overspends on placements for looked after children, permanent placement allowances, fostering and asylum seekers adoption costs and agency staff costs. In addition there are base budget pressures on SEN Home to School transport, SEND costs and placements for children with disabilities.

These are offset by underspends in fostering staffing cost and an inflation provision allocation for Children's Social Services. There are

some financial pressures in relation to a number of delayed savings for which alternatives are being sought, alongside the ongoing transformation work.

Children's Directorate has been working in recent weeks on analysis to support a revised financial recovery plan. In addition, a deep-dive exercise into the children's financial position to assist with firming up the position for next financial year and the implications for the 2019/20 onwards is underway. A further update will be provided in February.

4. PUBLIC ENGAGEMENT AND CONSULTATION

- 4.1 Cabinet approved the Council's Medium Term Financial Strategy (MTFS) and initial proposals for balancing the 2018/19 budget to go to consultation where necessary at its meeting on 20th October 2017. On 13th December 2017, a further report was presented to Cabinet which provided further savings proposals and updated the key underpinning assumptions in the MTFS. Since the October cabinet, work has continued in identifying and developing the proposals to bridge the funding gap over the five year MTFS period.
- 4.2 A public engagement exercise on the budget will begin in January 2018. The outcomes of the consultation process will be reported to Cabinet in February 2018 to inform Cabinet's consideration of the detailed savings proposals.

5. OTHER KEY MATTERS

Inflation and Interest Rates

- 5.1 In November 2017, the Office for Budget Responsibility announced inflation is now expected to peak at 2.7% rather than 2.3% as forecast at the Spring Budget. Furthermore, as a result of the uncertainty around Brexit, economic forecasters are predicting a diverse range on inflation over the next three years.
- 5.2 The Bank of England suggested in its November 2017 inflationary forecast CPI would peak at 3.25% in 2017 and fall back towards its own target of 2% reaching 2.5% by 2019. For 2018/19, the MTFS has allowed for a 3% inflation increase on fees and charges in line with current CPI.

Fees and Charges

- 5.3 The Council continues to review its discretionary fees and charges and the cost of service provision to ensure that income generated will meet the full cost of service provision which is in line with the medium term shift to financial self-sufficiency.

- 5.4 The fees and charges review process commenced in July 2017. As reported in the MTFS October cabinet report, a 3% increase in fees and charges is assumed in the MTFS to keep track with the UK Consumer Price Inflation (CPI) which was 2.9% in August 2017 and 3.1% in November 2017.
- 5.5 Fees & charges are to be increased by 3% in line with the draft financial strategy. The schedule of revised charges will be included in the February cabinet report.

Concessionary Fares and Taxicard Scheme

- 5.6 The Freedom Pass gives free travel concessions 24 hours a day to eligible older and disabled residents on Transport for London (TfL) services and after 9.30am on National Rail and independently operated bus services in Greater London.
- 5.7 Havering Council's contribution to the Concessionary Fares as presented to London Councils' Transport & Environment Committee on the 7 of December 2017 is £8.177m. The 2018/19 contribution level has been reflected in the budget report.

Pension Fund

- 5.8 The financial strategy reflects the level of employer contributions required to ensure the long term solvency of the Pension Fund as set out in the 2016 triennial valuation report provided by the council's actuaries incorporating the minimum employer contributions required for the three financial years commencing April 2017.

Levying Bodies

- 5.9 The levies are part of the Settlement and therefore need to be taken into account when setting the Havering element of the Council Tax. There are a number of levies, but the predominant levy relates to East London Waste Authority (ELWA). The current overall levy budget is around £16.734m, of which ELWA accounts for £15.992m. At this stage, no account has been taken of any changes in the distribution of levies arising from the changes in Council Tax base referred to earlier in this report.

ELWA

- 5.10 Provision has been made within the Council's Medium Term Financial Strategy for increases in the ELWA levy of £1.017m in 2018/19 and £1m per annum thereafter.
- 5.11 At this stage, officers are awaiting the final budget report, which is subject to deliberations by ELWA. The final levy will be included in the February Council Tax setting report.

Other Bodies

- 5.12 Of the remaining levying bodies, for planning purposes, a prudent approach has been taken to the level of increase that might be expected, pending notification of the planned rises.

London Councils Subscription and London Boroughs Grants Scheme (LBGS)

- 5.13 London Councils Grants Scheme Budget Proposals 2018/19 as presented to Leaders' Committee on the 5th December 2017 detailed the indicative overall budget requirement for the London Boroughs Grants Scheme for 2018/19 of £8.668m, the same level as for 2017/18 after deducting borough repayments and City Bridge Trust support in 2017/18.
- 5.14 The proposed total expenditure budget of £8.668m will be funded by borough contribution of £6.668m, European Social Fund (ESF) grant income of £1m and a transfer from accumulated Section.48 ESF reserves of £1m.
- 5.15 LB Havering contribution to the 2018/19 London Councils subscription is £0.192m, a 2.88% reduction compared to the 2017/18 cost of £0.220m.

6 COUNCIL TAX SUPPORT SCHEME 2018

- 6.2 The current Council Tax Support Scheme has been in place since April 2015. The scheme is designed to help residents on low income pay their Council Tax. Council Tax Support can cover up to 100% of the Council Tax for claimants of pensionable age and 85% of Council Tax for working age claimants.
- 6.3 Under the Local Government Finance Act 1992, Full Council is required to endorse the Council Tax Scheme effective from 1 April 2018 before 31 January 2018. The Council proposes to maintain the current Council Tax Support Scheme in 2017 for 2018 and makes no amendment to the current local scheme.
- 6.4 The Council also has duties under the Equality Act 2010, most particularly the duties in s149. Consequently, an Equalities Analysis is attached to this report at App B along with a summary version of the proposed Council Tax Support Scheme for 2018 attached at Appendix A. An Equality Impact Assessment (EIA) was completed in January 2015 for when the Council Tax Support Scheme was last changed. This can be found at <https://www3.havering.gov.uk/Pages/Category/Council-tax-support.aspx> along with a copy of the 2017 Council Tax Support Scheme.

7 Budget Risk

- 6.1 The provisional Settlement confirmed the continuation of Capital Receipts Flexibility for a further three years from 2018/19. This provides the Council with the additional flexibility to use funds from capital receipts to invest in transformation and the delivery of saving plans.

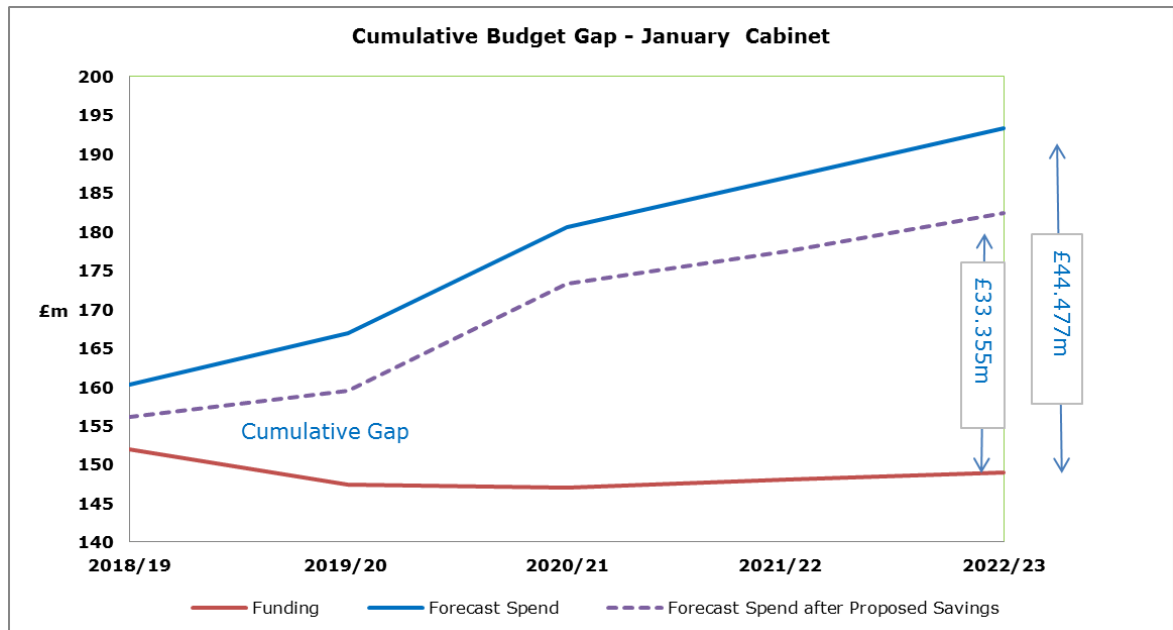
8 Revised Medium Term Financial Strategy

- 7.1 The Cabinet report on 26th October 2017 and 13th December 2017 sets out the progress made towards setting a balanced budget in 2018/19. This report identifies the current budget position that needs to be addressed between now and the report to Cabinet on 7 February 2018, prior to Council on 21 February 2018, agreeing the Budget and Council Tax for 2018/19, the MTFS and Capital Programme 2018/19 to 2022/23.
- 7.2 Tables 6 below illustrations the movement in the forecast budget gap for the period 2018/19 to 2022/23 since the December report.

Table 5 - Breakdown of Movement

Breakdown of Movement	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	5 Year Plan
Forecast Budget Gap - December	3.990	6.536	14.286	2.537	3.591	30.940
Growth Proposal January	0.441	0.000	0.000	0.000	0.000	0.441
Adjustment - January	(0.273)	1.425	(0.105)	0.657	0.269	1.974
Forecast Budget Gap - January	4.158	7.961	14.182	3.194	3.860	33.355

- 7.3 The £0.441m growth pressure in 2018/19 is as a result of Legislative practice (£0.271m) and £0.170m Capacity pressure (as detailed in table 2 and 3).
- 7.4 The cumulative budget gap has increased to £33.355m over the period and £4.158m in 2018/19, due to other adjustments in the forecast as a result of the provisional Local Government Finance Settlement.
- 7.5 Figure 1 below illustrates the revised forecast cumulative budget gap over the 5 year period to 2022/23 based upon the assumptions set out in the remainder of the report in relation to expenditure pressures and future funding streams:



7.6 The forecast is based upon a number of key assumptions as reported in October and December 2017 cabinet reports and updated to take account of the provisional Local Government Finance Settlement figures.

7.7 Cabinet approved total savings of £9.632m including £3.554m in 2018/19 at its meeting in October and a further £1.390m of which £0.588m relates to 2018/19 at its meeting in December. All of these savings have been incorporated into the forecast figures.

8. Timetable and approach for Budget Setting

SLT are continuing to work to develop further budget proposals for consideration by Cabinet as follows

- January Scrutiny Board
 - Review and Challenge of Cabinet approved proposals
 - Further update on financial assumptions
- February Cabinet
 - Final budget and council tax proposals and results of consultation considered and approved to recommend to Council
 - Final consideration of Capital Programme including Housing Capital Programme and recommendation to Council
 - Final consideration of the Treasury Management Strategy and approved to recommend to Council
 - Consideration and approval of the Housing Revenue Account
- February Council
 - Council Tax Setting Report
 - Consideration and approval of reports recommended by February Cabinet

REASONS AND OPTIONS

Reasons for the decision:

This enables the Council to develop its budget as set out in the constitution. The Council Tax support scheme from April 2018 needs to be approved by Council.

Other options considered:

None. The Council is required to prepare and set a balanced budget and to approve the Council Tax support scheme.

IMPLICATIONS AND RISKS

Financial implications and risks:

The financial implications of the Councils MTFS are the subject of this report and are therefore set out in the body of this report.

Legal implications and risks:

The Council is subject to a number of financial duties, for instance, the Council is under a duty to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness." s 3 Local Government Finance Act 1999. The Council is also required to set a balanced budget, taking into account a range of factors, and decisions must also be taken in accordance with the Council's duties under the Equality Act 2010.

Human Resources implications and risks:

The Council continues to work closely with its staff and with Trades Unions to ensure that the effects on staff of the savings required have been managed in an efficient and compassionate manner. All savings proposals or changes to the funding regime that impact on staff numbers, will be managed in accordance with both statutory requirements and the Council's Managing Organisational Change & Redundancy policy and associated guidance

Equalities implications and risks:

Under Section 149 of the Equality Act 2010 the Council has a duty, in the exercise of its functions, to have due regard to the need to

- Eliminate unlawful discrimination, harassment and victimisation and other conduct that is prohibited by the Act.

- Advance equality of opportunity between people who share a protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those who do not.

The “protected characteristics” are: age, disability, race, religion or belief, sex, sexual orientation, pregnancy and maternity, and gender reassignment. Marriage and civil partnership are also a protected characteristic for the purposes of the duty to eliminate discrimination.

The preparation of the budget is a Council function. All proposals are being evaluated during the budget process to understand their impact and detailed equality impact assessments will be undertaken when any final decisions are taken in relation to specific proposals, with mitigating actions identified to minimise any adverse impact identified where possible. However, the Council also faces significant challenges in achieving a balanced budget, not only in terms of funding reductions, but also in terms of the rising demand for services, and budgetary constraints are a legitimate consideration in making decisions.

An analysis of proposed Council Tax support scheme is attached at Appendix B scheme remains unchanged since 2015 where an equalities analysis was also undertaken.

BACKGROUND PAPERS

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London Borough of Havering

Summary of Council Tax Support Scheme 2018

Introduction

Each local authority is required by Section 9 of the Local Government Finance Act 2012 (the Act) to produce a Scheme to reduce the liability of working age applicants whom it considers to be in financial need.

This document summarises the proposed Council Tax Support Scheme 2018 (2018 Scheme) which the Council has produced in accordance with Schedule 4 of the Act. The full version of **The London Borough of Havering Local Council Tax reduction Scheme 2018-19** can be found at [url to be provided](#).

The Council's local Scheme will have due regard to the Department for Communities and Local Government's policy intentions and unequivocally protects pensioners.

Havering's 2018 Scheme has been interpreted and applied in accordance with the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 which set out matters that must be included in the 2018 Scheme.

Summary of Council Tax Support Scheme from April 2018

From April 2018, the 2018 Scheme will adopt the existing Council Tax Support Scheme in place at 31 March 2018 as summarised in this document.

In this document 'the current Scheme' means Havering's existing Council Tax Support Scheme which was adopted in January 2013 and then amended with effect from April 2014, April 2015 and again with effect from April 2016.

Unless expressly stated otherwise, the provisions outlined below relate solely to working age applicants under the current Scheme.

No amendments are proposed to the 2018 Scheme which effectively adopts the current Council Tax Support Scheme for 2017.

This document summarises the Council's proposed Scheme for eligible working age Council Tax Payers to receive Council Tax Support in 2018.

The Scheme applicable to pensioners is fully defined in The Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2012, Part 3, and Schedules 1 to 6, which is adopted within the 2018 Scheme.

The procedure for the application and calculation of the 2018 Scheme is summarised below and is made in accordance with Schedules 7 and 8 of the Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2012.

The principles embodying the Local Council Tax Support Scheme 2018 include:

- An expectation that the Council will manage significant reductions in subsidised expenditure.
- Adherence to Regulations which have been set to protect claimants of pensionable age.
- Consultation on changes to the Scheme will take place with precepting authorities and the public.
- The Council will adopt the final Scheme before 31 January 2018
- The Council aims to protect vulnerable groups.
- In reviewing Schemes, the Council will consider incentivising claimants into work.

The Local Council Tax Support Scheme 2018 includes the following information:

- Introduction and definitions
- Provisions relating to entitlement under the Scheme
- Applicable amounts
- Maximum Council Tax Support or Reduction
- Amount of reduction under the Scheme
- Assessment of Income and Capital under the Scheme
- Students
- Applications
- Extended reductions
- Period of entitlement and changes of circumstances
- Schedules

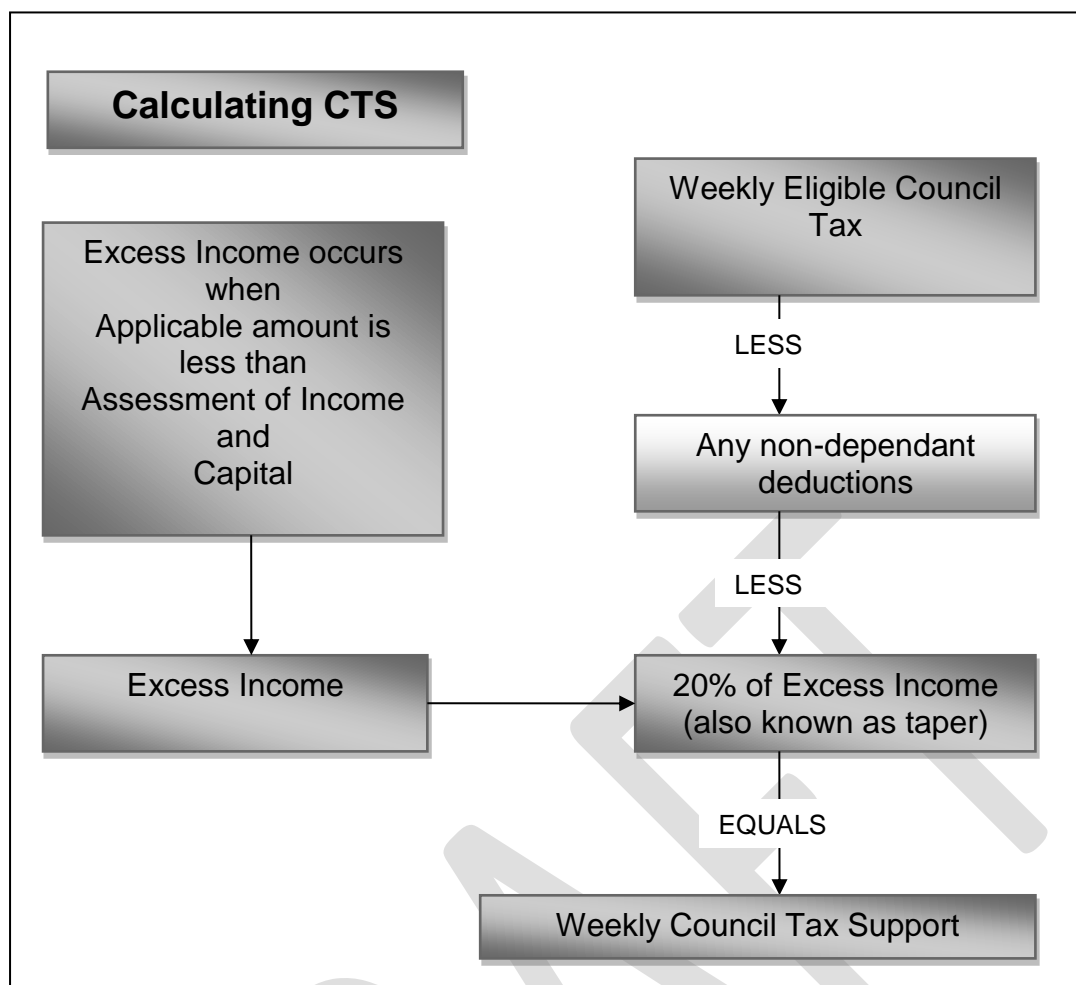
The Council Tax Support Calculation

The starting point for all calculations of Council Tax Support is the claimant's 'maximum benefit'. This is the claimant's weekly eligible Council Tax less any non-dependant deductions that apply. From April 2015 the maximum benefit figure for working age claimants changed from 100% of their council tax liability to 85% of their Council Tax liability. This means that every working age household must pay a minimum charge of 15% towards their Council Tax Bill.

Income and capital are compared to the claimant's applicable amount. The amount used to represent the claimant's needs is called the applicable amount. Any income over the applicable amount is known as the Excess Income.

The claimant qualifies for maximum support less 20% of any excess income figure. The 20% reduction to the maximum benefit is known as a taper.

Claimants in receipt of Job Seeker's Allowance and Income Support have already been assessed by the Department for Work and Pensions (DWP) as having income lower than their applicable amount and so will receive maximum Council Tax Support less any non-dependant deductions.



Non-Dependant Deductions

A non-dependant deduction is an amount of council tax that is due from the CTS claimant because there is another adult (non-dependant) who receives an income, who is not the claimant's partner, living in the household. This reduces the amount of CTS a claimant will receive which is described in paragraph 30(A) of the 2018 Scheme.

The non-dependant deductions in respect of a day referred to in the CTS Scheme shall be—

- (a) *in respect of a non-dependant aged 18 or over in remunerative work, £20.00 x 1/7;*
- (b) *in respect of a non-dependant aged 18 or over to whom sub-paragraph (a) does not apply, £6.00 x 1/7.*

(1) In the case of a non-dependant aged 18 or over to whom paragraph (1)(a) applies, where it is shown to the appropriate authority that his normal gross weekly income is—

- (a) *Less than £196.95*, the deduction to be made under this regulation shall be that specified in paragraph (1)(b);
- (b) *Not less than £196.95 but less than £341.40*, the deduction to be made under this regulation shall be £9.00;
- (c) *Not less than £341.40 but less than £424.20*, the deduction to be made under this regulation shall be £15.00.

(c) *More than £424.20*, the deduction shall be £20.00

Council Tax Support Band D Restriction for Working-Age Claimants

Since April 2014, the eligible weekly council tax used to calculate Council Tax Support for working-age claimants will be no higher than the weekly Council Tax Band D value for a property in Havering.

Paragraph 29A(1) of the CTS Scheme 2018 provides that:

- (1) Subject to paragraphs (2) to (5), the amount of a person's maximum council tax support in respect of a day for which he is liable to pay council tax, shall be 85 per cent of the amount A/B where—
 - (a) A is the amount set by the appropriate authority as the council tax for the relevant financial year in respect of the dwelling in which he is a resident and for which he is liable, subject to any discount which may be appropriate to that dwelling under the 1992 Act; and
 - (b) B is the number of days in that financial year, less any deductions in respect of non-dependants which fall to be made under regulation 58 (non-dependant deductions).
- (2) In calculating a person's maximum council tax benefit any reduction in the amount that person is liable to pay in respect of council tax, which is made in consequence of any enactment in, or made under, the 1992 Act, shall be taken into account.
- (3) The level of any Council Tax Support awarded shall be restricted to the level of band D
- (4) Subject to paragraph (5), where a claimant is jointly and severally liable for council tax in respect of a dwelling in which he is resident with one or more other persons but excepting any person so residing with the claimant who is a student to whom regulation 45(2) (students who are excluded from entitlement to council tax benefit) applies, in determining the maximum council tax benefit in his case in accordance with paragraph (1), the amount A shall be divided by the number of persons who are jointly and severally liable for that tax.
- (5) Where a claimant is jointly and severally liable for council tax in respect of a dwelling with only his partner, paragraph (4) shall not apply in his case.

Maximum Council Tax Support is 85% of the annual Council Tax

Since April 2015, Maximum Council Tax Support for working age claimants is 85% of their Council Tax Liability.

This means that every working age household has to pay a minimum charge of 15% of their Council Tax Bill.

Paragraph 29A of the CTS Scheme 2018 provides that:

(1) Subject to sub-paragraphs (2) to (4), for persons in classes D to E in this Scheme a person's maximum council tax reduction amount in respect of a day is 85 per cent of the amount A/B where—

(a) A is the amount set by the authority as the council tax for the relevant financial year in respect of the dwelling in which he is a resident and for which he is liable, subject to any discount which may be appropriate to that dwelling under the 1992 Act; and

(b) B is the number of days in that financial year, less any deductions in respect of non-dependants which fall to be made under paragraph 30A (non-dependant deductions: persons who are not pensioners) and any award restricted to the level of Band D

Capital Limit £6,000.

From April 2015, the amount of savings and investments people are allowed to have and still be entitled to claim CTS is £6,000.

From April 2015, applicants who have more than £6,000 in savings or investments are not eligible to claim and will therefore have no entitlement to CTS. Applicants in receipt of Income Support, Job Seeker's Allowance (Income Based) or Employment Support Allowance (income related) are excluded from the £6,000 savings limit and are therefore eligible to claim CTS.

Applications for Council Tax Support

The application process applies to both pension-age and working-age applicants

The following procedure has been devised in accordance with the Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2012, referred to as 'the Regulations' below.

Entitlement to CTS is dependent on an application being made:

- (a) By means of an electronic communication or
- (b) By telephone following publication by the Council of a number for this purpose.
- (c) In writing

The electronic form provided by the Council for this purpose must be properly completed, and the Council may require the applicant to complete the form in the proper manner, and may further require that further information and evidence is provided by the applicant.

An application will not be considered if the applicant does not provide all of the information the Council requires.

Applications made by telephone will only be accepted if the applicant provides a written statement of their circumstances in the format required by the Council.

The Council will allow a certain length of time for applicants to correct any defects in their application.

The Regulations provide for which classes of people are eligible to make application for Council Tax Support.

Evidence and Information

Any person who makes an application or any person to whom a reduction under the CTS Scheme 2018 has been awarded shall furnish such certificates, documents, information and evidence in connection with the application or award, or question arising out of it as may reasonably be required by the Council in order to determine the person's entitlement.

Where the Council requests information it shall inform the applicant or person of their duty to notify the Council of any change of circumstances and shall indicate the kind of changes of circumstances which the Council must be made aware of.

Matters related to the electronic communication of information, proof of delivery and content of information will be determined in accordance with Part 4 of Schedule 7 of the Regulations.

Where the person is a pensioner paragraph 7(4) (5) (6) and (7) of Schedule 8 of the Regulations apply which specify matters relevant to evidence and information related to pensioners.

Amendment and Withdrawal of Applications

Any person who has made an application may amend it at any time before a decision had been made by serving a notice in writing to the Council in accordance with paragraph 8 of Schedule 8 of the Regulations.

Decisions by the Council

The Council will make a decision in respect of any application for a reduction under this Scheme in accordance with the criteria set out within the CTS Scheme 2018 rules.

The decision will be made within 14 days or as soon as reasonably practicable of the Council receiving at its designated office the properly completed application or the information requested to complete it or the evidence required. The date upon which the Council is deemed to have received the properly completed application shall be determined in accordance with paragraphs 6 of Schedule 1, paragraph 7 and Part 1 of Schedule 7 of the Regulations being satisfied, or as soon as reasonably practicable thereafter.

The Council will notify the applicant or any person affected by its decision under the Scheme in writing or electronically within 14 days or as soon as reasonably practicable.

An Applicant may, within one calendar month of the notification of the decision, request in writing from the Council a statement setting out the reasons for its decision on any matter contained in the notice.

Following receipt of a request for a written statement the Council will provide this within 14 days or as soon as reasonably practicable thereafter.

Where an award or payment of reduction is made the time and manner of granting the reduction under the Scheme will be in accordance with Part 5 of Schedule 8 of the Regulations.

Change of Circumstances

For working-age Claimants, the date on which changes of circumstances are to take effect will be determined in accordance with paragraph 4 of Part 2 of Schedule 8 of the Regulations.

Procedure for making an Appeal

Any applicant who is not in agreement with the decision of the Council taken under this Scheme may serve a notice in writing on the Council setting out their reasons and grounds upon which they believe the Council has made the wrong decision.

Following receipt of an appeal in writing the Council will:

- (1) Consider the appeal
- (2) Notify the applicant in writing of the following:
 - (i) Any decision not to uphold the appeal and the reasons for that; or
 - (ii) That steps are being taken to proceed with the appeal and set out what steps.

Where an applicant remains dissatisfied following receipt of any written notice sent by the Council in response to their appeal, they may within two months of the service of that notice, appeal to the valuation tribunal.

Applications for further Discretionary Reductions

Under Section 13A(1)(c) of the Local Government Finance Act 1992 and The Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2012, the Authority will consider applications for a further reduction in Council Tax.

There will be financial implications in that the cost of any reduction will be a direct cost to the Council. The cost of any discretionary reduction will, therefore, have to be met by the rest of the council taxpayers.

Applications must be made in writing or by prescribed electronic communications.

The Council will, in making decisions for further discretionary reductions, have due regard to its duties under The Child Poverty Act 2010, The Housing Act 1996, and The Equality Act 2010.

The Council will review all relevant matters when deciding whether to award a reduction including, but not limited to:

- The circumstances of any other person with whom the applicant is jointly and severally liable for Council Tax.
- The overall financial situation of the applicant and the applicant's family.
- The effect the council believes making an award will have on the applicant and any members of the applicant's family.
- Protecting the public purse and maintaining financial budgets.

A person who applies for a discretionary reduction may request that the Council review its decision. Any such request must be made in writing and be received within one month of the date the notification of the decision.

DRAFT

Equality Impact Assessment (EIA)

Document control

Title of activity:	Council Tax Support Scheme 2018
Type of activity:	This is a scheme which provides assistance to people on low incomes to help them pay their Council Tax.
Lead officer:	Chris Henry, Head of Council Tax & Benefits, Exchequer & Transactional Services, oneSource
Approved by:	Sarah Bryant, Director of Exchequer & Transactional Services
Date completed:	November 2017
Scheduled date for review:	November 2018

Did you seek advice from the Corporate Policy & Diversity team?	Yes
Does the EIA contain any confidential or exempt information that would prevent you publishing it on the Council's website?	No

1. Equality Impact Assessment Checklist

The Equality Impact Assessment (EIA) is a tool to ensure that your activity meets the needs of individuals and groups that use your service. It also helps the Council to meet its legal obligation under the [Equality Act 2010 and the Public Sector Equality Duty](#).

Please complete the following checklist to determine whether or not you will need to complete an EIA. Please ensure you keep this section for your audit trail. If you have any questions, please contact the Corporate Policy and Diversity Team at diversity@haverling.gov.uk

About your activity

1	Title of activity	Council Tax Support Scheme 2018
2	Type of activity	This is a scheme which provides assistance to people on low incomes to help them pay their Council Tax.
3	Scope of activity	<p>Many people on low incomes can get Council Tax Support (CTS) to help them pay their council tax bills. The Council Tax Support Scheme is funded by the Government and the Council who pay significantly towards the scheme as well.</p> <p>The CTS grant has been rolled into the Settlement Funding Allocation which has been reduced in-line with core funding reduction. While Government funding continues to fall, the Council has committed to maintaining the current 2017 CTS scheme in 2018.</p> <p>The proposed scheme will continue to protect pensioners who will get the same level of council tax support as they do now.</p> <p>It is proposed the CTS 2017/18 Scheme remains unchanged for working age claimants in 2018/19.</p>
4a	Is the activity new or changing?	No
4b	Is the activity likely to have an impact on individuals or groups?	No
5	If you answered yes:	

Completed by:	Chris Henry, Head of Council Tax & Benefits
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Date:

November 2017

DRAFT

2. Equality Impact Assessment

Background/context:

The Council proposes to maintain the Council Tax Support (CTS) Scheme in place since April 2015 for 2018/19. The scheme provides assistance to people on low incomes to help them pay their Council Tax.

The CTS grant has been rolled into the Settlement Funding Allocation which has been reduced in-line with core funding reduction. While Government funding continues to fall, the Council has committed to maintaining the current 2017 CTS scheme in 2018.

The proposed scheme will continue to protect pensioners who will get the same level of Council Tax Support as they do now.

In respect of working age claimants, the proposed scheme will provide the same level of support as it does now.

At 31 August 2017, 8,994 working-age claimants and 6,584 pensionable age claimants were in receipt of Council Tax Support.

CTS changes were catered for within the package of priorities and it can therefore be seen that in general respondents were in favour of the overall priorities change and a majority of residents were not in favour of raising council tax above 2% in order not to make up reductions proposed.

Support remains in place through the Council Tax Discretionary policy for those who suffer hardship.

In terms of the number of Council Tax Support Claimants and their household and personal status, the overall total, compared to last year, has reduced from 16,177 to 15,578 (Aug 2017).

<u>Council Tax Support Case Group Descriptions</u>	<u>Count</u>
Elderly - Non-Passported - Carer	142
Elderly - Non-Passported - Child Under 5	0
Elderly - Non-Passported - Enhanced Disability	0
Elderly - Non-Passported - Family Premium	3
Elderly - Non-Passported - Family Premium - 1 Child	8
Elderly - Non-Passported - Family Premium - 2 Child	2
Elderly - Non-Passported - Family Premium - 4 Child	1
Elderly - Non-Passported - Non Dependant	334

Elderly - Non-Passported - Other	1772
Elderly - Non-Passported - Severe Disability	393
Elderly - Non-Passported - War Pensioners	17
Elderly - Non-Passported - Working	84
Elderly - Passported - Carer	171
Elderly - Passported – Disabled Child premium	1
Elderly - Passported - Enhanced Disability	1
Elderly - Passported - Family Premium	7
Elderly - Passported - Family Premium - 1 Child	9
Elderly - Passported - Family Premium - 2 Child	3
Elderly - Passported - Family Premium - 3 Child	1
Elderly - Passported - Family Premium - 4 Child	0
Elderly - Passported - Non Dependant	468
Elderly - Passported - Other	2301
Elderly - Passported - Severe Disability	849
Elderly - Passported - Working	17
TOTAL (Elderly) = 6,584 (42%)	
Working Age - Non-Passported - Carer	100
Working Age - Non-Passported - Child Under 5	382
Working Age - Non-Passported - Disability	101
Working Age - Non-Passported - Disabled Child Premium	33
Working Age - Non-Passported - Enhanced Disability	254
Working Age - Non-Passported - Family Premium	101
Working Age - Non-Passported - Family Premium - 1 Child	620
Working Age - Non-Passported - Family Premium - 2 Child	471
Working Age - Non-Passported - Family Premium - 3 Child	180
Working Age - Non-Passported - Family Premium - 4 Child	54
Working Age - Non-Passported - Family Premium - 5 and above	7
Working Age - Non-Passported - Lone Parent Child Under 5	424
Working Age - Non-Passported - Non Dependant	38
Working Age - Non-Passported - Other	182
Working Age - Non-Passported - Severe Disability	138
Working Age - Non-Passported - War Pensioners	4
Working Age - Non-Passported - Working	439
Working Age - Passported - Carer	445
Working Age - Passported - Child Under 5	91
Working Age - Passported - Disability	153
Working Age - Passported - Disabled Child Premium	30
Working Age - Passported - Enhanced Disability	1225
Working Age - Passported - Family Premium	67
Working Age - Passported - Family Premium - 1 Child	401
Working Age - Passported - Family Premium - 2 Child	181
Working Age - Passported - Family Premium - 3 Child	53
Working Age - Passported - Family Premium - 4 Child	10
Working Age - Passported - Family Premium - 5 and Above	2
Working Age - Passported - Lone Parent Child Under 5	876

Working Age - Passported - Non Dependant	250
Working Age - Passported - Other	833
Working Age - Passported - Severe Disability	808
Working Age - Passported - Working	41
TOTAL (Working Age) = 8,994 (58%)	
Grand Total Working Age & Elderly)	15,578

Age: Consider the full range of age groups		
<i>Please tick (✓) the relevant box:</i>		Overall impact:
Positive	<input type="checkbox"/>	There are no changes proposed to the CTS 2018 Scheme. The impact of this scheme, as compared to the scheme available in 2015/16, remain the same as in the Equality Impact Analysis prepared in January 2015
Neutral	<input checked="" type="checkbox"/>	
Negative	<input type="checkbox"/>	
Evidence:		
Sources used:		

Disability: Consider the full range of disabilities; including physical mental, sensory and progressive conditions		
<i>Please tick (✓) the relevant box:</i>		Overall impact:
Positive	<input type="checkbox"/>	There are no changes proposed to the CTS 2018 Scheme. The impact of this scheme, as compared to the scheme available in 2015/16, remains the same as in the Equality Impact Analysis prepared in January 2015.
Neutral	<input checked="" type="checkbox"/>	
Negative	<input type="checkbox"/>	

Evidence:
Sources used:

Sex/gender: Consider both men and women	
<i>Please tick (✓) the relevant box:</i>	Overall impact:
Positive	There are no changes proposed to the CTS 2018 Scheme. The impact of this scheme, as compared to the scheme available in 2015/16, remains the same as in the Equality Impact Analysis prepared in January 2015.
Neutral	
Negative	
Evidence:	
Sources used:	

Ethnicity/race: Consider the impact on different ethnic groups and nationalities	
<i>Please tick (✓) the relevant box:</i>	Overall impact:

Positive		
Neutral	✓	
Negative		

Information:

The tables below show the projected figures for the breakdown of Havering by ethnicity/race and for Benefits claimants where they have supplied this information. The data is difficult to compare due to the different classifications of ethnicity used.

2017 (projection)	Number	Percentage of population (%)
All ethnicities	253,478	100.00
White	211,814	83.6
Black Caribbean	3,696	1.5
Black African	10,405	4.1
Black Other	1510	0.6
Indian	7,405	2.9
Pakistani	2,400	0.9
Bangladeshi	1,883	0.7
Chinese	1,567	0.6
Other Asian	3,651	1.4
Mixed	7,498	3.0
Other	1,648	0.7
<i>BAME¹ Total</i>	<i>41,663</i>	<i>16.4</i>

Council Tax Support/Housing Benefit Claimants where Equalities information provided October 2017

	Number	Percentage of claimants who provided information
White: British	7882	65.92%
White: Irish	158	1.32%
White: Any Other	1018	8.51%
Mixed: White & Black Caribbean	177	1.48%
Mixed: White & Black African	84	0.70%
Mixed: White and Asian	46	0.39%

¹ The GLA define BAME differently to the ONS. The GLA does not include a 'White Other' Group. Instead they have one category 'White' that includes 'White British' and 'White Other'.

Mixed: Any Other	99	0.83%
Asian/Asian British: Indian	165	1.38%
Asian/Asian British: Pakistani	204	1.71%
Asian/Asian British: Bangladeshi	175	1.46%
Asian/Asian British: Any Other	118	0.99%
Black/Black British: Caribbean	341	2.85%
Black/Black British: African	1007	8.42%
Black/Black British: Any Other	146	1.22%
Chinese	21	0.18%
Any Other	198	1.66%
Gypsy/Traveller	9	0.07%
Arab	35	0.29%
Asian/Other	14	0.12%
Claimant Declined	60	0.50%
Total	11957	100%

From the data provided above, it would appear that there is a disproportionate impact on BME claimants. 83.6% of Havering's population are defined as White (including the 'White: Other' category such as Eastern Europeans), compared to 75.8% of benefit claimants who define themselves as White (including 'White: Other').

Sources used:

*

Religion/faitb: Consider people from different religions or beliefs including those with no religion or belief

Please tick (✓)
the relevant box:

Overall impact:

Positive

There are no changes proposed to the CTS 2018 Scheme

Neutral

Negative

Evidence:

Sources used:

Sexual orientation: Consider people who are heterosexual, lesbian, gay or bisexual

Please tick (✓)
the relevant box:

Overall impact:

Positive		Not known There is no information available to make an assessment on the impact of the proposals on this protected characteristic.
Neutral		
Negative		
Evidence:		
Sources used:		

Gender reassignment: Consider people who are seeking, undergoing or have received gender reassignment surgery, as well as people whose gender identity is different from their gender at birth

Please tick (✓) the relevant box:

Positive

Neutral

Negative

Overall impact:

There are no changes proposed to the CTS 2018 Scheme.

The impact of this scheme, as compared to the scheme available in 2015/16, remains the same as in the Equality Impact Analysis prepared in January 2015.

Evidence:

Sources used:

Marriage/civil partnership: Consider people in a marriage or civil partnership

Please tick (✓) the relevant box:

Overall impact:

Positive		There are no changes proposed to the CTS 2018 Scheme. The impact of this scheme, as compared to the scheme available in 2015/16, remains the same as in the Equality Impact Analysis prepared in January 2015.
Neutral		
Negative		
Evidence:		
Sources used:		

Pregnancy, maternity and paternity: Consider those who are pregnant and those who are undertaking maternity or paternity leave		
<i>Please tick (✓) the relevant box:</i>		Overall impact:
Positive		There are no changes proposed to the CTS 2018 Scheme The impact of this scheme, as compared to the scheme available in 2015/16, remains the same as in the Equality Impact Analysis prepared in January 2015.
Neutral		
Negative	✓	
Evidence:		
Sources used:		

Socio-economic status: Consider those who are from low income or financially excluded backgrounds	
<i>Please tick (✓) the relevant box:</i>	Overall impact:

Positive		There are no changes proposed to the CTS 2018 Scheme. The impact of this scheme, as compared to the scheme available in 2015/16, remains the same as in the Equality Impact Analysis prepared in January 2015.
Neutral	✓	
Negative		
Evidence:		
Sources used:		

Action Plan

In this section you should list the specific actions that set out how you will address any negative equality impacts you have identified in this assessment.

Protected characteristic	Identified negative impact	Action taken to mitigate impact*	Outcomes and monitoring**	Timescale	Lead officer
		The Discretionary Policy is available to residents who are experiencing hardship.	<p>In 2016, one application was made under the Discretionary Policy. This application was paid and discharged the remaining council tax liability for a working age applicant.</p> <p>During 2017, only one application has been received which was granted to the same applicant from 2016 whose circumstances had not changed since 2015.</p> <p>The fact that there has been no increase in applicants with disabilities presenting to the Discretionary Scheme would indicate that the</p>		

Cabinet, dd mmmm yyyy

			15% Council Tax charge is being managed by this group.		
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Review

In this section you should identify how frequently the EIA will be reviewed; the date for next review; and who will be reviewing it.

The EIA will be reviewed at annual intervals or earlier if the Council Tax Support scheme is reviewed earlier than September 2018.



COUNCIL, 24 JANUARY 2018

REPORT OF CABINET

12 HRA SITES JV PROCUREMENT – ENTERING INTO A LIMITED LIABILITY PARTNERSHIP

A report due to be considered by Cabinet on 17 January 2018 (attached) gave details of the outcome of the review of the procurement process for the regeneration of 12 sites that had previously been agreed by Cabinet. The report also seeks approval from Cabinet on the award of Preferred Bidder status, summarises the rationale for the venture and provides information on the consultation and procurement process.

Subject to approval by Cabinet, Council is recommended:

To make an application to the Secretary of State, where required, for the disposal of property and land (the precise areas of land to be decided by the Lead Member for Housing after consultation with the Director of Neighbourhoods) under section 32(2) of the Housing Act 1985.

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CABINET

17 January 2018

PUBLIC AGENDA REPORT

Subject Heading:

**12 HRA Sites JV Procurement –
Entering into a Limited Liability
Partnership**

Cabinet Member:

Councillor Damian White - Deputy Leader
of the Council and Cabinet Member for
Housing

SLT Lead:

Steve Moore
Director of Neighbourhoods

Report Author and contact details:

Neil Stubbings
Programme Director Regeneration
Neil.stubbings@haverling.gov.uk
01708 433747

Policy context:

Havering Housing Strategy 2014-2017

HRA Business Plan 2017-2047

National Planning Policy Framework 2012

London Plan 2011

*Havering Local Development Framework
and Romford Area Action Plan 2008*

Romford Development Framework 2015

*Havering Proposed Submission Local
Plan 2017*

Financial summary:

The report seeks Cabinet approval in principle to invest a maximum of £63.3m of capital expenditure into a Limited Liability Partnership to deliver the regeneration of 12 Housing Revenue Account (HRA) sites. This investment is contained within the HRA and is in addition to the Approved HRA Capital Programme 2017/18 to 2019/20. The bulk of this investment would be in the form of HRA land, the net value of which is currently estimated at £59.7m (all 12

sites), with the remaining £3.6m as cash funding. The report also requires a budget of £50.5 m in respect of land assembly/ CPO costs to enable the Council to provide vacant possession. It will therefore require consideration and approval by Full Council. Therefore, subject to Cabinet/Council approval of the recommendations within this report, the scheme will be included in the proposed capital programme to be considered as part of the 2018/19 HRA budget process and will be subject to approval of the Capital Programme and Treasury Management Strategy in February 2018.

A total revenue surplus for the HRA of £51.7m is forecast as a result of this regeneration scheme after meeting capital financing costs of borrowing. Although a deficit of £0.3m will be incurred over the first year and will require HRA revenue resources to support it until net income streams are generated. An estimated capital receipt of £63.3m is expected to be realised at the end of the scheme.

The financial details are contained within the exempt agenda report.

Is this a Key Decision?

Yes

When should this matter be reviewed? January 2019

Reviewing OSC:

Towns and Communities

The subject matter of this report deals with the following Council Objectives –

Communities making Havering [✓]
Places making Havering [✓]
Opportunities making Havering [✓]
Connections making Havering [✓]

SUMMARY

1. In June 2016 and October 2016, Cabinet received reports regarding increasing the amount of affordable homes through the HRA and a Review of Older Persons Housing. As a result of the information provided to Cabinet the 12 sites for

regeneration were identified and agreed along with the prioritisation of the sites within the programme.

2. In the reports to Cabinet identified above, information was provided on the extensive consultation process that had commenced with residents on the estates and how the feedback had been used to shape the final proposals being put forward. Since October 2016 the consultation process has continued with tenants and residents of the sites and has been extended to include residents who are neighbouring the sites. This report provides Cabinet with a full update on the consultation process.
3. In those reports, officers also provided Cabinet with information on the review of procurement processes to deliver such a programme across the 12 initial sites (“the 12 Sites”) and consequently, officers commenced the procurement of a Joint Venture Partner via an OJEU compliant process (as implemented by the Public Contracts Regulations 2015) through competitive dialogue.
4. This report informs Cabinet of the outcome of that process and is seeking approval from Cabinet on the award of Preferred Bidder status to the highest scoring bidder to enter the confirming commitment stage to finalise the terms of the contract and also to award and enter into the contract on the basis set out in this report.
5. This report also summarises the rationale for this venture and provides information on the consultation and procurement processes. It also details the intended outcomes of the initiative and the legal and financial implications. More detailed information is contained within the Council’s Business Case which is appended to this report and in the Exempt Agenda Report.
6. Cabinet is asked to recommend to Full Council the Council’s contribution to the cost of delivering the scheme, noting the significant regeneration for the 12 sites, the contribution towards Havering’s target for housing delivery, including the provision of new affordable homes for local people, and the expected financial returns.

RECOMMENDATIONS

That Cabinet:

1. **Approve** the inclusion of a budget of £63.3m equity for the scheme together with a budget of £50.5m for potential land acquisition/CPO costs within the proposed HRA capital programme that will be considered by Cabinet in February 2018 in the annual rent setting and capital programme report and this is recommended to Council for final approval in February 2018.
2. **Agree** to award Preferred Bidder status to BIDDER C.

Subject to the approval of the required budget and funding at recommendation 1 above, that Cabinet:

3. **Agree** to establish a JVLLP for the purpose of meeting the Council's regeneration objectives for the 12 HRA sites by entering into a Members' Agreement with BIDDER C on the basis of the Business Case and Legal Summary contained in the Exempt Agenda Report.
4. **Agree** to delegate to the Lead Member for Housing, after consultation with the Director of Neighbourhoods, the authority to agree the name of the JVLLP, negotiate the final detailed terms of the agreements being entered into, and authority to agree that the Council enter into the following agreements:
 - Members' Agreement;
 - Development Agreement;
 - Any ancillary agreements or documents necessary to give effect to the setting up of the JVLLP in accordance with this Report and its appendices (including the Legal Summary appended to the Exempt Agenda Report).
5. **Authorise** the JVLLP to enter into the Development Management Agreement with BIDDER C when in agreed form.
6. **Agree** to delegate to the Lead Member for Housing, after consultation with the Director of Neighbourhoods, authority to finalise agreement on the terms of the Development Management Agreement referred to in recommendation 5 on behalf of the Council as Member of the JVLLP established in accordance with recommendation 4.
7. **Agree** to delegate to the Lead Member for Housing, after consultation with the Director of Neighbourhoods, authority to approve the first Business Plan of the JVLLP on behalf of the Council.
8. **Authorise** the disposal of land to the JVLLP on the terms set out in this report, subject to the approval of the Secretary of State where required, (as detailed in the *Land disposal* paragraphs of the Legal Implications section of this report) and **agree** to delegate authority to the Lead Member for Housing, after consultation with the Director of Neighbourhoods, the authority to finalise the terms of such disposals.
9. **Authorise** the Director of Neighbourhoods to consider the appropriation of land for planning purposes, subject to agreement of the Secretary of State, to facilitate the redevelopment of the 12 Sites and **approve** an application to the Secretary of State for appropriation under section 19(2) of the Housing Act 1985 and potentially appropriate back to housing purposes all or part of the land as may be considered appropriate in due course. (The precise areas of land to be appropriated to be decided by the Director of Neighbourhoods).
10. **Recommend** to full Council to make an application to the Secretary of State, where required, for the disposal of property and land (the precise areas of land to be decided by the Lead Member for Housing after consultation with the Director of Neighbourhoods) under section 32(2) of the Housing Act 1985.
11. **Note** the updated Consultation and Engagement strategy as detailed in paragraphs 9.1 to 9.13 of this report.

- 12. Note** the updated Equalities Impact Assessment as referred to in the Equalities Implications section of this report.
- 13. Note** the update provided to Cabinet in the Local Lettings Plan report as it relates to these decisions.
- 14. Agree** to delegate to the Lead Member for Housing, after consultation with the Director of Neighbourhoods, authority to approve the consultation and communication plans for the regeneration of the 12 HRA Sites.
- 15. Authorise** the Director of Finance to provide state aid compliant investment of equity/loans/capital expenditure the JVLLP within the funding provided in the Capital Programme and in accordance with the business plan and on the terms set out within the Member's Agreement.
- 16. Agree** to delegate to the Leader, after consultation with the Chief Executive, the appointment of nominees to represent the Council on the JVLLP Board and indemnify them under the Local Authorities (Indemnities for Members and Officers) Order 2004 once the JVLLP has been set up.
- 17. Agrees**, subject to approval of the over-arching Governance Report on the operation of the 12 Sites, Rainham and Bridge Close schemes, to the proposals for resolution of any Reserved Matters set out in such report.
- 18. Note** the governance framework and staff resources required to develop and deliver the 12 Sites and other economic development schemes also presented for consideration and approval by Cabinet in January 2018.

REPORT DETAIL

1 Background

- 1.1 On 15th June 2016 the Council's Cabinet agreed to the development of new council housing across an initial tranche of 12 housing sites, and instructed officers to commence consultation, and to initiate the procurement of a development partner. The overarching vision for the programme is to successfully establish vibrant and connected communities, supported by the provision of good quality new homes, tenure diversity, high quality public spaces, and well-used community facilities within safe and secure environments where people want to live and participate in local activities.
- 1.2 The intention is for the Council to establish a long term development partnership to facilitate a programme of estates renewal with an experienced private sector development partner (PSDP). The strategy is designed to use the increased value of the land through intensification of estates and higher house prices to off-set the cost of the provision of new affordable homes.

- 1.3 A requirement of the project is for the Council to retain the long-term freehold of the land, retain management of the affordable housing, jointly deliver the new developments and to aim to double the amount of affordable housing on the estates. In addition, a set of objectives were set prior to the procurement of the PSDP that were to be used to guide the entire procurement process:

The Council's objectives for the programme are:

- To contribute to meeting the wider housing needs of Havering through the regeneration and transformation of the Council's existing stock for predominantly residential use; to provide a choice of good quality housing for people at all stages of life, increasing tenure diversity through affordable rent, shared ownership, private rent, market sale and sheltered housing.
- To deliver high quality residential led development that is commercially viable and generates receipts for cross subsidy to ensure the programme is sustainable.
- To achieve development returns, income and/or a range of secure revenue streams for the Council through re-provision of all Housing Revenue Account (HRA) stock lost through redevelopment with new HRA stock matching the existing tenure.
- Where viability permits, the developments should also aim to deliver additional HRA rented units to the level of existing stock on estates previously purchased under the Right to Buy scheme.
- Where viability permits, the developments should also aim to deliver additional affordable housing being up to 30% of all additional units above existing "all tenure" stock levels, thereby achieving over 40% affordable housing across the 12 sites. This additional affordable housing target tenure split to be equal numbers of HRA rented and shared ownership dwellings.
- Increased affordable housing numbers to help mitigate the homelessness pressures in the General Fund.
- Improve the viability within the Asset Management Strategy by reducing the cost of maintaining existing poor viability buildings.
- The freehold of the land is expected to remain in Council ownership (except any freehold properties built for outright sale) (though naturally long leases will be granted to purchasers of units built for open market sale).
- Where tenants wish to move back to a site, and there is suitable accommodation to meet their needs, they will be able to do so.

- 1.4 In October 2016 it was reported to Cabinet that officers would start the procurement of the PSDP via a process called competitive dialogue. This commenced in March 2017 with soft market testing leading to the start of a formal OJEU compliant process in May 2017.

- 1.5 This report provides Cabinet with information on the outcome of the procurement exercise along with additional information on the setting up of the proposed JVLLP. The Business Case appended to this report contains more detailed information to support this Cabinet report.

2 Summary of previous decisions

- 2.1 The regeneration of the 12 Sites and provision of new housing, including affordable housing and housing for older persons are Council policy as set out below:

Havering Draft Local Plan 2017

- 2.2 At its July 2017 meeting, Council approved the Proposed Submission Havering Local Plan for publication and consultation under Regulation 19 of the Regulations prior to submission to the Secretary of State. This includes the 12 sites for regeneration and housing delivery. The Local Plan emphasises the importance of ensuring infrastructure, including education and local health facilities and also the provision of affordable housing. The 12 sites are referenced in the Housing Position Statement 2017. The Housing Position Statement document is a key part of the evidence base of the Local Plan and is an important part of the assessment into the 'soundness' of the Local Plan. It addresses how Havering will ensure there are enough homes in the borough in line with the London Plan requirements. It looks at matters including housing delivery supply, need and tenure. It makes explicit reference throughout to the significant role and contribution that the Council's Estates Regeneration programme will have in ensuring there are enough homes in the borough and our residents have the opportunity to live in high quality places as part of settled and inclusive communities.

Romford Development Framework 2015

- 2.3 The Romford Development Framework approved by Cabinet in July 2015 forms part of the evidence base for the emerging Havering Local Plan. The Framework indicated delivery within five years, i.e. by 2020. The Waterloo Estate is within this area and will facilitate the delivery of the wider regeneration of Romford

Romford Housing Zone June 2016

- 2.4 Cabinet agreed to accept Housing Zone status for Romford from the Greater London Authority (GLA). Included within the zone is Waterloo Estate. Whilst the original bid identified the delivery of a modest 220 new homes through infill development, full regeneration of the site partly funded by Housing Zone funding from the GLA, is set to deliver a minimum of 1100 homes.

Rainham and Beam Park Housing Zone

- 2.5 This was the first of the areas in the borough to achieve the status of a housing zone with the GLA. This area will be transformed into a new community called Beam Park. Of the 12 sites, Napier and New Plymouth, is in the Housing Zone and will help deliver the vision for the regeneration of the area.

12 HRA Sites Regeneration programme

- 2.6 Various reports have been presented to Cabinet over the last two years regarding the use of existing estates to increase housing and affordable housing provision within the borough:
- a strategy to increase affordable rent by up to 30% on the 12 Sites.
 - an overall increase in affordable housing provision across the twelve sites by over 100% by providing in excess of 300 low cost affordable homes.
 - authority to start the procurement of a private sector partner to deliver the Council's vision for the 12 Sites through a competitive dialogue process

- delegation of authority to start to procure existing freehold and leasehold properties by negotiation and take reasonable steps to identify land which cannot be acquired by negotiation and appoint the relevant consultants in order to assess the need for a potential Compulsory Purchase Order (CPO).
- authority to start the decant process for existing tenants on the estates including the service of demolition notices.
- approval to enter into extensive consultation with residents regarding the regeneration of estates and the detail of the decant offer.

Review of Older Persons Housing

- 2.7 Reports have been presented to Cabinet in 2016 identifying the need for improvements in the older persons housing provision in Havering. The review identified the over-provision of standard sheltered housing in the borough despite the anticipated increase in number of older and frailer people in the borough. It identified the need for more extra care sheltered housing and provision for those suffering with dementia plus the option for purchase. It also identified that a large amount of the existing provision was not to the standards required for providing modern housing within which adequate levels of care could be provided. The 12 Sites project is helping to deliver that vision.

Havering Housing Strategy 2014-17

- 2.8 The Housing Strategy identifies the need for the provision of all forms of housing and in particular the need to provide affordable homes for local people taking account of the supply and demand data that is available. This project is a key part in improving the supply of new homes that are affordable to local people.

Homelessness Strategy and Allocation Policy

- 2.9 The current homelessness strategy is a sub-strategy of the Housing Strategy. It is now being reviewed as part of the work needed to prepare for the impacts of the Homeless Reduction Act 2017. However, there is an identified need for the provision of affordable homes that meet the needs of vulnerable people who live in the borough at rents they can afford. In addition, we know that there are opportunities to enable existing tenants to move into low cost home ownership properties, thus freeing up affordable rent properties. .

HRA Business Plan 2017 – 2047

- 2.10 The HRA 30 year Business Plan is reported to Cabinet annually as part of the rent setting and budget setting process each February. In addition, an update of the plan was presented to Cabinet in November 2017 identifying the potential impact of delivering the 12 estates programme. Whilst the HRA can support the delivery of the new build via the JVLLP, there is an additional identified need to re-provide new affordable rental units in the HRA because of the financial impacts of the number of homes lost through Right to Buy. In addition, the provision of new housing enables the spending of RTB receipts on new homes thus avoiding repayment to the DCLG at a penal rate of interest.

Asset Management Strategy 2016

- 2.11 The latest review of the Asset Management Strategy and Plan presented to Cabinet in 2016 identified several poorly performing assets in the portfolio. These properties essential drain money out of the HRA as they cost more to maintain than

the income provided through the use of the asset. The worst performing properties are removed through this project.

3 The 12 Sites

- 3.1 The Housing Regeneration programme comprises 12 sites identified in the table below. These are the initial sites identified as offering the greatest potential for the provision of new affordable homes or requiring intervention due to the costly or unacceptable quality of housing. The Council intend, where appropriate, to bring forward further sites for inclusion in the JVLLP at a future date.
- 3.2 Waterloo Estate, Napier and New Plymouth, Oldchurch Gdns, Delta TMO and Farnham, Hilldene and Chippenham are all General Needs housing, or council housing for all ages. Maygreen Estate is a General Needs estate but with the inclusion of Park Lane Sheltered Scheme. Queen Street, Solar, Serena and Sunrise, Royal Jubilee Court, Brunswick Court, Dell Court and Delderfield are Sheltered Schemes.

Site Name	Ward	Rented homes	Leasehold Homes	Total Homes
Waterloo Estate	Romford Town	171	73	244
Queen Street	Romford Town	31	0	31
Napier and New Plymouth	S. Hornchurch	86	11	97
Solar, Serena and Sunrise	St. Andrews	55	0	55
Maygreen Estate	Hylands	88	23	111
Oldchurch Gdns	Brooklands	64	22	86
Delta TMO (Elvet Ave)	Squirrels Heath	45	18	63
Farnham, Hilldene and Chippenham	Gooshays	0	0	0
Royal Jubilee Court	Pettits	79	0	79
Brunswick Court	Cranham	47	0	47
Dell Court	St Andrews	29	0	29
Delderfield	Pettits	14	0	14
Total		709	147	856

Existing number of homes to be demolished.

Note 1: Waterloo Estate contains 12 hostel places – not included above.

Note 2: 114 long term empty sheltered homes as not fit for purpose.

- 3.3 One of the reasons for including the sheltered schemes in the programme was that many of the homes were poor quality or bedsit accommodation and hard to let. In all, across the sheltered schemes above, there were 114 vacant properties leaving 595 tenanted council homes on the 12 sites included in the programme. Of those 595 occupied homes, 181 were sheltered homes and 414 were general needs homes. In addition, on the General Needs sites (not sheltered), some homes had been lost through the Right to Buy. Across the estates there were 147 leasehold or freehold properties. The total number of permanent homes on the sites is 856.

- 3.4 The Council undertook initial capacity studies for each of the sites. These indicated strong potential to substantially increase the number of homes across the sites whilst at the same time maximising the opportunities for regeneration and place shaping. Indicative numbers of new homes identified at this stage are set out below:

Site Name	Ward	Rented homes	LCHO/sales	Total Homes
Waterloo Estate	Romford Town	237	863	1,110
Queen Street	Romford Town	7	27	36
Napier and New Plymouth	S. Hornchurch	150	50	200
Solar, Serena and Sunrise	St Andrews	60	140	200
Maygreen Estate	Hylands	100	100	200
Oldchurch Gdns	Brooklands	100	200	300
Delta TMO (Elvet Ave)	Squirrels Heath	45	305	350
Farnham, Hilldene and Chippenham	Gooshays	0	63	63
Royal Jubilee Court	Pettits	45	105	150
Brunswick Ct	Cranham	15	35	50
Dell Court	St Andrews	20	20	40
Delderfield	Pettits	15	15	30
Total		794	1,925	2,719

Capacity Study – potential number of homes.

- 3.5 The numbers above became the base-line requirement for the programme. At the high level, the total rented homes of 794 is further split down to 674 general needs rented homes and 120 extra-care sheltered rented homes. When compared to the numbers above, this is an increase in general needs homes of 63% and a decrease in sheltered homes of 34% (supported by the Older Persons Housing Review)
- 3.6 The additional requirement for the procurement exercise was to provide in excess of 300 low cost home ownership homes, which are also classified as affordable housing. Adding this to the 794 rented homes gives a total of 1094 affordable housing to be provided across the 12 sites: an overall increase of 84%. These figures are summarised for comparison in the table below:

	Now	Future	Change
Total number of homes	856	2719	+318%
Occupied General Needs homes	414	674	+63%
Occupied Sheltered rented homes	181	120	-34%
Low Cost Home Ownership	0	300	+300
RTB losses	147	0	-147
Total occupied affordable homes	595	1094	+84%

- 3.7 The target of providing 30% of all new homes as affordable is currently standing at 30% with the target split of 50:50 rent to low cost home ownership (LCHO) currently at 46:54 in favour of LCHO. It is anticipated these numbers will achieve the targets set following further negotiation with our PSDP.

	Target	Achieved
% of additional homes that are affordable	30%	30%
Affordable homes proportion (rent:LCHO)	50:50	46:54

- 3.8 One of the principles to be tested through the procurement exercise was the level to which the market would be able to increase the baseline number of homes on the sites, whilst keeping within reasonable density levels, and the extent to which more affordable homes could be delivered. The base-line was built into the procurement objectives.
- 3.9 Due to the size of the potential development on all 12 sites and the decant and financial viability issues it would not be practicable to start work on all sites simultaneously. It was therefore proposed that the following 4 sites are prioritised:
- Waterloo Estate
 - Queen Street (part of the Waterloo Estate).
 - Napier & New Plymouth
 - Solar, Serena & Sunrise Court
- 3.10 Whilst these four sites are only 25% of the total sites, they would provide nearly 50% of the total new housing via this project. The next phase of sites to be brought forward will be reviewed once the JVLLP has been set up. The prioritisation of sites agreed at Cabinet in October 2016 was as follows:
- Waterloo Estate,
 - Queen Street Sheltered Scheme,
 - Napier and New Plymouth,
 - Maygreen Estate,
 - Park Lane Sheltered Scheme (part of Maygreen Estate),
 - Oldchurch Gardens,
 - Farnham, Hildene and Chippenham Road
 - Solar, Serena and Sunrise Sheltered Scheme.
- 3.11 From this priority list the first phase of sites is Waterloo Estate (including Queen Street Sheltered Scheme), Napier and New Plymouth and Solar, Serena and Sunrise. The next phase will be chosen from the above list and will be subject to an assessment of financial viability.
- 3.12 Part of the procurement process is to establish a set of metrics that will be used to assess the value for money for the costs of construction on the further sites as they are brought forward. Each bidder is aware that the parameters that they submit for the first four sites will be set and used to assess the delivery of the future sites.
- 3.13 As the dialogue sessions progressed solutions have been sought from each bidder to show how value for money will be achieved throughout this relationship. The first key principle established is that the Council is a joint member of the board and will

see all costs and revenues associated with the contract. Secondly, each bidder has identified that they intend to procure, through formal tendering processes, all works packages and these will be reported to the JVLLP board for acceptance.

4 Rationale for the proposed JVLLP and for the procurement method

4.1 The rationale for the preferred procurement method was reported to Cabinet in October 2016. The advantages of a “Competitive Dialogue” process for the delivery of 12 discrete sites across a number of areas in the borough were and remain:

- Ability to shortlist and limit the number of bidders to participate in the tender through a prequalification process evaluating their financial standing, technical ability and experience.
- The minimum number of candidates to be invited to participate in the competitive dialogue stage would be three bidders.
- Competitive Dialogue is an iterative process, and can have multiple elimination stages to reduce the number of bidders/bids before calling for final tenders.
- Where there is an elimination stage, this involves a tender submission and an evaluation against pre-disclosed criteria and weightings.
- The competitive dialogue procedure permits the Council to negotiate with the bidders during the tender phases.
- Once the dialogue stage is concluded, the Council call for final tenders. Those tenders should "contain all the elements required and necessary for the performance of the project".
- Once the final tenders have been evaluated, there is a further opportunity to confirm commitments and finalise terms with the leading bidder (also called the preferred bidder) before the Council formally awards the contract.

4.2 There tends to be two methods for delivering large projects of this nature. They are; the recognised “Contractual Approach” where a development partner is appointed and a variation of this approach called the “Corporate Approach” where the authority would become a shareholder in a new Joint Venture vehicle (either an LLP or a company) with the Private Sector Developer Partner.

4.3 One of the critical deciding factors in deciding on the JVLLP approach was the level of control the Council wants over the developments both in terms of the number and type of homes built and the look and feel of the estates that are provided. The JVLLP approach allows the Council to exert a higher level of control and be more confident in the final delivery as they would be equal partners in the design of the estates rather than just exerting control through a purely contractual process or through the planning process. In addition, in the long term the land remains in the ownership of the Council (except for any freehold properties built for outright sale).

5 Procurement process and results

5.1 The overall project board set up to oversee this project was set up mid-2016 as the project was being reported to cabinet in June 2016. The procurement process is a major work-stream within the project. The timescales were designed to ensure that the process was rigorous enough to identify the right partner to deliver this

project as well as one that would encourage the widest interest and participation from the industry.

- 5.2 The procurement of works/services relating to the site regeneration is subject to the European Procurement Regime, as implemented in England by the Public Contracts Regulations 2015 (as amended) and the Concession Contracts Regulation 2016, necessitating a procurement process following the publication of an OJEU notice. The procurement was conducted under Concession Contracts Regulation 2016 as they were considered to apply given the JVLLP partner's investment and risk share.
- 5.3 There needed to be a strong understanding of the key issues involved in establishing regeneration vehicles such as a JVLLP, both legally and commercially. This includes awareness of the changing needs of the market, changing market conditions and Government policy context.
- 5.4 In order to properly steer the procurement, a significant amount of external support and challenge was sought. Firstly to review the assumptions made by officers in their initial assessment of the viability of the project and secondly to guide the procurement process itself.
- 5.5 One of the first activities completed after the October 2016 Cabinet was the procurement and appointment of a specialist multi-disciplinary consultancy team to lead on site due diligence and procurement of a joint venture development partner. This team comprised:
- Savills – Professional Team lead and advisors
 - Tibbalds and PCKO – Architectural, Planning and Design advisors
 - Gardner & Theobald – Cost Consultants.
 - Bevan Brittan – Legal Advisers.
- 5.6 The role of this team includes:
- Develop a detailed understanding of the Council's priorities and constraints for this programme,
 - Deliver a 'Competitive Dialogue' process in accordance with EU procurement law principles following the approach of the competitive dialogue process to procure a private sector development partner (PSDP), who will deliver the estate renewal programme in partnership with the Council,
 - Ensure the development opportunity is attractive to potential partners, commercially viable, and enabled the Council to secure the right commercial deal, mitigating risk and financial exposure,
 - Ensure Council priorities of increasing and maximising the supply of new mixed tenure housing, including replacing the existing amount of affordable housing currently on site are achieved,
 - Help to achieve additional value through wider regeneration that supports growth and sustainability, including improvements to the public realm, new schools, health and community facilities, providing opportunities for new businesses, alongside employment, skills and training,

- Ensure that the Council optimises the value of its assets which may include generation of capital receipts and income streams, while securing best consideration where this is required,
- Provide expert and timely advice, support and leadership throughout the project life cycle.

5.7 The commission fell into two phases:

- Phase 1: (Due Diligence):- review of existing proposals to establish suitable and commercially viable development proposals that were attractive to the Market and form a base case for achieving the Council priorities stated above.
- Phase 2: (Competitive Dialogue Procurement):- managing the Competitive Dialogue procurement to secure a suitable long term development partner

5.8 The procurement panel also drew on senior officers from across Havering and OneSource. The panel comprised Senior Housing Officers, OneSource Finance Officer, OneSource Procurement, Savills, and Bevan Brittan. This panel representation ensured that the procurement process drew on external professional expertise regarding development and regeneration, legal, commercial, procurement and housing expertise as well as local knowledge and technical HRA and General Fund expertise.

5.9 All of the financial aspects of the project were built into a financial dashboard used to identify the key financial inputs and outputs, including inputs from the HRA Business Plan. This financial modelling was reviewed and quality assured by KPMG as an external assessor. This organisation was procured by OneSource Finance and has been retained for further financial advice including tax advice.

5.10 The procurement process, with key dates is set out in summary below:

No.	Stage	Start	End	Participants
1	Concession notice published	12/05/17	12/05/17	52
2	Selection Questionnaire (SQ) period	12/05/17	13/06/17	10
3	SQ evaluation period	13/06/17	28/06/17	
4	ITPD period	30/06/17	11/08/17	6
5	ITPD evaluation period	14/08/17	11/09/17	
6	ITCD period	13/09/17	24/11/17	3
7	ISFT period	24/11/17	07/12/17	3
8	Final tender evaluation period	07/12/17	18/12/17	
9	Cabinet report for selection of preferred bidder	17/01/18	17/01/18	1
10	Final agreement of legal documents	23/01/18	22/02/18	1
11	Full Council approval of funding	21/02/18	21/02/18	
12	Formal signing of contract	22/02/18	22/02/18	1
13	Issue of contract award notification and start of 10 day stand-still period	23/02/18	09/03/18	1
14	Award of contract	10/03/18	10/03/18	

- 5.11 Once a preferred bidder has been selected, there will be a period for confirmation of commitments of the documentation to finalise the contract. On the successful completion of the preferred bidder stage the Council will then be in a position to decide to award the contract to the preferred bidder. If the Council proceeds to award then it will debrief unsuccessful bidders and conduct a 10 day standstill period prior to signature and concession award notice being placed in the OJEU. The future dates in the table above are projected dates and subject to Cabinet approval of the recommendations in this report and completion of activities and formal approvals after Cabinet.
- 5.12 The summary from the ISFT documentation provided to all three bidders (attached as **Appendix 1**) identifies the requirements for the final submissions from the three bidders. Many of the requirements were covered during the dialogue process. The Appendix also shows the weighting and scoring criteria that the procurement panel used.
- 5.13 The weighting identified in table 1 of **Appendix 1** shows the tender has been assessed 70% on the qualitative submission (criteria 1-6) and 30% on the commercial submission (criteria 7 legal and criteria 8 financial).
- 5.14 The anonymised outcomes from the scoring exercise are as follows:

Bidder	Total Score
Bidder A	65.25%
Bidder B	64.50%
Bidder C	84.00%

- 5.15 Based on these scores, the bidder with the highest score and who has demonstrated that they are best positioned to enter into the JVLLP with the Council is BIDDER C.
- 5.16 The full scoring matrices and additional information regarding the process are included within the Exempt Agenda Report papers.

6 Programme

- 6.1 Following the activities identified in paragraph 5.10 and 5.11 above, the key milestones that will drive the project going forward are set out in the table below. The detailed project programme, including public engagement and consultation, will be reported regularly through the Council, Housing Services and the JVLLP's governance arrangements.

Key anticipated milestones (first four sites)

Milestone	Anticipated date
Cabinet approval to establish a joint Venture Limited Liability Partnership.	January 2018
Council approval of Capital funding	February 2018

Approval of legal agreements including JVLLP Business Plan	February 2018
Cabinet approval of Compulsory Purchase Order resolution	June 2018
Viability review of remaining sites and agreement of phasing	Summer 2018
Submission of 1 st planning application	Summer 2018
Determination of 1 st planning application	January 2019
Vacant possession of sites	September 2019
Potential Start on Site	September 2019
First completions	May 2021
Scheme complete	January 2027

- 6.2 The competitive dialogue process has required selected shortlisted bidders to negotiate the terms of the agreement during the second dialogue stage. However, at the point at which the leading bidder is awarded “preferred bidder” they will have an opportunity to confirm commitments to finalise the proposed contractual arrangements prior to a final award decision.

Legal documents

The legal work on the structures and legal agreements will require further work during the confirming commitment stage to ensure the detail of the final submission documents are enshrined within final version documents that are satisfactory for the Council and Preferred Bidder to formally sign to enter into the JVLLP. This should require minimal changes to the documentation already provided.

Design work

This work was carried out during the tender stage and was indicative to inform the final bid. A lot of work was put into this by the bidders and partners, including initial discussions with Havering Planning Officers. However, all bidders are aware that these designs are indicative and the process of consultation with residents and neighbours of the sites will now commence to properly inform any final designs that are used in the planning process and final planning application.

Financial appraisal

The outcome of the procurement process has effectively set financial parameters that must now be adhered to by the preferred bidder as they enter into the design consultation stage in respect of the four initial sites. Items such as build costs,

margins, overheads, future sales revenues, funding arrangements etc. have been bid and accepted. However, this will now need to be reviewed in the light of the detailed work to be carried out on the design of the new developments mentioned in the above paragraph (during the operation of the joint venture). Items such as final numbers of units to be built, precise requirements for the infrastructure and potential additional acquisition of neighbouring land to enhance the development opportunities will now all need to be reworked and input into the financial models.

7 Development Parameters

- 7.1 Work will begin on the detailed development proposals for the first four sites, Waterloo Estate (including Queen Street), Napier and New Plymouth and Solar Serena Sunrise once funding for the JVLLP is agreed. This will be quickly followed by new viability assessments (as part of the operation of the JVLLP once established) on the remaining sites to identify numbers of new homes to be provided on those sites
- 7.2 As part of the consultation process undertaken with existing residents, a firm commitment has been given that they will be involved in the design stage for the new sites. The commitment has been given that the successful bidder will work with the residents on the four sites to shape how the new developments will look. Each of the bidders is skilled in resident engagement techniques and has confirmed this approach during the dialogue meetings. This engagement and consultation process is over and above the formal planning consultation process.
- 7.3 Although the detailed design process is yet to commence, it has been essential to set indicative parameters in order to undertake the financial appraisal which underpins the business case for entering into the JVLLP. The key outcomes based on current modelling are envisaged to be:
- In excess of 2,719 new homes.
 - Including a minimum of 42% affordable homes
 - On larger developments there is to be commercial floor space, likely to be flexible workspace and small retail/ leisure;
 - New and modern public realm experiences including modern waste disposal, public art, increase biodiversity linked to indigenous species.
 - New play and recreational space to be provided.
 - Consideration to be given to the provision for health, education, leisure facilities, transport etc. as part of the regeneration and place shaping process.
 - Consideration to be given to links with other developments in the surrounding areas and looking for joint delivery of infrastructure.
 - Significant social value contributions from the scale of the developments.

8 Ensuring delivery of infrastructure

- 8.1 The Council's involvement in the decision making of the JVLLP provides the ability to ensure that the delivery of social infrastructure is a prime objective of the regeneration activity as well as a planning requirement.
- 8.2 The baseline appraisal from Housing Services for the first four sites requires the delivery of over 40% of affordable housing for local people. This is in response to

our responsibilities as a stock-owning local housing authority and Registered Provider.

- 8.3 The use of Housing Revenue Account resources is a cost-effective way of delivering affordable housing. The Housing Revenue Account will retain all income from the properties as well as retaining ownership of the land other than where freehold housing is developed and sold.
- 8.4 The use of the HRA reduces risk in terms of financial planning by guaranteeing a purchaser for a significant number of properties.
- 8.5 The Council will also use its role in the JVLLP to negotiate inclusion of any key infrastructure requirements required not just on these developments but as a contributor to wider regeneration that is happening.
- 8.6 The JVLLP will make significant s106/CIL contributions to the Council. The allocation of these resources is a separate decision making process by the Local Planning Authority.
- 8.7 The nature and location of facilities to meet rising demand for primary health services or education facilities will be matters for the Clinical Commissioning Group to consider as part of its Primary Care Capacity Plan for Havering and for the local authority in its strategic education planning role. These organisations will be fully involved as the detailed planning for the developments take shape so that any requirements can be taken into account.
- 8.8 In the longer term, there is an expectation that the Council will be the freeholder of the entire developments (excluding any freehold disposals) and therefore have a greater level of control over the future stewardship of the new development and management of the new estates.

9 Consultation and resident engagement

- 9.1 The extensive consultation, for all residents on the affected sites, reported to Cabinet in October 2016 has continued:
 - To date, 82 site specific meetings have been held, including resident meetings and neighbour meetings for those affected by the housing regeneration programme.
 - A total of 61 site specific newsletters have been issued to date which detail the information provided. They also respond to site specific issues raised by residents in and between consultation meetings and provide a FAQs section.
 - 72 site specific meetings have been held in the sheltered schemes being retained.
 - There have been in excess of 2,100 attendees at the site specific meetings.
 - In addition to the site specific webpages, the *Building New Homes for Havering* is now active, giving residents and members access to updates and advice regarding the regeneration programme, and sub-programmes including the decant activity and compulsory purchase orders.

- Two additional staff briefings have been held since October 2016, updating staff on the progress of the programme and giving them an opportunity to gain an understanding of the journey we are taking residents, our customers, on.
- The regeneration programme has a continuous feature in the quarterly magazines *At the Heart* and *Sheltered Times*. In spring 2017, we released a Special Regeneration Edition, which updated all Housing Services' tenants and leaseholders on the Regeneration Programme.
- Social media postings have been used throughout the programme to update stakeholders on consultation meetings and project milestones.
- A stand was available at the 2017 Havering Show to discuss the regeneration programme with local people.
- In October 2017, Havering launched the Local Lettings Plan and Regeneration Decant Policy and Possessions Procedure Consultation enabling tenants to voice their views on both documents via an online survey.
- To date, consultations have been led and carried out by Council staff. Once the JVLLP has been established a joint approach to consultation, resident engagement and social cohesion that will allow us to create the sustainable communities on the new estates. The Council will remain the lead for this activity.
- Intensive support and reassurance continues to be provided on a one to one basis for any resident and their families worried about the renewal programme and potential decant process.
- A decant satisfaction survey records the outcome of the decanting process from the tenants' point of view.
- Specific information provided for leaseholders.

The offer to tenants

- 9.2 Every tenant on the 12 Sites has been offered and, the majority accepted, the opportunity to have a one to one meeting, at which their family is encouraged to be present. This meeting is designed to provide a comfortable environment to enable residents and family to ask any questions they may have about the programme and also for the tenant to provide the council with information needed to identify where they would want to move to as part of the decant process. This information is used to populate a "Decant Assessment Form" which is then signed by the tenant as a true record of their decant requirements. This process has proved to be a good way for the tenants and their families to engage in the entire process and for the council to fully understand how we can best support tenants through what is accepted to be a very stressful process.
- 9.3 The main issue is for the Council to be able to find suitable alternative accommodation for existing tenants. It is for this reason that the decant assessment form referred to above is so important. The offer made to tenants has been shaped over the many consultation events and is:
- Two reasonable offers of accommodation will be made.
 - The offers will be based on housing need.
 - All information regarding need will be taken account of in making matched offers.
 - Offers will be made through direct allocation and not via the bidding system.

- All verified information provided by the resident regarding need and requirements will be taken into account.
- Location of offer will be matched as far as possible to preferred location of tenant but will be subject to availability.
- All reasonable out of pocket expenses will be met via the disturbance payment process.
- We will take into account the wishes of the tenant where possible if this is outside of requirements identified as “housing need”.
- A one off statutory home loss payment of £6,100.

9.4 Havering are also offering an additional support package to make the process of moving easier. The help given to tenants includes using Council approved contractors to:

- organise the move including packing belongings, but not unpacking.
- unpacking can be provided to those who are most vulnerable.
- supply and fit new carpets and curtains chosen from a range of reasonably priced options
- disconnect and reconnect cookers, washing machines and similar equipment
- the above work is carried out at no cost to the tenant.

9.5 In addition, tenants can organise:

- post redirection
- water, gas and electricity and other utilities to be disconnected and reconnected
- and Havering will pay the reasonable cost of such work.

9.6 Paragraph 10.3 below shows progress with regard to offering and moving tenants on the first 4 sites to new homes.

Local Lettings Plan

9.7 The Local Lettings Plan is the document that provides full details on the re-housing options for those tenants who have to move off the sites because of the regeneration proposals. Associated with this document is the Decant Policy and Possession Procedure document. The council carried out a twelve week consultation process on these documents so that residents could have a further opportunity to give their views on the “offer” within the documents. The consultation was promoted in At the Heart, Sheltered Time and Living publication; during the estate open meetings, one to one sessions, social media posts, and direct letters to tenants on the affected sites. Comments received outside of the online survey have also been taken into consideration. This was the subject of significant consultation prior to it being uploaded onto the Council website in November 2016. This document has been used to inform the decants and buy backs that have been carried out, thus far by negotiation. However, as the timetable moves closer to the deadline for achieving vacant possession of the sites, the formal consultation exercise is being carried out ahead of any formal possession proceedings.

9.8 The Local Lettings Plan report containing detailed information on the consultation process is also on the agenda for January 2018 Cabinet.

The offer to leaseholders and freeholders

- 9.9 At each event with residents, information is also provided for leaseholders who are impacted. The offer for them is that we will buy the properties back from them as inevitably on these sites the properties were first purchased under the RTB system. Full information on the take up of the offer is provided in the Vacant Possession update in paragraph 10.4 below.
- 9.10 The Council is offering to buy back residential properties on the sites at a fair market valuation. Havering is working with three local agents who will provide “independent” valuations on properties so that negotiations can agree a contract price to achieve vacant possession. In the event that a valuation cannot be achieved, the owner can obtain their own independent valuation to help negotiations. The Council must offer a fair market valuation as failure to agree a price will ultimately result in a CPO situation. In such a circumstance, the valuation made by the District Valuation Service will be set at fair market value and the Council must be seen to be acting fairly. In addition the Council must pay a 10% compensation payment for resident owners and 7.5% for absentee owners.
- 9.11 At each of the sites that are under-going regeneration residents have been encouraged to set up a more formal Resident Group. This group is to be chaired by a resident with administrative support from the Havering tenant engagement team. The resident group themselves would set the agenda and officers attend to provide updates and any information requested as well as taking back information to inform the programme. The groups were also intended to challenge officers to ensure information is provided in an understandable manner and accessible format.
- 9.12 The Council has also appointed TPAS to provide independent and free advice to the residents. TPAS have provided contact details so that any resident can contact them for independent advice. At the contract meeting held with TPAS towards the end of October 2017, the following update was provided:
- Seven calls have been made to TPAS via this service. The main issues raised with TPAS are:
 - Quality of void works being done before decanting takes place
 - Delays on payments been received
 - Problems achieving out of borough moves
 - Recharges for void works
 - TPAS provided comparison information with a similar service they have been providing elsewhere. The Freephone service has taken more than 600 calls compared to the 7 for Havering in the same period of time which TPAS says reflects the quality of the information and engagement work being carried out in Havering.
- 9.13 A full update on the dates of consultation meetings and number of attendees is reproduced in the Business Case at Appendix 8.11 attached to this report.

10 Vacant possession update

- 10.1 Across the first 4 sites to be developed there are a number of existing residents. They will either be tenants or leaseholders/freeholders. The following tables

provide details on the occupancy of the sites at the start of this process back in June 2016 when Cabinet gave its agreement to move forward with the regeneration programme.

10.2 The decant process has been informed by the extensive consultation with residents and is being carried out via direct offers of accommodation based on the decant assessment form completed with every tenant. This details the type of property that would meet the needs of the tenant and their household. Offers of suitable accommodation are based on housing need, not on a like for like basis. Two offers of suitable accommodation are being made to tenants via this route. Failure to accept either of these properties will, in the course of time result in a more formal approach to obtain possession. However, even whilst the more formal route is being pursued, officers will continue to work with tenants to make the two reasonable offers.

10.3 The table below shows progress on decanting tenants from the four initial sites since January 2017 when the decanting process started. Queen Street and Solar, Serena, Sunrise are sheltered schemes. (As at 1st January 2018).

Site	Tenancies Oct 2016	Tenancies decanted	Tenancies matched	Tenancies remaining
Waterloo Estate	171	58	4	109
Queen Street	28	28	n/a	0
Napier/New Plymouth	86	51	3	32
Solar, Serena, Sunrise	30	4	4	22

10.4 The table below shows progress in relation to the negotiated purchase of leasehold and freehold homes on the first phase sites. (As at 1st January 2018). There are no leasehold properties in sheltered schemes as the RTB does not apply.

Site	Total fhld/lhld	Properties purchased	Under negotiation	Fhld/Lhld remaining
Waterloo Estate	71	24	24	23
Napier/New Plymouth	10	4	2	4

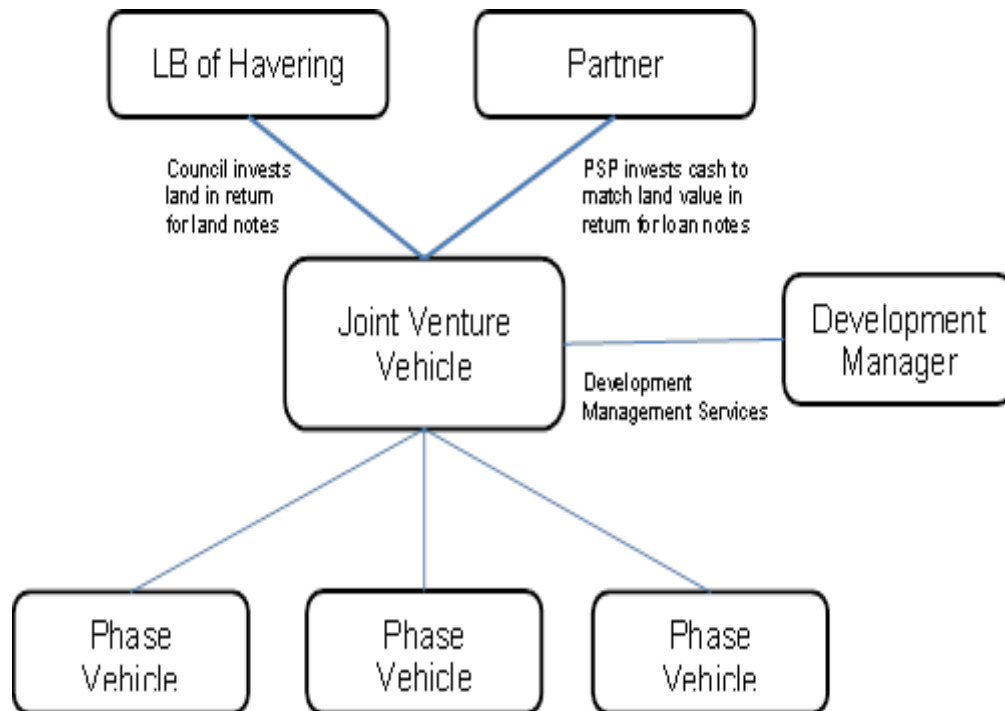
11 Joint Venture Limited Liability Partnership Structure and Funding

11.1 The overall JVLLP structure and governance arrangements are represented in the diagram below. The detail is set out in the draft Members' Agreement and summarised in the Legal Summary contained in the Exempt Agenda Report. The key principle is that this is a 50:50 shared liability vehicle where both parties put in equal amounts of funding and receive equal returns.

11.2 The funding for the JVLLP will be directly from the HRA and there will be no General Fund monies required for this partnership.

11.3 The funding proposal for the JVLLP is that both parties will provide equity up front and the JVLLP will then find third party debt to fund the remainder of the costs. The ratio of equity to debt is 30:70. As each partner is required to put in the same

amount of equity, both parties will be providing 15% of the total funding required as equity, thus making up the 30% required initially.



11.4 Under the proposed structure the Council will remain the freehold owner of the Sites and thereby be entitled to the receipt of ground rents. Depending on the preferred bidder's funding structure there will be either the grant of a Building Lease or Licence to give the JVLLP the right to enter the relevant Site to build the affordable housing. Once that housing has been built the Lease/Licence will come to an end and the Council will continue to own and manage such housing. Long leases will be granted to tenants of the shared ownership units but the Council will continue to retain the freehold reversionary interest of those units.

11.5 The position is similar for the units on the Sites that will be built for open market sale, thereby subsidising the building of the affordable units. As with the shared ownership units, long leasehold interests will be granted to individual purchasers, though here responsibility for the management of such units will principally lie with the JVLLP.

12 Risk Management

12.1 The financial and legal risks associated with the decisions requested in this report are addressed in sections below. Moving forward, there will be a number of means by which the Council, as JVLLP member, should ensure robust and effective risk management including, but not limited to, financial and legal matters.

12.2 The JVLLP Board will be responsible for ensuring that project risks are being properly assessed, monitored, and mitigated. The Development Manager will

provide services in support of that, including the risk register. The Board will also be responsible for establishing any strategic risks that impact on the activities of the project, and ensuring that these are reflected in the project risk register where appropriate. Risks may be escalated to the JVLLP Members.

- 12.3 The Council will also have its own arrangements for monitoring and reporting risks at different levels of detail:
- via reports to Members relating to the 12 Sites and the JVLLP including the periodic review of the Business Plan;
 - by the Council's client function and 12 Sites officer project group;
 - under the Council's performance monitoring system; and through other governance and financial reports to Members as advised by the Council's s151 and monitoring officers;
 - consideration by Overview and Scrutiny periodically.
- 12.4 Further risks and sensitivities are detailed in the full Business Case attached to this report.

REASONS AND OPTIONS

13 Reasons for the Decision

- 13.1 By entering into a Joint Venture Limited Liability Partnership, the Council secures significant investment and specialism from the private sector whilst acquiring a degree of control over the scheme. The Council is therefore better placed to secure its regeneration objectives for the 12 Sites than if it relied solely on its role as planning authority and its land assembly powers and/or through a purely contractual arrangement with a private sector partner.

14 Other options considered

- 14.1 A detailed options appraisal of the following options was undertaken:
- Developer led - Council adopts a 'do nothing' approach
 - JVLLP with BIDDER C
 - Commence an OJEU process to select a developer
 - Commence an OJEU process to select a JVLLP partner
- 14.2 The following criteria were used:
- Ensuring a comprehensive development
 - Direct influence over design and management standards
 - Ensuring delivery of infrastructure
 - Meeting deadlines to retain GLA Housing Funding
 - Minimising investment and risk
 - Obtaining a financial return from the scheme
 - Cost of procurement

IMPLICATIONS AND RISKS

15 Financial implications and risks

- 15.1 The report seeks Cabinet approval in principle to invest a maximum of £63.3m of capital expenditure into a Limited Liability Partnership to deliver the regeneration of 12 Housing Revenue Account (HRA) sites. This investment is contained within the HRA and is in addition to the Approved HRA Capital Programme 2017/18 to 2019/20. The bulk of this investment would be in the form of HRA land, the net value of which is currently estimated at £59.7m (all 12 sites), with the remaining £3.6m as cash funding. The report also requires a budget of £50.5 m in respect of land assembly/ CPO costs to enable the Council to provide vacant possession. It will therefore require consideration and approval by Full Council. Therefore, subject to Cabinet/Council approval of the recommendations within this report, the scheme will be included in the proposed capital programme to be considered as part of the 2018/19 HRA budget process and will be subject to approval of the Capital Programme and Treasury Management Strategy in February 2018.
- 15.2 A total revenue surplus for the HRA of £51.7m is forecast as a result of this regeneration scheme after meeting capital financing costs of borrowing. Although a deficit of £0.3m will be incurred over the first year and will require HRA revenue resources to support it until net income streams are generated. An estimated capital receipt of £63.3m is expected to be realised at the end of the scheme.
- 15.3 The financial details are contained within the exempt agenda report.

16 Legal implications and risks

Background

The establishment of, and investment in, the proposed JVLLP by the Council involves the use by the Council of a number of different powers. As referred to below, the Council has taken external legal advice regarding its overall approach and has been advised that the legal structure is appropriate for the transaction. The specific areas that are relevant are:

- the powers under which the JVLLP is permitted to enter onto the Sites to carry out the development and subsequently dispose of long leasehold interests for the shared ownership and open market units,
- the regulations relating to the use of the HRA account,
- the powers to enable the Council to obtain clean title and vacant possession of the first 4 Sites,
- ensuring that State Aid regulations are complied with, and
- the regulations under which the JVLLP is being procured.

Powers

Land disposal

The Council intends to use the power to override easements and other rights in section 203, Housing and Planning Act 2016 for the property to be disposed of to the JVLLP. To do so, it must first appropriate the land for planning purposes. Under section 19(2) of the Housing Act 1985, land held for the purposes of Part II housing (commonly referred to as HRA land) cannot be appropriated without Secretary of State (SoS) consent when it includes a house or part of a house. The Council will therefore need to apply for SoS consent. Once the land has been appropriated, if the Council intends to grant a build lease to the JVLLP then this will constitute a disposal. The Council has the power to dispose of property appropriated for planning purposes in section 233 of the Town and Country Planning Act 1990.

If there is any HRA land that will not be appropriated, or if appropriated land is returned to the HRA before development, SoS consent would still be required before it could be disposed of to the JVLLP (disposal is broadly defined and includes not only a transfer of the freehold but also the granting of a lease, as is the intention here). However, a general consent has been issued by the SoS that would be relevant in these circumstances. Consent A3.2 of the General Housing Consents 2013 permits disposal of vacant land, which includes land on which dwellings have been built provided (1) they have been demolished, or (2) are no longer fit for habitation and are due to be demolished. Another general consent (A3.1.1) permits disposal for market value of land including houses but this cannot be used where the disposal is to a body in which the Council has an interest save for the first five disposals in a financial year. This is therefore of limited use for the current project.

The Council has a broad power to appropriate land for the purposes of Part II housing under section 19(1) of the Housing Act 1985. This power can be used by the Council to transfer the freehold of the land back into the HRA. It also has a broad power under section 17 of the Housing Act 1985 to acquire land or houses for the purpose of Part II housing. This power can be used to acquire completed units from the JVLLP.

Housing and investment

The Council has a broad power to provide housing accommodation under section 9, Housing Act 1985 that can be relied on in this project. Section 9 contains no restriction on the type of tenure that must be used if the Council decides to provide the accommodation, or on whether the Council must retain ownership. The power can be relied on where some properties will be developed for market sale as long as that element is undertaken to cross-subsidise the affordable housing, which we understand is the case here.

The Council has the power to make capital expenditure from the HRA in respect of houses within the HRA (Item 2, Schedule 1, Local Government and Housing Act 1989). This includes acquiring share capital, and can be relied on in this project as the Council will be purchasing completed units from the JVLLP for social rent and shared ownership.

Whilst there are no explicit powers for participation in a JVLLP, reliance is often placed upon s111 Local Government Act 1972 (and the Greater Manchester Trusts case) to participate in companies or other bodies such as a JVLLP. The form of vehicle is a subsidiary matter to the housing and other related powers that the Council could use to redevelop the area. Alternatively (or additionally) the Council may rely upon the general power of competence in section 1 of the Localism Act 2011, which enables the Council to undertake any activity an individual could undertake, subject to any statutory constraints on the Council's powers. Since an individual would be able to participate in a corporate joint venture, in the same way the Council would be able to participate in a JVLLP, by subscribing equity and providing loans and other financial investment for the redevelopment of the 12 sites. Since the regeneration is being pursued for housing purposes rather than commercial purposes no reliance needs to be placed upon section 4 Localism Act 2011.

State aid

The State aid rules prohibit State resources being used to provide selective financial support to third parties that could distort competition and affect trade between Member States. The Council will be receiving funding from the GLA under a borough intervention agreement for the reimbursement of eligible project costs, which we understand include site assembly and obtaining vacant possession. The provision of such funding is subject to the State aid rules, and we have previously provided detailed advice about their application to the GLA funding. In summary, it will not breach the rules if the Council relies on the exemption for services of general economic interest (**SGEI**). These are services which can be identified as being of particular importance to the public, and which are generally delivered pursuant to public service obligations. Member States have discretion as to which services they classify as being SGEIs, but the SGEI Commission Decision (2012/21/EU) expressly includes the provision of social housing for disadvantaged citizens or socially less advantaged groups.

When transferring land or providing any other resources to the JVLLP, the Council can rely on the market economy operator principle as long as it does so on terms that would be acceptable to a private operator in similar circumstances. This is an exemption that has developed in the courts and decisions of the European Commission, and provides that there will be no aid where payment is on market terms because there will be no subsidy from State resources. One of the methods for calculating what these are for payments made for services is to select the recipient by way of a competitive tender procedure under the EU procurement rules, as is the case here.

Best Value

The Council has had regard to its obligations under section 1 Local Government Act 1999 to secure continuous improvement in the way in which its functions are exercised having regard to economy, efficiency and effectiveness. The Business Case appended to the report sets out the case for intervention and the range of options that have been considered. The Council considers that the 12 Estates

project currently being evaluated to be the most economic, efficient and effective way of discharging the Councils housing duties in the longer term.

Social Value

The duty under the Public Services (Social Value) Act 2012 has been considered as part of the procurement process. The Business Case outlines the process that will be adopted with the successful private sector development partner to drive the social value outcomes that the council wishes to see.

General

The Council has taken external legal advice regarding its overall approach to the project and has been advised that the Council is acting lawfully, and that the legal structure is appropriate for the transaction. Public law constraints will apply to the project, including the Council's fiduciary duty to act prudently with public monies entrusted to it. The Council therefore must establish (and maintain a full audit trail to support) that the project and its various components are 'intra vires' and that the decision to undertake the project is made after having given due and proper consideration to all relevant factors (disregarding irrelevant factors) and in accordance with normal public law considerations.

Local authority involvement in a JVLLP is now relatively common but has not been tested in the courts, until now. The basis of a JVLLP in LB Haringey has been challenged along with the lack of consultation undertaken on the proposals and the equalities impact assessment of that project. That case will be monitored but the Haringey JVLLP is much wider than the housing related JV in this case and so even if there is a negative outcome for Haringey it does not mean that the Council is unable to participate in a JVLLP.

The JVLLP is a separate legal entity and as such has legal capacity to make planning applications and appeal adverse decisions. However, the Council will need to be mindful of the essential need to separate its decision-making (in its capacity as a member of the JVLLP) from its functions as a planning authority. This also has bearing on the appointment of nominees to the JVLLP's board and also who deals with decision-making on resourcing and reserved matters etc. through the Cabinet, to reduce the risks of challenge from bias or allegations of pre-determination or other conflicts of interest.

Risks

The principal risks in the project are as follows.

a) Other forms of legal challenge – It is always possible for third parties to make challenges through judicial review to attempt to halt progress with projects of this kind, and this risk cannot be ruled out entirely. However, the legal advice that the Council has obtained confirms the lawfulness of the proposed arrangement and the statutory powers being relied on.

b) Commercial – The project is structured as a joint venture and, as such, the Council should recognise that it will be acting as a stakeholder in the JVLLP, and taking a share of the development risk in the project. These risks would include the normal development risks, such as JVLLP or joint venture partner defaults or becomes insolvent, market collapse, delay in land assembly, planning and CPO delay (including highways, stopping up, etc.). The Council's exposure to these types of risks will be limited to the extent of its investment in the JVLLP. Also, the decision making and business planning structure of the JVLLP enables the Council to participate in decisions at both board and corporate member level through the governance and decision-making arrangements it proposes to put in place.

Any joint venture arrangement, especially where parties establish a joint venture vehicle, involves complex and detailed legal commitments, which are intended to last the duration of the development scheme. Were one of the Parties to withdraw or alter the arrangement without agreement this would have considerable complex legal consequences that would almost certainly involve irrecoverable costs.

The exempt agenda report contains a detailed legal summary on the JVLLP relationship that contains information that is of a commercial and financially sensitive basis.

Procurement

The Council procured the project using an approach similar to the competitive dialogue procedure (as described in Regulation 30 of the Public Contracts Regulations 2015 (as amended)), which provided the opportunity for a structured approach to procurement. The Council reserved the right to deviate from the formalities of the Public Contracts Regulations 2015 (as amended) in conducting the competition due to the flexibilities permitted by the Concession Contracts Regulations 2016. The process was conducted as follows; ten bidders applied, six bidders pre-qualified, there was a further shortlisting to three bidders then the preferred bidder was selected. A confirming commitments stage will be utilised before a contract award decision is made. A standstill period will then be observed before the appointment is confirmed and the legal documentation entered into by the Council and successful bidder.

17 Human Resources implications and risks:

- 17.1 The 12 HRA Sites project will require continued involvement of officers from the Housing Service and other Council services. The 12 HRA Sites form part of the Council's overall regeneration programme and a separate report setting out the Chief Executive's proposed arrangements will be presented to Cabinet in January 2018.

18 Equalities implications and risks:

- 18.1 The public sector equality duty under section 149 of the Equality Act 2010 ("PSED") requires the Council when exercising its functions to have due regard to: (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010; and (ii) the need to advance

equality of opportunity between persons who share protected characteristics and those who do not, and to foster good relations between those who have protected characteristics and those who do not. 'Protected characteristics' include: gender, race and disability, sexual orientation, age, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment. The Council is committed to improving the quality of life for all, and supports wider social and economic growth through social and physical regeneration.

- 18.2 Separate Equality Impact Assessments (EIA) have been completed in relation to sheltered housing and general needs housing to assess the impacts that the 12 Sites HRA Regeneration programme will have on residents and businesses at the selected sites. These are attached to the Business Case as Appendix 8.5.
- 18.3 To inform the EIAs, resident data has been collated from Housing Services' records, which were updated during the 1-2-1 engagement meetings with residents. The Mosaic Market Segmentation tool was also used to form a socio-economic profile of the affected estates. Together, both data sets establish a demographic profile of those affected by this Regeneration programme.
- 18.4 Overall, the 12 Sites regeneration programme will have a positive impact on the residents living on these sites. As identified in this cabinet report and in the EIAs, the programme will deliver approximately 3000 new, energy efficient homes of mixed size and tenure. More than a third of these homes will be affordable to local residents. These homes will contribute to meeting Havering's current and future housing need, as defined by demographic characteristics such as age, affordability and household types. Principles such as *Secure by Design* and *Social Value* have been an integral part of procuring a PSDP and, via the JVLLP, will contribute to the Council's place-making objectives to establish cohesive and sustainable communities that support economic growth and prosperity.
- 18.5 In the short and medium term however, the regeneration programme will have adverse impacts on current residents, particularly as a result of the displacement and disruption required in order to gain vacant possession of the sites prior to demolition. In recognition of this, the Council has undertaken a series of public and 1-2-1 consultation and engagement meetings with stakeholders in order to maintain an open dialogue about the progression of the programme and its impact on the communities involved.
- 18.6 The Local Lettings Plan has been a key point of reference for the public and sets out the support measures the Council has put in place to reduce the impact of the regeneration programme on local residents. These include, but are not limited to:

Secure tenants

- Home loss and disturbance payments
- A permanent move elsewhere in the borough or assistance with out of borough moves
- The right to return to a new build property after site completion
- Up to two property refusals

Other Residents

- Reassessment of housing need for residents in temporary accommodation
- Rehousing advice for Private Tenants
- Market value + financial compensation for leaseholders and freeholders

- 18.7 Where residents request and/or officers deem it necessary, advocates and occupational health professionals have been a part of the communication and decision making process that affects individual households.
- 18.8 Consultation with stakeholders will continue to play an important role as the regeneration programme progresses.
- 18.9 The EIAs will be reviewed on an annual basis. Due to the scale and longevity of the programme, the two over-arching EIAs will be accompanied by additional Site Specific EIAs that will assess the effects of regeneration on site specific characteristics or consider the impact of any regeneration plans that deviate from the overall direction of travel.

BACKGROUND PAPERS

Appendix 1

London Borough of Havering

EXCERPT OF INVITATION TO SUBMIT FINAL TENDERS (“ISFT”)

Havering Estate Regeneration Partner Project

Table 1: Detailed Criteria and Weightings for Final Tender Evaluation

No.	Criteria	Criteria Weighting	Level 1 Sub-Criteria	Evaluation	Level 1 Sub-Criteria Weighting
1	Partnering	20%	Q.1.1 Joint Venture Leadership Management and Partnership Working	Scored 0-10	10%
			Q.1.2 Joint Venture Resourcing	Scored 0-10	10%
2	Construction Programme Delivery	10%	Q.2.1 Supply-Chain Selection, Co-ordination and Management	Scored 0-10	2.5%
			Q.2.2 Construction Project Management	Scored 0-10	2.5%
			Q.2.3 Construction Health and Safety Approach and Measures	Scored 0-10	2.5%
			Q.2.4 Minimising Construction Energy, Water and Waste	Scored 0-10	2.5%
3	Market Positioning	10%	Q.3.1 Market Positioning	Scored 0-10	10%
4	Sample Package Scheme Development Proposals	20%	Q.4.1 Development 1 Outline Master-Plan and Housing Design	Scored 0-10	5%
			Q.4.2 Development 2 Outline Master-Plan and Housing Design	Scored 0-10	5%
			Q.4.3 Development 3 Outline Master-Plan and Housing Design	Scored 0-10	5%
			Q.4.4 Sample Package Scheme Development Proposals - Stakeholder Engagement and Communication	Scored 0-10	2.5%
			Q.4.5 Sample Package Scheme Development Proposals – Construction Programme Plans	Scored 0-10	2.5%
5	Additional Sites	2.5%	Q.5.1 Additional sites	Scored 0-10	2.5%
6	Social Value	7.5%	Q.6.1 Social Value Proposal	Scored 0-10	7.5%
7	Legal & Commercial	10%	Q.7.1 Legal Documents Response	Scored 0-5	10%
8	Financial Proposals	20%	Q.8.1 Financial Model and Commentary (see Appendix 3 and Appendix 4)	Scored (see Appendix 3 and 4)	20%

Schedule

QUALITY AND FINANCIAL QUESTIONS BIDDERS ARE REQUIRED TO ANSWER AT THE FINAL TENDER SUBMISSION STAGE

1. PARTNERING

Criteria 1 – Partnering
Q.1.1 – Joint Venture Leadership Management and Partnership Working (Scored 0-10)
<p>Clear accountability and key personnel availability are key criteria for a successful partnership working.</p> <p>Please outline your leadership and management structure including proposed JV Board Directors and the senior management team operating the JV.</p> <p>The key points of contact, and roles and responsibilities for individuals proposed (including an Organogram and CVs of key personnel setting out their relevant experience) should be included as part of your response.</p> <p>The Authority is seeking a JV partner that will deal with issues in a proactive and responsive manner with a single point of contact for operational delivery and accountability. Should issues arise during the joint venture please outline your lines of escalation and availability which demonstrate accountability and commitment to resolving issues.</p> <p><i>There are no word limits to the Final Tender responses to this question.</i></p>

Criteria 1 – Partnering
Q.1.2 – Joint Venture Resourcing (Scored 0-10)
<p>The JV staffing and resource plan should be submitted to set out the staffing and resourcing to be provided by the Partner; resource that would have to be externally sourced through the Partner's supply chain; as well as any resource that the Authority would be expected to provide towards achieving the optimal resourcing structure. This may involve both specific resources to be put in place as well as resourcing methodology and approach to secure support to meet the needs of the JV.</p> <p>The resource plan for the JV should seek to demonstrate that the Partner has a proposal with robust capacity, competency and management structures to deliver the range of services and objectives as defined below whilst being balanced with efficiency and adaptability in meeting demand.</p> <p>The resource plan should address the following range of services and objectives:</p> <ul style="list-style-type: none">• design• planning• marketing sales & sales• supply-chain procurement• development and construction management function• finance and treasury management <p><i>There are no word limits for the Final Tender responses to this question.</i></p>

2. CONSTRUCTION PROGRAMME DELIVERY

Criteria 2 – Construction Programme Delivery
Q.2.1 – Supply-Chain Selection, Co-ordination and Management (Scored 0-10)
<p>The partnership will involve delivering construction at multiple sites over the duration of the joint venture.</p> <p>Please provide details of how you will appoint, manage and co-ordinate the construction supply-chain to deliver development across the sites that will demonstrate:</p> <ul style="list-style-type: none"> • Processes for effective needs assessment and planning of supply-chain requirements • High quality standards in the contractors and suppliers appointed for site developments and across the development programme • Efficiencies in your procurement approach to deliver initial and ongoing value for money for each site development and across the development programme • Effective monitoring, reporting and management of supply-chain performance. Cost-control and quality assurance • Rigorous inspection regimes, sub-contractor induction, monitoring and vetting, the supply chain's ability to deliver resilience and contingency measures. • Processes in place to ensure supply-chain resilience and contingency measures • Communications, logistics and management processes to be able to effectively co-ordinate the supply-chain to deliver the site programmes to timetable. <p><i>There are no word limits for the Final Tender responses to this question.</i></p>

Criteria 2 - Construction Programme Delivery
Q.2.2 – Construction Project Management (Scored 0-10)
<p>The construction phases of site development will require the Partner to provide effective construction project management. This should demonstrate day to day accountability for on-site process for scheme progress and managing project risks.</p> <p>Please outline your processes and procedures that your day-to-day project manager will put in place to keep the Authority informed on a regular basis.</p> <p>Should issues arise during the construction stages please outline your lines of escalation and availability which demonstrate accountability and commitment to resolving issues.</p> <p>Your response provided should seek to demonstrate:</p> <ul style="list-style-type: none"> • proactive approach to managing delivery and issues arising • manage day to day operational delivery effectively • reporting systems and client engagement mechanisms you propose to adopt to ensure that the Authority is made aware at the earliest opportunity of relevant issues or problems affecting programme, cost or quality <p><i>There are no word limits for the Final Tender responses to this question.</i></p>

Criteria 2 - Construction Programme Delivery**Q.2.3 Construction Health and Safety Approach and Measures (Scored 0-10)**

Please provide details of the approach and measures you will implement to ensure effective health and safety measures are put in place for the protection of contractor staff and the public during construction.

Your response should seek to demonstrate:

- your approach to contingency advance planning to prepare for health and safety hazards, incidents and emergencies which may occur on site
- how you assess and identify for each site health and safety risks (and possible emerging risk on an on-going basis) in operating in the site and resource appropriate measures accordingly;
- Your communications plan in respect of emerging or actual health and safety incidents which enables your organisation to respond promptly to the health and safety issues; mobilise and co-ordinate contingencies measures; and to keep the Authority informed.
- Your strategy and methodology in dealing with arising incidents on site in order to ensure health and safety incidents do not impact on the overall project timescales.

There are no word limits for the Final Tender responses to this question.

Criteria 2 - Construction Programme Delivery**Q.2.4 Minimising Construction Energy, Water and Waste (Scored 0-10)**

Please provide details of your approach and measures that you will implement to minimise the amount of energy, water and waste produced in delivering the programme of construction under the joint venture. Your response should describe measures in relation to performing construction services for the Authority as well as materials used during construction.

There are no word limits for the Final Tender responses to this question.

3. MARKET POSITIONING

Criteria 3 – Market Positioning

Q.3.1 –Market Positioning (Scored 0-10)

Please provide your approach to Sales & Marketing across the programme of sites. Your response should include details of:

- Your approach and methodology for assessing demand for types of homes in each area
- Examples of specific design approaches and place-making interventions you consider appropriate for inclusion in these development sites
- Your analysis of growth / value uplift opportunities across the 12 sites
- How you will co-ordinate with other advisors and intermediaries to support and facilitate the transfer of assets
- How you will maximise value for the sale of developed assets
- The marketing you propose to carry out for the development to secure potential purchasers
- The resourcing you propose to deploy to deliver that plan
- Your projected rate of sale and reasons supporting those projections
- Your strategy for maximising value from sales and reasons supporting the effectiveness of that approach

There are no word limits for the Final Tender responses to this question.

4. SAMPLE PACKAGE SCHEME DEVELOPMENT PROPOSALS

Criteria 4 – Sample Package Scheme Development Proposals

Q.4.1 Development 1 Outline Master-Plan and Housing Design (Scored 0-10)

Please provide a design and planning submission for Development 1 (comprising of the Waterloo Estate site and the Queen Street site) to include:

1. Identification and illustration of key site constraints and opportunities impacting on the location, form, type and quantum of development
2. Diagrams, plans and images to illustrate:
 - Overall approach to site layout
 - Access and connectivity
 - Parking
 - Landscape / Public realm
 - Built form
 - Massing and height
 - Key views
 - Precedent images for elevational treatments (representative of your approach to this site)
3. Commentary on residential mix, specification, target market
4. Proposals to amend/modify/improve the baseline position (set out in the design brief) including quantum and tenure mix
5. Planning opportunities and constraints
6. Summary accommodation schedule with tenure, building types, gross and net residential areas
7. Plan to increase local biodiversity with planting and wildlife areas in developing the sites.

NB Please refer to benchmark specifications supplied with this ISFT

There are no word limits for the Final Tender responses to this question.

Criteria 4 – Sample Package Scheme Development Proposals
Q.4.2 Development 2 Outline Master-Plan and Housing Design (Scored 0-10)
<p>Please provide a design and planning submission for Development 2 (comprising of the Napier House and New Plymouth House site) to include:</p> <ol style="list-style-type: none"> 1. Identification and illustration of key site constraints and opportunities impacting on the location, form, type and quantum of development 2. Diagrams, plans and images to illustrate: <ul style="list-style-type: none"> • Overall approach to site layout • Access and connectivity • Parking • Landscape / Public realm • Built form • Massing and height • Key views • Precedent images for elevational treatments (representative of your approach to this site) 3. Commentary on residential mix, specification, target market 4. Proposals to amend/modify/improve the baseline position (set out in the design brief) including quantum and tenure mix 5. Planning opportunities and constraints 6. Summary accommodation schedule with tenure, building types, gross and net residential areas 7. Plan to increase local biodiversity with planting and wildlife areas in developing the site. <p>NB Please refer to benchmark specifications supplied with this ISFT</p> <p><i>There are no word limits for the Final Tender responses to this question.</i></p>

Criteria 4 – Sample Package Scheme Development Proposals
Q.4.3 Development 3 Outline Master-Plan and Housing Design (Scored 0-10)
<p>Please provide a design and planning submission for Development 3 (comprising of the Serena, Solar and Sunrise site) to include:</p> <ol style="list-style-type: none"> 1. Identification and illustration of key site constraints and opportunities impacting on the location, form, type and quantum of development 2. Diagrams, plans and images to illustrate: <ul style="list-style-type: none"> • Overall approach to site layout • Access and connectivity • Parking • Landscape / Public realm • Built form • Massing and height • Key views • Precedent images for elevational treatments (representative of your approach to this site) 3. Commentary on residential mix, specification, target market

4. Proposals to amend/modify/improve the baseline position (set out in the design brief) including quantum and tenure mix
5. Planning opportunities and constraints
6. Summary accommodation schedule with tenure, building types, gross and net residential areas
7. Plan to increase local biodiversity with planting and wildlife areas in developing the site.

Please note that the entirety of this site will be retirement accommodation.

NB Please refer to benchmark specifications supplied with this ISFT

There are no word limits for the Final Tender responses to this question.

Criteria 4 – Sample Package Scheme Development Proposals

Q.4.4 Stakeholder Engagement and Communication (Scored 0-10)

Please provide details of the stakeholder engagement and consultation and communications plan you intend to put in place in relation to developing the Sample Package Scheme Development Proposals. Your response should provide a timetable and resourcing plan to carry out the consultation and programme of communications.

The proposals should set out:

- an effective plan to identify relevant Stakeholders in relation to the 3 Developments of the Sample Package Scheme and schedule accessible consultation opportunities for them to participate in
- the information that the consultation process would seek to identify relevant to the 3 Developments of the Sample Package Scheme and the reasons it is important for the successful delivery of the scheme
- how the consultation information will be collated, provided and presented to the Authority
- how you would work with the authority to address issues anticipated to result from the consultation exercise
- the communications programmes and events that would be deployed during and on completion of each and all of the 3 Developments of the Sample Package Scheme development to promote projects to Stakeholders and the community.

There are no word limits for the Final Tender responses to this question.

Criteria 4 – Sample Package Scheme Development Proposals

Q.4.5 Programme (Scored 0-10)

Please provide a high-level programme for the delivery of the Sample Package Scheme Development Proposals.

The Programme should:

- Show all key work stages for each of the 3 Developments
- Show all key milestones for each of the 3 Developments

The Programme should be supported by a commentary explaining how those key milestones are properly resourced and deliverable to provide confidence that the Sample Package Scheme Development Proposals will be delivered on time. The commentary should also provide details of contingency and business continuity measures that will be put in place to ensure the resilience of the proposed programme.

There are no word limits for the Final Tender responses to this question.

5. ADDITIONAL SITES

Criteria 5 – Sample Package Scheme Development Proposals

Q.5.1 Additional Sites Strategy (Scored 0-10)

The joint venture commencement programme will be to deliver the development across the 12 initial sites. However, the joint venture will also need to have a strategy to seek and realise housing led development commercial opportunities beyond the development of these 12 initial sites.

Please provide details of your overview approach, business plan and strategy in relation to future opportunities within the Borough of Havering over the duration of the arrangements beyond the development of these 12 initial sites. This may include (but is not limited to) strategic review and financial appraisals of other existing Authority sites for commercial development as well as further potential land assembly and acquisition opportunities to be jointly invested in and realised through the Joint Venture.

There are no word limits for the Final Tender responses to this question.

6. SOCIAL VALUE

Criteria 6 – Social Value

Q.6.1 Social Value Proposal (Scored 0-10)

The Partner will be operating within the Borough over the long term and will be expected to apply its skills and ability to contribute towards the strategic social and economic development and regeneration of the area.

The Authority is committed to delivery of social value linked to the development and regeneration of the sites. The Authority is looking to the Partner to drive benefits in terms of:

- Providing apprenticeships and other skills development, work experience and opportunity access programmes to be provided in the Borough to secure skills to support the delivery of development programme and leave a legacy of workforce investment. The details of commitments, the quality and duration of the training programmes and support proposed should be included.
- Offering curriculum support to schools with contractors sharing knowledge and expertise about their discipline.
- Creating supply chain opportunities for SMEs and social enterprises.
- Supporting initiatives like targeting hard to reach groups and offering training opportunities.
- Investing in delivering facilities such as libraries and leisure facilities to communities and making them available for community use.

The deliverability of your proposal may be illustrated by relevant examples of social value in past projects. The Authority will be assessing the quality of the proposal and also the number of clear formal commitments, inputs and outputs put forward.

There are no word limits for the Final Tender responses to this question.

7. LEGAL AND COMMERCIAL

Criteria 7 – Legal & Commercial

Q.7.1 Contractual Documents Response

Bidders are required to submit a mark-up (with supporting commentary and reasoning to explain changes, proposals and commitments) to the contractual documents consisting of:

- the Members Agreement
- the Development Agreement
- the Development Management Agreement
- the Build Licence (or alternatively a building lease proposed by the Bidder which should aim to reflect the risk transfer of the Build Licence)

The response should also incorporate how the Bidder will address the issue covering the *Phasing or viable and less viable Sites* clarification (as set out in the Authority's clarification issued to Bidders on 2nd November) and this is to be evaluated as part of the overall holistic assessment of the Contractual Documents response. The relevant clarification is repeated below for reference.

The final mark-up submitted as part of the Final Tender should reflect the positions discussed with the Authority up to the conclusion of the dialogue stage.

Authority's clarification issued to bidders 2nd November:

Phasing of viable and less viable Sites

Bidders are aware that the Regeneration of all 12 Sites is dependent on Sites being "bundled" so that each Phase of Sites delivers a positive residual land value even if individual Sites would not do so, looked at in isolation. The three initial developments have been chosen for that reason and it will be necessary that later Phases will be bundled in the same way so that all 12 Sites can be delivered viably.

However, even if Sites are bundled in viable Phases, this does not of itself guarantee that all the Sites in a Phase will be completed. The worst case scenario is that the most viable Site(s) within a Phase are completed; there is a downturn in the market (or for any other reason the JV comes to an end) and the less viable Sites are not built. The Council, therefore, needs to be sure that all the Sites within a Phase are both started and completed in a timely manner.

Bidders should describe how they will address this issue covering the following areas in respect of phases of sites:

- In respect of the Sample Package Scheme involving the initial 4 Sites (over 3 Developments) what commitment can be given to ensuring a start of construction on each Site within a specified time period? The Council's requirement is that there will be no more than 6 months between the start on Site on the first and last Site within the initial Phase of Sites across the three initial Developments and bidder's proposals must comply with or improve upon this requirement.
- What commitments can be given to ensuring that all Sites within the Sample Package Scheme of the initial three Developments are completed, once started. This might include restrictions on how many Units on the viable Sites can be sold before practical completion of the less viable Sites
- What similar commitments can be given in relation to ensuring a start of construction of each Site within a defined time period for each future Phase "bundle" of Sites for the remaining 8 Sites?
- What sanctions the JV would suffer if the commitments referred to above are not met both in respect of the Sample Package Scheme and also in relation to each future Phase "bundles" of Sites for the remaining 8 Sites.
- What amendments to the legal documentation are proposed to incorporate the above to reflect commitments in respect of the Sample Package Scheme and also in relation to each future Phase "bundle" of Sites for the remaining 8 Sites.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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HAVERING COUNCIL HOUSING REGENERATION PROGRAMME

*The Business Case
for a Joint
Venture Vehicle to
deliver the
Regeneration of
12 HRA Sites*

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EXECUTIVE SUMMARY

1. Introduction – Objectives of the Business Case

The London Borough of Havering is seeking to establish the viability of estate regeneration on 12 sites currently vested in the Housing Revenue Account (HRA). These being:

- Brunswick Court
- Delderfield House
- Dell Court
- Delta Estate
- Farnham & Hildene
- Maygreen Crescent
- Napier and New Plymouth House
- Oldchurch Gardens
- Royal Jubilee Court
- Solar, Serena & Sunrise Courts
- Waterloo Estate
- Queen Street

The objectives of this business case are to establish the following:

- Whether an estate regeneration programme delivers the Council's core strategic objectives.
- Whether the Housing regeneration schemes are viable and offer a value for money solution for the sites.
- If the schemes are deliverable.
- How they affect local residents and homeowners, the scope and nature of the 'local offer' to gain local support for such as scheme.
- The preferred vehicle to deliver the Council's objectives.
- The most appropriate procurement route.
- To enable the Council to decide whether to proceed with the programme.

The work carried out to date has highlighted the types of stakeholders the Council may wish to involve in the development process, the information required to assess viability and the private sector requirements in terms of commitment to invest and deliver.

An additional benefit of this business case is that it will establish a suite of documents, a financial model structure, a set of development assumptions, a range of procurement options, risks and issues that may be used to inform the potential for other estate regeneration projects around the Borough.

2. Council objectives for this project

The Council has established objectives for the regeneration project that are set out below:

- To contribute to meeting the wider housing needs of Havering through the regeneration and transformation of the Council's existing stock for predominantly residential use.
- To provide a choice of good quality housing for people at all stages of life, increasing tenure diversity through affordable rent, shared ownership, private rent, market sale and extra care sheltered housing.
- To deliver high quality residential led development that is commercially viable and generates receipts for cross subsidy to ensure the programme is sustainable.
- To achieve development returns, income and/or a range of secure revenue streams for the Council through re-provision of all Housing Revenue Account (HRA) stock lost through redevelopment with new HRA stock matching the existing tenure.
- Where viability permits, the developments should also aim to deliver additional HRA rented units to the level of existing stock on estates previously purchased under the Right to Buy scheme.
- Where viability permits, the developments should also aim to deliver additional affordable housing being up to 30% of all additional units above existing all tenure stock levels, thereby achieving over 40% affordable housing across the 12 sites. This additional affordable housing target tenure split to be equal numbers of HRA rented and shared ownership dwellings.
- Help mitigate the homelessness pressures in the General Fund by providing increased affordable housing numbers.
- Improve the viability within the Asset Management Strategy by reducing the cost of maintaining existing poor viability buildings.
- Land is expected to remain in Council ownership except any freehold properties built for outright sale.
- Where tenants and leaseholders wish to move back to a site, and there is suitable accommodation to meet their needs, they will be able to do so.

The overall objective of the 12 Site Regeneration Programme is to broaden and enhance the range, quality and quantity of housing across all tenures for existing and new residents, whilst also supporting the provision of facilities and services necessary to support growing communities.

In October 2016 it was reported to Cabinet that officers would start the procurement of the PSDP via a process called competitive dialogue. The proposals have been fully supported by the Greater London Authority (GLA) who has confirmed a £30.2million grant under the 2016-21 programme. A further application for site assembly costs of £2.7million is pending.

The realisation of all the key principles and objectives will be reliant on the provision of legitimate and attractive financial settlements to encourage existing freeholders and leaseholders to participate in the programme.

3. Strategic Context

In light of the above principles and objectives, Havering has reviewed the national and local strategic context. As a result, it is clear that the proposed regeneration of these sites has a strategic fit with policy at all levels. This applies both in terms of improving existing housing stock and in terms of making the sites better places to live whilst intensifying development to provide additional homes of all tenures.

Havering aspires to significant economic growth with associated infrastructure upgrades and housing development. This is reflected in the current and proposed planning policy and the Council's successful application for Housing Zone status in Romford and Rainham. The redevelopment and intensification of the selected sites can assist in meeting the Council's need for increased housing. The infrastructure improvements that must be provided alongside the redevelopments will assist in improving the perception of these sites as desirable places to live.

4. Financial Appraisal

The Council, working in conjunction with an external multidisciplinary team comprising of Savills, Gardiner & Theobald (cost consultants), Tibbalds (master planners), and PCKO (architects) have prepared capacity studies for each of the 12 sites. These have been subject to detailed cost analysis, valuation and assessment of build methodology to ascertain the financial viability of each site, both individually and collectively.

The HRA Business Plan (HRA BP) was reviewed taking into consideration a number of assumptions particularly with regard to stock condition based upon a Keystone Asset Management Analysis. Pre and post regeneration scenarios were modelled and it is clear that comprehensive regeneration delivers both significant uplift in housing stock, and enhanced net present value. In addition, it also has a positive effect on the HRA.

A viability model was established to provide an indication of the existence of a project surplus or deficit. A surplus was defined as sales revenue and capitalised revenues less development costs and house builder's priority return.

In the model infrastructure and other costs relating to each phase of estate redevelopment included buy-backs, compulsory purchase orders (CPO), home-loss payments, disturbance payments and site abnormalities.

4.1 Model Outputs

The initial outputs in terms of surplus/ deficit for each project are set out in Appendix 8.1: Financial Summary. Based on present modelling assumptions it is evident that a number of sites culminate in a negative residual land value (RLV) due to a combination of modest sales revenues and a high level of Right to Buy properties to be purchased by the HRA.

Viability across all 12 sites culminates in a modest positive RLV. Hence, whilst the overall opportunity being tendered is all 12 sites, the project will be split into four distinct works packages to facilitate appropriate levels of cross subsidy as the programme progresses.

Viability may improve due to a number of factors:

- On larger sites subject to regeneration, uplift in current market values is anticipated.
- The impact of infrastructure upgrades, including the arrival of Crossrail.
- It may be possible to secure public subsidy from available sources over time.

5. Options Analysis

Three options for delivery were considered. These were:

Option One: Development by a vehicle wholly owned by the Council

Option Two: Traditional contracting approach under a Development Agreement (DA)

Option Three: Joint Venture predicated on a competitive dialogue process

Having examined these options and their respective advantages and disadvantages, the preferred option was to seek an overarching Joint Venture Limited Liability Partnership (JVLLP) as this best met the Council's delivery criteria and objectives.

The Council, in conjunction with legal advisors Bevan Brittan, also considered the preferred procurement route to establish a JVLLP. It was concluded that the Council would procure the project using an approach similar to the competitive dialogue procedure (as described in Regulation 30 of the Public Contracts Regulations 2015 (as amended)), which provides the opportunity for a structured approach to procurement. However, the Council reserved the right to deviate from the formalities of the Public Contracts Regulations 2015 (as amended) in conducting the competition due to the flexibilities permitted by the Concession Contracts Regulations 2016 (CCR 2016).

This decision also recognised the cost and resources required for prospective partners and the Council in participating in such a procurement process.

A do nothing option was not considered viable as this would not meet the strategic objectives of the Housing Service or Council.

5.1 Soft Market Testing

Following a launch at MIPIM in March 2017, Havering started a soft market-testing programme. This culminated in 52 expressions of interest from a broad range of UK and overseas investors, volume house-builders and housing associations.

5.2 Competitive Dialogue Process

In May 2017 the Concessions Notice was published in the Official Journal of the European Union (OJEU) and the Selection Questionnaire was made available. Ten bidders responded and, following a detailed evaluation process, six were shortlisted to progress to phase 1 of the competitive dialogue process and issued with an Invitation to Participate in Dialogue (ITPD) document. The deadline for receipt of the phase 1 responses to the ITPD was 11th August 2017. On 13th September, three bidders were shortlisted to proceed to the second phase of the process and issued with an Invitation to Continue Dialogue (ITCD) document.

5.3 Competitive Dialogue Programme

Attached at Appendix 8.2 is the competitive dialogue programme that has been followed to achieve the selection of a preferred private sector development partner and secure appropriate Cabinet approval in January 2018.

6. Conclusion and Recommendations

Given the demonstrable evidence of interest to invest in Havering, the proposed regeneration programme and positive view of viability, the following can be concluded:

- The estate regeneration schemes will deliver the Council's core strategic objectives as they meet the relevant requirements of the Council's strategy and policy documents in all respects. They are also aligned to the national and London policy context.
- If the programme is procured in a number of distinct works packages, based upon programme assumptions and financial modelling undertaken to date, each works package meets current viability requirements. All in-house viability modelling has been subject to independent validation by external specialist consultants.
- To improve viability, whilst maximising the re-provision of affordable rented housing, it is prudent to seek funding from the Greater London Authority (GLA).

Note: the Council submitted a successful application to the GLA for the 2016-21 Affordable Housing Grant. An allocation of £30.2m has been agreed with a 50% draw down upon start on site. In addition, the LBH have an overarching agreement for Housing Zone Grant up to £2.7m as a contribution towards land assembly costs.

7. Structure of the Business Case

This document sets out the business case for the Council to intervene in order to deliver its regeneration objectives for the 12 HRA sites. It also considers a number of approaches to delivery and sets out the associated legal and financial implications.

This business case is structured on the 'Five Case Model' including procurement and contractual elements as stipulated in Government guidance.

The five case model delivers information under the following headings:

- Strategic Case
- Economic Case
- Commercial Case
- Financial Case
- Management Case

1. STRATEGIC CASE

1.1 Introduction and Purpose of the Strategic Case

This section sets out the Strategic Case for the investment in a JVLLP to deliver the regeneration of 12 HRA sites in Havering. The purpose of the Strategic Case is to demonstrate that the proposal provides business synergy and strategic fit and is predicated upon a robust and evidenced case for change. It includes the background to the JVLLP proposition and the rationale for intervention through a JVLLP to support the programme delivery and how the delivery of the project will reference good practice requirements for regeneration on occupied sites.

1.2 The National Picture

The regeneration, replacement and refurbishment of Council Housing, and the improvement of socio-economic conditions on Council sites, has been an ambition at national level for some time. The Decent Homes programme ran from 2000 to 2016 with an ambition to bring all Council homes up to an acceptable standard. The present government established the Estate Regeneration Strategy when, former Prime Minister, David Cameron launched ambitious plans to regenerate council sites with a speech in January 2016.

Similarly, there has been, at national level, a growing recognition and consensus that there is a shortage of homes and a large and growing unmet housing need amongst the population. Housing Zones, for which Havering has successfully bid, are one of the measures to combat this. A number of initiatives, largely aimed at home ownership have been tried, but the Government's recent White Paper (February 2017) 'Fixing our Broken Housing Market' represents a change in direction, and an acknowledgement that the challenges remain.

The increasing funding constraints suffered by local authorities have put considerable strain on local authority revenue and capital budgets. The cap imposed on the amount local authorities can borrow against their housing assets, depletion of the housing stock through right to buy and the forced decrease in rents are all impacting on the ability of local authorities to finance new homes, estate renewal and economic regeneration projects. As a result, local authorities are increasingly considering different delivery mechanisms, often involving the private sector, and this present review is extremely timely in that context.

Economically, despite the tensions exhibited as a result of Brexit, the property market remains resilient and the economy is continuing to grow and is currently forecast to continue to do so, albeit more slowly in 2018. London and the South East are likely to continue to benefit from this growth, and therefore continue to be areas for investment. Developers in the estate renewal field remain interested in new opportunities and are optimistic about the value of further investment.

1.3 London Context

The London Plan 2015, and now the new Draft London Plan, produced by the Mayor of London, sets out the integrated social, economic and environmental framework for the future development and growth of the city. (Any relevant changes in the new draft London Plan published on the 29th November 2017 will be considered but are not reflected in the Business Case.)

Appropriate to Havering, The London Plan recognises the unique characteristics of outer London.

Specifically in relation to Havering the current London Plan:

- Sets a minimum housing target of 11,700 new homes between 2015 – 2025;
- Identifies London Riverside (including Rainham and Beam Park) as an Opportunity Area (an opportunity area has significant potential for new residential and economic development);
- Identifies Romford as a metropolitan centre and Hornchurch, Upminster, Collier Row, Harold Hill, Rainham and Elm Park as district centres;
- Sets an annual indicative benchmark of 185 specialist housing units for older people between 2015 – 2025.

Havering as part of the outer north-east London sub housing market area has worked with the London Boroughs of Barking and Dagenham and Redbridge to prepare a Strategic Housing Market Assessment (SHMA). The Outer North East London SHMA indicates that Havering's full objectively assessed housing need is for 30,052 new homes over the period 2011-2033 (1,366 new homes per year). Of these, 35% are required to be affordable.

1.4 The Local Strategic Context

The Council has defined its new vision for Havering under the headings People, Places, Communities and Connections. This vision is enshrined within the Corporate Plan, and delivered through the Housing Services Plan. The requirement to deliver new homes to help meet the gap between housing supply and demand is detailed in the Housing Strategy whilst requirements for overall regeneration and economic growth are enshrined within the Economic and Growth Strategy. These form a clear strategic backdrop against which the options for estate regeneration must be considered. Any new approach must have the ability to realise the needs and objectives of the Council, as set out in these key documents.

That “golden thread” of evidence continues as the regeneration of the 12 sites and provision of new housing, including affordable housing and housing for older persons are established Council policy as set out below:

1.5 Havering Draft Local Plan 2017

At its July 2017 meeting, Council approved the Proposed Submission Havering Local Plan for publication and consultation under Regulation 19 of the Regulations prior to submission to the Secretary of State. This includes the 12 sites for regeneration and housing delivery.

The Local Plan emphasises the importance of ensuring infrastructure, including education and local health facilities and also the provision of affordable housing. The sites are referenced in the Housing Position Statement 2017. The Housing Position Statement document is a key part of the evidence base of the Local Plan and is an important part of the assessment into the 'soundness' of the Local Plan. It addresses how Havering will ensure there are enough homes in the borough in line with the London Plan requirements. It looks at matters including housing delivery supply, need and tenure. It makes explicit reference throughout to the significant role and contribution that the Council's Sites Regeneration programme will have in ensuring there are enough homes in the borough and our residents have the opportunity to live in high quality places as part of settled and inclusive communities.

1.6 Romford Development Framework 2015

The Romford Development Framework, approved by Cabinet in July 2015, forms part of the evidence base for the emerging Havering Local Plan. The Framework indicated delivery within five years, i.e. by 2020. The Waterloo Estate, along with Bridge Close, is within this area and will facilitate the delivery of the wider regeneration of Romford.

1.7 Romford Housing Zone June 2016

Cabinet agreed to accept Housing Zone status for Romford from the Greater London Authority (GLA). Included within the zone is Waterloo Estate. Whilst the original bid identified the delivery of a modest 220 new homes through infill development, full regeneration of the site partly funded by Housing Zone funding from the GLA, is set to deliver a minimum of 1100 homes.

1.8 Rainham and Beam Park Housing Zone

This was the first of the areas in the borough to achieve the status of a housing zone with the GLA. This area will be transformed into a new community called Beam Park. Of the 12 sites, Napier and New Plymouth Houses, whilst outside the boundary of the Housing Zone, are within the Housing Zone Master plan area and will help deliver the vision for the new community.

1.9 12 HRA Site Regeneration Programme

Various reports have been presented to Cabinet over the last two years regarding the use of existing HRA sites to increase housing and affordable housing provision within the borough. By following the objectives detailed in section 1.16 of this "Strategic Case", the 12 sites programme will achieve the following:

- an overall increase in housing.
- an increase in Council general needs rented properties well in excess of 30% on the twelve sites.
- a minimum 300 low cost ownership homes.
- a total increase of affordable housing provision across the 12 sites of up to 100%.
- modern housing for older people.

The Cabinet reports mentioned above have also provided:

- authority to start the procurement of a private sector partner to deliver the council's vision for the 12 sites through a competitive dialogue process
- authority to start to buy existing freehold and leasehold properties by negotiation and take reasonable steps to identify land which cannot be acquired by negotiation and appoint the relevant consultants in order to assess the need for a potential Compulsory Purchase Order (CPO).
- authority to start the decant process for existing tenants on the sites including the service of demolition notices.
- approval to enter into extensive consultation with residents regarding the regeneration of sites and the detail of the decant offer.

1.10 Review of Older Persons Housing

Reports have been presented to Cabinet identifying the need for improvements in the older persons housing provision in Havering. The improvements include the modernisation of some existing sheltered schemes and the redevelopment of three schemes to provide much needed extra care housing along with the provision of housing for people with dementia. The reports identified the overprovision of standard sheltered housing and under provision of extra-care and provision for people with dementia. In addition, these reports identified a need in the Borough for older people to be able to buy properties within a more supported environment. The 12 sites project is helping to deliver the Borough's vision for Older Persons Housing. More detail is provided in the full reports, as referenced in Appendix 8.3.

1.11 Havering Housing Strategy 2014-17

The Housing Strategy identifies the need for the provision of all forms of housing and, in particular, the need to provide affordable homes for local people, taking account of the supply and demand data that is available. This project is a key part in improving the supply of new homes that are affordable to local people.

1.12 Homelessness Strategy and Allocation Policy

The current homelessness strategy is a sub-strategy of the Housing Strategy. It is being reviewed as part of the work needed to prepare for the impacts of the Homeless Reduction Act. However, there is an identified need for the provision of affordable homes that meet the needs of vulnerable people who live in the borough at rents they can afford. In addition, we know that there are opportunities to enable existing tenants to move into low cost home ownership properties, thus freeing up affordable rent properties. The downsizing strategy also enables rental properties of the correct bedroom size to be freed up for families who are homeless or overcrowded. These strategic aims and service requirements are being assisted by the provision of the homes through this initiative.

1.13 HRA Business Plan 2017 – 2047

The HRA 30 year Business Plan is reported to Cabinet annually as part of the rent setting and budget setting process each February. In addition, an update of the Business Plan was presented to Cabinet in November 2017 identifying the potential financial impact of

delivering the 12 sites programme. Whilst the HRA can support the delivery of the new build via the JVLLP, there is an additional identified need to re-provide new affordable rental units in the HRA. This is because of the financial impacts of the number of homes lost through Right to Buy. The first issue is to increase the rental stream and service charge income in the HRA in order to support the delivery of services. Future losses could call into question the financial viability of the business plan. The second issue is to be able to spend the RTB 1-4-1 receipts on new homes in order to avoid having to repay the money back to the DCLG at a penal rate of interest.

1.14 Asset Management Strategy 2016

The latest review of the Asset Management Strategy and Plan presented to Cabinet in 2016 identified several poorly performing assets in the portfolio. These properties drain money out of the HRA as they cost more to maintain than the income provided through the use of the asset. The worst performing properties are removed through this project. In addition, there is significant reduction in the on-going maintenance requirements in the plan for other sites being demolished and re-provided with new assets.

1.15 Approval Process

The Council's 'in-house' legal team, OneSource, and the external legal advisors, Bevan Brittan, have been fully engaged in the procurement process to date. Below is a summary of the milestones and processes so far:

Date	Process	Document Name
June 2016	Cabinet Report	HRA Proposal for Investment in Housing
October 2016	Cabinet Report	Review of Older Persons Housing and New build proposal for 12 Housing Sites
December 2016	Procurement Checkpoint	The Appointment of Savills
January 2017	Executive Decision	To Procure the Multidisciplinary Team
April 2017	Procurement Checkpoint	Pre-procurement approval for a private sector partner
May 2017	Executive Decision	To commence the procurement process
July 2017	Executive Decision	Financial / Tax advice
September 2017	Non-Key Executive Decision	Update on the Procurement Programme
November 2017	Cabinet report	HRA Business Plan Review

January 2018	Cabinet Report	12 HRA Estates JV Procurement – Entering into a Limited Liability Partnership
	Cabinet Report	Approval of the Revised Local Lettings Plan & the new Decant Policy and Possession Procedure for the Housing Regeneration Programme

1.16 Council Objectives for this Project

The Council has established objectives for the regeneration project, which are set out below:

- To contribute to meeting the wider housing needs of Havering through the regeneration and transformation of the Council's existing stock for predominantly residential use.
- To provide a choice of good quality housing for people at all stages of life, increasing tenure diversity through affordable rent, shared ownership, private rent, market sale and extra care sheltered housing.
- To deliver high quality residential led development that is commercially viable and generates receipts for cross subsidy to ensure the programme is sustainable.
- To achieve development returns, income and/or a range of secure revenue streams for the Council through re-provision of all Housing Revenue Account (HRA) stock lost through redevelopment with new HRA stock matching the existing tenure.
- Where viability permits, the developments should also aim to deliver additional HRA rented units to the level of existing stock on estates previously purchased under the Right to Buy scheme.
- Where viability permits, the developments should also aim to deliver additional affordable housing being up to 30% of all additional units above existing all tenure stock levels, thereby achieving over 40% affordable housing across the 12 sites. This additional affordable housing target tenure split to be equal numbers of HRA rented and shared ownership dwellings.
- Help mitigate the homelessness pressures in the General Fund by providing increased affordable housing numbers.
- Improve the viability within the Asset Management Strategy by reducing the cost of maintaining existing poor viability buildings.
- Land is expected to remain in Council ownership except any freehold properties built for outright sale.
- Where tenants and leaseholders wish to move back to a site, and there is suitable accommodation to meet their needs, they will be able to do so.

The overall objective of the 12 Site Regeneration Programme is to broaden and enhance the range, quality and quantity of housing across all tenures for existing and new residents, whilst also supporting the provision of facilities and services necessary to support growing communities.

1.16.1 Guiding Principles

The objectives for this project have formed the basis of the detailed consultation with residents. The consultation process has involved lengthy discussions with residents who have provided feedback on the objectives and the overall strategic direction of this project.

That feedback has been used to confirm or change the proposals for the 12 sites as well as setting guiding principles that will be adhered to throughout the delivery phase of the programme. Those guiding principles include:

- i. Given the unmet housing need in the Borough, the regeneration programme must facilitate the Right to Return for all existing residents and a net gain in the level of affordable housing provision.
- ii. LBH will retain the freehold interest and long-term management of all affordable housing stock.
- iii. By retaining the freehold interest of the entire sites, the Council will be involved in the long-term stewardship of the new developments, and not just the affordable housing.
- iv. Delivery of the programme will contribute positively to the repositioning of the perception of Council housing sites in the Borough, providing new sustainable, multi-tenure communities.
- v. The programme will deliver a range of services and facilities as an integral part of the plan. These will include infrastructure upgrades, commercial, retail, leisure, health and education facilities.
- vi. This is not just about housing. It is about ensuring that amenities and services are delivered as an integral part of the plan, especially schools, open space and healthcare. However, it is not assumed that the programme will necessarily fully fund the provision of all of these amenities although it should provide the space for them within appropriate environments;
- vii. The programme will deliver quality homes at variable values, accessible to a broad demographic and affords the council the opportunity to act as a key enabler whilst harnessing private sector skills and investment.
- viii. The affordable housing must be affordable to local people at local income levels.
- ix. Achievement of good practice regeneration principles.
- x. The financial viability of the Programme will be underpinned by an increase in density of housing and the delivery of open-market housing will cross subsidise affordable housing through the use of sales receipts.
- xi. There will be no stock transfer as part of the programme;
- xii. There must be a right to return, or a right to a local replacement home, for all existing council tenants and leaseholders. If existing council tenants wish to investigate choices of other tenures, including low cost home ownership (LCHO) or access to the private market, they will be helped to do so.

xiii. Accessibility to the rail network and other public transport will be a key feature of urban design.

This Business Case and delivery programme have been considered, developed and written in light of these objectives and guiding principles.

1.17 The Regeneration Sites

1.17.1 Why these Sites

The Housing Regeneration programme comprises 12 sites. These are the initial sites identified as offering the greatest potential for the provision of new affordable homes or requiring intervention due to the costly or unacceptable quality of housing. In addition, the Council intend, where appropriate, to bring forward further sites for inclusion in the JVLLP at a future date.

Site Name	Ward	Rented Homes	Leasehold Homes	Total Homes
Waterloo Estate	Romford Town	171	73	244
Maygreen Estate	Hylands	88	23	111
Oldchurch Gdns	Brooklands	64	22	86
Napier and New Plymouth	S. Hornchurch	86	11	97
Delta TMO (Elvet Ave)	Squirrels Heath	45	18	63
Farnham, Hilldene and Chippenham	Gooshays	0	0	0
Royal Jubilee Court	Pettits	79	0	79
Solar, Serena and Sunrise	St Andrews	55	0	55
Brunswick Ct	Cranham	47	0	47
Dell Court	St Andrews	29	0	29
Delderfield	Pettits	14	0	14
Queen Street	Romford Town	31	0	31
Total		709	147	856

Existing number of homes to be demolished

Note 1: Waterloo includes 12 hostel not included above.

Note 2: 114 long term empty sheltered homes as not fit for purpose.

All Council HRA sites were subject to a Keystone Asset Management Analysis to provide an accurate assessment of their apparent condition and resulting impact on the stock investment programme. This asset management review was report to Cabinet alongside a new Asset Management Strategy and Plan during 2016. The sites included in this project were generally identified as negatively impacting the Asset Management Plan (AMP) either now or in the near future.

The Council undertook initial capacity studies for each of the site. These indicated strong potential to substantially increase the number of homes, including affordable homes, across

the sites whilst at the same time maximising the opportunities for regeneration and place shaping. Indicative numbers of new homes identified at this stage are set out below and have been set as the base-line numbers for this project:

Site Name	Ward	Rented homes	LCHO/sales	Total Homes
Waterloo Estate	Romford Town	237	863	1,110
Maygreen Estate	Hylands	100	100	200
Oldchurch Gdns	Brooklands	100	200	300
Napier and New Plymouth	S. Hornchurch	150	50	200
Delta TMO (Elvet Ave)	Squirrels Heath	45	305	350
Farnham, Hildene and Chippenham	Gooshays	0	63	63
Royal Jubilee Court	Pettits	45	105	150
Solar, Serena and Sunrise	St Andrews	60	140	200
Brunswick Ct	Cranham	15	35	50
Dell Court	St Andrews	20	20	40
Delderfield	Pettits	15	15	30
Queen Street	Romford Town	7	27	36
Total		794	1,925	2,719

Capacity Study – potential number of homes

In addition, the rationale for including the sheltered schemes in the programme was that many of the homes were poor quality, bedsit accommodation and hard to let or designed in such a way that did not facilitate the delivery of the additional care that would be required for older and frailer people living independently in their own homes. In all, across the sheltered schemes in this programme, there were 114 long term vacant properties that had been vacant for up to ten years. It was not considered economically viable to refurbish these schemes to provide modern extra-care sheltered facilities.

The feedback obtained during the consultation process from residents on the sites indicates that many of the existing residents accept that, due to the poor quality of the buildings and estates, wider regeneration rather than investment in existing buildings and grounds is needed to achieve a lasting improvement in the homes and communal open spaces.

Under the GLA's 2016-21 Affordable Housing Programme, a grant allocation of £30.2million has been secured for phase one of the Estate Regeneration Programme. In addition to this, the Waterloo Estate is in the Romford GLA Housing Zone and as such attracts further GLA housing development funding. Confirmation of a Housing Zone grant application for site assembly costs is pending.

A multidisciplinary team (MDT), led by Savills, was appointed to carry out high-level appraisals of each estate to determine development capacity and financial viability. Having progressed to competitive dialogue stage, the market has validated these assumptions from a capacity, programme and financial perspective.

1.18 Socioeconomic and Demographic Context

In November 2016, an updated version of The Strategic Market Housing Assessment (SHMA) was published. The SHMA projected that based on household and population projections for the period 2011 – 2033, Havering would need an additional 30,052 new

homes -equivalent to 1,366 new homes per annum. As displayed in the table below the SHMA was used by Havering to identify the future size and tenure mix of housing need in the borough based on the current and projected households and population, and taking into migration and demographic changes, including affordability and household types.

	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5+ Bedroom	Total	%
Market Housing	1,590	3,030	12,490	2,260	160	19,530	65.0%
Affordable Housing	640	2,850	5,400	1,610	20	10,520	35.0%
Total	2,230	5,880	17,890	3,870	180	30,050	
%	7.4%	19.6%	59.5%	12.9%	0.6%	100%	

Full Objectively Assessed Need for Housing; Size and Tenure Mix across Havering for 2011-33

As above, and based on average household income figures, the SHMA dictates that 35% of new housing is required to be affordable in order to meet the Borough's housing need. The average gross income per household in Havering (£44,430, as measured in 2012/13) is low in comparison to the London average (£51,770) and slightly higher than the England average (£39,557).

Generally, those living on the regeneration sites have an income below the Havering average, peaking at £30,000. Attached at Appendix 8.4 is the Mosaic demographic profile of the residents on the regeneration sites which demonstrates a socioeconomic link between Havering residents on lower incomes and those with the poorest health and well-being outcomes.

Through regeneration, these sites will successfully establish new vibrant and connected communities, supported by the provision of good quality, energy efficient homes, high quality public spaces, and well-used community facilities. This will give residents the stable foundations to meet and pursue their economic aspirations.

The Equalities Impact Assessment (EIA) attached at Appendix 8.5 shows Havering's commitment to ensuring residents affected by the regeneration programme are supported and treated fairly throughout the process, and receives the long term benefits of regeneration.

1.19 Stock Condition

Following comprehensive assessment, current stock condition data has indicated that the sites identified for regeneration are either negatively impacting on the AMP or are projected to perform badly in the future, despite the levels of capital expenditure projected to be spent on the assets in the medium term. The financial modelling that follows indicates that a comprehensive redevelopment solution will be financially preferable to attempting to continue to maintain the sites within current revenue and capital constraints.

The continuation of the current maintenance regime will not increase either diversity of tenure, or quantum of available housing stock. It will not contribute therefore to the Council's strategic ambitions as set out above. The latest review of the Housing Asset Management Strategy and Plan presented to Cabinet in 2016 contains the detailed information relating to stock condition within Havering. It is this information that identifies the worst performing buildings in the Housing portfolio.

1.20 Estate Regeneration – The approach

To meet the objective of assessing the feasibility and viability of regeneration, it was necessary to establish a financial model. Capacity studies were produced for each of the 12 sites to determine the optimum development capacity.

Initially, the Council produced 'in house' financial appraisals predicated on these capacity studies. The site-specific financial models also considered key development criteria, namely:

- Development costs
- Sales revenues
- Programme duration
- Build methodology
- Sequence and phasing of build
- Tenure mix
- Rate of Sale

Each financial model was captured in a consolidation tool to provide a global discounted cash flow for the entire estate portfolio.

The external MDT was then invited to interrogate the model and assumptions and validate or refute the outcomes. Following extensive appraisal by the MDT a baseline model was adopted and the core principles and objectives translated into the documents used throughout the competitive dialogue process.

A financial dashboard was developed in order to identify high level financial impacts of this project. The outputs from the financial model identified above, along with information from the bidding organisations has all been used to populate the final financial dashboards that are informing the assessment of this proposal and the final Cabinet decision.

Originally, ten organisations submitted their response to the selection questionnaire. These were long listed to six organisations who started the dialogue process. Of these, three organisations were shortlisted to continue and complete dialogue and invited to submit final tenders.

Subject to Cabinet approval, selection of the preferred private sector development partner is anticipated in January 2018. That will mean that the "winning bidder" will achieve "Preferred Bidder" status whilst work continues on final confirmation of the legal documents that will govern the JVLLP to be set up and the Council funding is confirmed through the 2018/19 council budget setting process. Once all is confirmed, the Preferred Bidder will be formally awarded the contract and the JVLLP can be set up.

Following selection of a partner and formation of the JVLLP, there will be a 12 month pre-commencement programme, which will incorporate the following key activity:

- Design development
- Stakeholder and statutory consultation
- Site assembly (Inc. CPO if appropriate)
- Legal and technical due diligence
- Land referencing

One of the principles to be tested through the procurement exercise was the level to which the market would be able to increase the baseline number of homes on the sites (see 1.17.1 above), whilst keeping within reasonable density levels, and the extent to which more affordable homes could be delivered. The baseline number was built into the procurement objectives with the overage levels to be assessed through the bidding process.

Due to the size of the potential development on all 12 sites and the financial viability issues it would not be practicable to start work on all sites simultaneously. It was therefore proposed that the following 4 sites are prioritised:

- Waterloo Estate
- Queen Street (as part of the Waterloo Estate).
- Napier & New Plymouth
- Solar, Serena & Sunrise Court

Whilst these four sites are only 25% of the total sites, they would provide nearly 50% of the total new housing via this project. The next phase of sites to be bought forward will be reviewed once the JVLLP has been set up. The prioritisation of sites agreed at Cabinet in October 2016 is:

- Waterloo Estate
- Queen Street Sheltered Scheme
- Napier and New Plymouth
- Maygreen Estate
- Park Lane Sheltered Scheme (part of Maygreen Estate)
- Oldchurch Gardens
- Farnham, Hilldene and Chippenham Road
- Solar, Serena and Sunrise Sheltered Scheme.

From this priority list the first phase of sites is Waterloo Estate (including Queen Street Sheltered Scheme), Napier and New Plymouth and Solar, Serena and Sunrise. The next phase will be chosen from the above list and will be subject to an assessment of financial viability.

Part of the procurement process is to establish a set of metrics that will be used to assess the value for money for the costs of construction on the first batch of sites and further sites as they are bought forward. Each bidder is aware that the parameters they submit for the first four sites will be set and used to assess the delivery of the future sites.

In addition, as the dialogue sessions progressed, solutions have been sought from each bidder to show how value for money will be achieved, and evidenced, throughout this relationship. The first key principle established is that the council, as a joint member of the JVLLP board will see all costs and revenues associated with the contract. Secondly, each bidder has identified that they intend to procure, through formal tendering processes, all works packages and these will be reported to the JVLLP board.

Presently, commencement on site for Phase One of the programme is planned for March 2019. The indicative programme duration for completion of the entire regeneration portfolio is 10 years as attached at Appendix 8.6.

1.21 Commercial Principles

To deliver the regeneration of the 12 HRA Sites, the Council intends to partner with an organisation that can jointly plan, design, fund and deliver the programme of sites over a 10 plus year period. This offers a partner access to a pipeline of residential development sites in a growing part of London, and a long-term partnership with an ambitious London local authority committed to growth and development.

The competitive dialogue process has provided scope for bidders to put forward solutions that meet the Council's objectives. Initial work undertaken by the Council gave the starting principles for this dialogue with bidders:

- The Council and the partner will be members in a limited liability partnership for a minimum defined term subject to renewal.
- The JVLLP will take the form of a 50/50 deadlock limited liability partnership in which the JVLLP Partners will each hold an equal interest.
- The principal parties involved in this Joint Venture Vehicle are:
 - the Council
 - the Private Sector Development Partner (PSDP)
 - the Joint Venture, structured as a limited liability partnership
 - the PSDP Guarantor
 - the Development Manager
 - Providers of works and services
- The JVLLP will be governed by a Members' Agreement that sets the JVLLP's objectives, how it will operate and the financial arrangements.
- The JVLLP will propose an overall Business Plan and individual Site Viability Plans that will set out how each Site is delivered. The Business Plan must be agreed by Cabinet annually and will be reviewed quarterly.
- A template Site Development Plan, and approvals process, governing all sites will form part of the Partnership Agreement.
- Funding requirements will be agreed and set out in the Site Development Plan. The PSDP and the Council will provide initial working capital to develop proposals.
- An equal number of representatives appointed by each JVLLP Partner. The Board should not be too big or too small to manage to the business of the JVLLP. The right commercial

people need to be appointed so that the Board is a viable commercial decision-making entity. It is expected each partner will appoint three board members.

1.22 The Sites

The Housing Regeneration Programme currently comprises of 12 sites. The baseline future numbers are shown in section 1.17.1 above. However, additional numbers are possible across the sites up to a maximum that would be permitted by planning requirements. As stated in the guiding principles for this project, this is about good development and not just maximising numbers of units.

Whilst the baseline numbers have been used to inform the process, in order to maximise the value of the sites and thereby maximise the provision of new affordable housing, the market exercise is expected to identify higher numbers for each site. To inform the initial viability assessment for this project the council undertook an exercise to identify the capacity for each site along with an indicative unit type mix along with some design parameters to show that the developments could meet planning requirements. That information is indicative only and is provided below. The red line boundaries for each site are attached as Appendix 8.7.

i. Waterloo Estate

The Waterloo Estate is located within Romford on the western edge of Romford town centre. Approximately 4 miles northeast of Dagenham, 9 miles east of Stratford and 15 miles northeast of Central London. The Estate is located within Romford Town Ward in Havering. The site itself is located south of London Road and directly west of the A125. Directly to the east of the site across, the A125, is The Brewery Retail Park. Romford town centre lies beyond this. The Estate also lies directly southeast of Cottons Park. To the south of the site is the railway line along which Crossrail will run.

The London Plan identifies Romford as a Metropolitan Centre. These centres are earmarked for the intensification of commercial and residential development as well as improving the competitive choice of goods and services. The Waterloo Estate regeneration will, along with the Bridge Close regeneration proposals, see the start of a major change to Romford Town centre as the arrival of Crossrail in Romford prompts an increase of new build development in the Romford area.

The capacity proposal for Waterloo Estate provides 1,110 homes, with a mix of 1, 2 and 3-bed apartments, 3-bed maisonettes and 3-bed houses. On the eastern edge of the estate the design response is to maximise vistas from the ring road into the estate, integrating the estate into the wider area, and helping to 'humanise' the ring road.

Winter gardens have been incorporated into some buildings fronting Waterloo Road, as a way to increase floor space without having to deliver entirely single aspect units. Thought has been given to phases to enable development parcels to come forward separately from the central development parcel, upon which the two existing towers are situated. Podium parking in buildings with less floor space has also been minimised.

Where the storey heights are already constrained by neighbouring development, three-storey townhouses have been proposed.

Proposals for the new site will need to:

- Transform the site by providing high quality affordable/social and private homes on a tenure blind basis, which is complementary to existing dwellings.
- Consider the impact of additional car parking on existing dwellings.
- Replace the existing Council tenanted homes with affordable housing, to an agreed mix and size.
- Deliver all private homes in accordance with the appropriate space and amenity standards approved by the planning authority.
- Improve infrastructure provision on the site and surrounding area, including roads.

ii. Queen Street

The Queen Street Estate is located on the western edge of Romford town centre. It forms part of the bigger Waterloo Estate (see above). It is approximately 4 miles northeast of Dagenham, 9 miles east of Stratford and 15 miles northeast of Central London. The Estate is located within Romford Town Ward in Havering. The site itself is located south of London Road and directly west of the A125. Directly to the east of the site across the A125 is The Brewery Retail Park. Romford town centre lies beyond this. The Estate also lies to the south east of Cottons Park. To the south of the site is the railway line along which Crossrail will run.

The capacity proposal for Queen Street provides 36 homes with a mix of 1, 2, and 3-bed apartments and maisonettes.

Practically, this site will become part of the Waterloo Estate regeneration.

iii. Napier and New Plymouth House

Napier House and New Plymouth House are located in Rainham, a town located 2.3 miles to the south east of Dagenham and 4.8 miles to the south of Romford, approximately 15 miles east of Central London and within the Ward of South Hornchurch in Havering.

The estate itself is located 0.8 miles from the centre of Rainham. The area north of the estate is predominantly residential. To the south of the estate, there is an industrial area and beyond that is the River Thames. To the east of the industrial area are the Rainham Marshes Nature Reserve and the RSPB Visitor Centre.

Rainham has a historic village core, with over 40 independent specialist shops and restaurants. The majority of the independent shops are situated within a designated conservation area. Many of the shops were formally Georgian cottages, which were transformed into shop frontages in the 20th century forming the heart of the village.

The capacity proposal for Napier & New Plymouth provides 200 homes across 4 apartment blocks on the southern boundary and houses on the northern boundary to reconnect with the existing urban grain. The urban design response provides positive frontage to both New

Road and Dunedin and removes the majority of parking away from the street in the form of rear private parking courts. The houses located on the northern edge are predominantly 2/3 storey, the blocks on the south step up from four storey terminating at a nine storey focal tower.

Proposals for the new site will need to:

- Transform the site by providing high quality affordable/social and private homes on a tenure blind basis, which is complementary to existing dwellings.
- Replace the existing Council tenanted homes with affordable housing, to an agreed mix and size.
- Deliver all private homes in accordance with the appropriate space and amenity standards approved by the planning authority.
- Improve infrastructure provision on the site and surrounding area, including roads.

This estate is close to the new Beam Park community that will be developed as the new Beam Park station is built and will contribute to the overall regeneration and place making of that new community as part of Rainham Housing Zone initiative.

iv. Solar, Serena, Sunrise Courts

The Solar, Serena, Sunrise Estate is located in Hornchurch, a town located 2.5 miles to the south east of Romford, 1.5 miles west of Upminster and 4 miles north of Rainham, approximately 16 miles east of Central London and within the Ward of St Andrews in Havering. The site is located next to Harrow Lodge Park, approximately one mile to the south west of Hornchurch town centre.

The area surrounding the estate is predominantly residential. Harrow Lodge Park is adjacent to the west of the estate with the Chase Nature Reserve beyond that, 1.5 miles to the west of the estate. There is a wide residential mix in Hornchurch in terms of both a range of units and a range in values.

The capacity study for Solar, Serena and Sunrise provides 200 homes with a mix of 1 and 2 apartments. The block arrangement has been focused on providing positive frontage, attractive semi private amenity spaces and maximising the distant views to the open space to the north of Park Hill Close.

The blocks heights range from four storey in the North where there are existing dwellings in close proximity stepping up to 8 storey in less sensitive areas. Reference has been taken from the existing tower blocks when developing the development proposals.

Semi private courtyards have been created to the south and northeast maximising the benefit of the site orientation and sun path. The existing parking zones have been enhanced with landscape elements to soften the visual impact.

This site is an existing sheltered housing scheme. It suffers with a proportion of unlettable bedsit units and poor accessibility. It's location to the park and transport infrastructure makes it ideal for redevelopment as a modern extra-care sheltered scheme with provision for

dementia sufferers. The detail of the modern extra-care provision and the demand for such housing is identified in the Older Persons Housing Review. There will also be purchase options for those older persons who want to downsize and buy into a supported environment.

Proposals for the new site will need to:

- Transform the site by providing high quality retirement village with extra care facilities on a tenure blind basis.
- The development should be complementary to existing dwellings with a 70:30 split between market sale and affordable housing.
- Consider the impact of additional car parking on existing dwellings.
- Deliver all homes in accordance with the appropriate space and amenity standards approved by the planning authority.

v. Maygreen Crescent

The Maygreen Crescent and Park Lane Site is located within the community of Hornchurch, a town located to the 2.5 miles to the south east of Romford. It is approximately 18 miles northeast of Central London and within the Ward of Hylands in Havering.

The site itself is located south of the Park Lane Recreation Ground and to the north and east of the Roneo Corner Retail Park, Romford. Park Lane runs along the Eastern boundary of the site. The Estate is located less than 0.1 mile to the north of the Hornchurch Road (A124).

The capacity study for Maygreen Crescent creates a series of linear blocks on the East and Western boundary of the site. The proposed semi-private central landscaped amenity runs North to South and serves to create a link with the neighbouring park to the North.

The capacity proposal for Maygreen Crescent provides 200 homes with a mix of 1, 2 and 3-bed units. Building heights range from 4 storey on the eastern boundary stepping up to 6 storey on the blocks located in the north-west. There are no north facing single aspect units proposed in the study. The perimeter parking arrangement has been integrated into the scheme in the form of private parking courts.

Proposals for the new site will need to:

- Transform the site by providing high quality affordable/social and private homes on a tenure blind basis, which is complementary to existing dwellings.
- Consider the impact of additional car parking on existing dwellings
- Replace the existing Council tenanted homes with affordable housing, to an agreed mix and size.
- Deliver all private homes in accordance with the appropriate space and amenity standards approved by the planning authority.
- Improve infrastructure provision on the site and surrounding area, including roads.

vi. Oldchurch Gardens

The Oldchurch Gardens estate is located within the Romford on the south western edge of Romford town centre. Approximately 3 miles northeast of Dagenham, 9 miles east of Stratford and 15 miles northeast of Central London. The Estate is located within the ward of Brooklands in Havering. The site itself is located south of Oldchurch Road, which provides access onto the A125 and east of Dagenham Road, which runs south into Dagenham.

Directly to the east of the site is Oldchurch Park and beyond that Queen's Hospital. Romford Cemetery lies to the west of the site. The Estate also lies directly south east of Romford Gas Works. To the north of the site is the new build development Oldchurch Park that is being developed by Nu Living (an arm of Swan Housing Association).

The capacity proposal for Oldchurch Gardens provides 300 homes with a mix of 1 and 2 bed properties. The massing and proposed storey heights are in keeping with the existing context. There is an opportunity for a high quality podium deck garden for residents' use and the site benefits from overlooking the hospital green / park to the east.

The capacity study proposes private secure undercroft parking – reducing the visual impact of the car on the street scene. It also proposes strong urban design principles maximising views of the park for a large percentage of the units, as well as designing out north facing units as far as possible.

Proposals for the new site will need to:

- Transform the site by providing high quality affordable/social and private homes on a tenure blind basis, which is complementary to existing dwellings.
- Replace the existing Council tenanted homes with affordable housing, to an agreed mix and size.
- Deliver all private homes in accordance with the appropriate space and amenity standards approved by the planning authority.
- Improve infrastructure provision on the site and surrounding area, including roads.

vii. Royal Jubilee Court

Royal Jubilee Court is off Gidea Close, in Gidea Park, 1.1 miles to the north east of Romford and 6.5 miles to the west of Brentwood, approximately 15.5 miles east of Central London and within the Ward of Pettits in Havering.

The site itself is surrounded by Raphael Park to the west and a residential area to the east. To the south is Main Road, which connects Romford with the A127. The estate is located in the affluent neighbourhood of Gidea Park. Many of the properties have outdoor swimming pools and Gidea Park Lawn Tennis Club is in the centre of the residential area, 0.1 mile north of the estate. Raphael Park is a large landscaped park originally designed by Sir Humphry Repton, consisting of a lake, sports facilities, cafe and a large play area.

The capacity proposal for Royal Jubilee Court provides 150 homes in four apartments blocks arranged in a semi-formal configuration. The key drivers for the layout response has been focused on providing a strong frontage to Main Road and maximising the impressive views North for the majority of units.

The proposed blocks contain a variety of 1 and 2 apartments for use as extra care retirement housing and range in height up to 3 storey plus mezzanine.

Proposals for the new site will need to:

- Transform the site by providing high quality retirement village with extra care facilities on a tenure blind basis, which is complementary to existing dwellings with a 70:30 split between market sale and affordable housing.
- Deliver all homes in accordance with the appropriate space and amenity standards approved by the planning authority.

viii. Dell Court

Dell Court is located in Hornchurch, a town located to 2.5 miles to the south east of Romford, 1.5 miles west of Upminster and 4 miles north of Rainham, approximately 16 miles east of Central London and within the Ward of St Andrews in the Havering. The estate itself is located along Ravenscourt Grove, close to the centre of Hornchurch.

The area surrounding the estate is predominantly residential, although the estate is adjacent to a cemetery. Harrow Lodge Park is 1 mile to the west of the estate and Gaynes Parkway is 0.7 miles to the south. There is a wide residential mix in Hornchurch in terms of both a range of units and a range in values.

Hornchurch is identified in the London Plan as a local district centre with 31,000 square metres of commercial floor space. It is not considered a significant commercial office location but within Havering, it is identified as one of seven town centres in the borough. Known as a commuter town, a large proportion of its population commute to Central London each day to work.

The capacity proposal for Dell Court provides 40 homes with a mix of 1, 2 and 3-bed units in four linear apartment blocks. The two blocks fronting Ravenscourt Grove are predominantly 3 storey respecting the existing context. To the rear of the site two 4 storey blocks are proposed and are framed by the private landscaping and parking court.

Provision for parallel parking has been provided at the front of the development that is typical of the existing street.

Proposals for the new site will need to:

- Transform the site by providing high quality affordable/social and private homes on a tenure blind basis for over-55s.
- Consider the impact of additional car parking on existing dwellings.
- Replace the existing Council tenanted homes with affordable housing, to an agreed mix and size.
- Deliver all private homes in accordance with the appropriate space and amenity standards approved by the planning authority.

ix. Delderfield House

Delderfield House is located along the border between Collier Row and Rise Park, in a suburban area located 1.5 miles to the north of Romford and 7.5 miles to the west of Brentwood, approximately 16 miles east of Central London and within the Ward of Pettits in Havering.

The area surrounding the estate is predominantly residential with a small industrial area located 1 mile to the south west of the site. Lawns Park is situated half a mile to the north of Delderfield House.

Collier Row town centre is one of four minor district town centres within the London Borough of Havering. It has over 70 shops and restaurants and the majority of these outlets are small independent traders.

The capacity proposal for Delderfield provides 30 homes with a mix of 1, 2 and 3-bed units. It is based on two blocks fronting onto Havering Road/Portnoi Close with a central private landscaped amenity. Parking has been provided in the form of private parking courts located in front of the blocks.

Proposals for the new site will need to:

- Work within a constrained site area to produce the best possible design layout and unit mix for the site.
- Consider the impact of additional car parking on existing dwellings.
- Replace the existing Council tenanted homes with affordable housing, to an agreed mix and size.
- Deliver all private homes in accordance with the appropriate space and amenity standards approved by the planning authority.

x. Delta Estate

The Delta Estate is located within the ward of Squirrels Heath in Gidea Park, a town located 2 miles to the north east of Romford. Approximately 12 miles east of Stratford, 5 miles west of Brentwood and 20 miles to the north east of Central London. The site itself is located to the north of Squirrels Heath Lane with Elvet Avenue running north to south through the site. The surrounding area is largely residential with a small amount of retail located around Gidea Park station.

The capacity proposal for Delta provides 350 homes comprising 1 and 2 bed apartments and 3 bed houses. The height of the blocks gradually increase from 4 storey (relating in scale to the existing low rise housing on the east) stepping up to 9 storeys at the T junction of Elvet Avenue. Parking is provided in the form of rear parking courts which have been softened by focal trees and low level hedging.

Proposals for the new site will need to:

- Transform the site by providing high quality affordable/social and private homes on a tenure blind basis which is complementary to existing dwellings.
- Consider the impact of additional car parking on existing dwellings.
- Replace the existing Council tenanted homes with affordable housing, to an agreed mix and size.
- Deliver all private homes in accordance with the appropriate space and amenity standards approved by the planning authority.

xi. Farnham, Hildene and Chippenham

The Farnham and Hildene estate is located in Harold Hill, a town located 3 miles to the north east of Romford and 4.5 miles to the south west of Brentwood, approximately 17.5 miles north east of Central London and within the Ward of Gooshays in the Havering. The estate itself consists of flats above retail units to the south of Hildene Avenue in the centre of a largely residential area.

The area surrounding the estate is predominantly residential. The recreational area of Central Park is located 0.3 miles east of the estate.

Harold Hill has benefitted from the Harold Hill Ambitions regeneration project that was launched in 2007. As part of the programme, a number of new facilities were built including a library and a new centre for young people. The library is located on the estate.

The capacity study for Farnham, Hildene and Chippenham looks at the possibility of adding additional 1 or 2 storeys to the existing building and does not require the demolition of any existing units.

The existing development is currently 4 storey. The assumption at this stage is that roof top development would provide 63 homes; this is subject to further design work including building surveys and structural review. We have not reviewed the parking requirements for the proposed redevelopment at this stage and assume, subject to further parking surveys, that there is capacity in the current layout

Proposals for the new site will need to:

- Increase the density of the estate in a way that is sensitive and appropriate to the existing building.
- Consider the impact of additional car parking on existing dwellings.
- Deliver all private homes in accordance with the appropriate space and amenity standards approved by the planning authority.

xii. Brunswick Court

Brunswick Court is located within the Cranham neighbourhood of Upminster. The site is located south of Macon Way, east of Waycross Road and north of Brunswick Avenue. It is located within a largely residential estate with a small retail parade located approximately 0.1 miles to the west of the Brunswick Court. Upminster, which is located 1.4 miles to the south of the site, is the main commercial hub in the area. It is an existing sheltered housing scheme.

The capacity proposal for Brunswick Court provides 50 modern extra care sheltered homes with a mix of 1 and 2 bed units. All blocks are predominantly 3 storey respecting the existing context.

Proposals for the new site will need to:

- Provide an extra care sheltered facility with a 70:30 split between market sale and affordable housing.
- Transform the site by providing high quality affordable/social and private homes on a tenure blind basis.
- Provide appropriate infrastructure and adequate car parking.
- Deliver all homes in accordance with the appropriate space and amenity standards approved by the planning authority.

1.23 Resident Engagement

The Council has undertaken a significant amount of regenerating across all of the estate. Detail is provided in the Management Case section of this Business Case.

1.24 Potential Land Acquisitions – Additionality

The Council has actively reviewed and evaluated various land holdings.

The successful private sector partner will be actively encouraged to deliver additionality via further land assembly. High-level development appraisals have been undertaken to ascertain viability, potential marriage value and improved saleability resulting from further land acquisition.

1.25 Decanting and Vacant Possession

One of the Council's objectives and guiding principles is to offer all residents the right to return to their existing estate following regeneration. Predicated on the existing 'baseline' financial model Havering and the MDT have constructed a schedule of anticipated starts on site, completions and occupations (see Appendix 8.6). In addition, based upon projected build durations, the attached schedule at Appendix 8.8 illustrates the quarterly decant requirements over the project lifecycle.

1.25.1 The Local Lettings Plan

The Local Lettings Plan is the document that provides full details on the re-housing options for those tenants who have to move off the sites because of the regeneration proposals. Associated with this document is the Decant Policy and Possession Procedure document. The council carried out a twelve weeks consultation process on these documents so that residents could have a further opportunity to give their views on the "offer" within the documents could have a further opportunity to give their views on the "offer" within the documents in addition to the extensive consultation that is being undertaken with regard to the regeneration proposals themselves.

The Local Lettings Plan consultation was promoted in "At the Heart", "Sheltered Times" and "Living" publications, during the estate open meetings, one to one sessions, social media posts, and direct letters to tenants on the affected sites. The Council produced an on-line

survey response form to collect comments from residents. Comments received outside of the online survey have also been taken into consideration. This was also the subject of significant consultation prior to it being uploaded onto the Council website in November 2016. This document has been used to inform the decants that have been carried out thus far, by negotiation. However, as the timetable moves closer to the deadline for achieving vacant possession of the sites, the formal consultation exercise is being carried out ahead of any formal possession proceedings.

The Local Lettings Plan and consultation process is on the agenda for the January 2018 Cabinet.

1.25.2 Vacant Possession Update

Across the first four sites to be developed there are a number of existing residents. They will either be tenants or leaseholders/freeholders. The table below provides details on the occupancy of the initial four sites at the start of this process back in June 2016 when Cabinet gave its agreement to move forward with the regeneration programme. Most decant activity has occurred since January when the decanting process started in earnest. Queen Street and Solar, Serena and Sunrise are sheltered schemes.

Estate	Tenancies Oct 2016	Tenancies decanted	Tenancies matched	Tenancies remaining
Waterloo Estate	171	51	6	114
Queen Street	28	28	n/a	0
Napier/New Plymouth	86	48	3	35
Solar, Serena and Sunrise	30	4	4	22

The next table below shows progress in relation to the negotiated purchase of leasehold and freehold homes on the first phase estates. There are no leasehold properties in sheltered schemes as the RTB does not apply to sheltered schemes.

Estate	Total fhld/lhld	Properties purchased	Under negotiation	Fhld/Lhld remaining
Waterloo Estate	71	24	21	26
Napier/New Plymouth	10	4	2	4

The two tables above were correct as at 1st December 2017

The decant process has been informed by the extensive consultation with residents and is being carried out via direct offers of accommodation based on the decant assessment form completed with every tenant. This form details the type of property that would meet the needs of the tenant and their household. Offers of suitable accommodation are based on housing need, not on a like for like basis. Two offers of suitable accommodation are being made to tenants via this route. Failure to accept either of these properties will, in the course of time, result in a more formal approach to obtain possession. However, even whilst the more formal route is being pursued, officers will continue to work with tenants to make the two reasonable offers.

1.25.3 The offer to tenants

The key is for the council to be able to find suitable alternative accommodation for existing tenants. It is for this reason that the decant assessment form referred to in section 1.25.2 above is so important. The offer made to tenants has been shaped over the many

consultation events and is:

- Two reasonable offers of accommodation will be made.
- The offers will be based on housing need.
- All information regarding need will be taken account of in making matched offers.
- Offers will be made through direct allocation and not via the bidding system.
- All verified information provided by the resident regarding need and requirements will be taken into account.
- Location of offer will be matched as far as possible to preferred location of tenant but will be subject to availability.
- All reasonable out of pocket expenses will be met via the disturbance payment process.
- The council will take into account the wishes of the tenant where possible if this is outside of requirements identified as “housing need”.
- A one off statutory home loss payment of £6,100.

Havering is also offering an additional support package to make the process of moving easier. The help given to tenants includes using Council approved contractors to:

- organise the move including packing belongings, but not unpacking.
- unpacking can be provided to those who are most vulnerable.
- supply and fit new carpets and curtains chosen from a range of reasonably priced options
- disconnect and reconnect cookers, washing machines and similar equipment
- the above work is carried out at no cost to the tenant.

In addition, tenants can organise:

- post redirection
- water, gas and electricity and other utilities to be disconnected and reconnected
- although Havering will pay the reasonable cost of such work.

1.25.4 The offer to leaseholders and freeholders

The council is offering to buy back residential properties on the sites at a fair market valuation. Havering is working with three local agents who will provide “independent” valuations on properties so that negotiations can agree a contract price to achieve vacant possession. In the event that a valuation cannot be agreed, the owner can obtain their own independent valuation to help negotiations. If this does not achieve an agreed valuation, an independent third party is asked for a valuation. The council must offer a fair market valuation as failure to agree a price will ultimately result in a CPO situation. In such a circumstance, the valuation made by the District Valuation Service will be set at fair market value and the council must be seen to be acting fairly in its negotiations prior to any CPO process. In addition the council must pay a 10% compensation payment for resident owners and 7.5% for absentee owners.

1.26 Strategic Summary

The transformation envisaged for the 12 HRA sites will not be achieved without significant and well planned intervention providing a consolidated approach towards regeneration. This in turn must be enabled by the strategic assembly of the sites mainly through achieving

vacant possession of the residential units. The process must also ensure that good practice is achieved in relation to estate regeneration as this project is about redevelopment of established communities and occupied sites. The impact on, and needs of the existing residents, must be considered and safeguarded in order to successfully deliver the project.

The preferred option is for the Council to enter into a JVLLP. The PSDP involvement will add significant confidence to the delivery of the programme by providing a share of the capital requirement and also the development and management experience to secure a favorable outcome.

It is concluded that the benefits of the regeneration itself are significant, but these cannot be achieved without intervention and without a JVLLP with a development partner to drive it.

2. ECONOMIC CASE

2.1 Introduction and Purpose of the Economic Case

This section sets out the Economic Case that identifies and demonstrates how the appointment of a JVLLP partner to support the delivery of the development produces a public value. It explains how this is achieved by appraising a long-list of options against how well they meet the agreed critical success factors for the proposed regeneration programme.

2.2 Quantitative and qualitative cost/ benefit analysis and outputs

2.2.1 Non-financial benefits

Although the detailed design process is yet to commence, it has been essential to set indicative parameters in order to undertake the financial appraisal that underpins the business case for entering into the JVLLP venture. The key outcomes based on current modelling are envisaged to be:

- In excess of 2,719 new homes
- Including a minimum of 42% affordable homes
- Modern extra care housing for older people
- On larger developments there is to be commercial floor space, likely to be flexible workspace and small retail/ leisure;
- New and modern public realm experiences including modern waste disposal, public art, increase biodiversity linked to indigenous species.
- New play and recreational space to be provided
- Consideration to be given through the sites on provision for health, education, leisure facilities, transport etc. as part of the regeneration and place shaping process and where it is necessary.
- Considering links with other developments in the surrounding areas and looking for joint delivery of infrastructure
- Significant social value contributions are expected from the scale of the developments.

2.2.2 Ensuring delivery of infrastructure

- The Council's involvement in the decision making of the JVLLP provides the ability to ensure that the delivery of social infrastructure is a prime objective of the developer (i.e. the JVLLP) as well as a planning requirement.
- The baseline appraisal from Housing Services for the first three sites requires the delivery of over 40% of affordable housing for local people. This is in response to our responsibilities as a stock-owning local housing authority and Registered Provider. This provision of affordable housing for developments in the borough is significantly higher than the average level provided previously on development sites across Havering of 12%.
- The use of Housing Revenue Account resources is a cost-effective way of delivering affordable housing. The Housing Revenue Account will retain all income from the properties as well as retaining ownership of the land other than where freehold housing is developed and sold (minimal on these sites).
- Whilst the JVLLP does not gain financially from this arrangement, it does reduce risk in terms of planning and by guaranteeing a purchaser for a significant number of properties.
- The Council will also use its role in the JVLLP to negotiate inclusion of any key infrastructure requirements required not just on these developments but as a contributor to wider regeneration that is happening.
- The JVLLP make significant s106/CIL contributions to the council. The allocation of these resources is a separate decision making process by the Local Planning Authority.
- The nature and location of facilities to meet rising demand for primary health services or education facilities will be matters for the Clinical Commissioning Group to consider as part of its Primary Care Capacity Plan for Havering and for the local authority in its strategic education planning role. These organisations will be fully involved as the detailed planning for the developments take shape so that any requirements can be catered for.
- In the longer term, there is an expectation that the Council will be the freeholder of the entire developments (excluding any freehold disposals) and therefore have a greater level of control over the future stewardship of the new development and management of the new sites.

2.2.3 Social Value

The regeneration programme is an opportunity to embark on a fundamental social value programme for the benefit of local people. The JVLLP will develop a social value plan that will maximise the opportunity and benefit of regeneration to the Council and to local people. This plan will be delivered in four stages:

- The JVLLP will define a vision for social value that aligns with the Council's corporate vision in terms of place making, economic aspirations and community cohesion.
- The vision will be integrate across JVLLP activity, services and operations and involve stakeholder in design and delivery

- Both the Council and the PSDP will be committed to the maximising and delivering social value by establishing strong working partnerships with local organisations
- The Social Value programme will be a measured approach the will seek to plug gaps within the local community in order to effectively meet the needs and aspirations of local people.

As part of the procurement of a PSDP, the Council has specified for the Partner to drive social value in terms of:

- Providing apprenticeships and other skills development, work experience and opportunity access programmes to be provided in the Borough to secure skills to support the delivery of development programme and leave a legacy of workforce investment.
- Offering curriculum support to schools with contractors sharing knowledge and expertise about their discipline.
- Creating supply chain opportunities for SMEs and social enterprises.
- Supporting initiatives such as targeting hard to reach groups and offering training opportunities.
- Investing in delivering facilities such as libraries and leisure facilities to communities and making them available for community use.

Projects will be delivered within the areas of training and skills development, social enterprise and community cohesion and will seek to deliver value beyond the parameters of construction.

2.2.4 Financial benefits

There will be a range of financial benefits to which a monetary value can be attached. These include:

- Additional Council Tax income of £3m once the developments are complete
- Increased NNDR - to be calculated.
- A revenue and capital return to the Council HRA to be reinvested into regeneration of additional sites
- GLA funding of at least £30.2m
- Significant s106/ CIL and s278 contributions.
- Significant investment in new build in excess of £750m, some of which will be spent locally.

2.3 The Case for Intervention

In 2015-16 the Council undertook a detailed review of its HRA Business Plan, associated with the Housing Services Asset Management Strategy (as referenced at Appendix 8.9). In addition, due to increasing concerns about the suitability of the offer to older residents, the Council commissioned a detailed review of its Sheltered Housing portfolio. The concerns were associated with the type of accommodation being offered, bedsit units, and those properties with shared facilities. 114 units had been empty in excess of 10 years with resultant rental loss being incurred.

The findings of the review of sheltered accommodation concluded that not only were these types of units not fit for purpose but, based on the demographic analysis, there was an over provision of socially rented units and no provision for older owners to buy into a supported housing environment. The review also concluded that there was an under-provision of modern extra care housing in the borough with little or no provision to house those people suffering with dementia. Therefore there was a significant case to change the offer and provide more mixed tenure “village style” schemes.

The Asset Management Strategy set out how the Council reviewed its assets and moreover how investment decision were made. The strategy sets out the principal of a review of property condition on a “just in time” basis rather than a component life cycle basis with key estate locations being further assessed on a sustainability modelling technique. This means that in addition to long term investment projections being based on expected and actual component deterioration adding in socio-economic criteria. These include instances of crime and ASB, lettability and periods of rent loss. The portfolio was categorised into various levels of sustainability over a 30-year life cycle.

The resultant outcomes demonstrated that it was not economically viable to continue to invest in the property on these 12 sites. Moreover, if no intervention was made, the schemes would either become or increasingly impact negatively on asset values.

Extensive consultation has been undertaken with residents via consultation events at all sites. The outcomes of this had proven a willingness to participate in wholesale development as opposed to refurbishment and more limited infill developments provided the strategic objectives of the project were achieved. More detail on consultation is provided in the Management Case and Appendix 8.10.

2.4 Other Options Considered and Rejected

The original options for the sites over the past 5 years or so had identified limited improvement work and infill development in order to improve the condition of the properties, reduce the on-going maintenance liabilities and provide a smaller increase the number of affordable homes available for local residents. These wider and more ambitious options have resulted from the extensive work and changes in the financial position of the HRA:

- Complete review of the HRA Business Plan to identify significant resources available to deliver new affordable home in the light of the HRA self-financing regime.
- Completed review of the HRA Asset Management Plan to review poor performing buildings and reduce the on-going maintenance commitment to existing homes via the move to the “just in time” approach to stock investment.
- Review of the increasing supply and demand gap for affordable housing in the borough.
- Consideration of the improved financial viability of existing HRA land ownership afforded from the impact of infrastructure investment such as Crossrail and Beam Park station.
- Consultation with existing tenants and leaseholders and borough residents more widely.

The in-fill opportunities originally agreed as part of the HRA Pipeline proposals and GLA Housing Zone bids were financed through the HRA BP and Asset Management Plan in place at the time. The reviews of those plans has enabled wider regeneration proposals to be considered in order to greatly increase the level of affordable homes provided on the sites by up to 100%, subject to the outcome of the final assessment of bids.

Assessments have been produced over the last 12-18 months to show that increasing the number of houses for affordable rent, low cost home ownership (LCHO) and private sale both on the general needs sites and the sheltered housing sites through regeneration is financially viable. This option will provide significantly more new affordable homes than through a limited infill approach.

The 12 sites have been packaged together following the work described above to:

- Deliver a positive viability over the entire portfolio.
- Achieve a significant increase the amount of affordable housing available to reduce homelessness.
- Reduce the negative asset management value of the stock.
- Achieve estate regeneration on the least desirable council sites to deliver sustainable mixed tenure communities.
- Provide more modern older persons housing.

The Asset Management Strategy and Plan identified several negative value or low value sites that impacted on the HRA BP through poor condition, poor quality and difficult to let properties. The sites do not therefore provide viable refurbishment opportunities that significantly increase the supply of affordable homes.

Doing nothing was not financially viable and did not create sufficient new homes.

This option not only provides positive contributions to the HRA Business Plan financially, by removing low or negative value assets; it increases revenue to the HRA and increases housing numbers. Any overall surplus from this partnership will be used to fund additional provision of the HRA of affordable housing, either on the 12 sites or other sites.

The options for the delivery of this procurement and delivery model that were considered were either a corporate JVLLP partner or a contractual development partner route. Financially, the 12 sites are not all positive and the 12 sites could not be delivered on a site by site basis under a contractual route without "pump priming" by the Council for those sites which are not viable. Including all 12 sites in the procurement enables the more valuable sites to cross fund the less valuable sites. It would not be impossible to do this through a contractual route, but it is easier to do so through a corporate approach as it is intrinsically more flexible in the way phases are bundled and timed for delivery. In addition, the JVLLP route enables a longer term partnership to be developed that enables more sites to be added to this arrangement in future, using the value in the sites to cross subsidise future regeneration possibilities. This approach would not be as readily feasible via the contracting route.

This approach also enables the council to replenish affordable homes lost via the RTB regime which again would not be possible via a more traditional contracting approach where a RSL is likely to require the ownership of the affordable housing.

Consideration was given to the fact that Havering had completed the decent homes programme in 2014. This programme had seen £84m spent on improving properties over the period 2010 to 2014.

Of this £84m invested in decent homes, £62m was been funded via the Government Decent Homes Programme and £22m funded via the HRA. The works were carried out in accordance with the requirements of the asset management strategy in place at the time. The funding was provided at a time before the HRA self-financing reforms came in and at that time the Council had less certainty over its HRA resources. The new HRA self-financing regime enables the Council to consider and plan expenditure with much more certainty in the medium and long term.

The decision to spend decent homes money was taken at a point in time, when that was the correct decision based on what was known at that time. Whilst the works certainly improved the condition of amenities in properties, it did not change the overall medium term impact on the asset management strategy where buildings were costing more to keep up to the lettable standard than the income they provided. Whilst it is not ideal to demolish buildings where decent homes works have been completed, the decision needs to be taken now to achieve the wider objectives of providing more affordable housing. It should also be noted that much of the decent homes work was completed over 5 years ago meaning that significant value has been derived from the work carried out on the regeneration sites.

In addition, the reinvigorated RTB regime has increased the rental property losses to over 100 per year on average, meaning that action needs to be taken to re-provide rental properties to increase rental income and help sustain the HRA finances in the longer term.

2.5 Risks and Sensitivities

Risks will be monitored and managed in a number of ways, both within the JVLLP and independently within the Council:

- all reports to Members relating to 12 Sites and the JVLLP including the review of the JVLLP Business Plan.
- detailed reports to the JVLLP Board prepared by the Development Manager which will be independently scrutinised by the Council's client team.
- the Councils Execview performance monitoring system.
- other governance and financial reports to Members as advised by the Councils s151 and monitoring officers.

The risks considered to be most significant are summarised in Appendix 8.12 in a format consistent with Execview. A sensitivity analysis on potential HRA and housing development variables has also been conducted and has been summarised, and attached at Appendix 8.13, to demonstrate the impacts of both improving and worsening conditions that could affect the delivery of the programme.

2.6 Summary – The Preferred Option

The preferred option for delivering the proposed regeneration of the 12 sites is a 50/50 Joint Venture Limited Liability Partnership (JVLLP) between the Council and a private sector development partner. The JVLLP will be responsible the design and construction of the new developments and obtaining sufficient resource, including construction debt, to deliver the regeneration programme.

The build cost of the development programme across the 12 sites is estimated to be £525m, generating a Gross Development Value (GDV) of £750m including finance costs. Any surplus would be returned to the JVLLP of which the Council would have a minimum 50% share. The current assumption is that this will remain in the JVLLP to deliver further regeneration opportunities. Affordable housing funding provided by the GLA and the Council will assist with the maximisation of the provision of affordable homes at rental and ownership levels that are affordable to local people on local incomes.

The revenue from open market housing sales is expected to support the funding requirements of the programme of development including the provision of affordable homes. All the sites will generate S106 and CIL payments that will pay towards upgrading the infrastructure in the areas where these developments are taking place. Finance will be required however, to support the cash flow that will ultimately be derived from the market sales activity.

To provide this level of funding would be a significant undertaking for the Council to deliver alone. The PSDP will assist by investing alongside the Council to provide capital to the project and to defray risk both through a sharing of risk and reward but also by providing experience to support the JVLLP board in its management of risk. It will also raise finance to enable the development to progress.

Overall, the economic, social and environmental benefits of the proposed regeneration to be delivered by the proposed JVLLP exceed the estimated costs. A sensitivity analysis has modelled cost inputs and assumptions relating to land assembly, construction costs and the housing market. This shows there is headroom within forecast surpluses with which increases in land assembly and/or build costs or decreases in housing sales prices can be managed before viability is challenged.

The JVLLP would manage the sales risk involved in each regeneration site and seek to drive value from well designed and phased schemes that are focused on the provision of affordable homes and, critically, sales arising from private market homes. The PSDP with their regeneration experience, will bring improved efficiencies in construction through a well-managed delivery framework of contractors and advisors, and development management experience.

Despite risk management, the Council as a member of the JVLLP, will face risks in the delivery that might not be met by surpluses returned from the JVLLP during or after the programme of development has concluded. This being the case, it is judged that the primary purposes in being a corporate member in the JVLLP are non-commercial and socio-economic in their nature and are to secure the regeneration of the 12 sites. This is confirmed by the legal advisors in their advice provided at Appendix 8.14.

3. COMMERCIAL CASE

3.1 Introduction and Purpose of the Commercial Case

This section sets out the Commercial Case for the preferred option – the 50/50 Joint Venture Limited Liability Partnership (JVLLP) between the Council and private sector partner. The Commercial Case demonstrates that this will result in a viable procurement and a well-structured deal. This section considers the procurement strategy, contractual requirements and the key parameters of the commercial arrangement between the JVLLP partners.

3.2 Strategic and Delivery Options

The overarching aims of any procurement and resulting delivery structure will be to deliver new replacement and additional housing within the context of the Councils project objectives existing policies and best practice guidance for estate regeneration. This section sets out to analyse the different delivery approaches that are available to the Council, and the extent to which they can assist in meeting the strategic objectives and housing requirements.

Direct Development

The Council could carry out estate renewal itself. This could be done by the use of funding and available grant to work up schemes in conjunction with relevant stakeholders as appropriate. The Council could develop out sites itself. This option will involve the use of conventional approaches to take forward sites and it is dependant to some extent on the Councils appetite for risk, ability to deliver at scale and pace, and the availability of funding. The direct development option would envisage the Council taking risk in areas such as master planning, design, finance and sales and marketing (for market sale properties), although it could buy in services to assist in managing this risk.

Disposal of Individual Sites

Under this option, the Council takes forward sites (subject to available resources) and sells them into the market. Sites could be sold individually or packaged (i.e. through the creation of development platforms). Sites could be sold on a phased basis over time through development agreements/ conditional land sale agreements (with or without overage provisions) to the private sector or other public sector stakeholders.

This would involve the Council marketing sites so that they could be disposed of on a straight sale basis as freehold or leasehold assets. However, due to the complexity of regeneration schemes on housing sites these would be marketed with the appointment of a strategic development partner.

Joint Venture

A joint venture could be established, either on an overarching basis or on a site-by-site basis.

Overarching Vehicle

Under this option, the overarching vehicle (OV) is established between the Council and a strategic partner to create a partnership with responsibility for developing each of the sites through a corporate entity (which would become a public/ private developer). It is most likely individual sites or works packages would be undertaken through subsidiary vehicles to maintain the flexibility required for development finance and mitigate risk.

The Council would control exposure to the OV by ensuring that sites/ works packages are only drawn down once conditions precedent are satisfied i.e. planning, viability, agreement of business plans etc. The partner, which could comprise a consortium would provide finance and act as development manager for the OV.

The OV can provide a strategic role in taking schemes forward, which would allow the Council to add additional land through further site assembly.

Site Specific Vehicles

Under this model, the Council would establish site specific joint venture vehicles, with potentially different private sector partners. Each of these would comprise a separate development when conditions are satisfied. The Council would retain some control and influence over design, density, tenure and specification via the development agreement. Albeit this may impact on sales value, the Council would also receive sale proceeds and overage as the sites are developed out.

In relation to property the Council retains, the Council would need to appoint the developer to act in the capacity of contractor (or potentially to manage the contractor on a “cost plus” basis) to undertake the construction works for these elements on the Councils land.

Each individual vehicle would take the form of a special purpose vehicle, which would be owned equally by the Council and the private sector partner. Each vehicle would need to be procured separately and require its own governance structure with associate management resource and costs. The Council would put in an estate (subject to satisfaction of certain conditions) and the private sector partner would invest equity and act as development manager for the vehicle. The vehicle would then develop out the estate according to a pre-agreed business plan.

Council Wholly Owned Vehicles

The Council already has a wholly owned company Mercury Land Holdings. This vehicle is an independent company, at arm's length, albeit owned by the Council. It is not controlled directly by the Council, and not controlled by borrowing limitations and the funding restrictions applicable to the HRA.

It has the potential to offer flexibility on tenure and the ability to develop mixed tenure schemes including homes for sale, shared ownership and rented accommodation at social, affordable and market rents.

Subject to scheme viability, this flexibility can enable cross subsidy between tenures. The assets and debts of the company remain wholly on the public sector balance sheet with private sector involvement limited to works and services paid for by the company corporate structure.

A review of the potential delivery options has been undertaken and each have been considered, with reference to:

- The means by which they will assist in meeting the required outputs and objectives of the Council
- The extent to which they will support the Councils policy objectives
- The pros and cons of each option.

i. Option 1 – Direct Development by the Council

The Council would develop out sites itself and manage estate renewal projects.

Pros

- The Council retains control over development of the sites. This may be of particular benefit given that these are estate renewal sites.
- The financial benefits from sites would not need to be shared with a partner hence the Council would retain all development profits.
- The Council has complete discretion to choose when schemes come forward

Cons

- The Council has limited capacity and expertise to take sites forward itself, meaning progress would be slow and comprehensive estate renewal would be challenging. Some of the risk could be mitigated through the appointment of a development manager but this incurs increased costs and does not mitigate all of the development risk.
- The Council has limited finance for investment and limited access to third party funding.
- The Council is exposed to 100% of market and tenant risk throughout the development and investment programme. The Council would need to determine whether they are prepared to undertake speculative development outside social housing.
- The Council is required to take substantial financial risk and there is a requirement for internal funding resources and use of borrowing headroom. All finance would be on balance sheet.
- The Council take delivery risk on projects. It would need to manage contracts and internally resource the development management function.
- There would be reputational damage if projects were not delivered or were unsuccessful.
- The internal decision making timetables inherent in local government may extend the programme duration.
- This approach could not accelerate the delivery of estate regeneration.

ii. Option 2 – Disposal of Individual Sites

The Council take forward sites (subject to available resources and funding) and then sells the sites into the market either as individual sites or in packaged phases.

Pros

- The Council may receive capital receipts which may be used to cross subsidise other schemes, or to support the Council's financial position.
- Miscellaneous assets within the Council's portfolio which do not meet the Council's objectives could be disposed of.
- The majority of development risk and the costs of estate regeneration are passed to development partners.
- Allows the Council to react to market forces i.e. could sell assets as and when appropriate to achieve best value.
- It may be possible in certain circumstances, (on which further advice would need to be taken, as this is a complex legal area), to follow a non-EU Public Procurement Law compliant route, although given the scale of these estates, this may be limited, and may not be cost efficient in procurement terms. Broadly speaking, if a non EU Public Procurement Law compliant route was followed, the Council would need to ensure that there is no enforceable obligation to deliver works on the site. Therefore if the Council wants any degree of control or influence over design and quality/ timing of delivery it would need to run an EU public procurement law compliant OJEU advertised procurement.

Cons

- The Council has limited enjoyment of future receipts, and this is not totally mitigated by overage provisions.
- The council is unlikely to maximise returns. All developer return would go to the partner.
- Clawback and overage provisions are difficult to manage and are often not transparent.
- Development agreements are less flexible in the context of long term/ multiple site developments running over different market cycles.
- Market appetite for developers to take on the risks and costs of estate renewal sites in isolation may be limited, and where there are viability 'gap-funding' issues, this will be exacerbated.
- There is limited opportunity for bringing in private sector knowledge, skills and leveraging investment to the authority.
- If sites are required to be sold to demonstrate activity, could result in disposals at the bottom of the market.
- This is a single dimensional approach, and may require the Council to commit to a single developer per site.
- The Council has little control of when sites are taken forward and how, and to what extent, the delivery of those sites will achieve the Council's objectives.
- Its control will be exercised through conditions of sale, which will impact on the value of receipts for land.
- There is limited control or influence over the quality of development other than through planning.
- There is a considerable risk of 'land –banking' until more favourable market conditions arise and risks are reduced, therefore limited opportunity for quick delivery wins, or acceleration of development delivery from that of the current situation.
- The council; may be exposed to property market risk.

iii. Option 3 – Development and Regeneration by a Wholly Owned Company

The Council would use Mercury Land Holdings, or another vehicle established for this purpose to develop sites and carry out estate regeneration.

Pros

- A separate Council owned company has greater flexibility on tenure and offers the ability to develop mixed tenure schemes.
- Cross subsidy between tenures is possible.
- The Council retains total control over the physical development of the sites.
- The Council retains profits generated by the vehicle.
- The Council is able to dictate the timescales at which sites are brought forward.
- There are no complex overage provisions.
- The company could also develop PRS, which could provide an additional revenue stream to the Council.

Cons

- At present, Mercury Land Holdings is not operating at the scale to deliver estate regeneration and development across these 12 sites. This is typical of most currently established local authority housing companies. The Council will need to take a view how MLH could establish the capacity and expertise to operate at this scale and complexity. A development manager could be appointed, incurring further cost and without mitigating, the other concerns listed. Similarly, there would appear to be limited capacity and expertise to establish a further specialist company to take forward estate regeneration.
- The Council, through the vehicle is exposed to 100% of property market risk and tenant risks throughout the development and investment period.
- The vehicle would be completely on the Council's balance sheet, and the Council would take substantial financial risk, through additional borrowing or the use of internal resources. This level of financial risk is likely to be unacceptable at this time.
- The Council, (through the vehicle) take the delivery risk of projects, and would need to manage contracts and resource the development.
- There would be limited external investment to support development – activity would generally be funded through additional Council borrowing.
- The vehicle remains entirely in public sector ownership, with greater exposure to future changes in policy.
- At present there is potential for housing development by wholly owned companies to be outside the Housing Act 1985 and avoid 'right to buy' issues. However, the government has indicated (most recently in the recent Housing White Paper) that it wishes vehicles to offer the right to buy to tenants of social accommodation produced through such vehicles. It is possible that legislation in the future will seek to enforce this, possibly even retrospectively.

iv. Option 4 – Overarching Joint Venture Vehicle (JV)

Under this option, the JVLLP is established between the Council and a strategic partner or partners, to create an overarching development and regeneration partnership. This

partnership can take sites forward by way of direct development or different delivery mechanisms beneath the overarching level e.g. development agreements, SPVs etc.

Pros

- The Council retains control over the assets as a partner of the JV i.e. ongoing control over assets and any development.
- The Council participates in profits from the JVLLP (no complex overage provisions).
- There is flexibility to cross fund projects throughout the JVLLP.
- As there is only one JVLLP being established the establishment and procurement costs are reduced compared to the site specific vehicle option below.
- Including a range of sites within the JVLLP, creates a more diverse opportunity, which allows for a spread of risk, which will be attractive to a private sector partner. This can be further enhanced, if additional sites are added, either pre procurement or at a later time.
- The private sector partner is incentivised to bring forward the portfolio and deliver development as they also receive returns from development management services and, potentially construction works/ services.
- The Council can adopt a long term investment approach, including short term wins and long term strategy.
- There is ability to lever in private sector investment, skills and knowledge and allow for a mature partnership to develop, with the Council, investing in one set of inter-personal connections rather than multiple.
- Ability to protect the value in current market as the value of assets is crystallised on drawn down rather than on establishment of the vehicle i.e. avoids disposing of development sites at the bottom of the market.
- It is possible, and indeed may be positively beneficial to add further sites into the JVLLP. Further assets may be required to create a more comprehensive development opportunity, or to equalise equity shares in the JVLLP.
- Flexibility exists to take sites forward individually by way of specifically tailored delivery mechanisms.
- Additional projects, in which the Council has limited land ownership, can be added and the Council can have influence and involvement.
- Flexibility is provided to allow monies to be retained within the vehicle and to be used to cross fund other projects.
- Potential opportunity to choose capital or revenue returns
- The Council has greater flexibility in terms of ownership options.

Cons

- No large capital receipts upfront until land values are crystallised.
- Costs (time and resource) of setting up the JVLLP and contributing to governance (albeit less than the previous option.)
- Lengthy procurement process inhibits quick wins.
- Structure needs to be acceptable to attract a suitable partner appropriate for the Council.
- Likely need for 50% equity share may have implications for the Council in relation to long term ownership, obtaining receipt for social housing, or inputting additional sites.
- Council shares risks as well as rewards up to the extent of its equity.

v. Option 5 – Site Specific Vehicle

Under this option, the Council would establish sites, or phase specific vehicles with private sector partners.

Pros

- The pros of this option are those listed above under Option 4.

Cons

- No large capital receipts upfront until values crystallised.
- Increased establishment costs in terms of time and resource for setting up each vehicle.
- Procurement process required for each vehicle (with cost, delay and market appetite implications).
- Depending on scale and phasing, limits the way by which the sites can be delivered.
- More difficult to cross subsidise less viable schemes.
- Limited flexibility as each vehicle would be established for a specific site only.
- Limited flexibility to include other stakeholders within the vehicles other than at a governance level.
- Potential conflict of interest between the vehicles i.e. competing sites.
- Lengthy procurement processes to establish the vehicle could result in a loss of momentum and slower delivery.
- Council shares risks as well as rewards up to the extent of its equity.
- The Council will have limited capacity to site on multiple SPVs and manage multiple long term relationships.

3.3 Personnel (TUPE) Implications

There are no TUPE implications in the proposed programme and JVLLP.

3.4 Accounting Treatment

Accounting treatment will need to be resolved during the further development of agreements and before the Members Agreement, Development Agreement and Business Plan are executed.

3.5 Recommended Option

Cabinet agreed to proceed on the basis of an overarching joint venture vehicle and to progress towards selection of a PSDP following a competitive dialogue process. This is subject to ensuring the Councils investment is sustainable and there is sufficient headroom within the HRA Business Plan as reported to Cabinet in November 2017.

3.6 Procurement and evaluation process

The procurement process is a major work-stream within the project. The overall Project Board to oversee this project was set up in mid-2016 as the project was reported to Cabinet in June 2016. The procurement timescales were designed to ensure that the process was

rigorous enough to identify the right partner to deliver this project as well as one that would encourage the widest interest and participation from the industry.

The procurement of works/services relating to the 12 site regeneration is subject to the European Public Procurement Law, as implemented in England by the Public Contracts Regulations 2015 (as amended) and the Concession Contracts Regulations 2016. This necessitates a procurement process following the publication of a notice in the European Journal (OJEU). These rules will continue to apply for the foreseeable future and therefore need to be adhered to throughout the process.

To complete a successful procurement process there needed to be a strong understanding of the key issues involved in establishing regeneration vehicles such as a JVLLP both legally and commercially. This included awareness of the changing needs of the market, changing market conditions and the Government policy context.

To take the 12 Sites project forward through a collaboration between public and private sectors, a JVLLP, provides the impetus required to enhance economic regeneration with the formation of a strong delivery vehicle providing the chance to shape and focus the future development and regeneration of significant areas of the borough. It is also a means of harnessing alternative sources of funding and facilitates the formation and implementation of an innovative approach to proactively deliver growth and regeneration.

In order to properly steer the procurement to achieve this, a significant amount of external support and challenge was also needed. Firstly to review the assumptions made by officers in their initial assessment of the viability of the project and secondly to guide the procurement process itself.

One of the first activities completed after the October 2016 Cabinet was the procurement and appointment of a specialist multi-disciplinary consultancy team (MDT) to lead on site due diligence and procurement of a joint venture development partner. This team comprised:

- Savills – Professional Team lead and advisors
- Tibbalds and PCKO – Architectural, Planning and Design advisors
- Gardner & Theobald – Cost Consultants.
- Bevan Brittan – Legal Advisers.

This team was procured to:

- Develop a detailed understanding of the Council's priorities and constraints for this programme and to recommend the best approach to meet those requirements.
- Deliver a 'Competitive Dialogue' process in accordance with EU procurement law principles, using an approach similar to and in accordance with the competitive dialogue process specified in the Public Contracts Regulations 2015 (as amended), Regulation 30, which provides the opportunity for a structured approach to procurement, while reserving the right to deviate from the formalities of the Public Contracts Regulations 2015 (as amended) in conducting the competition due to the flexibilities permitted by the Concession Contracts Regulations 2016, in order to which will procure a private sector

development partner (PSDP), who will deliver the site regeneration programme in partnership with the Council.

- Ensure the development opportunity was attractive to potential partners, commercially viable and enable the Council to secure the right commercial deal, mitigating risk and financial exposure,
- Ensure Council priorities are achieved through increasing and maximising the supply of new mixed tenure housing. This is to include replacing the existing amount of affordable housing currently on site, homes lost under the Right to Buy and delivering an additional amount of affordable housing in line with planning policy guidance, subject to viability,
- Help to achieve additional value through wider regeneration that supports growth and sustainability, including improvements to the public realm, new schools, health and community facilities, providing opportunities for new businesses, alongside employment, skills and training,
- Ensure that the Council optimises the value of its assets which may include the generation of capital receipts and income streams while securing best consideration where this is required,
- Provide expert and timely advice on property, development, commercial and procurement matters and to support the project leadership throughout the project life cycle. Also to help facilitate the programme, shape viable development proposals and negotiate terms of a robust development partnership agreement with the PSDP.

The commission fell into two phases:

- Phase 1: (Due Diligence):- included the review of existing proposals to establish suitable and commercially viable development proposals that were attractive to the market and form a base case for achieving the Council objectives and priorities.
- Phase 2: (Competitive Dialogue Procurement):- included managing the Competitive Dialogue Procurement to secure a suitable long term development partner, including developing the Council's requirements, supporting the preparation and presentation of the development opportunity to the market. This was to be delivered by providing specialist property, commercial and procurement support as a key member of the Council's project and procurement team.

The project and procurement team also drew on senior officers from across Havering and OneSource. The panel comprised Senior Housing Officers, OneSource Finance Officer, OneSource Procurement, Savills, and Bevan Brittan. This panel representation ensured that the procurement process drew on external professional expertise regarding development and regeneration, legal, commercial, procurement and housing expertise as well as local knowledge and technical HRA and General Fund expertise.

All of the financial aspects of the project were built into a financial dashboard used to identify the key financial inputs and outputs, including inputs from the HRA Business Plan. This financial modelling was reviewed and quality assured by KPMG as an external assessor.

This organisation was procured by OneSource Finance and has been retained for further financial advice including tax advice.

The procurement process is set out in summary below and key documents attached at Appendix 8.15:

- Issue of a Prior Information Notice for soft market testing advising of the Council's intention to launch a procurement process, and that an OJEU Concession Notice will be published in due course. It included an official launch of the opportunity at MIPIM in March 2017 followed by discussions with a representative sample of interested parties to provide outline information on the tender opportunity.
- Issue of an OJEU Concession Notice setting out the Council's intention to procure a partner to establish the joint venture and concurrently making available a prospectus which included the Memorandum of Information (MOI) and Selection Questionnaire (SQ) to potential bidders who registered an interest in the OJEU notice. Public Procurement Law only allows, during this first procurement phase, for information to be sought from bidders in relation to their previous experience i.e. it is not possible during the SQ stage to ask bidders for responses in relation to how they would deliver the project, i.e. operate the vehicle. Following receipt of the Selection Questionnaire responses these responses are evaluated to ascertain a long list of parties to progress to the next procurement phase, dialogue.
- Commencement of the dialogue phase. This phase was broken down into 2 stages, the ITPD stage (Invitation to Participate in Dialogue) and the ITCD stage (Invitation to Continue Dialogue). This dialogue process provided bidding parties with the opportunity to shape the final form of the proposed JVLLP. Bidders were asked to work up proposals for the structure of the JVLLP, business plan and governing legal documents, the initial financial offer based on indicative numbers and design briefs. Regular dialogue or clarification meetings were held with bidder parties during this stage in order to assist bidders with their submission as well as allowing the procurement panel to understand the potential submissions and organisations who were bidding. At the end of the ITPD stage bidding parties were requested to submit responses to the ITPD from which a short list of parties were evaluated and selected to progress to the next or ITCD stage. The ITCD stage enabled the shortlist of bidders and the procurement panel to enter into detailed discussions regarding the nature of the project and the relationship. Items of clarification that were relevant to all parties were published on the procurement portal so that all bidders were working with the same information. This detailed level of dialogue and understanding then finished on a pre-determined date prior to the final stage of ISFT.
- The ISFT, or Invitation to Submit Final Tender, is the submission of final tender stage. Bidders were asked to submit comprehensive Final Tender responses on the basis of the solution or solutions presented and specified during the dialogue in respect of the sites and the proposed JVLLP structure. Under the competitive dialogue process, tenders shall contain all the elements required and necessary for the performance of the project. These tenders may be clarified, specified and optimised at the request of the Council, as long as these clarifications do not involve changes to the essential aspects of the tender or of the public procurement where this is likely to distort competition or have a discriminatory

effect. After evaluation of final tenders and selection of a preferred bidder, a confirming commitments stage may take place with the preferred bidder to confirm financial commitments or other terms, provided that this does not materially modify essential aspects of the tender and does not risk distorting competition.

- Once these stages have taken place, contract award decision notices will be issued, (as set out in Regulation 47 of the CCR 2016). A standstill period will then follow (as set out in Regulation 48 of the CCR 2016) prior to the Contract Award Notice being published and contract commencement. This formal commitment will only occur once the council funding has been confirmed via the 2018/19 Budget Setting process.

The time-scales for the above process is summarised in the table below.

No.	Stage	Start	End	Participants
1	Concession notice published	12/05/17	12/05/17	52
2	Selection Questionnaire (SQ) period	12/05/17	13/06/17	10
3	SQ evaluation period	13/06/17	28/06/17	
4	ITPD period and submission of ITPD responses	30/06/17	11/08/17	6
5	ITPD responses evaluation period	14/08/17	11/09/17	
6	ITCD period	13/09/17	24/11/17	3
6	ISFT period and submission of ITPD responses	24/11/17	07/12/17	3
7	Final tender evaluation period	07/12/17	18/12/17	
8	Cabinet report for selection of preferred bidder	17/01/18	17/01/18	1
9	Final agreement of legal documents	23/01/18	22/02/18	1
10	Full Council approval of funding	21/02/18	21/02/18	1
11	Formal signing of contract	22/02/18	22/02/18	1
12	Issue of contract award notification and start 10 day stand-still period	23/02/18	09/03/18	10
13	Expiry of standstill period	09/03/18	09/03/18	1

3.7 Evaluation

The ISFT document identified the requirements for the submissions from the final three bidders, much of which were covered during the dialogue process. It also illustrates the weighting and scoring criteria that the procurement panel used.

Each procurement panel member was provided with a full set of the ISFT documents submitted by the final three bidders. Each of the panel members individually scored the submissions and those scores were placed into a scoring matrix for each panel. An adjudication and moderation process was then carried out, overseen by the OneSource Procurement Officer, to produce the consensus scoring and reasons against which the weightings were then applied. This gave the final scores.

The Preferred Bidder status winner, as identified in this report, is the bidder with the highest overall points score.

The requirements of the ISFT submission and the scoring matrix were design to ensure that the bidder which provided the most economically advantageous tender whilst delivering the Council's requirements and objectives would become the Preferred Partner.

3.8 Resources for implementation

An indicative budget for the period to contract award is set out at Appendix 8.16.

During the implementation and procurement process, it was important for the Council to have a dedicated project team, the costs of which are not included in the above budget. In so far as was possible that team remained consistent during the procurement process and will need to be consistent through mobilisation, establishment and delivery processes. As well as having as overarching project lead within the council for the project, the following sub-work streams will require resources from the Council. Financial and legal work streams will require specialist support. The workload of the work streams will differ during the various stages of the process.

- Property and statutory considerations – including the collation of information and due diligence.
- Financial and accounting considerations.
- Preparing reports for Council approvals and scrutiny.
- Implementation and establishment of the Joint Venture.
- Mobilisation and delivery phases.

The governance requirements for the JVLLP will need to be in place and conform to the Havering Governance requirements that are currently being developed for presentation to Cabinet early in 2018.

3.9 Summary

A robust procurement exercise has confirmed the PSDP as the Council's preferred development partner. This preferred bidder status is subject to conditions, negotiation of satisfactory contract terms and further due diligence as part of the confirming commitments process.

It is proposed that the Council and the PSDP will form a JVLLP owned 50% by each Member. The JVLLP will have a 15 year term which can be extended by mutual agreement, and will be governed by a board.

The JVLLP will be bound by a set of legal agreements signed by both parties, including a Members' Agreement, Development Agreement, Development Management Agreement, a Land Acquisition Strategy and a CPO Indemnity Agreement.

Once established, the JVLLP will propose for agreement by the board and its members (the Council and the PSDP) an annual Business Plan (ABP) setting out the objectives to be achieved, the requirements for finance, delivery, the land acquisition strategy and other policies. The ABP will be presented to and agreed annually by Cabinet and will be reviewed quarterly by Executive Brief.

A Development Management Agreement will be entered into with the PSDP for development management and project management services against a specification of services and agreed payment terms.

4. FINANCIAL CASE

4.1 Introduction and Purpose of the Financial Case

This section sets out the Financial Case for the preferred option – the 50/50 Joint Venture Limited Liability Partnership (JVLLP) between the Council and private sector partner. The Financial Case demonstrates that the preferred option is expected to result in a viable and affordable deal funded through and impacting on the HRA. This section includes information on the financial model, the financial impact on the JVLLP and Council, sensitivity modelling, the overall funding arrangements and affordability of the proposed approach.

4.2 Current HRA Business Plan

In November 2017 Cabinet considered the HRA Business Plan Review and the impact of the provision of new affordable homes via regeneration schemes in Havering.

The HRA remains a ring-fence account that is used to manage the Council's own housing stock. The proposed business plan will enable the Council to manage the existing stock to a reasonable standard, to maintain the decent homes standard and provide significant resources for the development of new affordable homes for local people.

The report provided Cabinet with the latest assessment on the impact of the provision of new homes via the HRA 12 sites regeneration project and the establishment of the HRA JVLLP.

Elements of the business plan that have a direct impact on the income into the HRA BP include:

- Social rent setting policy in the years following four years of 1% reduction.
- Any capping of local housing allowance (LHA) levels.
- Rent policy regarding supported housing rents.
- Service Charge recovery

Elements of the service that impact on the levels of expenditure in the HRA BP include:

- Planned maintenance to existing stock.
- Responsive repairs cost to existing stock.
- Delivery of new build homes
- Staffing costs
- Financing costs of borrowing in the HRA
- Losses arising from Bad debts, voids etc.

4.3 Building New Homes and Regeneration

As the main income to the HRA Business Plan comes from rents, it is imperative that the numbers of rental properties is maximised. The current HRA business plan expects to lose 80, possibly 100, properties per year through the Right to Buy (RTB). This reduces rental income by a minimum of £0.390m per year, assuming a full year loss of income per property. Since the start of the RTB regime, Havering has lost some 4,000 properties out of the HRA. This equates to an annual loss of rent of £19.5m per year. Moreover, this is a significant loss of properties available for local people who need affordable housing or become homeless.

As increased demand for properties continues and the number of families presenting as homeless rise, there is a trend for more families to be housed for longer in hostels and there is a risk that the Council will need to resort to the use of expensive B&B emergency accommodation. This is a General Fund (GF) cost. More properties available in the HRA mean more properties available for permanent housing and therefore reduced spend on B&B in the GF.

In addition, changes to the costs of temporary accommodation are adversely impacting on the General Fund. The key impacts are coming from the increased costs of procuring temporary accommodation in the private rented sector and reductions in benefits subsidy to pay for temporary accommodation. One way of mitigating these rising pressures is to build new homes that can be accessed by local people who are facing homelessness.

The HRA BP resources can be used to fund new build and can be augmented by right-to-buy receipts. Failure to use right-to-buy receipts in this way would see the Council having to pay the receipts over to the GLA with additional interest. Some Council housing new build schemes have also attracted grant from the GLA. The Council have been awarded just over £30.296m from the GLA for the affordable housing provision on the first three sites in the HRA 12 sites project. Those sites are Waterloo Estate in Romford, Napier and New Plymouth Houses in Rainham and Solar, Serena, Sunrise sheltered scheme in south Hornchurch.

The HRA BP Review presented to Cabinet in November 2017 identified a total of £200m within the HRA BP over the next 10 years that was available for investment in new units of affordable housing to help replenish losses of units through the right to buy and to help local people access affordable housing. The report identified £55m had been earmarked for new affordable housing on the Bridge Close development and £145m has been identified for the purchase of affordable housing through the 12 sites project.

As more sites come forward in this JVLLP, further applications will be made to the GLA for additional affordable homes funding. If the GLA were to fund those sites at the same rate as the first four sites, the total GLA funding for these sites would rise from the £30.2m already confirmed up to some £49m.

4.4 Viability

4.4.1 Overview and Approach

A baseline viability model has been established by the Havering, working in conjunction with a multi-disciplinary team to provide an indication of the likely project surplus or deficit where surplus is defined as:

- Sales revenues; less
- Housing builders priority return/ margin; less
- Development costs of new units; less
- Infrastructure/ other costs related to each phase of an estate redevelopment (which includes compensation for homes owners, demolition and allowances for infrastructure and abnormals); less
- Site assembly cost/ Vacant Possession; less
- Cost of finance.

The aim of the viability model is to create a flexible tool to allow the project team to consider the viability of the project and make updates to assumptions and inputs as more information is sourced from within the Council and from external consultancy reports/ due diligence.

In order to deliver that flexibility the model can be manipulated to:

- Address build methodology and phasing.
- Appraise cost value relationships by tenure and archetype.
- Variable construction costs dependent upon unit type and construction type(s).
- Build duration and rate of sale.
- Variable revenues by tenure.
- Site wide costs and abnormals.
- Development on costs.
- Aspiration on margin.

The baseline viability model that has been established has provided a set of outputs based appropriate research, industry norms and independent scrutiny and validation.

This report is predicated upon the baseline viability model however the model will evolve to reflect the market's response as we move through the competitive dialogue phase.

4.4.2 Approach and Quality assurance

The approach taken to creating the model is as follows:

- We assessed output requirements of the model, i.e. new housing delivery, programme durations, decant requirements, costs of delivery, potential sales receipts and potential net surplus/ deficit.
- We collated initial inputs commissioning external consultancy studies to ascertain development capacity, site constraints and build methodology.

- These outputs were then translated into a bespoke appraisal system to demonstrate the optimum viability, key financial and physical outputs.
- Input assumptions have been updated to reflect specialist consultancy validation reports.
- The model is subject to quarterly review to reflect fluctuating market conditions, build cost indices and inflation.

4.5 Viability Model Assumptions

This section sets out the assumptions used in the viability modelling and describes the source of the assumption.

4.5.1 Existing Ownership and Residents Offer

The model requires information on the current housing stock in order to calculate the costs of demolition, compensation for owners and tenants and the cost of re-providing housing. These assumptions can be sensitised to help develop the residents offer. The initial assumptions are as follows:

Description	Assumption	Source
Existing ownership Numbers Ownership type	112 No. Leasehold/ Freehold	Council Data
Compensation for Private Owners	MV plus 10% +/- £750 per plot (avg) disturbance payment	Council assumption and independent valuation
Compensation for Council Tenants	£6,100 Home loss £8,000 (avg) disturbance payment	Council assumption
Property value inflation	5% p.a.	Council assumption
Cost inflation (Applied to Council tenant compensation)	2.5% p.a.	Modelling assumption

4.5.2 Layouts and Phasing

Each of the sites within the portfolio demonstrates unique characteristics and development capacity. The smaller sites lend themselves to comprehensive redevelopment in a single phase. With regard to the larger sites, these will be undertaken in multiple phases for the following reasons:

- Rate of build will be driven by rate of sale
- Minimise disturbance and disruption to existing residents and other stakeholders
- Scope of infrastructure upgrades required
- Efficient decant programme.

The phasing methodology adopted is reflected in the 'baseline financial model' programme assumptions and sales profile. Upon selection of the preferred bidder, the JVLLP will produce indicative design proposals for each site which will include phasing methodology.

PCKO and Tibbalds have prepared feasibility studies for each of the 12 sites to determine development capacity. These have been translated into the baseline financial model. In addition, they inform the memorandum of information issued to potential bidders to provide guidance on matters such as height, density, massing etc.

The proposed tenure mix facilitates the 'right to return' for all existing tenants on the sites and provides 794 affordable rent dwellings. In addition, we have included 300 LCHO dwellings to be sold at 40% of open market value (OMV) at point of sale. This product will enable existing leaseholders to return to the regenerated sites at an affordable price point.

4.5.3 Costs

Cost revenue forecast and programme assumptions for the regeneration programme are as follows:

Description	Assumption	Source
Build Costs	Net £222 ft ² Gross £265 ft ²	Council Savills Gardner and Theobald (cost consultants)
Programme Duration	10 years	Council Consultants Market
Revenue Forecast	Range: £360 ft ² - £479 ft ²	Savills
Gross Margin	Pre-interest 16.4% Post-interest 12.7%	Modelling assumption
SDLT	None: Build under Licence	Modelling assumption
Residual Land Value	£13.120m translated into loan note (Council equity stake)	Modelling assumption
Peak Debt (After overheads and interest)	£167.5m	Modelling assumption
CIL	£20m ² (open market units only)	Modelling assumption
S106 Contributions	£6,000 per plot	Modelling assumption

4.5.4 Housebuilders Margin

The blended margin equates to 16.4% of GDV comprising 18% of GDV for open market dwellings and 12% of costs for affordable dwellings.

This is in line with Savills recommendation for a programme of this magnitude and value and delivers a net margin, post interest of 12.4%.

As stage one of the competitive dialogue process we received six bids, primarily from national house builders, all but one of the bidders reflected an aspiration on margin in line with our forecast.

4.5.5 Acquisitions of Affordable Rent Units

LBH will retain the freehold interest and long term management of all affordable rent units re-provided across the 12 sites. These will be acquired from the JVLLP at point of build completion. The HRA offer price equates to £225 ft², an average purchase price of £172,000 per plot.

Following a successful bid to the GLA under the 2016-2021 Programme, a grant allocation of £30.2million has been secured. In respect of phase one of the regeneration programmed this will be drawn down, 50% upon start on site, and 50% upon build completion. In addition to the above, we have now submitted a bid to the GLA for site assembly grant, an overarching agreement is in place, and we hope to proceed to contract, following the GLA's due diligence on the toolkit appraisal. Potentially, this would attract further grant/ loan up to £2.7million.

4.5.6 Low Cost Shared Ownership Units

The baseline financial model assumes an income stream equivalent to 40% of open market value payable at point of sale. The Council will seek a legal charge over the retained equity (60%). Based upon current market value, the retained equity is valued at £40m; the capitalised rental stream would generate a passing rent of £1.2m per annum.

4.5.7 Viability Model Caveats

The assumptions contain some known limitations at this stage, these are summarised below:

- Transport infrastructure/ infrastructure upgrades – the requirement to invest in and around the sites to support increased population needs. Currently bidders have provided provisional sums within the financial proformas. These will need to be captured in a risk register and quantified following the appointment of a preferred bidder and implementation of detailed site investigations and capacity studies commissioned.
- Phasing – the potential phasing methodology applied to the development will be determined following selection of a preferred partner. The three shortlisted bidders have submitted preliminary phasing proposals which are subject to ongoing evaluation.
- Unit mix – as the potential density and layout is adjusted and refined the final unit mix may change from that within the current financial model.
- Stamp duty land tax – the financial model is currently predicated on a 'build under licence' arrangement which does not give rise to an SDLT liability. This assumption is subject to further specialist tax advice.
- Planning/ Development Control – The indicative layouts and capacity studies are subject to fluctuation following consultation with development control.

4.5.8 Income

In line with expected practice in Havering, the financial outputs from the viability modelling have been inserted into a financial dashboard.

All income assessments are at 2017 prices – with no House Price Inflation - but an allowance is made for increases in the sale price of properties as regeneration takes place and the first properties are occupied. This is a standard approach and Crossrail and the new C2C station at Beam Park are also expected to increase sales values across the 12 sites. The most important income element at the sites is the value of residential properties. Sales values are always expressed as an average £ per sq. ft.

Three sales values have been modelled to show the overall financial impacts. The current values expected from similar developments (the “Red Book”). The values expected taking a prudent view of where the sales values will be when new homes start to be sold in around 2 years (the Budget or Base level). Sales values that could be achieved taking a more optimistic view of house price growth due to regeneration (the Target Level).

- The financial model breaks-even at £460 per sq. ft.
- Based on advice by Glenny and Knight Frank, if the development was to be open now the average £ per sq. ft. would be £479. This is known as the ‘Red Book’ valuation.
- The Council proposed (and the tendering exercise confirms) that the Business Plan should be based on an expected case of £500 per sq. ft. This cautiously allows for a 4.4% regeneration uplift from the Red Book or today’s level. This is the Budget level.
- A more optimistic external assessment predicts that the average value throughout the life of the project (at 2017 prices) would be £532 per sq. ft. which is 11.1% higher than ‘Red Book’. This is the ‘Target’ scenario
- £532 is consistent with market evidence from our own professional advice through our Specialist Team (MDT) and the market exercise. To support its own financial offer, each bidder has appointed third party advisers on the future market trends.

The JVLLP will be expected to provide quarterly assessments and projections against the Budget and Target levels.

4.6 Financial outputs

4.6.1 Model Outputs

The outputs from the viability modelling are presented in the Financial Summary at Appendix 8.1. Scheme viability varies from site to site over the entire portfolio resulting in a nominal surplus. In order to manage viability, it is proposed the sites are grouped into a number of distinct works packages to ensure, where possible, each works package delivers a nominal surplus. Any works package that culminates in a nominal deficit, the shortfall will be financed via the HRA.

The revenue forecast adopted in the baseline model is considered prudent and has been informed and supported by independent market research, as evidenced in Appendix 8.17.

4.6.2 Council Investment

The Council has elected to retain the freehold interest and long term management of all affordable housing units to be re-provided across the 12 sites. These units will be purchased from the JVLLP for a pre-agreed price, as they achieve build completion. Acquisition costs will be funded through a combination of GLA grant, HRA resource and cross subsidy generated through open market sales receipts.

The HRA Business Plan has been reviewed and presented to Cabinet in November 2017. That review and report identifies that the 12 sites regeneration programme is sustainable via the HRA.

4.6.3 The Offer to Tenants, Leaseholders and Other Residents

Attached at Appendix 8.18 is the Havering Council housing regeneration pack comprising of:

- The Local Lettings Plan.
- The Re-housing options for non-secure tenants in temporary accommodation.
- The Regeneration decant policy and possession procedure.
- The offer to leaseholders.

Through these documents, the Council aims to:

- Ensure no resident is financially worse off as a result of estate regeneration.
- Maximise the ability of residents to obtain replacement homes in new developments where they wish to do so.
- Enable residents to move to comparable homes in the borough where they would prefer to move elsewhere.
- Make the disruption to existing residents as small as possible. Estate regeneration is disruptive to the lives of residents affected and can be distressing and upsetting. The Council is committed to provide support to residents during this time.

The adopted policies aim to provide a consistent, fair and equitable approach to the rehousing and financial payment commitments made to household who need to move as a result of estate regeneration schemes. They aim to minimise disruption to residents by the provision of clear, timely information and providing additional support to vulnerable residents. They provide an outline process by which the Council will obtain vacant possession of properties required for regeneration works to take place.

When estate regeneration is being considered, residents can expect:

- Full consultation.
- Provision of timely information to keep them informed.
- Support when needed from the Council.
- Support and advice from an independent resident advisor to enable tenants and residents including freeholders to be actively engaged and involved in the process.
- A fair financial offer for buy backs, out of pocket expenses and compensation.

Where estate regeneration is agreed, the Council will provide housing options in accordance with estate regeneration best practice. Residents can expect a range of compensation and financial assistance as prescribed by legislation. A summary of the offer is set out below:

Non Resident Leaseholder

- Market Valuation
- 7.5% Supplement
- Legal Fees

Leaseholder / Private Owner

- Market Valuation
- 10% supplement
- Legal Fees

Council Tenant

- Home Loss (Qualifying) £6,100 per household
- Qualifying disturbance payments

4.7 Summary

The JVLLP is fundable through the HRA and an affordable deal can be secured. The Council has settled on a Base Case model which is predicated on a set of prudent assumptions which have been challenged and subjected to due diligence both by the Councils Specialist Multidisciplinary Team (MDT) lead by Savills and by the Council to confirm that these assumptions are reasonable having regard to the current market and the nature of the development proposals being made. In addition, the procurement exercise has confirmed the approach and assumptions made by the council are a sound and deliverable proposal.

The Base Case shows a total estimated income in the region of £800m from the proposed development programme, a total estimated development cost of £750m and a potential £50m million surplus being achieved by the JVLLP. This would be split 50/50 between the Council and PSDP.

The JVLLP will be funded through a combination of GLA loan, equity from the Council HRA mainly in the form of land value, equal equity from the PSDP and third party debt raised by the JVLLP.

5. MANAGEMENT CASE

5.1 Introduction and Purpose of the Management Case

This section sets out the Management Case for the JVLLP and demonstrates that it is capable of being delivered successfully, in accordance with recognised best practice.

5.2 Deliverability

The redevelopment of the 12 sites are a considered, deliverable and realistic project. Key elements to support this assessment are detailed below.

5.3 Land assembly

The level of ownership and control of land by the JVLLP partners, together with the land assembly strategy within the JVLLP's Business Plan and the intention to adopt Compulsory Purchase Order action makes it very likely that vacant possession of the sites can be secured.

The Council has started the process of land assembly, including key actions as follows:

- From Tuesday 17 January 2017, all HRA rented properties, which become empty and are capable of being relet, are being examined to see if they meet the housing needs of people being moved from the regeneration sites. If they match, an offer will be made. If the offer is accepted, the move takes place as quickly as possible with the Council providing assistance to residents who are moving.
- Almost every Council tenant has accepted the offer for a one-to-one meeting about their housing needs and has been sent two copies of the Decant Assessment Form, which summarises the one-to-one meeting. The information on the Decant Assessment Form is being used to identify a match for a property to be offered for rehousing.
- Demolition Notices have been delivered to around 900 properties.
- The Council has contracted TPAS (Tenant Participation Advisory Service) to provide free, independent help and advice to individual tenants. TPAS will provide independent advice to any resident who needs help.
- Consultation on a Local Lettings Plan that communicates to Council tenants their rehousing options and allocation principles and procedures.
- Leaseholders can sell now - some leaseholders are already in discussion with the Council about selling their property to the Council. Leaseholders and freeholders wishing to sell their property on the Maygreen Crescent and Park Lane, Napier House and New Plymouth House, Oldchurch Gardens or Waterloo Estate regeneration sites are being particularly encouraged to speak to the Council.
- Section 1.25.2 of this Business Case provides more information on activity towards achieving vacant possession.

5.4 Planning

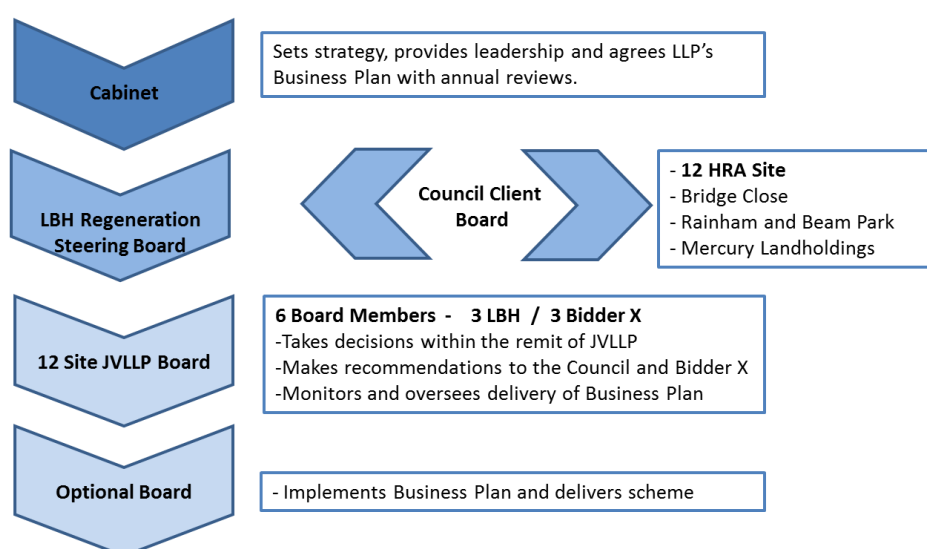
A sound policy framework already exists as described in the Strategic Case of this business case. The approach to secure planning permission will be based on compliance with local and London plan requirements, early and continued involvement of the Local Planning

Authority including a Planning Performance Agreement, a programme of public, Member and stakeholder engagement, and a commitment to high quality design and management standards.

5.5 Programme & Project Management Structure

In addition to the governance of the JVLLP, the Council must have its own arrangements in place to ensure its involvement facilitates the delivery of the JVLLP objectives whilst protecting the Council's interests. The Chief Executive will present proposals for a new client function to support the Council's regeneration programme to Cabinet early in 2018. The diagram below is indicative of arrangements for the 12 Sites Programme.

The Partnership: Governance Arrangements



The Council's HRA Development Team will lead, for the Council, on the delivery of the JVLLP and be accountable for its success. This will include all aspects of project and financial management. The HRA Development Team will require sufficient resources to manage this major regeneration programme including support from other Council departments, other public organisations and local businesses. The project will report to the Council's Regeneration Programme Executive and Board.

The Council's Senior Leadership Team (SLT) and Corporate Leadership Team (CLT) support the vision for the 12 sites and will act both as advocates for the project and assist in key relationship management when required with Cabinet, Councillors, the GLA, the PSDP and other funders and stakeholders.

5.6 Programme

Following the procurement process, the key milestones that will drive the project going forward are set out in the table below.

5.6.1 Key anticipated milestones (first 4 sites)

Milestone	Anticipated date
Cabinet approval to establish a joint Venture Limited Liability Partnership.	January 2018
Council approval of Capital funding	February 2018
Approval of legal agreements including JVLLP Business Plan	March 2018
Cabinet approval of Compulsory Purchase Order resolution	June 2018
Viability review of remaining sites and agreement of phasing	Summer 2018
Submission of 1 st planning application	Summer 2018
Determination of 1 st planning application	January 2019
Vacant possession of sites	September 2019
Potential Start on Site	September 2019
First completions	May 2021
Scheme complete	January 2027

The competitive dialogue process has required the bidders to carry out extensive delivery proposals that have been presented to the procurement panel through the year. The competitive dialogue process has required selected shortlisted bidders to negotiate the terms of the agreement during the second dialogue stage. However, at the point at which the leading bidder is awarded “preferred bidder” they will have an opportunity to confirm commitments to finalise the proposed contractual arrangements prior to a final award decision.

The detailed project programme, including public engagement and consultation, will be reported regularly through the Council, Housing Services and the JVLLP’s governance arrangements.

5.7 Project Team

The Project Team is listed in the table below. The Council’s Project Sponsor will be the Director of Neighbourhoods for the London Borough of Havering. The Project Director will be the Programme Director of Regeneration. The Project Team will report to the Project Board, with the Project Director being Chair. The Project Board will in turn report to the Council’s Regeneration Steering Board.

The Project Board and the Regeneration Steering Board will approve this business case and all associated Cabinet Papers prior to Cabinet approval.

The Project governance and oversight, including Project Management (PM) arrangements, will comply with the requirements of the Council's wider team addressing all of its development joint ventures.

Name	Role	Title
Stephen Moore	Project Sponsor and Chair of Regeneration Board	Executive Director of Neighbourhoods
Neil Stubbings	Project Director and Chair of Project Board	Interim Programme Director of Regeneration
Paul Gayton	Programme Manager	Programmes and Projects Manager HRA, Development
Mike Gappy	Project Manager	New Business Officer HRA Development
Martin Fahy	Finance Manager	Finance Manager, OneSource
Siobhan Fry	Legal Manager	Principal Lawyer, Planning, OneSource
Lauren Sinclair	Project Officer	Project Officer, HRA Development

OneSource Legal, acting for the Council, has managed the legal contributions made by the Council's external advisors, Bevan Brittan. Bevan Brittan will continue to provide legal advice on this project in relation to the procurement and legal agreements for the setting up of the JVLLP. OneSource will continue to provide direct legal advice relating to the Local Lettings Plan and work with leaseholders leading to vacant possession.

OneSource Procurement has advised throughout the procurement process.

5.8 Use of Specialist Advisers

In addition to Council resourcing, due to its niche area of expertise, external support has been required to provide capacity in commercial and legal matters, development management, developer negotiation and the Project Team. Our specialist advisers include:

- Savills – Professional Team lead and advisors
- Tibbalds and PCKO – Architectural, Planning and Design advisors
- Gardner & Theobald – Cost Consultants.
- Bevan Brittan – Legal Advisers.
- KPMG – specialist financial advice.

5.9 Legal documents

The legal work on the structures and legal agreements will require further work to ensure the detail of the final submission documents are enshrined within final version documents and that they are satisfactory for the Council and Preferred Bidder to formally sign to enter into the JVLLP. This should require minimal changes to the documentation already provided.

5.10 Design work

This work was carried out during the tender stage and was essentially indicative to inform the final bid and has been carried out at the bidders expense. A lot of work was put into this by the bidders and their partners, including initial discussions with Havering Planning Officers. However, all bidders are aware that these designs are indicative and the process of consultation with residents and neighbours of the sites will commence in detail to properly inform any final designs that inform the planning process and final application once Preferred Bidder status is confirmed and during the operation of the JVLLP.

5.11 Financial appraisal

The outcome of the procurement process has effectively set financial parameters that must now be adhered to by the preferred bidder as they enter into the design consultation stage in respect of the four initial sites. Items such as build costs, margins, overheads, future sales revenues, funding arrangements etc. have been bid and accepted. However, this will now need to be reviewed in the light of the detailed work to be carried out on the design of the new developments mentioned in the above paragraph, during the operation of the joint venture. Items such as final numbers of units to be built, precise requirements for the infrastructure and potential additional acquisition of neighbouring land to enhance the development opportunities will now all need to be reworked and input into the financial models.

5.12 Consultation Report

The consultation for the 12 Site Regeneration programme was set up to follow the Regeneration Consultation and Communication Strategy, attached at Appendix 8.10. The extensive consultation process has been reported to Cabinet at regular intervals. The regular updates show that full information and updates have been provided to residents and that they have been given the opportunity to provide feedback and comments. That feedback has then shaped the final proposals on the 12 sites. The following is a further update on the activity carried out:

- To date, 82 site specific meetings have been held, including resident meetings and neighbour meetings for those affected by the housing regeneration programme.
- A total of 61 site-specific newsletters have been issued to date which detail the information provided at meetings. They also respond to site specific issues raised by residents in and between consultation meetings and provide a FAQ section (example provided in Appendix 8.19).
- 72 site specific meetings have been held in the sheltered schemes being retained.
- There have been in excess of 2100 attendees at the site specific meetings.
- In addition to the site specific webpages, the Building New Homes for Havering is now active, giving residents and members access to updates and advice regarding the regeneration programme, and sub-programmes including the decant activity and compulsory purchase orders.
- Two additional staff briefings have been held since October 2016, updating staff on the progress of the programme and giving them an opportunity to gain an understanding of the journey we are taking residents, our customers, on.

- The regeneration programme has been a continual feature in the quarterly magazines “At the Heart” and “Sheltered Times”. In spring 2017, we released a “Special Regeneration Edition” of “At the Heart”, which updated all Housing Services’ tenants and leaseholders on the Regeneration Programme.
- Social media postings have been used throughout the programme to update stakeholders on consultation meetings and project milestones.
- A stand was set up at the 2017 Havering Show where officers were available to discuss the regeneration programme with local people.
- In October 2017, we launched the Local Lettings Plan and Regeneration Decant Policy and Possessions Procedure Consultation enabling tenants to voice their views on both documents via an online survey.
- To date, consultations have been led and carried out by Council staff. Once the JVLLP has been established a joint approach to consultation, resident engagement and social cohesion that will allow us to create the sustainable communities on the new sites. The council will remain the lead for this activity.
- Intensive support and reassurance continues to be provided on a one to one basis for any resident and their families worried about the renewal programme and potential decant process.
- A decant satisfaction survey records the outcome of the decanting process from the tenants point of view.
- Specific information provided for leaseholders.

Every tenant on the 12 sites has been offered and, the majority accepted, the opportunity to have a one to one meeting, at which their family is encouraged to be present. This meeting is designed to provide a comfortable environment to enable residents and family to ask any questions they may have about the programme and what it means for them personally. Also it gives the opportunity for the tenant to provide the council with information needed to identify where they would want to move to as part of the decant process. This information is used to populate a “Decant Assessment Form” which is then signed by the tenant as a true record of their decant requirements. This process has proved to be a good way for the tenants and their families to engage in the entire process and for the council to fully understand how we can best support tenants through what is accepted to be a very stressful process.

At each of the sites that are undergoing regeneration residents have been encouraged to set up a more formal Resident Group. The hope for this group is that it is chaired by a resident with administrative support from our tenant engagement team. The resident group themselves would set the agenda and officers attend to provide updates and any information requested as well as taking back information to inform the programme. The groups were also intended to challenge officers to ensure information is provided in an understandable manner and accessible format.

A full record of meetings held and number of attendees is provided in Appendix 8.11.

The council has also appointed TPAS to provide independent and free advice to the residents. TPAS have provided contact details so that any resident can contact them for independent advice. At the contract meeting held with TPAS towards the end of October 2017, the following update was provided:

Seven calls have been made to TPAS via this service. The main issues raised with TPAS are:

- Quality of void works being done before decanting takes place
- Delays on payments been received
- Problems achieving out of borough moves
- Recharges for void work

TPAS provided comparison information with a similar service they have been providing to another London Borough. The Freephone service has taken more than 600 calls compared to the 7 for Havering in the same period of time which TPAS says reflects the quality of the information and engagement work being carried out in Havering.

At each event with residents, information is also provided for leaseholders who are impacted by this programme.

5.13 Summary

Project management structures, resourcing and risk management procedures will be put in place by the JVLLP to ensure that it can be delivered successfully, in accordance with recognised best practice.

A strong team of in-house experts will deal with the required development, finance, project management and construction, and will also have access to a number of frameworks from which to source consultants and contractors to provide advice including design, planning, community engagement, site assembly, and to deliver construction and facilities management.

In addition, to support the Council in undertaking its responsibilities for management and scrutiny of the JVLLP (as Member in the JVLLP), and in support of the governance processes, a client side will need to be resourced to ensure access to relevant capacity and capability as required.

6. SUMMARY OF ORGANISATIONS

Following a soft market-testing programme over a two month period, 54 expressions of interest were received. Of these, ten progressed to submit preliminary proposals. These comprised a range of national and regional developers and one registered provider leading a consortium approach.

Following an evaluation of the preliminary proposals, six bids were shortlisted to progress to invitation to proceed to dialogue.

We anticipate selection of the Preferred Bidder, subject to Cabinet approval, in January 2018.

7. GLOSSARY

<u>Term</u>	<u>Definition</u>
Affordable Housing	Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices.
Compulsory purchase order (CPO)	A legal function that will allow the Authority to purchase land or property without the consent of the owner i.e. if a proposed development is considered to be for public betterment
Concession Notice	Must be published in OJEU at the same time as tender documents being published online to alert the market of the tender opportunity
Gross development Value (GDV)	The value a property development project may be worth on the open market once all development works have been completed
Housing Revenue Account (HRA)	The income and expenditure relating to the provision of Council-owned homes
Housing Zone	A London Mayor initiative to accelerate housing development in areas across London where there is high potential for growth
Invitation to Participate in Dialogue (ITCD)	The second stage of dialogue with shortlisted bidders where development proposals are refined to form solutions specific to the Authority.
Invitation to Participate in Dialogue (ITPD)	The official start of the dialogue period. The Authority hosted dialogue sessions with suppliers before shortlisting. Suppliers are required to respond to the Authority's specification for economic and financial standing, technical and professional ability.
Invitation to Submit a Final Tender (ISFT)	Once sufficient dialogue has taken place and the Authority is comfortable with the solutions proposed by suppliers dialogue is closed and suppliers are invited to submit their final tenders.
Joint Venture Limited Liability Partnership - JVLLP	50/50 joint equity and ownership with a Private Sector Development Partner (PSDP) of a development vehicle to deliver housing regeneration
Multidisciplinary team (MDT)	A group of housing development professionals specialising in different disciplines
Official Journal of the European Union (OJEU)	To comply with EU legislation, public sector tenders valued over a certain threshold must be published here as a gateway for suppliers to search for new business opportunities.

Open Market Value (OMV)	The price at which an asset would trade in a competitive auction setting.
Pre-qualification / Selection questionnaire (PQQ or SQ)	A questionnaire issued at the beginning of the procurement process that allows the Authority to select a longlist of suppliers to invite to tender. At this stage, suppliers are required to display a certain level of technical ability and financial capacity.
Private Sector Development Partner (PSDP)	A private housing development business that will allow the Council and the JVLLP to benefit from specialist sector knowledge, resources and ingenuity to deliver sustainable housing and communities through regeneration
Residual Land Value (RLV)	The monetary value given to land with development potential. RLV= Value of completed development - development costs (Inc. profit)
Right to Buy (RTB)	Scheme which allows Council tenants to purchase their properties with a discount
S106 and Community Infrastructure Levy (CIL)	S106 contributions are negotiated between a local authority and developer to ensure that developments pay for infrastructure that supports them, e.g. schools, healthcare facilities and affordable housing. CIL is different to S106 in that it is levied on a much wider range of developments and according to a published tariff schedule.
Tenant Participation Advisory Service (TPAS)	TPAS are a national agency that works independently with residents to help them get involved with their landlord.
Viability	The optimum point at which level of affordable housing and planning obligations are maximised when developer returns are set at a reasonable level.

8. APPENDICES

- 8.1** Financial Summary
- 8.2** Competitive Dialogue Programme
- 8.3** Housing Accommodation Plan: Review of Older Persons' Housing Needs
- 8.4** 12 Site Mosaic Demographic Analysis
- 8.5** 12 Site Regeneration General Needs and Sheltered EIAs
- 8.6** Completions Schedule
- 8.7** Red Line Boundaries
- 8.8** Decant Schedule
- 8.9** Housing Services Asset Management Strategy
- 8.10** Housing Regeneration Consultation and Communication Strategy
- 8.11** Consultation Update – December 2017
- 8.12** Risk Analysis
- 8.13** Sensitivity Analysis
- 8.14** Legal consideration in relation to the overarching JVLLP
- 8.15** Competitive Dialogue Procurement Documents:
PIN; MOI; SQ; ITPD; ITCD; ISFT
- 8.16** Indicative Budget
- 8.17** Sales and Marketing Strategy
- 8.18** Regeneration Pack
- 8.19** Waterloo Estate Newsletter

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8.1 Financial Summary and Capital Employed

ESTATE REGENERATION APPRAISAL SUMMARY - 6TH MARCH 2017									
EXISTING					PROPOSED				
PROJECT	TOTAL NO. OF UNITS	NO. OF STOREYS	NO. OF RENTED UNITS	LEASEHOLD UNITS	TOTAL NO OF UNITS	NO. OF STOREYS	NO. OF ADDITIONAL UNITS	NO. OF RENTED UNITS	NO. OF L.C.H.O & MARKET UNITS
WATERLOO	244	12	171	73	1,100	18	856	237	863
MAYGREEN	111	4	88	23	200	4	89	100	100
OLD CHURCH	86	4	64	22	300	5	214	100	200
NAPIER & NEW PLYMOUTH	97	12	86	11	200	5	103	150	50
DELTA - T.M.O	63	12	45	18	350	3	287	45	305
FARNHAM HILLDENE	0	5	0	0	63	2	63	0	63
ROYAL JUBILEE COURT	79	2	79	0	150	3	71	45	105
SOLAR - SERENA - SUNRISE	55	2	55	0	200	3	145	60	140
BRUNSWICK	47	2	47	0	50	3	3	15	35
DELL COURT	29	2	29	0	40	3	11	20	20
DELDERFIELD	14	2	14	0	30	3	16	15	15
QUEEN STREET	31	2	31	0	36	3	5	7	29
TOTALS	856		709	147	2,719		1,863	794	1925

ESTATE REGENERATION APPRAISAL SUMMARY - 6TH MARCH 2017						
FINANCIAL APPRAISAL (£,000)						
PROJECT	GDV FORECAST (ALL STOCK)	GDV (AFFORDABLE STOCK)	BUILD COSTS INC. FEES & INTEREST	GROSS MARGIN (PRE INTEREST)	GROSS MARGIN (POST INTEREST)	RESIDUAL LAND VALUE/DEFICIT
WATERLOO	259,350	37,719	241,209	43,800	30,230	-7,134
MAYGREEN	42,481	14,463	42,585	6,565	5,109	-4,313
OLD CHURCH	78,982	16,748	65,879	12,897	9,400	5,052
NAPIER & NEW PLYMOUTH	40,168	22,510	43,195	5,579	4,247	-6,373
DELTA - T.M.O	95,492	7,099	71,998	16,639	12,473	11,808
FARNHAM HILLDENE	13,454	13,454	14,394	1,345	983	-1,638.0
ROYAL JUBILEE COURT	45,710	7,563	33,140	7,649	5,540	7,649
SOLAR - SERENA - SUNRISE	50,554	9,553	38,494	8,420	6,348	6,611
BRUNSWICK	12,320	2,401	9,857	2,022	1,586	1,100
DELL COURT	8,242	3,001	7,951	1,290	1,053	-400
DELDERFIELD	6,063	2,055	5,527	960	789	-118
QUEEN STREET	9,584	1,110	7,607	1,639	1,316	822
TOTALS	662,400	137,676	581,836	108,805	79,074	13,066

NB: NO ALLOWANCE FOR EXISTING 'BOOK VALUE' @ £29.018M

*AVERAGE COST PER UNIT = £213,988
INTEREST)

*AVERAGE SALES VALUE PER UNIT = £272,571
OMV

BLENDED MARGIN EQUATES TO 16.5% OF GDV (12% NET OF

VALUE OF EQUITY RETENTION OF L.C.H.O STOCK £40.60m @60%

*AVERAGE VALUE PER RENTAL UNIT = £173,395

12 ESTATES REGENERATION AVERAGE & PEAK CAPITAL EMPLOYED- 6TH JANUARY 2017

PROPERTY	START ON SITE	FINAL	AVERAGE CAPITAL EMPLOYED (£M)	PEAK CAPITAL EMPLOYED (£M)
WATERLOO	QTR 4 2018	QTR 1 2025	£29,263	£56,649
MAYGREEN	QTR 4 2018	QTR 4 2022	£8,845	£16,930
OLD CHURCH	QTR 2 2019	QTR 1 2026	£21,437	£41,948
NAPIER & NEW PLYMOUTH	QTR 2 2021	QTR 3 2025	£3,353	£7,840
DELTA - T.M.O	QTR 1 2019	QTR 1 2024	£25,700	£41,758
FARNHAM & HILLDENE	QTR 3 2020	QTR 4 2022	£5,248	£14,004
ROYAL JUBILEE COURT	QTR 1 2022	QTR 4 2025	£11,211	£19,969
SOLAR - SERENA - SUNRISE	QTR 4 2021	QTR 4 2025	£13,097	£21,491
BRUNSWICK	QTR 3 2019	QTR 2 2021	£4,622	£9,596
DELL COURT	QTR 4 2021	QTR 4 2023	£2,729	£6,748
DELDERFIELD	QTR 1 2019	QTR 1 2021	£2,202	£4,960
QUEEN STREET	QTR 4 2018	QTR 4 2020	£3,454	£7,449

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8.2 Procurement Delivery Programme

NO.	TASK	START DATE	END DATE	DURATION (WORKING DAYS)	LEAD	INPUT FROM
	Publish Concession Notice	12/05/2017	12/05/2017	MILESTONE		
1.0	SQ PERIOD					
1.1	SQ submission deadline	13/06/2017	13/06/2017	MILESTONE		
1.2	SQ evaluation period	13/06/2017	28/06/2017	12 DAYS	Savills / Bevan Brittan	ALL
1.3	ITPD shortlist sign off (4-6 bidders)	29/06/2017	29/06/2017	MILESTONE	LBH	
1.4	Design Brief preparation	15/05/2017	23/06/2017	30 DAYS	Tibbalds / PCKO	Savills/ LBH
1.5	Financial proforma and criteria preparation	15/05/2017	23/06/2017	30 DAYS	Savills	G&T / LBH
1.6	ITPD (final version) preparation	15/05/2017	23/06/2017	30 DAYS	Bevan Brittan	Savills / LBH
1.7	Issue final drafts of all ITPD documentation	23/06/2017	23/06/2017	MILESTONE	Bevan Brittan	
1.8	Sign off all documentation required to issue ITPD	29/06/2017	29/06/2017	MILESTONE	LBH	
2.0	ITPD PERIOD					
2.1	Stage 1 ITPD issued to bidders invited to participate in dialogue	30/06/2017	30/06/2017	MILESTONE	LBH	
2.2	Stage 1 Dialogue Period with bidders	10/07/2017	02/08/2017	18 DAYS	Savills / Bevan Brittan	ALL
2.3	Stage 1 ITPD clarification deadline	20/07/2017	20/07/2017	MILESTONE		
2.4	Stage 1 ITPD response submission deadline	11/08/2017	11/08/2017	MILESTONE		
2.5	Stage 1 ITPD evaluation period including clarifications.	14/08/2017	11/09/2017	20 DAYS	Savills / Bevan Brittan	ALL
2.6	ITCD shortlist sign off (2-3 bidders)	11/09/2017	11/09/2017	MILESTONE	LBH	

3.0	ITCD PERIOD					
3.1	Stage 2 ITCD draft preparation and issue for comment	03/07/2017	24/07/2017	15 DAYS	Bevan Brittan	
3.2	Stage 2 ITCD draft - comments to be returned	24/07/2017	14/08/2017	15 DAYS	ALL	
3.3	Stage 2 ITCD draft to be finalised	14/08/2017	04/09/2017	15 DAYS	Bevan Brittan	
3.4	Stage 2 ITCD issued to shortlisted bidders	13/09/2017	13/09/2017	MILESTONE	LBH	
3.5	Stage 2 Dialogue period with bidders	13/09/2017	24/11/2017	53 DAYS	Savills / Bevan Brittan	ALL
3.6	End of Competitive Dialogue	30/10/2017	30/10/2017	MILESTONE		
4.0	ISFT PERIOD					
4.1	ISFT draft preparation and issue for comment	18/09/2017	09/10/2017	15 DAYS	Bevan Brittan	
4.2	ISFT draft - comments to be returned	09/10/2017	16/10/2017	5 DAYS	ALL	
4.3	ISFT draft to be finalised	16/10/2017	30/10/2017	10 DAYS	Bevan Brittan	ALL
4.4	ISFT issued to bidders	24/11/2017	24/11/2017	MILESTONE	LBH	
4.5	ISFT response deadline	07/12/2017	07/12/2017	MILESTONE		
4.6	Tender evaluation period including clarifications	07/12/2017	18/12/2017	10 DAYS	Savills / Bevan Brittan	ALL
4.7	Tender report preparation	01/12/2017	22/12/2017	5 DAYS	LBH	ALL
5.0	COUNCIL APPROVALS					
5.1	Prepare for Council approvals process to appoint (Checkpoint / ED & Cabinet approvals)	06/11/2017	05/01/18	41 DAYS	LBH	
5.2	Approve selection of preferred bidder (Cabinet decision – Cabinet plus call-in period)	17/01/2018	22/01/2018	5 DAYS	LBH	
5.3	Contract documents finalised	17/01/2018	31/03/2018	51 DAYS	Bevan Brittan	
5.4	Standstill period	18/01/2018	26/02/2018	28 DAYS		
5.5	Award	29/01/2018	29/01/2018	MILESTONE	LBH	

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Appendix 8.3 Housing Accommodation Plan: Review of Older Persons' Housing Needs.



CABINET

12 OCTOBER 2016

Subject Heading:

Housing Accommodation Plan: Review of Older Persons' Housing Needs.

Report URL

www.havering.gov.uk/OlderPersonsHousingReview2016

Cabinet Member:

Councillor Damian White, Lead Member for Housing.

SLT Lead:

Neil Stubbings

Interim Director of Housing Services.

Report Author and contact details:

Neil Stubbings – Interim Director of Housing.

neil.stubbings@havering.gov.uk

Policy context:

To address the over supply of Council owned sheltered housing accommodation and the need for more alternative types of older persons' accommodation in the future.

Financial summary:

HRA capital spend will be required to transform housing provision, so that it better meets current demands.

Is this a Key Decision?

Yes

When should this matter be reviewed? N/A

Reviewing OSC:

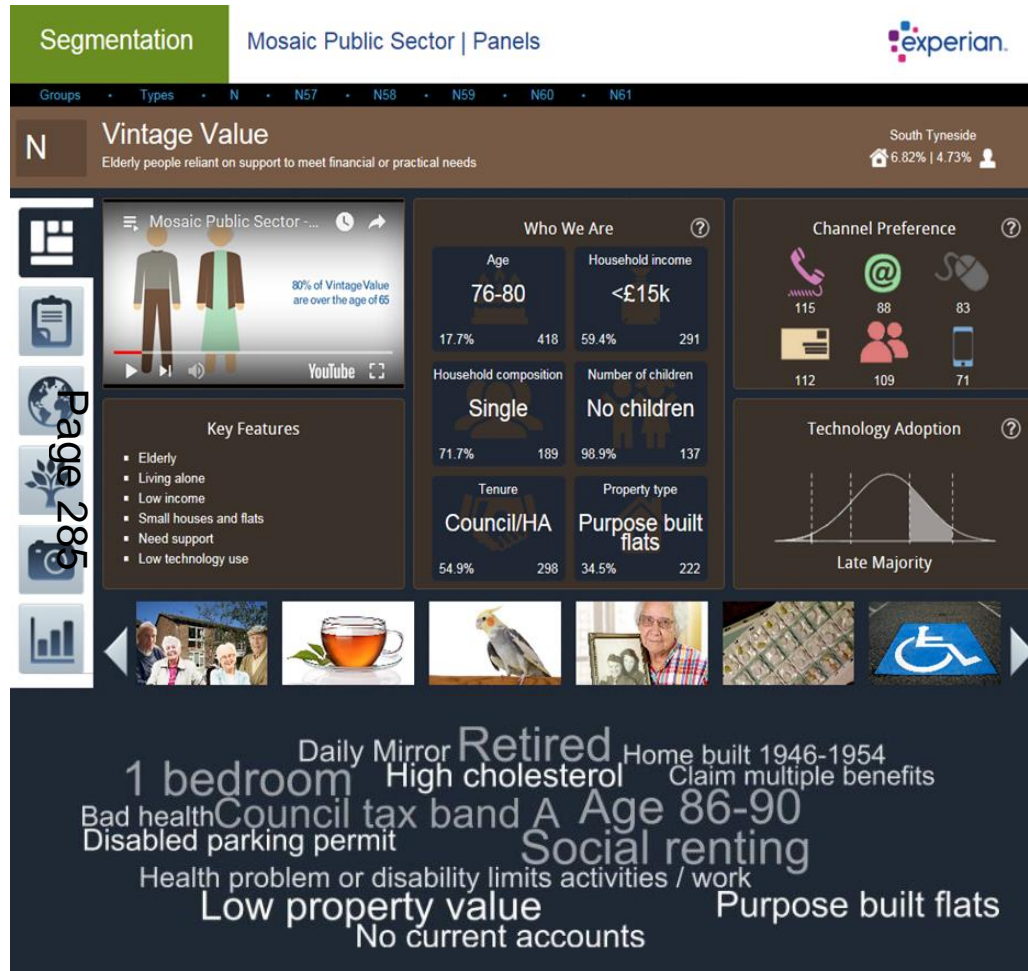
The subject matter of this report deals with the following Council Objectives

Havering will be clean and its environment will be cared for	[X]
People will be safe, in their homes and in the community	[X]
Residents will be proud to live in Havering	[X]

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8.4 Estate Demographic Profile

Brunswick Court - RM14 1ND / **Delderfield House** – RM1 1DH / **Dell Court** - RM12 6JH / **Maygreen Crescent (Park Lane)** – RM12 5NR / **Royal Jubilee Court** – RM2 5AW / **Solar, Serena, Sunrise** – RM12 4YT



Vintage Value - Overview

Vintage Value are elderly people (with an average age of 74,) who mostly live alone, either in social or private housing, often built with the elderly in mind. Women outnumber men because of their longer life expectancy.

Before retirement, Vintage Value often worked in skilled manual occupations or routine jobs. The majority are now dependent on state pensions. Only a few have additional income from an occupational pension. As a result, incomes are generally very low. Money is spent carefully to keep within budgets. Vintage Value generally have a higher than average level of dependency on the state for financial assistance.

Typically, people in Vintage Value live in small houses and flats, with up to two bedrooms. While the majority are long-term social renters, a third are owner-occupiers who have purchased their flats or exercised the Right to Buy. Those that have moved more recently have done so into specialised accommodation or small housing developments as their independence has decreased.

Vintage Value suffer the most from poor levels of health. Levels of independence vary, but with health needs growing and incomes declining, many require an increasing amount of support.

Take up of technology including mobile and internet services is very low. There is a preference for traditional methods of communications such as post and landline calls. While they tend not to recycle they are willing to do things that save their money, such as re-using items and cutting down on their energy use.

Delta Estate (Elvet Avenue) – RM2 6JR / **Maygreen Crescent** – RM11 1EL / **Napier & New Plymouth House** – RM13 8LB / **Oldchurch Gardens** - RM7 0DL / **Waterloo Gardens** – RM7 9BD



Municipal Challenge – Overview

People in Municipal Challenge are typically of working age. There are some families with children, but most are singles.

Municipal Challenge are long-term social renters living in low-value multi-storey flats in urban locations, or small terraces on outlying sites. These are challenged neighbourhoods with limited employment options and correspondingly low household incomes. Those in work tend to be in manual or low level service jobs.

People are the most likely to be finding it difficult to cope on their incomes and they are the most likely group to access Job Seeker's Allowance, Income Support and benefits related to disability and incapacity. Short-term finance options are used occasionally and car ownership is very low.

Mobile phones are important and are the preferred means of contact. Purchases are made in local shops rather than buying online.

Some have health issues, and levels of poor health are only higher among the very elderly. Municipal Challenge are the most likely to be heavy smokers. While they drink less than average, they also have amongst the lowest levels of exercise and fewer than average follow a healthy diet. The environment and trying to be green is not really a concern for this group.



Family Basics - Overview

Their homes are low cost and are often found in areas with fewer employment options.

Typically aged in their 30s and 40s, Family Basics consists of families with school age children, who have limited budgets and can struggle to make ends meet. While many households are headed by a couple providing two incomes, a small proportion are lone parent households. In addition to younger children, some families also continue to support their adult offspring.

Homes are usually three bedroom terraced or semi-detached houses, typically of low value and may be located on sites or low cost housing in the suburbs of large cities and towns. A proportion of the working families have pushed themselves to buy their low cost homes, but more than half rent their home from social landlords.

Limited qualifications amongst this group mean that people can struggle to compete in the jobs market, and rates of unemployment are above average. Employment is often in low wage routine and semi-routine jobs. As a result, many families have the support of Tax Credits and/or Income Support, but significant levels of financial stress still exist.

Mobile phones are important; they send a large number of texts every day and are keen social networkers.

This group is one of the least likely to recycle or re-use items or particularly try to save energy or water.

Poor health is more common here than amongst the general population, with people more likely to smoke and less likely to follow a healthy diet, exercise or play sport to keep in shape.

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Appendix 8.5 12 Site Regeneration General Needs and Sheltered Equality Impact Assessments

EQUALITY IMPACT ASSESSMENT

12 HRA Site Regeneration Programme

General Needs

Page 289

Title:	12 HRA Site Regeneration Programme				
Service impacted by proposal	Housing Services				
Date Created	14/12/17	Review Date:	14/12/2020	Version:	1
Author:	Colin Frith - Housing Strategy & Policy Team Leader				

Person completing EIA:			
Signed:	Colin Frith – Strategy & Policy Team Leader	Date:	14/12/17
Person supervising EIA:			
Signed:	Neil Stubbings – Programme Director of Regeneration	Date:	22/12/17

SECTION 1: AIMS AND IMPLEMENTATION OF THE 12 SITE REGENERATION PROGRAMME

Background

The Equality Act 2010 places a 'General Duty' on all public bodies to have 'due regard' to:

- Eliminating discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advancing equality of opportunity between those with 'protected characteristics' and those without them
- Fostering good relations between those with 'protected characteristics' and those without them.

The Council also has a 'Specific Duty' to publish information about people affected by our policies and practices and decisions. This Equality Impact Assessment provides evidence for meeting the Council's commitment to equality social cohesion and the responsibilities outlined above.

Where relevant within the programme If negotiation of the acquisition of land by private treaty fails the Council will have to consider the use of compulsory acquisition powers. If they are necessary, the Council should be satisfied that there is a compelling case in the public interest and that there is sufficient justification for interfering with human rights of those with an interest in the land affected. In this respect the Human Rights Act 1998 incorporates certain provisions of the European Convention on Human Rights, namely:

- a) Article 1 – the right of everyone to peaceful enjoyment of possessions. No one can be deprived of possessions except in the public interest and subject to the relevant national and international laws.
- b) Article 8 – private and family life, home and correspondence. No public authority can interfere with these rights except if it is in accordance with the law and is necessary in the interests of national security, public safety or the economic well-being of a country.
- c) Article 14 – the right to enjoy rights and freedoms in the Convention free from discrimination on any ground such as sex, race, colour, language, religion, political or other opinion, or national or social origin.

In the case of each of these articles, the Council should be conscious of the need to strike a balance between the rights of the individual and the interests of the public. The Council may decide that, in the light of the significant public benefit which would arise from the proposed development, the use of compulsory purchase powers is necessary and proportionate taking into account the availability of compensation. In particular, the Council may consider that the CPO would not constitute any unlawful interference with individual property rights.

Identifying the aims of the proposal

The overall objective of the 12 Site Regeneration Programme is to broaden and enhance the range, quality and quantity of housing across all tenures for existing and new residents, whilst also supporting the provision of facilities and services necessary to support growing communities.

The Council has established objectives for the regeneration project that are set out below:

- To contribute to meeting the wider housing needs of Havering through the regeneration and transformation of the Council's existing stock for predominantly residential use.
- To provide a choice of good quality housing for people at all stages of life, increasing tenure diversity through affordable rent, shared ownership, private rent, market sale and extra care sheltered housing.
- To deliver high quality residential led development that is commercially viable and generates receipts for cross subsidy to ensure the programme is sustainable.
- To achieve development returns, income and/or a range of secure revenue streams for the Council through re-provision of all Housing Revenue Account (HRA) stock lost through redevelopment with new HRA stock matching the existing tenure.
- Where viability permits, the developments should also aim to deliver additional HRA rented units to the level of existing stock on sites previously purchased under the Right to Buy scheme.
- Where viability permits, the developments should also aim to deliver additional affordable housing being up to 30% of all additional units above existing all tenure stock levels, thereby achieving over 40% affordable housing across the 12 sites. This additional affordable housing target tenure split to be equal numbers of HRA rented and shared ownership dwellings.
- Help mitigate the homelessness pressures in the General Fund by providing increased affordable housing numbers.
- Improve the viability within the Asset Management Strategy by reducing the cost of maintaining existing poor viability buildings.
- Land is expected to remain in Council ownership except any freehold properties built for outright sale.

Where tenants and leaseholders wish to move back to a site, and there is suitable accommodation to meet their needs, they will be able to do so.

Why does the Council need to undertake an Equalities Impact Assessment?

The 12 Site Regeneration Programme is intended to benefit residents of all ages and backgrounds, regardless of any disabilities, impairments or socio-economic status. This Equalities Impact Assessment (EIA) considers the affects that this regeneration programme could have on households living in general needs properties owned or managed by the Council and seeks to identify and mitigate disproportionate disadvantage that may arise for Council tenants that identify with any of the protected groups recognised by equality legislation.

This EIA recognises that residents affected by the Regeneration Programme all have legitimate needs and expectations. As such, general principles apply across all affected groups, and include:

- Keeping residents fully informed about issues that affect them
- Giving them the opportunity to express their views and that these are taken into account
- Providing appropriate support, including advice, assistance and financial compensation.

In recognition of the particular needs of older people living in sheltered housing, a specific Sheltered Accommodation EIA has been developed in order to consider in detail the specific needs of sheltered residents and how the Council's Regeneration proposals are tailored to address them.

The aim of the Programme is to maximise the number of units on existing HRA sites that present regeneration opportunities. The focus of the new build units will be to meet the needs and aspirations of Havering residents in the form of affordable and supported housing, low cost home ownership and homes for open market sale. This will sustain the balance of the HRA business plan over the next 30 years to allow us to continue to provide Housing and associated services to our residents.

Due to the scale and longevity of the regeneration programme, an EIA is required to assess the impact that the programme activities will have on residents in and around the regeneration sites.

In the short term the disruption caused by the programme will have a negative impact on households. To mitigate this, the Council will provide a comprehensive package of rehousing assistance and support to minimise the disturbance experienced by residents including compensation which will be detailed in the Council's Local Lettings Plan. There will be an enhanced package of assistance available for all residents including help with removals, disconnection and reconnection of services etc. Throughout the moving process and wherever possible, the Council will minimise the number of times that people need to move (with the majority of tenants only having to move once). More vulnerable residents will be prioritised for one move only.

The Council recognises that the Regeneration Programme will impact those living in the affected sheltered housing schemes. Therefore,

in addition to the comprehensive meetings with directly affected residents we are holding a series of public meetings with people living near the sites in order to provide information and answer any concerns they may have. More details on how we plan to communicate with stakeholders can be found in the Regeneration Consultation and Communication Strategy.

The temporary adverse effects of the 12 Site Regeneration Programme will be outweighed by the widespread betterment associated with housing regeneration such as new, energy efficient homes in a better designed environment. By definition residents that identify with a protected characteristic are more likely to be housed in social housing, as identified by the Allocation Policy. Thus many of those negatively impacted by the Regeneration process, plus many more, will be positively impacted in the long term.

More widely, future work will be carried out across the Council and other organisations to ensure that any impacts on schools, GP surgeries and public transport are properly assessed and dealt with.

Who are the stakeholders affected by this proposal?

The Regeneration Programme will affect the residents and property owners on all 12 regeneration site areas, namely;

1. Royal Jubilee Court
2. Brunswick Court
3. Dell Court
4. Delderfield House
5. Queen Street
6. Solar, Serena, Sunrise
7. Waterloo Estate
8. Maygreen Crescent and Park Lane
9. Oldchurch Gardens
10. Chippenham, Farnham and Hilldene
11. Napier and New Plymouth House
12. Delta Court TMO

Within these sites, the following resident groups are affected:

- Council general needs tenants
- Council tenants in sheltered accommodation
- Home owners (Residential leaseholders, Non-residential leaseholders and Freeholders)

➤ Private tenants

The programme also affects other stakeholders such as:

- Families and carers of residents
- Existing housing register applicants
- The wider residential community in the Borough
- Havering Council Officers(staff in charge of operations) including Councillors and members of the Council
- Housing Associations and affordable housing providers and other partner agencies
- Businesses or community services next to or surrounding an site regeneration area
- Other public services such as the emergency services, education services, transport services etc.

How does the Regeneration Programme meet the Council's current priorities?

In January 2017, Havering launched its new vision for the Borough – Making a Greater London. The proposals to redevelop the Council's key sites in Havering addresses three of the Council's objectives:

1. **Communities making Havering** - supporting families and communities to look after themselves and each other, with a particular emphasis on our most vulnerable residents. The regeneration of sites that no longer meet the best standards of design and layout will enhance a sense of community safety and well-being. In addition, the Local Lettings Plan maximises individual choice for affected residents in terms of their re-housing options, including moving vulnerable groups together wherever practicable.
2. **Places making Havering** – delivering high quality homes which will improve the health and well-being of our residents. The Regeneration programme not only means that existing affected residents will have access to better quality accommodation in future but the redevelopment of sites will produce additional homes which will be available to more people, helping to solve the shortage of good quality affordable housing in the Borough.
3. **Opportunities making Havering** – the Council are committed to providing first-class business opportunities by supporting the commercial development of companies within the Borough; to ensure sustainable economic growth that generates local wealth and opportunities, high-quality skills and careers. The procurement of a joint venture partner to deliver the 12 Site Regeneration Programme will require a commitment from any potential investment partner to add social value their offering. This will include an undertaking that they will provide employment, skills and training opportunities for local people. In addition, there is a clear link between having a safe, modern home in the context of well-designed residential sites with greater educational achievement and access to better jobs.

Which equality objective(s) are relevant to this proposal

- Understanding the needs of Havering's diverse community
- Improving life chances for all, particularly for the most vulnerable members of the community
- Removing barriers to accessing the Council
- Promoting community relations and civic pride

Are there any current strategies/policies that are relevant to this Proposal?

- Homelessness Act 2002
- Housing Act 1985
- Housing Act 1996
- Housing Act 2004
- Housing and Regeneration Act 2008
- Human Rights Act 1998
- Land Compensation Act 1973
- Planning and Compulsory Purchase Act 2004
- Town and Country Planning Act 1990
- Draft London Housing Strategy 2017
- Regeneration Local Lettings Plan
- Regeneration Decant Policy and Possessions Procedure

Implementation of the Regeneration Programme

The Regeneration Programme will be led by the Housing Regeneration Board. All project documentation can be found at https://www.havering.gov.uk/homepage/78/building_hew_homes_for_havering

SECTION 2

Does this proposal have any relevance to the following protected characteristics		Internal relevant to staff or working practices	External relevant to service delivery or provision
1	Age	No	Positive
2	Disability	No	Positive
3	Sex (gender)	No	Neutral
4	Sexual Orientation	No	Neutral
5	Gender reassignment	No	Neutral
6	Pregnancy and maternity	No	Positive
7	Marriage and Civil Partnership	No	Neutral
8	Religion and Belief	No	Positive
9	Ethnicity	No	Neutral
10	Socio Economic factors	No	Positive
11	Health	No	Positive

SECTION 3

CONSIDERATION OF DATA AND RESEARCH

Quantitative and qualitative data that informed the impact assessment includes:

- ☐ Housing diversity report
- ☐ JSNA (Joint Strategic Needs Assessment)
- ☐ Housing Regeneration Consultation data outcomes
- ☐ Mid-year population estimates 2015; Office of National Statistics (ONS)
- ☐ Census 2011, Office for National Statistics (ONS); Produced by Public Health Intelligence
- ☐ OHMS Housing Services in-house data system
- ☐ Housing Register data

How will you communicate the regeneration proposal to staff and service users?

One of the Council's key commitments is to ensure that there is 'on-going consultation' with residents. There is a clear communication plan to facilitate resident awareness and involvement throughout the lifetime of the programme. The Council is committed to regular, open and honest communication regarding the regeneration proposals throughout the redevelopment period. This is further explained in the Programme's Consultation and Communication Strategy.

The consultation process for each site has so far consisted of collating feedback through a range of communication channels:

1. Regular briefings and consultation meeting sessions held on each regeneration site.
2. Dedicated newsletter sent to residents on each site with regular updates on the regeneration proposals along with FAQs and answers.
3. One to one sessions with residents to discuss housing needs and decant requirements.
4. Dedicated web page set up for General Needs housing developments with each scheme having its own web page accessed at www.haverling.gov.uk/HousingRegeneration
5. Regular editions of At the Heart magazine, available on line and in printed format where required, including special dedicated editions.
6. Briefings held for Housing Services staff, Economic development and Regulatory Services.
7. Positive press coverage in Romford Recorder and Haverling Yellow Advertiser with feedback mechanisms.
8. Updates posted on social media, including Facebook and Twitter.

A dedicated Housing Regeneration Project Team has also been set up within the Council's Housing Service to work with residents on a case by case basis to ensure that accommodation and support needs are addressed. They will be working across the Council in collaboration with other council services and teams to do so.

The Regeneration Board, with senior management representation across the service, will address all cases that require escalation.

Gaps in information:

There is no information available to determine the impact of the programme on businesses that are either owned by or cater for the needs of BME or residents belonging to other protected characteristic groups in Havering.

Action needed:

Full consultation will be carried out with businesses impacted by the regeneration proposals, including the public house on the Waterloo Estate and the shops located below the flats on the Chippenham, Farnham and Hildene Estate. This will include working with the businesses to identify and mitigate any negative impacts BME, disabled, older people or any other groups with protected characteristics.

SECTION 4

ASSESSMENT OF IMPACT

This EIA will consider the effect of the Regeneration Programme on tenants who occupy our general needs properties affected by the Regeneration Programme. In consideration for the concessions and service adjust required to accommodate to the needs of our residents in sheltered accommodation, the Council has created a separate EIA, HRA 12 Site Regeneration Programme –Sheltered Accommodation/Extra Care provision.

Ethnicity

The Housing diversity report indicates that 63% of all tenants currently residing in one of the affected general needs regeneration properties is White British, this compares to the overall demographic of Havering of white British residents as making up 83% of the population of Havering (source JSNA). 4% of affected tenants have not disclosed (or it remains unknown) as to their ethnicity.

33% of all residents disclosed an ethnic origin other than White British, with the highest represented ethnic group among affected tenants being from Black African origin at 9%. The combined percentage of 33% of all affected tenants being of an ethnic origin other than White British is slightly above the figure established from Havering 's 2011 Census Population, which found that the BME percentage of the total population of the borough to be at 17%.

In the short term, there is a potential for the Programme to disproportionately impact BME residents, for example, if they are required to relocate far away from shops and/or community venues that cater specifically to their cultural needs, or if these facilities are earmarked for demolition.

In the long term, however, any disadvantages will be mitigated by regeneration because the programme will create more opportunities for commerce and enterprise throughout in the borough. New communities will support new businesses thus creating more employment opportunities, accessible to local residents.

The Council will ensure that the nature of the proposals are understood by BME households and that they receive adequate support through the re-housing process which will be monitored as the project progresses, to ensure that suitable support is being provided. This will include implementing the Council's translation/interpreting guidelines in the event of households needing further support. Owner occupiers and businesses impacted by the programme will also have access to this support.

Gender

The Housing Services Diversity report indicates that a total of 65% of all affected tenants are female compared to 35% of males. This gender split is higher than the overall proportion of women in Havering's tenanted population and Havering's overarching borough trends. The Regeneration Programme will therefore disproportionately affect women.

The 2016 Families and Households ONS report demonstrates that a lone mother heads 90% of lone parent households. Single parent households may struggle to cope with the requirement to move home more than two parent households. Moving home can be demanding and involves organising removals, connections and disconnections, forwarding mail, and furnishing a new home. While some of these costs are reimbursed by the Council via Disturbance Payments and other financial compensations, households will experience other drawbacks from the decant process such as having to find a new doctor, dentist and school for any children.

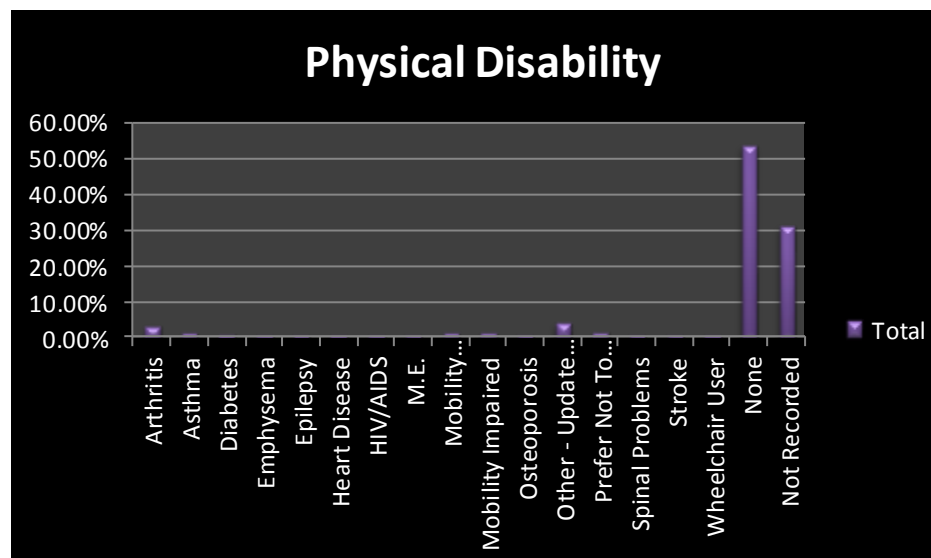
The Regeneration Decant Policy and Possession Procedure which supports the programme will ensure that any vulnerable tenants and residents are supported through the programme by assisting them to find suitable accommodation and locating amenities close to their new home. The support offered to residents during the decant process will mitigate the disruption caused by having to move home.

The right to return also has a positive impact on all residents affected by the Programme as it gives them the choice to return to newly built accommodation that meets their needs. This outcome for residents helps to achieve the Council's vision to make a greater London by providing residents with quality places to live.

Disability

Rehousing can be a disruptive process especially for households with a member that has a disability. 70% of general needs tenants currently living on a regeneration site have identified themselves as disabled. Homes may already have been adapted to their needs, and there may be considerable changes to the layout of the home, kitchen bathroom, entrance, parking arrangements and the environment to suit their needs and requirements. Households may have developed local support links with family, friends and neighbours, which have the potential to be broken by a forced move.

To mitigate these issues, the Council provides dedicated Housing support service on an individual case-by-case basis. Officers will ensure future homes are suitable and meet the identified housing need, providing adaptations where necessary. Officers will work closely with the Occupational Therapy team to ensure decant or regenerated homes are fit for purpose. Direct offers will take into account medical circumstances and allow for extra floor space and lifts, where appropriate.

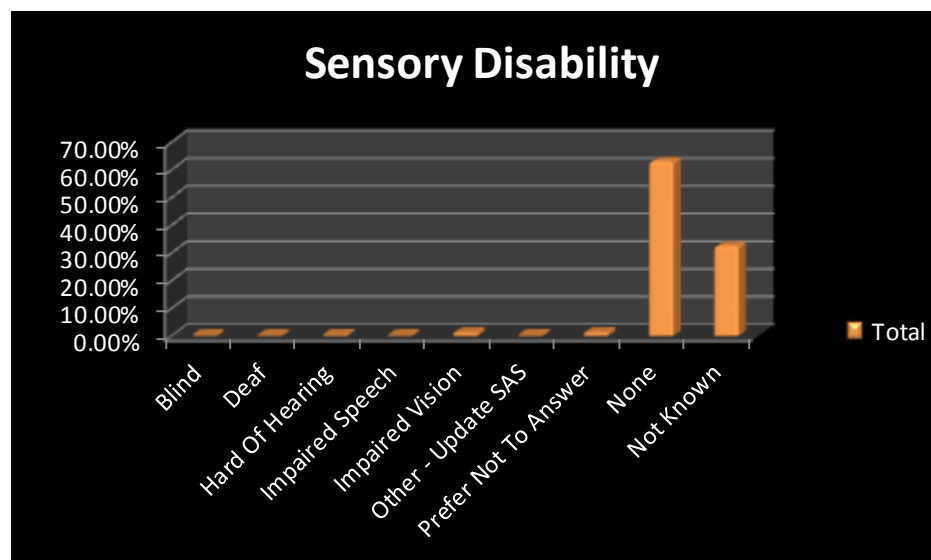


Source: Housing Services Diversity Report (December 2017)

As demonstrated in the diagram above, around 16% of tenants affected by the Regeneration Programme have a mobility difficulty that is more than the borough average. A further 53% have declared that they do not have a physical disability.

To mitigate any adverse impact caused during the decant process of the Regeneration Programme, the Council will support all vulnerable residents, including those with physical or sensory disabilities. This will include “matching” vulnerable tenants to appropriate properties that meet their specific needs and providing assistance to help with the moving process.

By delivering new homes that can be easily adapted and creating community hubs on some of the regeneration sites, in the long term the project will also offer residents a better quality of life and allow them to live independently for longer.



Source: Housing Services Diversity Report (December 2017)

As indicated in the diagram, the number of people who have declared they have a sensory impairment or disability is low (4%). A further 63% of residents have affirmed that do not have any type of sensory disability. Efforts are being made to allow residents who may be impacted by the programme to declare the extent and nature of their disability to support any rehousing needs. This is being addressed through confidential individual meetings with the Housing Regeneration Officer responsible for each site and provisions have been put in place to assist those residents who require additional assistance.

The Regeneration programme overall will have a positive impact on disabled residents living in Havering as all new homes will meet the Lifetime Homes standard, which will make new homes more accessible than the existing homes which are being replaced. This will allow residents to stay in their own homes for longer, reduce the need for home adaptations and give greater choice to disabled people who cannot live independently due to lack of suitable housing in our housing stock.

Age

In terms of general needs properties, the largest percentage age group of residents affected overall by the Regeneration Scheme is the 35 to 44 year old age group, representing 26% of all affected tenants. This is followed by tenants in the 25 to 34 years (25%) and 45 to 54 years age(25%) respectively. Combined with tenants aged 18-24 years of age (representing 4% of affected residents), the total number of working age tenants is 89%, indicating that working age residents will be affected most by the Regeneration Programme.

When rehousing these tenants during the decant process, it is important that where possible, they are relocated to an area that gives them ample access to public transport to allow them to remain in employment. Many working age households will also contain children, so it is vital where possible to ensure that these tenants are placed near infrastructure which supports their families, schools, hospitals, GP's and community services.

While the Council will attempt to rehouse households in the most appropriate location, we know that there is not sufficient availability within our council stock in order to accommodate every household wishing to remain in proximity of their current accommodation and the support networks and infrastructure they are accustomed to. We recognise that the current private sector rental market is also compressed, with market rents at an all-time high.

To reduce this negative impact, officers will assess the Housing needs of all affected tenants and will match where possible tenants needs against available stock. Where possible, development of individual sites within the Regeneration Programme will be phased to facilitate the development of different parts of the site at different times. This will allow greater flexibility when moving residents.

Tenants aged 55 to 64 years represent 11% of those affected by the regeneration scheme. Assuming that most tenants over the age of 65 years old are no longer working, and by combining all remaining pension age groups together, it can be assumed that 11% of all affected tenants will be in general needs accommodation and of pension age.

While the Regeneration Process can be an uncertain time for all residents involved, the Council recognises that older people can be particularly anxious or concerned about the prospect of moving home. Given some older residents in general needs housing can feel more isolated or lacking support than sheltered housing tenants, the Council will ensure appropriate advice guidance and practical support are available to all older residents living in general needs properties affected by the regeneration programme.

The Programme has been planned with the needs of an ageing population in mind and the new communities will include properties designed to suit the needs of an ageing population and common age-related health conditions. The increase of sheltered and extra care properties will assist the most vulnerable, which shows that the project has a positive impact on all ages. The programme also strongly focuses on tenancy sustainment and work in partnership with many support agencies to enable our residents to remain in their properties for longer.

Religion/Belief

Currently there are no plans to demolish any places of worship on the 12 Site Regeneration Programme .

The Regeneration Programme may affect residents that practice their religion by demolishing their place of worship or moving residents away from there.

The Council are committed to working with residents and groups whose religious practices could be negatively impacted by the Regeneration Programme. As part of the detailed design process of individual homes and properties we would seek to be sensitive to the individual needs of households on religious/belief grounds.

The Local Lettings Plan (LLP) undertakes that the Council will offer the maximum choice possible in terms of re-housing options, and the preference to be or remain near a place of worship or religious community will be fully considered in matching residents to a potential new home.

Pregnancy and maternity

There is little evidence available to effectively assess the impact of the Regeneration programme across this protected characteristic. Pregnancy and maternity information is taken initially at the point of application to join the Housing Register and considered again when a resident makes a bid on a property, once accepted on to the Housing Register.

During the course of the Regeneration Programme, as and when tenants are decanted, our officers will take into consideration any pregnancy and maternity information that will impact on the housing needs of the tenant and their households. If the composition of a household changes or is expected to change, the main tenant is required to inform the Council as soon as reasonably possible. Evidence will be required to support any change to a household's composition.

The Council understand the possible need to provide additional support for pregnant women. Whether additional support is needed will be identified as part of the individual meetings with residents and addressed in line with the undertakings in the Local Lettings Plan; customised support will be provided as required.

The Council is committed to helping those who may find the process of moving particularly challenging where a protected characteristic is involved.

Regeneration is designed to improve the quality of homes in the local environment and the Programme will provide improved family-friendly homes for local residents.

Marriage and Civil Partnership

There is no evidence available to suggest that people who are married or in a civil partnership will be particularly adversely affected by the Regeneration Programme proposals.

Sexual orientation

There is little or no evidence to suggest that there is an adverse impact on protected characteristic groups as a result of the Regeneration Programme. The most recent Diversity report for general needs tenants affected by the Regeneration Programme does not provide an indication of diverse sexual orientation. We recognise that there is a potential deficit in the self-declaration of tenants who identify themselves as from the LGBT community. This may be attributable to tenants often being reluctant to disclose this information.

Any issues brought to our attention will be dealt with sensitively on a case by case basis. Housing Services does encourage tenants to declare any issues in terms of harassment, hate crime or domestic abuse which could impact on where we place tenant on a temporary or permanent decant basis. We recognise that this is an elective process on the part of the tenant and Housing Services will respect the confidence given to our officers when a tenant discloses this information to us.

In the interim, officers supporting tenants should consider specific questions relating to the tenants sexual orientation and how this might link to their housing options.

As part of our continued commitment to increasing awareness of all diversity and cultural needs, we provide ongoing training for staff, taking on good anti-discrimination practice. This serves to ensure that residents are placed in a sensitively appropriate setting which meets their needs.

Gender reassignment

There is insufficient data available to identify whether tenants that identify as a gender different to that they were born, will be disproportionately affected by the Regeneration Programme, however we do not envisage that there will be any disproportionate negative impact on this group.

In instances where tenants have advised us that they are undergoing gender transitioning, the Council will work with them to find suitable accommodation that provides access to relevant support networks. This can be fully considered as part of the confidential discussions with individual residents on their rehousing options. The Council is committed to meeting affected residents' needs and preferences wherever practicable.

Health Impact

The 12 Site Regeneration Programme will enable positive health benefits. The housing developments will facilitate neighbourliness and inclusive communities which encourage residents to be more physically and socially active.

Studies show that friendship, good social relations and strong supportive networks improve physical and mental health at home, at work, and in the community. For example, cohesive neighbourhoods, those that provide social support, trust and sense of community, can have a positive impact on children's and young people's health and wellbeing, including mental health. Good relationships in the home, school, and neighbourhood play a part in ensuring that young people can develop social competence and contribute to cohesive societies.

The development of the Community Hubs will be especially positive for the wellbeing of older residents. For older people, social cohesion and a sense of belonging, gives rise to trust, reciprocity and social bonding. This will lead to stronger relationships between neighbours, greater social participation and a larger support network. This consequently reduces the negative impact of social isolation on the older generation.

Socio Economic Factors

Where applicable these have been highlighted within the assessment for each protected characteristic. In addition, the Council recognises the importance of maintaining social support networks which are often based on locality (neighbours, friends and family). The Local Lettings Plan's (LLP) commitment to residents is that re-housing offers will be based on choice, given the re-housing options available.

The aim will also be to move groups of vulnerable residents together where practicable, in order to maintain social networks and a sense of community. It is of course worth highlighting that residents can opt to return to the property location /area once the site has been regenerated, thus mitigating any long-term social impacts.

A Mosaic demographic profile of the residents on the regeneration sites which provides a socioeconomic analysis and concludes that generally, those living on the regeneration sites have an income below the Havering average, peaking at £30,000. The Council recognises that many of our residents are on full or partial housing benefit or on low incomes. However, rent levels for new properties will be set at the appropriate level, according to Council policy and formula at the time. Service charges will be based on the level of service given at the scheme. The Council is not in a position to cap rents or service charges for the new properties, but will provide advice and support where residents are having difficulty paying their rent. This could include signposting to specialist debt advice agencies where appropriate.

The LLP sets out the offer to Council tenants, including home loss and disturbance payments, as well as other reasonable expenses. Havering recognises the increasing pressures on household budgets and the need to make homes as affordable as possible for new and existing residents. In order to achieve this, those existing residents returning to new homes will continue to pay a social rent, which is set significantly lower than market rent level. New residents will pay a rent equivalent to 80% of market rent.

Given recent tragic events around fire safety in London council blocks, Havering will seek to ensure that all the regenerated sites adhere to the highest standards of fire safety and other health and safety standards, including compliance with current and future regulation. This will apply across all sites and tenure types, so whatever the person's economic status, it will not make them any less secure in their homes than anyone else.

Section 4: Measures to mitigate adverse impact

In this section you should list the specific actions that you have earlier set out as to how you will address any negative equality impacts you have identified in this assessment.

Protected characteristic	Identified Matter	Action taken to mitigate impact*	Outcomes and monitoring**	Timescale	Lead
All	Incomplete and/or inaccurate data to assess the impact of the proposals on the protected characteristics	<ul style="list-style-type: none"> Equalities Data collection exercise required Council tenants on the affected sites Freeholders and leaseholders Business (especially SMEs) 	Standardised monitoring guidance and related forms	Ongoing	Corporate Diversity Advisor Property & Land Services Manager
All	A comprehensive assessment of positive and negative impact of the Regeneration Programme	<ul style="list-style-type: none"> Completion of General Needs and Sheltered Housing EIAs Completion of individual site EIAs 	Effective assessment of the impacts of the Regeneration programme on the residents of Havering.	Ongoing	Corporate Diversity Advisor Housing Strategy & Policy Team Manager

Equality Impact Assessment

All	Fair and equal service delivery	<ul style="list-style-type: none"> Requirement that all council staff have completed Equalities training Inclusive Policy for the JVLLP Fair to All policy Sign-up to LBH Community Cohesion Strategy and E&D 	Standardised monitoring guidance and related forms	Ongoing	ALL
All	Insufficient consultation	<ul style="list-style-type: none"> Identify specific community groups to encourage engagement with the council Ensure complete log of consultation as and when completed 	Standardised monitoring guidance and related forms	Ongoing	Community Engagement Team Manager
All	Disruption caused by Regeneration and Decant Process	<ul style="list-style-type: none"> Continuous engagement with tenants Disturbance and homeloss payments Disconnection and reconnection services Moving services Housing advice for non- secure and non-council tenants Satisfaction surveys to monitor success of the decant process 	Standardised monitoring guidance and related forms	Ongoing	Rehousing Team Manager
All	Increased Housing supply to create homes that are fit for purpose and inclusive communities	<ul style="list-style-type: none"> To be monitored through the planning process - LBH Infrastructure and Local Plan will specify additional infrastructures required to support the developments Designs to uphold the principles of the London housing design Guide 	Monitoring through planning process	Ongoing	JVLLP Planning
All	Tenants decanted away from support networks	<ul style="list-style-type: none"> Regeneration decant reassessment to assess individual needs and support requirements Liaise with residents and support workers where appropriate to find best solution for residents 	Continued open dialogue with residents. Monitored through Satisfaction Surveys	Ongoing	Rehousing Team Manager
Age	Live-in Leaseholders and freeholders are unable to purchase new housing on the open market	<ul style="list-style-type: none"> Negotiation period commencing December 2016 Independent valuation resource Council purchasing private properties at OMV +10% 	To be discussed with Legal services to evaluate options and develop a standardised approach	Ongoing	12 Site Regeneration Project Board

All	Increased housing costs in new properties – decanted or new build	<ul style="list-style-type: none"> Referral and assistance accessing Housing benefit to LHA rate 	Standardised monitoring	Ongoing	12 Site Regeneration Project Board
All	New Communities on the Sites – social cohesion initiative	<ul style="list-style-type: none"> Social Value and Community Engagement work To create structures that enable residents to participate in the betterment of the new communities 	Cohesive designs and strategies as part of the redevelopment programme	Ongoing	JVLLP; Corporate Diversity Advisor ; Property & Land Services Manager

SECTION 5: Monitoring and Review

The Housing Regeneration Board is responsible for reviewing this EIA, with expert guidance and advice from the Council's Corporate Diversity Advisor. This EIA will be reviewed on an annual basis.

It is recognised that the scale and longevity of the Programme means that the potential impacts on residents will change as the project continues. In addition, it will only be possible to analyse the actual effect on different groups once the regeneration is underway and residents make their choices.

The monthly Board meetings provide an opportunity to highlight and review any trends or emerging changes. If and when feedback or data indicate that a review may be required, it will be a decision made by the Regeneration Programme Board. The Board will also oversee the delivery of existing or future actions on the Action Plan, to ensure that there is effective mitigation of any negative impacts on residents as the Programme is continues to be delivered.

EQUALITY IMPACT ASSESSMENT

12 HRA Site Regeneration Programme Sheltered Accommodation/Extra Care provision

Page 310

Title:	12 HRA Site Regeneration Programme – Sheltered Accommodation/Extra Care provision				
Service impacted by proposal	Housing Services				
Date Created	14/12/17	Review Date:	14/12/2020	Version:	1
Author:	Una Bedford – Housing Strategy & Policy Officer				

Person completing EIA:	
Signed: Una Bedford – Housing Strategy & Policy Officer	Date: 14/12/17
Person supervising EIA:	
Signed: Neil Stubbings – Programme Director of Regeneration	Date: 22/12/17

SECTION 1: AIMS AND IMPLEMENTATION OF THE 12 SITE REGENERATION PROGRAMME

Background

The Equality Act 2010 places a 'General Duty' on all public bodies to have 'due regard' to:

- Eliminating discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advancing equality of opportunity between those with 'protected characteristics' and those without them
- Fostering good relations between those with 'protected characteristics' and those without them.

The Council also has a 'Specific Duty' to publish information about people affected by our policies and practices and decisions. This Equality Impact Assessment provides evidence for meeting the Council's commitment to equality social cohesion and the responsibilities outlined above.

Where relevant within the programme If negotiation of the acquisition of land by private treaty fails the Council will have to consider the use of compulsory acquisition powers. If they are necessary, the Council should be satisfied that there is a compelling case in the public interest and that there is sufficient justification for interfering with human rights of those with an interest in the land affected. In this respect the Human Rights Act 1998 incorporates certain provisions of the European Convention on Human Rights, namely:

- d) Article 1 – the right of everyone to peaceful enjoyment of possessions. No one can be deprived of possessions except in the public interest and subject to the relevant national and international laws.
- e) Article 8 – private and family life, home and correspondence. No public authority can interfere with these rights except if it is in accordance with the law and is necessary in the interests of national security, public safety or the economic well-being of a country.
- f) Article 14 – the right to enjoy rights and freedoms in the Convention free from discrimination on any ground such as sex, race, colour, language, religion, political or other opinion, or national or social origin.

In the case of each of these articles, the Council should be conscious of the need to strike a balance between the rights of the individual and the interests of the public. The Council may decide that, in the light of the significant public benefit which would arise from the proposed development, the use of compulsory purchase powers is necessary and proportionate taking into account the availability of compensation. In particular, the Council may consider that the CPO would not constitute any unlawful interference with individual property rights.

Identifying the aims of the Programme

The overall objective of the 12 Site Regeneration Programme is to broaden and enhance the range, quality and quantity of housing across all tenures for existing and new residents, whilst also supporting the provision of facilities and services necessary to support growing communities.

The Council has established objectives for the regeneration project that are set out below:

- To contribute to meeting the wider housing needs of Havering through the regeneration and transformation of the Council's existing stock for predominantly residential use.
- To provide a choice of good quality housing for people at all stages of life, increasing tenure diversity through affordable rent, shared ownership, private rent, market sale and extra care sheltered housing.
- To deliver high quality residential led development that is commercially viable and generates receipts for cross subsidy to ensure the programme is sustainable.
- To achieve development returns, income and/or a range of secure revenue streams for the Council through re-provision of all Housing Revenue Account (HRA) stock lost through redevelopment with new HRA stock matching the existing tenure.
- Where viability permits, the developments should also aim to deliver additional HRA rented units to the level of existing stock on sites previously purchased under the Right to Buy scheme.
- Where viability permits, the developments should also aim to deliver additional affordable housing being up to 30% of all additional units above existing all tenure stock levels, thereby achieving over 40% affordable housing across the 12 sites. This additional affordable housing target tenure split to be equal numbers of HRA rented and shared ownership dwellings.
- Help mitigate the homelessness pressures in the General Fund by providing increased affordable housing numbers.
- Improve the viability within the Asset Management Strategy by reducing the cost of maintaining existing poor viability buildings.
- Land is expected to remain in Council ownership except any freehold properties built for outright sale.

Where tenants and leaseholders wish to move back to a site, and there is suitable accommodation to meet their needs, they will be able to do so.

Why does the Council need to undertake an Equalities Impact Assessment?

The 12 Site Regeneration Programme is intended to benefit residents of all ages and backgrounds, regardless of any disabilities, impairments or socio-economic status. This Equalities Impact Assessment (EIA) considers the affects that this regeneration programme could have on households living in sheltered accommodation properties owned or managed by the Council and seeks to identify and mitigate disproportionate disadvantage that may arise for Council tenants that identify with any of the protected groups recognised by equality legislation. The Council, recognises that residents living in sheltered housing have specific needs that do not always correlate to those living in general needs properties.

This EIA recognises that residents affected by the Regeneration Programme all have legitimate needs and expectations. As such, general principles apply across all affected groups, and include:

- Keeping residents fully informed about issues that affect them
- Giving them the opportunity to express their views and that these are taken into account
- Providing appropriate support, including advice, assistance and financial compensation.

Regeneration is an economically viable opportunity to bring current sheltered housing schemes up to modern day requirements and expectations. With many units within the Council's sheltered housing schemes' left vacant and therefore not attracting a rental income, regeneration will mitigate the adverse impact on the Housing Revenue Account (HRA) at a time of increasing financial pressure.

The Council runs approximately 800 units across 19 housing schemes for older persons housing, with the vast majority being the Council's own sheltered housing accommodation. Following the Older Person's Housing Review in 2016, the Council's sheltered housing accommodation was deemed no longer fit for purpose. Specifically, the review conveyed:

- a projected surplus of Affordable sheltered schemes within the borough and deficit in sheltered/retirement housing for lease and sale;
- a deficit of enhanced and extra care housing of all tenures; and
- a recommendation to develop additional extra care and /or Retirement Village Schemes

The Regeneration Programme seeks to address the Older Person's Housing Review and will deliver sheltered and extra care housing which reduces isolation and supports and promotes independence, health and well-being. Investment in the right type of sheltered housing will also provide the Council with a sustainable way to provide support for older people.

The Proposed Regeneration of Older Persons' Housing

<i>Sheltered Scheme</i>	<i>Proposal</i>
Delderfield House	To build 30 new mixed tenure general needs homes.
Maygreen Crescent/Park Lane	This site is part of the 200 new mixed tenure homes proposed for the Maygreen Crescent and Park Lane Estate
Queen Street	This site is part of the 1,100 new mixed tenure homes on the Waterloo Estate.
Dell Court, Ravenscourt Grove	The proposal is to rebuild the Dell Court block, providing up to 40 flats for older persons over the age of 55 years and re-providing some communal facilities for the remaining sheltered accommodation. The flats will be targeted at persons over the age of 55 currently under occupying family sized council housing in a similar way to the various bungalow developments. These new units would not be classed as sheltered.
Ravenscourt, Ravenscourt Grove	To be retained
Brunswick Court	It is proposed that this site will be demolished and redeveloped into a new sheltered housing scheme with 50 new units which will include extra care sheltered housing with dementia provision.
Royal Jubilee Court	To replace the current provision with an Older Persons' village which will include new sheltered housing, extra care sheltered housing and some dementia care sheltered housing accommodation. There will also be some low cost home ownership and sheltered housing for sale on the site. The proposal is to build 150 new mixed tenure homes as an Older Persons' village.
Solar, Serena and Sunrise Courts	To develop new sheltered housing, extra care sheltered housing and some dementia care sheltered accommodation, creating 150 new mixed tenure homes developed as an older persons' village. There will be some low cost home ownership, sheltered housing and some dementia care sheltered housing within the new village.
<i>*All other Council-owned sheltered schemes are outside of the scope of this EIA</i>	
Due to the scale and longevity of the regeneration programme, an EIA is required to assess the impact that the programme activities will have on residents in and around the sheltered schemes.	
In the short term the disruption caused by the programme will have a negative impact on households. To mitigate this, the Council will	

provide a comprehensive package of rehousing assistance and support to minimise the disturbance experienced by residents including compensation which will be detailed in the Council's Local Lettings Plan. There will be an enhanced package of assistance available for all residents including help with removals, disconnection and reconnection of services etc. Throughout the moving process and wherever possible, the Council will minimise the number of times that people need to move (with the majority of tenants only having to move once). More vulnerable residents will be prioritised for one move only.

The Council recognises that the Regeneration Programme will impact those living in the affected sheltered housing schemes. Therefore, in addition to the comprehensive meetings with directly affected residents we are holding a series of public meetings with people living near the sites in order to provide information and answer any concerns they may have. More details on how we plan to communicate with stakeholders can be found in the Regeneration Consultation and Communication Strategy.

The temporary adverse effects of the 12 Site Regeneration Programme will be outweighed by the widespread betterment associated with housing regeneration such as new, energy efficient homes in a better designed environment.

Who are the stakeholders affected by this proposal?

The programme will affect residents at the following sheltered housing schemes:

1. Brunswick Court sheltered housing scheme
2. Delderfield House sheltered housing scheme
3. Queen Street sheltered housing scheme
4. Maygreen Crescent and Park Lane sheltered housing scheme
5. Solar, Serena & Sunrise sheltered housing scheme
6. Dell Court sheltered housing scheme
7. Royal Jubilee Court sheltered housing scheme

Within these sites, the following resident groups are affected:

- Council general needs tenants
- Home owners (Residential leaseholders, Non-residential leaseholders and Freeholders)
- Private tenants

The programme also affects other stakeholders such as:

- Families and carers of residents
- Existing housing register applicants seeking sheltered housing
- The wider residential community in the borough
- Havering Council Officers (staff in charge of operations) including Councillors and members of the Council
- Housing Associations and affordable housing providers and other partner agencies
- Businesses or community services next to or surrounding a site regeneration

How does the regeneration of sheltered housing meet the Council's current priorities?

In January 2017, Havering launched its new vision for the Borough 'Havering– Making a Greater London'. The proposals to redevelop the Council's sheltered accommodation and extra care provision for older people addresses three of the Council's objectives:

1. **Communities making Havering** - supporting families and communities to look after themselves and each other, with a particular emphasis on our most vulnerable residents. The redevelopment of our sheltered accommodation and extra care scheme allows Housing Services to trial and implement a range of solutions which can tackle social isolation and improve well-being among our more vulnerable residents. Redesigning our older person accommodation provision within the Borough and piloting/rolling out community hubs will reduce social isolation for our older residents of all tenure types
2. **Places making Havering** – delivering high quality homes which will improve the health and well-being of our residents. Aside from the redevelopment of our more unsuitable sheltered schemes, improvements will be made to those sheltered blocks that will remain and we will be investing in our existing general needs council stock.
3. **Opportunities making Havering** – the Council are committed to providing first-class business opportunities by supporting the commercial development of companies within the Borough; to ensure sustainable economic growth that generates local wealth and opportunities, high-quality skills and careers. The procurement of a joint venture partner to deliver the 12 Site Regeneration programme will require a commitment from any potential investment partner to add social value their offering. This will include an undertaking that they will provide employment, skills and training opportunities for local people.

One of the key principles resulting from the 2015 review of older persons' housing in Havering is that all schemes for older residents must be modern, safe and accessible. This will also improve cost efficiency and facilitate greater choice and control for service users. The regeneration of sheltered housing makes a positive contribution to our obligations and duties under the Care Act 2014; to prevent, reduce or delay the need for care and support for all local people.

Which equality objective(s) are relevant to this proposal

- Understanding the needs of Havering's diverse community
- Improving life chances for all, particularly for the most vulnerable members of the community
- Removing barriers to accessing the Council
- Promoting community relations and civic pride

Are there any current strategies/policies that are relevant to this Proposal?

- Homelessness Act 2002
- Housing Act 1985
- Housing Act 1996
- Housing Act 2004
- Housing and Regeneration Act 2008
- Human Rights Act 1998
- Land Compensation Act 1973
- Planning and Compulsory Purchase Act 2004
- Town and Country Planning Act 1990
- Draft London Housing Strategy 2017
- Regeneration Local Lettings Plan
- Regeneration Decant Policy and Possessions Procedure

Implementation of the Regeneration of Older Persons Housing

The Regeneration Programme will seek to address the recommendations and proposals arising from the Older Persons' Housing Review. The programme will be led by the Housing Regeneration Board. All project documentation can be found at https://www.havering.gov.uk/homepage/78/building_hew_homes_for_havering

SECTION 2

Does this proposal have any relevance to the following protected characteristics		Internal relevant to staff or working practices	External relevant to service delivery or provision
1	Age	No	Positive
2	Disability	No	Positive
3	Sex (gender)	No	Neutral
4	Sexual Orientation	No	Neutral
5	Gender reassignment	No	Neutral
6	Pregnancy and maternity	No	Positive
7	Marriage and Civil Partnership	No	Neutral
8	Religion and Belief	No	Positive
9	Ethnicity	No	Neutral
10	Socio Economic factors	No	Positive
11	Health	No	Positive

SECTION 3 CONSIDERATION OF DATA AND RESEARCH

Quantitative and qualitative data available that informed the impact assessment

- Housing diversity report December 2017
- JSNA (Joint Strategic Needs Assessment)
- Housing Regeneration Consultation data outcomes
- Mid-year population estimates 2015; Office of National Statistics (ONS)
- Census 2011, Office for National Statistics (ONS); Produced by Public Health Intelligence
- OHMS Housing Services in-house data system
- Housing Register data

Sources of useful information

Suggested sources include:

- Service user monitoring data that your service collects

- Havering Data Intelligence Hub
- London Datastore
- Office for National Statistics (ONS)

How will you communicate the regeneration proposal to staff and service users?

One of the Council's key commitments is to ensure that there is 'on-going consultation' with residents. There is a clear communication plan to facilitate resident awareness and involvement throughout the lifetime of the programme. The Council is committed to regular, open and honest communication regarding the regeneration proposals throughout the redevelopment period. This is further explained in the Programme's Consultation and Communication Strategy.

The consultation process for each site has so far consisted of collating feedback through a range of communication channels:

1. Regular briefings and consultation meeting sessions held on each regeneration site.
2. Dedicated newsletter sent to residents on each site with regular updates on the regeneration proposals along with FAQs and answers.
3. One to one sessions with residents to discuss housing needs and decant requirements.
4. Dedicated web page set up for General Needs housing developments with each scheme having its own web page accessed at www.havering.gov.uk/HousingRegeneration
5. Regular editions of At the Heart magazine, available on line and in printed format where required, including special dedicated editions.
6. Briefings held for Housing Services staff, Economic development and Regulatory Services.
7. Positive press coverage in Romford Recorder and Havering Yellow Advertiser with feedback mechanisms.
8. Updates posted on social media, including Facebook and Twitter.

A dedicated Housing Regeneration Project Team has also been set up within the Council's Housing Service to work with residents on a case by case basis to ensure that accommodation and support needs are addressed. They will be working across the Council in collaboration with other council services and teams to do so. The Regeneration Board, with senior management representation across the service, will address all cases that require escalation.

Gaps in information

There is no information available to quantify the LGBT service users in sheltered accommodation. The proposal will have a neutral impact on this group.

Action needed

Residents have been continuously consulted with and the Council will continue to do so in order to identify and mitigate any disproportionate adverse impact to groups with protected characteristics that has resulted from the regeneration proposals.

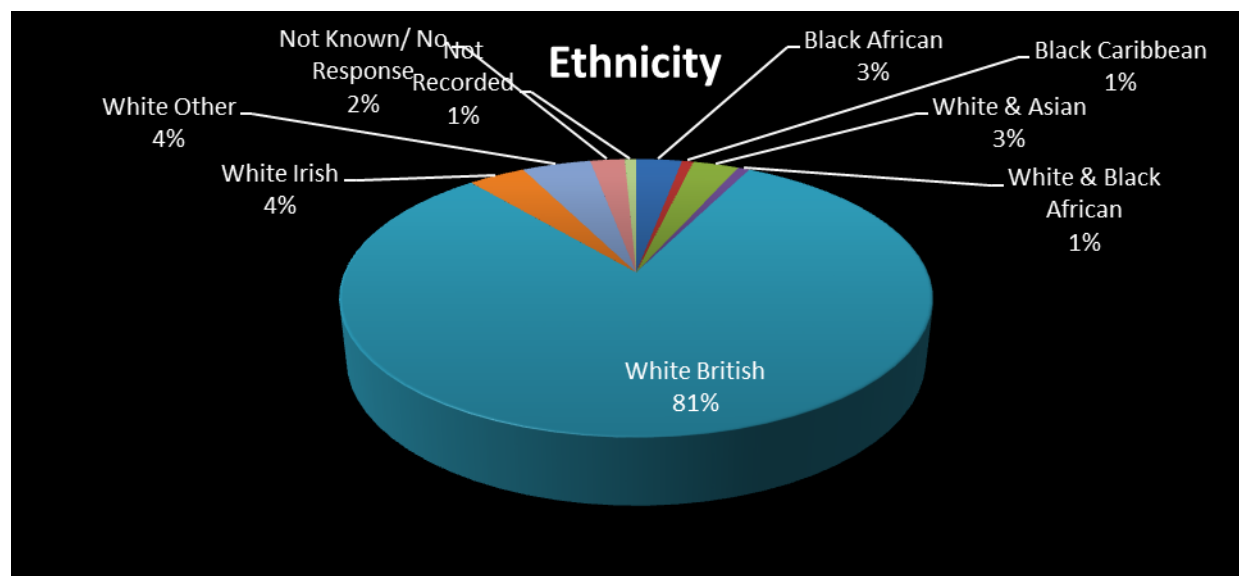
SECTION 3

ASSESSMENT OF IMPACT

The following data and analysis relates to residents living in sheltered/extra care schemes for older people that are affected by the Regeneration proposals

Ethnicity

Diversity data of current residents indicates that the predominant ethnic group among residents within the affected sheltered and extra care schemes identified themselves as white British, making up currently 81% of residents. The next highest represented group among the sheltered and extra care schemes are the White Irish and the White other groups (respectively at 4% each), followed by the Black African and White Asian at 3% each. The other ethnic groups made up 1% or less respectively of the ethnic make-up of the affected sheltered schemes. This is reflective of the diversity currently across the Borough.



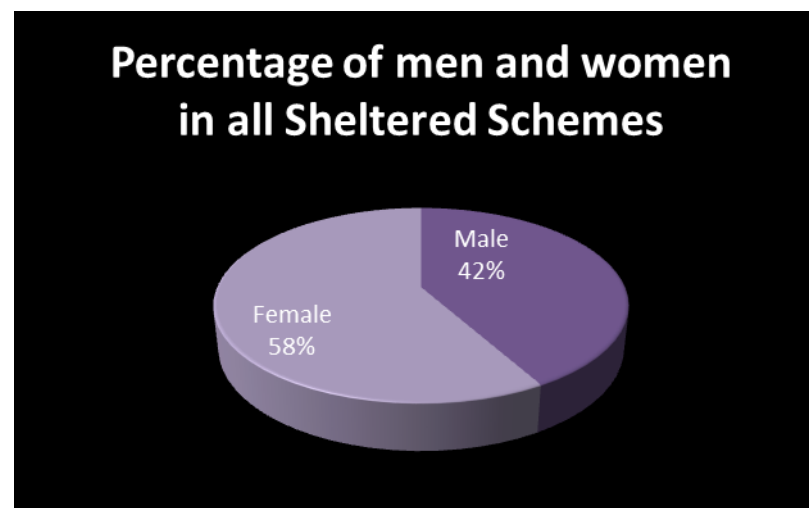
Source: Housing Services Diversity Report (December 2017)

There is no evidence to suggest that the proposals to redevelop the sheltered and extra care schemes will produce discriminatory effects on any protected characteristic within this strand. From the data collated from Housing Services Online Management System

(OHMS), only 2 out of 134 residents (just over 1%), in all affected sheltered and extra care schemes require a language interpreter as a requested service adjustment. This will be monitored throughout the consultation process. All residents will receive care and support during the redevelopment programmes in a culturally appropriate manner. Support plans and daily activities remain person centred and are inclusive of meeting all ethnic diversity needs.

Gender

Females represent a greater proportion of service users in all the affected sheltered schemes (58% female to 42% male residents). The general trend may reflect that women live longer in Havering. As age increases, the ratio of women to men in the older population of Havering increases. The life expectancy at age 65 years in Havering is 18.9 years for males and 21.6 years for females (Life expectancy at birth, 2001-2003 to 2012-2015; Office for National Statistics (ONS); Produced by Public Health Intelligence)



Source: Housing Services Diversity Report (December 2017)

The gender split among residents in Havering's sheltered accommodation and extra care schemes is weighted towards women. Women will therefore be more affected by the programme than men. All residents will be supported individually throughout the programme, to mitigate this.

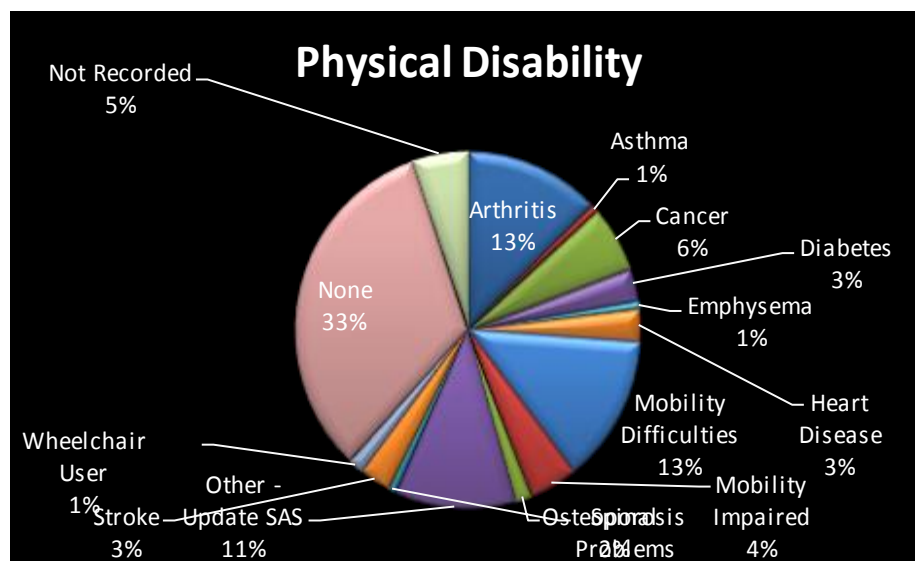
Age Group	Male	Female
55-59	7,779	7,647
60-64	6,248	6,602
65-69	6,423	7,049
70-74	4,460	5,377
75-79	3,654	4,892
80-84	2,791	4,209
85-89	1,608	2,946
90+	687	1763

Source: Mid-year population estimates 2015; Office of National Statistics (ONS)

Disability

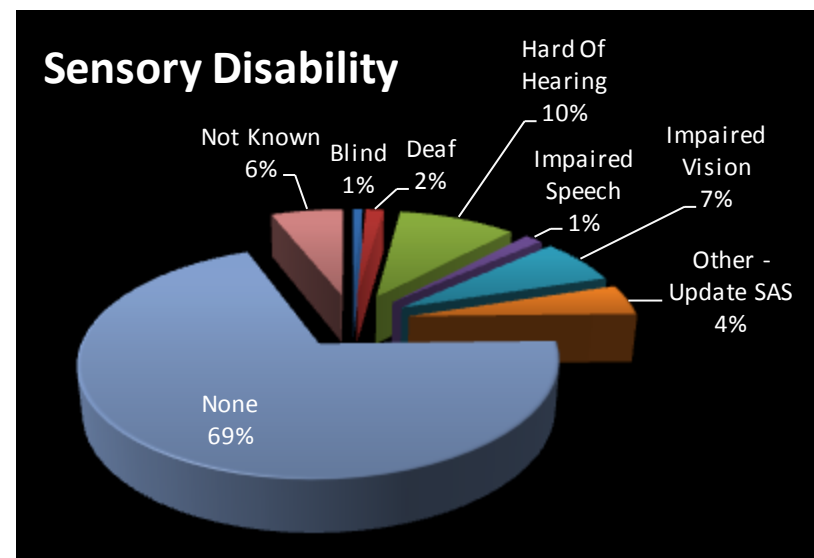
The proposed redevelopment of our older persons' housing will aim to meet the needs of those with a disability and ensure that accommodation is suitable and meets their needs, and that the regenerated schemes deliver modern, safe amenities in line with current design standards for disabled living. 95% of those currently living in sheltered accommodation have identified themselves as being disabled.

Moving existing tenants from their current homes will be disruptive to them, their families and carers. Some residents with close local and family ties and friendship groups in their current homes may find it upsetting to move. A full assessment will be carried out for each resident before they move. These assessments will be based on good practice guidelines on closing sheltered schemes and settling people into new accommodation. Residents will also have access to independent advocacy support which will provide tenants with support and reassurance they need.



Source: Housing Services Diversity Report (December 2017)

62% of all residents in the affected Sheltered Schemes have a condition which will impact on their mobility



Source: Housing Services Diversity Report (December 2017)

25% of the residents in all affected Sheltered Schemes have a declared sensory disability.

The redevelopment of the affected schemes is about making a positive change and redesigning our sheltered housing offering. The redevelopment of these facilities will greatly improve the quality of our service provision. During this transformation process, the Council will ensure that the care needs of existing tenants will be met.

The Council will ensure that reasonable adjustments are made throughout this process. We will identify the needs and requirements of tenants during one to one meetings and support them in sourcing alternative accommodation, (should we need to decant tenants during the development), and assist them where it is necessary for them to choose new accommodation within our sheltered housing offering. We will help prepare tenants for a move or making a move to alternative accommodation. All residents' next of kin will be involved in supporting residents to help them decide the best solution for each resident.

Age

Residents in the Borough are living longer and the average age when people move into sheltered housing has steadily risen. A better range of choices is needed to enable people to live fulfilling lives into older age.

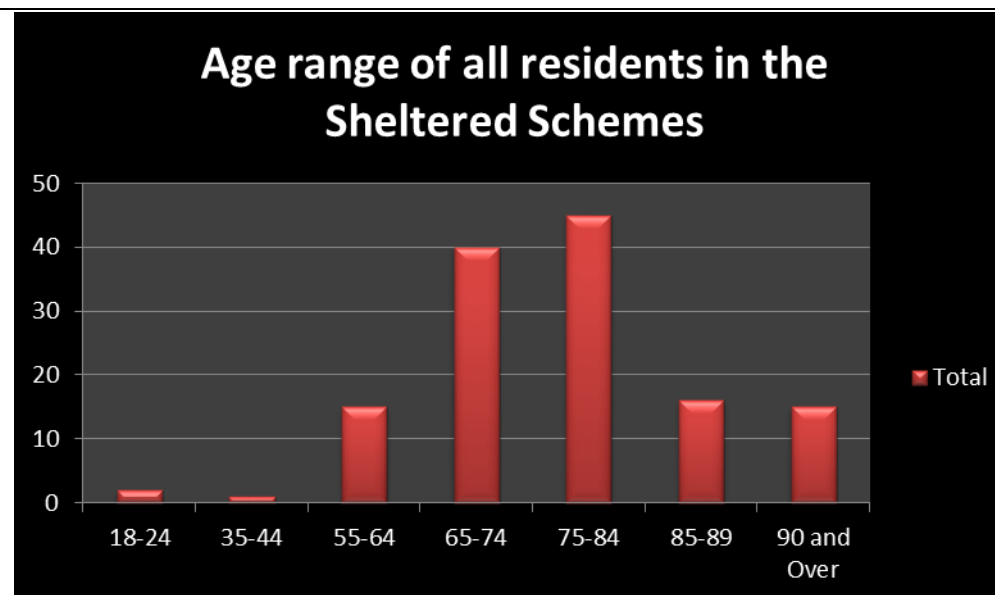
The size of the 65+ population is projected to grow significantly in Havering over the next 15 years, driven mainly by life expectancy. The projected increase is likely to increase demand for social care in the Borough.

Projected percentage population change by age group since 2016, for 2021, 2026 and 2031

Age Group	2021	2026	2031
0-4	6%	8%	4%
5 –10	11%	16%	15%
11-17	13%	26%	29%
18-24	-5%	0	10%
25-64	5%	7%	5%
65-84	5%	16%	26%
85+	14%	26%	46%

2015 Round Strategic Housing Land Availability Assessment (SHLAA)-Based Projections; Greater London Authority (GLA); Produced by Public Health Intelligence

Many residents are keen to engage in a wide range of activities and wish to engage actively with their local community. The largest age groups represented within all the affected sheltered housing schemes are those residents aged 65 – 74 and 75 -84 groups



Source: Housing Services Diversity Report (December 2017)

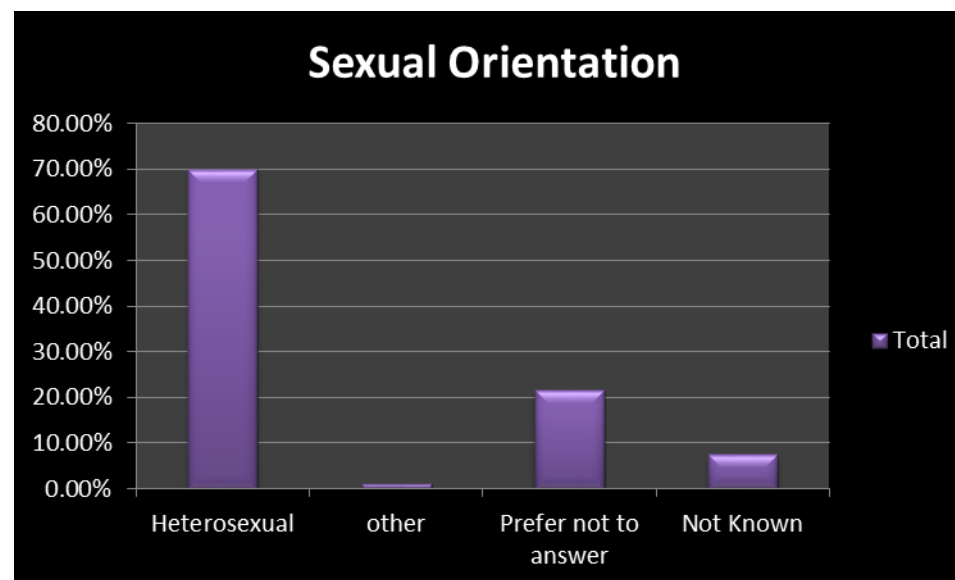
At present, there continues to be many older people remaining in general needs housing and living longer in that housing, meaning that the general needs housing stock is not being recycled for other families as quickly as it was in the past. The life expectancy for people living in Havering is 80.2 years (for males) and 83.9 years (for females) from birth. Life expectancy in Havering has been mostly higher than the average in England and has continued to increase over the last decade. This adds further pressure on the existing housing stock and compounds the shortage in the supply of general needs family housing available for younger households.

The redevelopment will provide older people with more choice and opportunities to maximise their independence within a supported housing scheme with care provided on site. This will enable people to retain independence while providing the appropriate level and type of support, enabling people to continue living their life in their own way having choice and control.

Given the correlation between ageing and a range of health conditions, it is worth emphasising that the regeneration project will provide improved & expanded housing options for older people by developing a range of models to include low-dependency accommodation and extra care housing.

Sexual Orientation

There is little or no evidence to suggest that there is an adverse impact on protected characteristic groups as a result of the Regeneration Programme. The most recent Diversity report for sheltered accommodation tenants affected by the Regeneration Programme does not provide an indication of diverse sexual orientation. We recognise that there is a potential deficit in the self-declaration of tenants who identify themselves as from the LGBT community. This may be attributable to tenants often being reluctant to disclose this information.



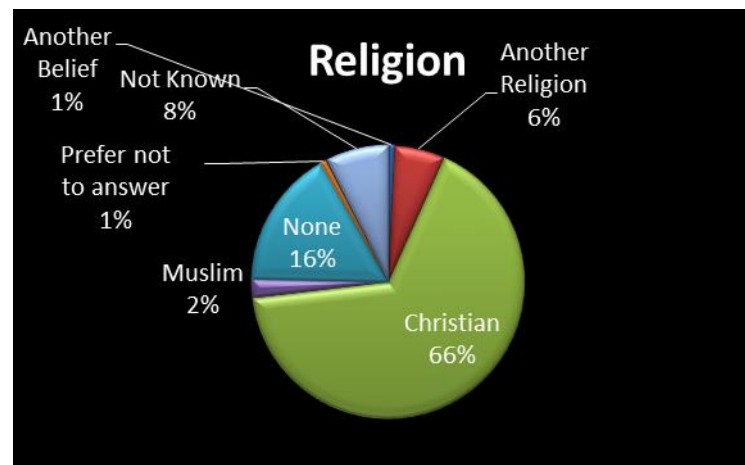
Source: Housing Services Diversity Report (December 2017)

Any issues brought to our attention will be dealt with sensitively on a case by case basis. Housing Services will encourage tenants to declare any issues in terms of harassment, hate crime or domestic abuse which could impact on where we place a tenant on a temporary or permanent decant basis. We recognise that this is an elective process on the part of the resident and Housing Services will respect the confidence given to our officers when a resident discloses this information to use.

In the interim, officers supporting residents should consider specific questions relating to the tenants sexual orientation and how this might link to their housing options. As part of our continued commitment to increasing awareness of all diversity and cultural needs, we provide ongoing training for staff, taking on good anti-discrimination practice. This serves to ensure that residents are placed in a sensitively in an appropriate setting which meets their needs.

Religion/Belief

It is thought that the proposals, in the main, will not have any impact on residents based on their religion, faith or beliefs.



Source: Housing Services Diversity Report (December 2017)

The Regeneration Programme may affect residents that practice their religion by demolishing their place of worship or moving residents away from there. We are aware, that there may be residents within some of the sheltered housing schemes who may like to remain in the proximity of their current place of worship and may require closeness to culturally relevant shops and to their faith groups

As part of continued communication with our stakeholders, we will work with residents and local faith groups to ensure that these links remain in place. Importantly, consideration will be given to ensure that the provision of prayer facilities and understanding of other belief systems is promoted within our schemes.

Gender reassignment

Our knowledge of residents who have undergone gender reassignment is extremely limited. In part, this may be attributable to residents not wishing to disclose this information.

Those that have undergone gender reassignment will be treated fairly and have equal access to support throughout the decanting and rehousing process. In the interim, officers supporting residents should consider specific questions relating to the tenants sexual orientation and how this might link to their housing options.

As part of our continued commitment to increasing awareness of all diversity and cultural needs, we provide ongoing training for staff, taking on good anti-discrimination practice. This serves to ensure that residents are placed in a sensitively in an appropriate setting which meets their needs.

Any issues or concerns brought to our attention will be dealt with sensitively on a case by case basis. Housing Services encourage residents to declare any issues in terms of harassment, hate crime or domestic abuse which could impact on where we place a resident on a temporary or permanent decant basis. We recognise that this is an elective process on the part of the resident and Housing Services will respect the confidence given to our officers when a resident chooses to disclose this information to us.

Pregnancy and maternity

This is not a characteristic affecting residents at our sheltered or extra care schemes.

Marriage and Civil Partnership

From the most recent Diversity report, (December 2017), 15% of residents in the affected sheltered schemes are either married or co-habiting with a partner. 84% of residents in the affected sheltered schemes are single, widowed, divorced or separated. The status of 1% of residents is unknown.

It is thought that the marital or civil partnership status of residents will not impact on residents affected by the redevelopment of the Sheltered Schemes.

Health Impact

Sheltered housing provides a preventive service, reducing the need for more acute intervention later. Housing management and support services in sheltered housing is targeted to assist people to live an active and fulfilling life. The benefits can be seen in the tenancy sustainment, maintenance of independence, the prevention of accidents and poor health, and improvements to physical and mental health. Sheltered housing can prolong independence and self-care by providing a range of low level support services, and supporting people to access more intensive services as and when they need them.

We realise that residents who are settled in these affected schemes will be attached to their scheme and will be unhappy with the upheaval that the redevelopment or closure of their scheme may cause. We recognise that residents may find it difficult to adapt to change. The Council will place great care and attention to detail in order to minimise disruption. We will maintain continuity of service irrespective of a decommissioning decision.

We understand that residents from schemes facing closures will worry and this in turn could have an adverse impact on their health and well-being. To this end, we have published a local lettings plan which will affirm our offer to our residents affected by the closure or redevelopment of one of our housing schemes. In our meetings with residents we will describe in detail how the sensitive transfer and transition process, following accepted good practice, will mitigate any distress as is possible.

Transition plans are put in place for each resident and they will be supported before, during and after they move, when they are moved to another sheltered scheme.

By having well designed and affordable sheltered housing schemes, it will enable current residents to move from accommodation which is less than appropriate or suitable for their needs. Within these redeveloped schemes, we will no longer provide bedsits. All of these schemes will be fully accessible with the provision of lifts to all floors and ramps as required. Security will be greatly improved in all of the schemes. All accommodation will include the provision of light, adequate and modern communal facilities in each scheme.

We will forge stronger links to the local community and our intention is to build social capital and serve the wider community, with the potential to further strengthen the contribution to the local facilities available to local communities through the development of community hubs. According to Census 2011, about 32% (13,449) of the population are aged 65 years and above and live in one-person households. Almost half (48%) of all one person households in Havering are occupied by persons aged 65 years and over, which is the highest proportion in London according to the Census 2011 (Household Composition by Age), Office for National

Statistics (ONS). Our sheltered schemes will provide organised social activities and opportunities during the day, which can promote lifelong learning, healthy living and active ageing. Aside from drawing in other older residents from outside of the scheme the aim is to become more inclusive of the wider older persons community within the borough, providing new opportunities to widen the social networks of scheme residents and to promote and build social cohesion.

Socio Economic Factors

Where applicable these have been highlighted within the assessment for each protected characteristic. In addition, the Council recognises the importance of maintaining social support networks which are often based on locality (neighbours, friends and family) The Local Lettings Plan's (LLP) commitment to residents is that re-housing offers will be based on choice, given the re-housing options available. The aim will also be to move groups of vulnerable residents together where practicable, in order to maintain social networks and a sense of community). It is of course worth highlighting that residents can opt to return to the property location /area once the site has been regenerated, thus mitigating any long term social impacts.

It is recognised that many of our residents are on full or partial housing benefit or on low incomes. However, rent levels for new properties will be set at the appropriate level, according to Council policy and formula at the time. Service charges will be based on the level of service given at the scheme. The Council is not in a position to cap rents or service charges for the new properties, but will provide advice and support where residents are having difficulty paying their rent. This could include signposting to specialist debt advice agencies where appropriate. A person's socio-economic status will not make them any less safe and secure in their homes than anyone else

The LLP sets out the offer to Council tenants. Further information on home loss and disturbance payments, as well as other reasonable expenses, will be published in an additional information pack on the Regeneration Programme.

Given recent tragic events around fire safety in London council blocks, Havering will seek to ensure that all the regenerated sites adhere to the highest standards of fire safety and other health and safety standards, including compliance with current and future regulation. This will apply across all sites and tenure types, so whatever the person's economic status, it will not make them any less secure in their homes than anyone else.

Section 4: Measures to mitigate adverse impact

In this section you should list the specific actions that set out how you will address any negative equality impacts you have identified in this assessment.

Protected characteristic	Identified negative impact	Action taken to mitigate impact*	Outcomes and monitoring**	Timescale	Lead officer
Lesbian, Gay, Bisexual & Transgender	Lack of data will lead to an adverse impact and identification of housing needs for residents	Collate information gathered from 1-2-1's with residents and Housing Needs Assessments where a resident is willing to disclose information to Regeneration Team officers	Better understanding of needs of residents ensuring residents are placed in suitable accommodation.	Ongoing	Sheltered Housing Manager
Disability	Residents may be placed in accommodation which is not suitable for their needs	Ensure all Regeneration Team officers are aware of the constraints within each schemes buildings to ensure that residents are placed in an appropriate setting suitable for their needs.	Residents are placed in the right accommodation first time which is appropriate and provides the right level of support for their needs.	Ongoing	Sheltered Housing Manager
Ethnicity Disability (residents with a visual or hearing sensory impairment)	Unable to understand fully the effects the redevelopment may have on residents with these protected characteristics	Ensure the provision of information in appropriate formats where appropriate.	Residents are fully consulted and engaged with to enable them to make suitably informed decisions. Measured through a satisfaction survey on completion of move.	Ongoing	Sheltered Housing Manager/ Community Engagement Team
All	Lack of awareness of diversity and cultural needs	Ongoing training for staff to raise and ensure awareness of diversity and cultural issues taking on good anti-discrimination practice	Cultural and diversity needs of residents are understood and residents are placed sensitively in an appropriate setting which meets their needs as practicably as possible.	Ongoing	Sheltered Housing Manager

SECTION 5: Monitoring and Review

In this section you should identify how frequently the EIA will be reviewed; the date for next review; and who will be reviewing it. Assessing the impact on equality is an ongoing process that does not end once a policy proposal strategy or review has been agreed or implemented. Your assessment will have helped you to anticipate and address the proposal's potential impact on different groups. However, the actual impact of the proposal will only be known once it has been introduced. You may find that you need to revise the policy if unexpected negative impacts occur.

Reviewing a policy will involve using the experience gained through implementation to consider any possible adjustments. Issues to be considered include:

- **How and when you will measure the impact of the policy?**
- **When will the policy be reviewed and what could trigger an early revision?**
- **Who will be responsible for monitoring and review?**
- **What type of information is needed for monitoring and when it will be analysed?**
- **How to engage stakeholders in implementation, monitoring and review?**

It will only be possible to analyse the actual effect on different groups once the regeneration is underway and residents make their choices. If and when feedback or data indicate that a review may be required, it will be a decision made by the Regeneration Programme Board.

8.6 Completions Schedule

SUMMARY OF ANTICIPATED START ON SITE, SALES COMPLETIONS & OCCUPATIONS - 6TH MARCH 2017			
SITE	START ON SITE	FIRST OCCUPATION	FINAL OCCUPATION
WATERLOO	QTR 3 2019	QTR 4 2021	QTR 3 2028
NAPIER & NEW PLYMOUTH	QTR 3 2019	QTR 4 2021	QTR 1 2024
SOLAR - SERENA - SUNRISE	QTR 3 2019	QTR 2 2021	QTR 1 2023
QUEEN STREET	QTR 3 2019	QTR 2 2020	QTR 1 2021
MAYGREEN	QTR 4 2021	QTR 1 2024	QTR 2 2025
OLD CHURCH	QTR 4 2021	QTR 3 2024	QTR 1 2027
ROYAL JUBILEE COURT	QTR 4 2021	QTR 3 2023	QTR 1 2025
DELTA - T.M.O	QTR 1 2024	QTR 4 2025	QTR 3 2029
DELL COURT	QTR 1 2024	QTR 4 2025	QTR 1 2026
DELDERFIELD	QTR 1 2024	QTR 3 2025	QTR 1 2026
FARNHAM HILLDENE	QTR 1 2025	QTR 4 2026	QTR 3 2027
BRUNSWICK	QTR 1 2025	QTR 1 2027	QTR 3 2027

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Waterloo Estate



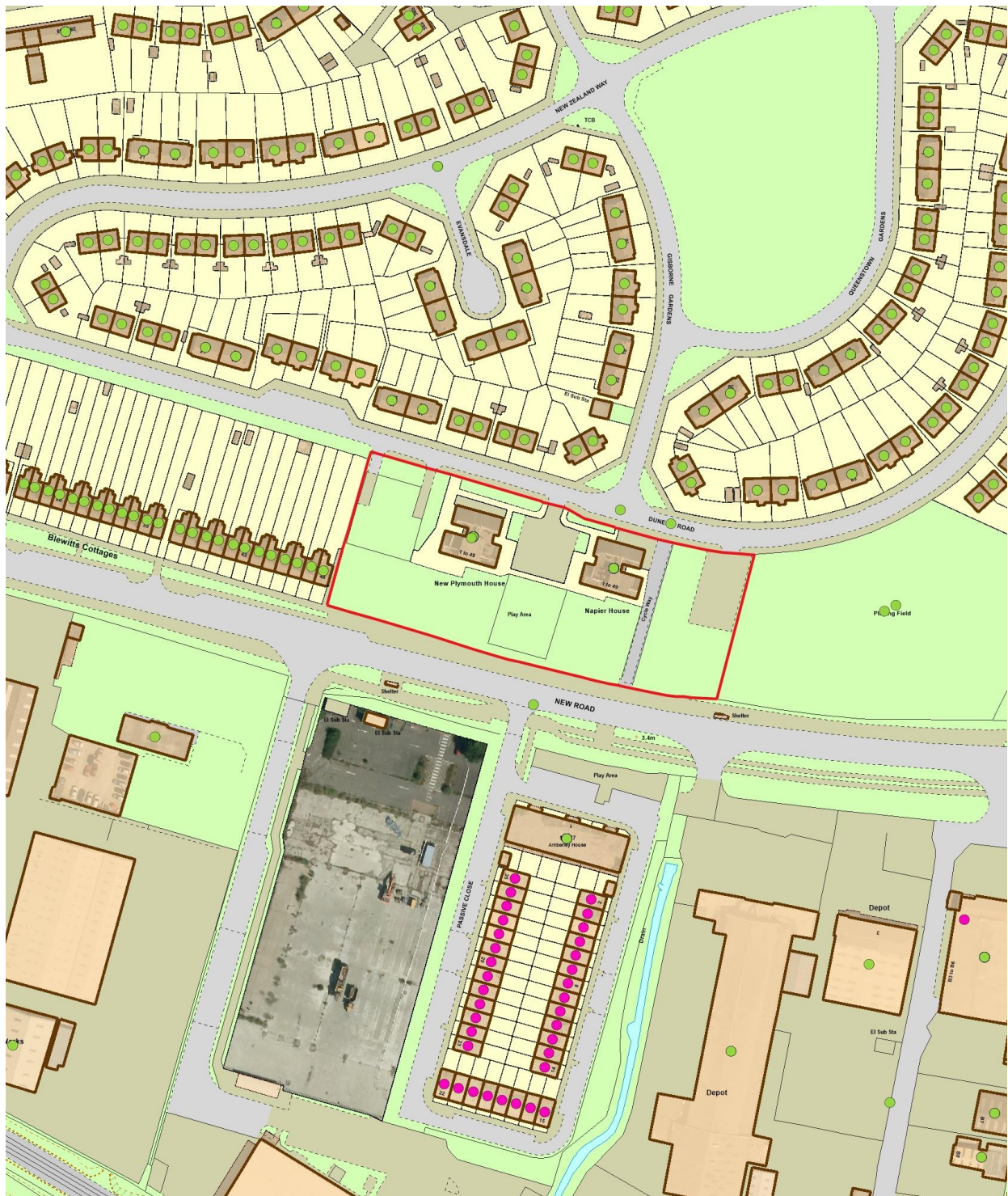
Appendix 8.7 12 HRA Regeneration Sites Red Line Boundaries

Queen Street



Appendix 8.7 12 HRA Regeneration Sites Red Line Boundaries

Napier and New Plymouth House



Appendix 8.7 12 HRA Regeneration Sites Red Line Boundaries

Solar, Serena and Sunrise Courts



Appendix 8.7 12 HRA Regeneration Sites Red Line Boundaries

Brunswick Court



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Appendix 8.7 12 HRA Regeneration Sites Red Line Boundaries

Delta Estate



Appendix 8.7 12 HRA Regeneration Sites Red Line Boundaries

Chippenham, Farnham and Hildene



Appendix 8.7 12 HRA Regeneration Sites Red Line Boundaries

Royal Jubilee Court



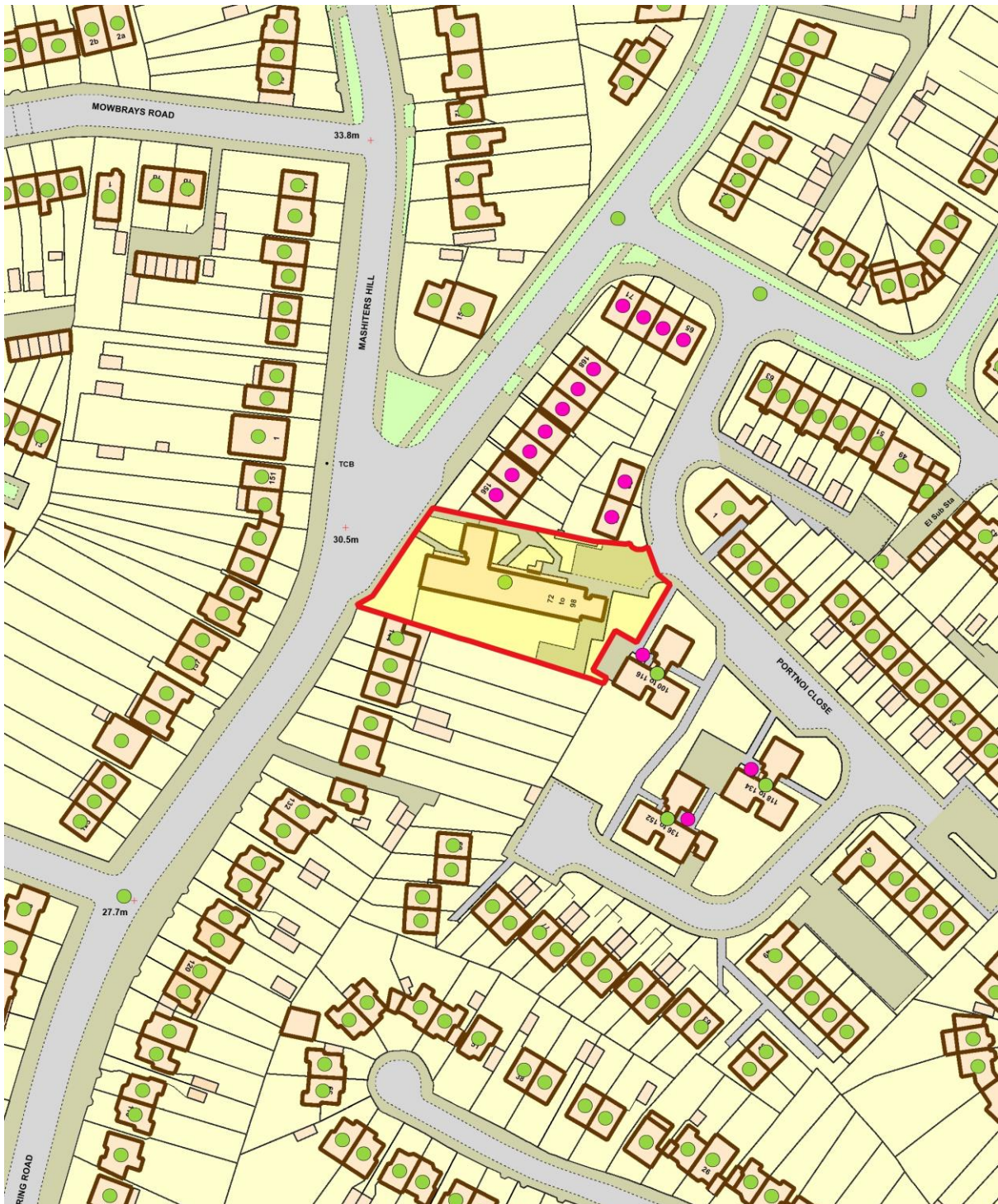
Appendix 8.7 12 HRA Regeneration Sites Red Line Boundaries

Maygreen Crescent (and Park Lane)



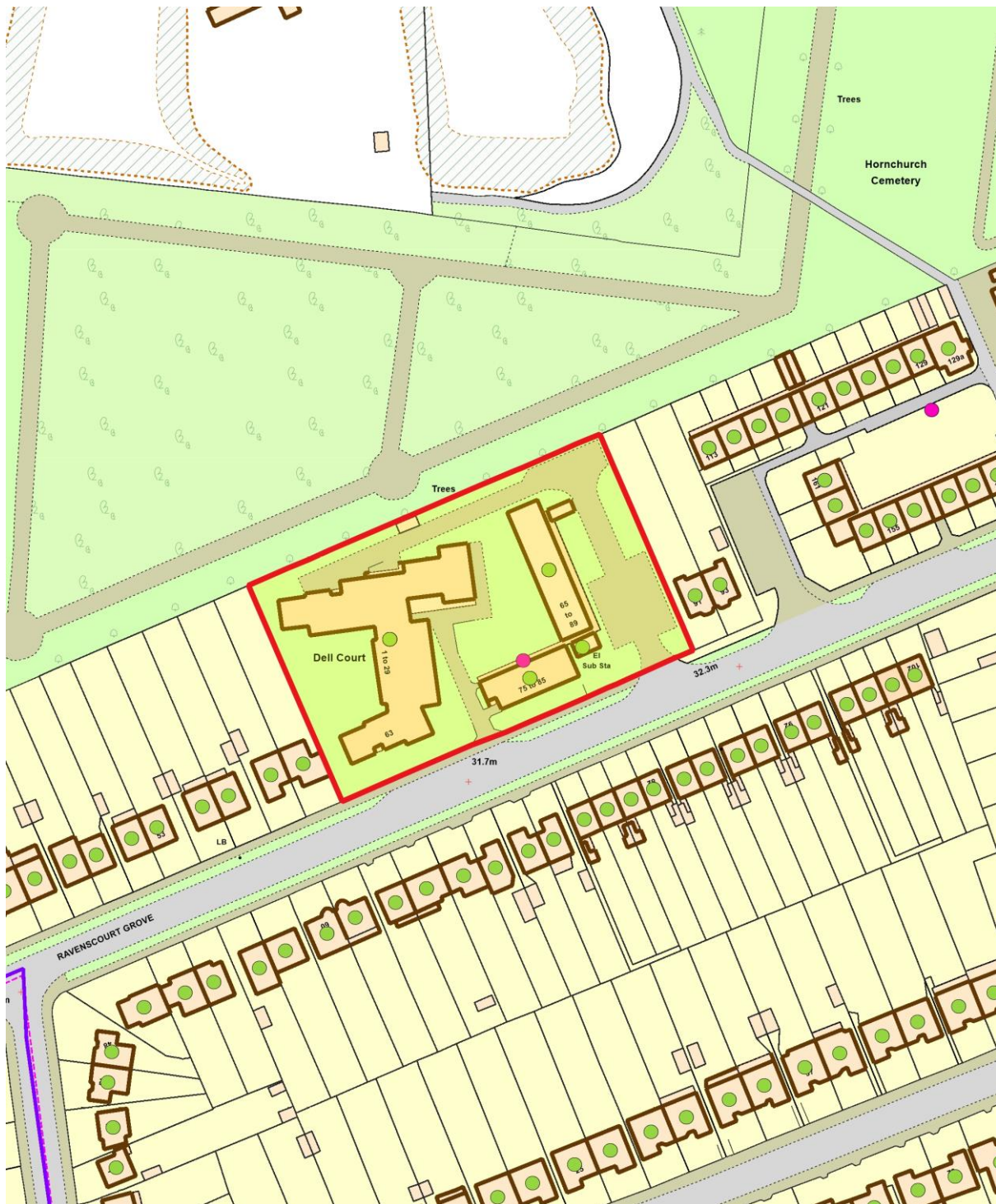
Appendix 8.7 12 HRA Regeneration Sites Red Line Boundaries

Delderfield House



Appendix 8.7 12 HRA Regeneration Sites Red Line Boundaries

Dell Court



Appendix 8.7 12 HRA Regeneration Sites Red Line Boundaries

Oldchurch Gardens



8.8 Decant schedule – 12 Site Regeneration

ANTICIPATED DECANT REQUIREMENTS (RENTED STOCK) 10 YEAR PROGRAMME									
PROPERTY	START ON SITE	2018	2019	2020	2021	2022	2023	2024	2025
WATERLOO	QTR4 2018	57	0	60	0	60	60	0	0
NAPIER & NEW PLYMOUTH	QTR4 2018	75	0	75	0	0	0	0	0
SOLAR - SRENA - SUNRISE	QTR4 2018	60	0	0	0	0	0	0	0
QUEEN STREET	QTR4 2018	7	0	0	0	0	0	0	0
MAYGREEN	QTR4 2021	0	0	0	50	50	0	0	0
OLD CHURCH	QTR4 2021	0	0	0	50	50	0	0	0
ROYAL JUBILEE COURT	QTR4 2021	0	0	0	45	0	0	0	0
DELTA	QTR1 2024	0	0	0	0	0	0	45	0
DELL COURT	QTR1 2024	0	0	0	0	0	0	20	0
DELDERFIELD	QTR1 2024	0	0	0	0	0	0	15	0
FARNHAM HILLDENE	QTR1 2025	0	0	0	0	0	0	0	114
BRUNSWICK	QTR1 2025	0	0	0	0	0	0	0	15
TOTALS		199		135	145	160	60	80	129

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CABINET

15 June 2016

Subject Heading:

Housing Services Asset Management Strategy

Report URL

www.havering.gov.uk/HousingAssetManagementStrategy2016

Cabinet Member:

Councillor Damian White, Lead Member for Housing.

CMT Lead:

Neil Stubbings

Interim Director of Housing Services.

Report Author and contact details:

Kevin Hazlewood, Homes and Housing Property Services,

Kevin.hazlewood@havering.gov.uk

01708 434091

Policy context:

HRA Policy and budgets

Financial summary:

Agreement of policy directing capital investment into the existing housing stock ensuring a viable HRA business plan..

Is this a Key Decision?

Yes

Is this a Strategic Decision?

Yes

When should this matter be reviewed?

February 2017

Reviewing OSC:

Towns and Communities

The subject matter of this report deals with the following Council Objectives

Havering will be clean and its environment will be cared for	[X]
People will be safe, in their homes and in the community	[X]
Residents will be proud to live in Havering	[X]

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Havering Council Housing Regeneration Programme Consultation and Communication Strategy

1. Aims

- To keep all stakeholders informed regarding the Housing Regeneration Programme and its progress.
- To ensure all stakeholders are able to provide feedback on proposals that can then be used to shape the programme
- To ensure proper feedback is provided to all stakeholders regarding the way their views have shaped the programme.

2. Timetable

- 2.1 June 2016 initial informal consultations begin
- 2.2 October 2016 report to Cabinet regarding informal consultations
- 2.3 October 2016 onwards regular meetings on all sites to keep information flowing both ways
- 2.4 Summer 2018 Consultation on draft planning applications
- 2.5 Autumn 2018 Formal consultation on planning applications
- 2.6 December 2018 onwards consultation regarding site development work as it takes place

3. Methodology

- 3.1 Each estate will have a named individual Community Engagement Officer as point of contact for residents on that estate
- 3.2 That Community Engagement Officer will work to develop a close, working relationship with all residents on the estate with the intention of being trusted by those residents to give honest and open information.

4. General

- 4.1 A web page will be set up called www.havering.gov.uk/HousingRegeneration which will have links to individual pages for each regeneration site
- 4.2 A web page will be set up called www.havering.gov.uk/ShelteredHousingDevelopments which will have links to individual pages for each sheltered housing scheme whether being regenerated or not
- 4.3 Both these pages will incorporate:
 - 4.3.1 general information on the Housing Regeneration Programme
 - 4.3.2 copies of each version of the Local Lettings Plan
 - 4.3.3 copies of the Demolition Notice and accompanying Information Sheet
 - 4.3.4 copies of other relevant legal documents generic to all regeneration areas
- 4.4 Each edition of *At the Heart* quarterly magazine will have a feature updating information on each regeneration area
- 4.5 Each edition of *Sheltered Times* quarterly magazine will have a feature updating information on each regeneration area
- 4.6 Each edition of *At the Heart online* email monthly magazine will have a feature updating information on each regeneration area
- 4.7 Copies of all newsletters produced will be distributed to local media outlets
- 4.8 Media releases will be issued regarding key dates and activities during the Housing Regeneration Programme
- 4.9 Media briefings will be held when appropriate during the Housing Regeneration Programme
- 4.10 An information sheet explaining Demolition Notices will be prepared and issued with the Demolition Notices in November 2016

Appendix 8.10 Regeneration Consultation and Communication Strategy

- 4.11 Housing Regeneration Programme newsletters will be produced and distributed across all regeneration areas as and when required
- 4.12 The Housing Regeneration Programme Project Board will be kept aware of communications issues as appropriate

5. Tenants

- 5.1 Residents' Open Meetings on each estate will be held whenever there is information to share about regeneration progress impacting on that estate.
- 5.2 Residents' Group will be established on estates wishing to form them and meetings will be held as and when necessary. Each Residents' Group will have a resident as Chair and as Vice Chair with administrative support from Housing Services Community Engagement Team
- 5.3 Training from TPAS will be offered for all members of Residents' Groups
- 5.4 Newsletters will be issued and hand delivered to all residents giving dates of future meetings and summarising the information shared at each meeting – this will record details of the meeting rather than through formal minutes
- 5.5 Web page for each regeneration area will be developed and maintained so it has accurate information on it
- 5.6 Mobile advice centres will be held in each regeneration area as and when required
- 5.7 Each tenant will be offered a one-to-one meeting with their designated estate officer at which their housing needs and desires will be identified. This will be used to produce a Decant Assessment Form which in turn will be used to match each individual tenant against void properties which become available. Tenants will be able to change the Decant Assessment Form whenever they wish and may also request additional one-to-one meetings whenever they wish
- 5.8 Named officers will work with each individual tenant to provide advice, help and support during the decanting process

6. Leaseholders and freeholders

- 6.1 Leaseholders and freeholders will be invited to attend Residents' Open Meetings on each estate will be held whenever there is information to share about regeneration progress impacting on that estate.
- 6.2 Leaseholders and freeholders will be invited to join any Residents' Group established on estates wishing to form them and meetings will be held as and when necessary. Each Residents' Group will have a resident as Chair and as Vice Chair with administrative support from Housing Services Community Engagement Team
- 6.3 Training from TPAS will be offered for all members of Residents' Groups
- 6.4 Newsletters will be issued and hand delivered to all residents giving dates of future meetings and summarising the information shared at each meeting – this will record details of the meeting rather than through formal minutes
- 6.5 Web page for each regeneration area will be developed and maintained so it has accurate information on it
- 6.6 Mobile advice centres will be held in each regeneration area as and when required
- 6.7 A named officer will be available as contact point for leaseholders and freeholders wishing to sell their property to the Council or requiring further information
- 6.8 Individual meetings will be held with leaseholders and freeholders wishing to sell their property to the Council

7. Businesses

Appendix 8.10 Regeneration Consultation and Communication Strategy

- 7.1 Businesses will have their own Open Meetings to discuss issues relating to businesses on each regeneration area
 - 7.2 Where requested a Business Focus Group will be established on each regeneration area with a business person as Chair and as Vice Chair with administrative support from Housing Services Community Engagement Team
 - 7.3 A named officer will be available to provide support and information to individual businesses as required
 - 7.4 Web page(s) will be developed and maintained as and when required
 - 7.5 Mobile advice centres will be held in each regeneration area as and when required
 - 7.6 Businesses will be permitted to attend Residents' Open Meetings on each estate will be held whenever there is information to share about regeneration progress impacting on that estate
 - 7.7 Newsletters will be issued and hand delivered to all businesses giving dates of future meetings and summarising the information shared at each meeting – this will record details of the meeting rather than through formal minutes
8. Community Organisations
- 8.1 Contact will be made with representatives from community organisations (e.g. churches) so they are aware of proposals which may impact on them
 - 8.2 Community organisations can have representatives attend the Residents' Open Meetings if they wish to do so
 - 8.3 Copies of relevant newsletters will be sent to all community organisations
9. Neighbours
- 9.1 Neighbours near each regeneration area will have their own Open Meetings to discuss issues relating to neighbours on each regeneration area
 - 9.2 A named officer will be available to provide support and information to individual neighbours as required
 - 9.3 Newsletters will be issued and hand delivered to neighbours giving dates of future meetings and summarising the information shared at each meeting – this will record details of the meeting rather than through formal minutes
10. Sheltered Housing schemes not being regenerated
- 10.1 Residents' Open Meetings in each of the 12 schemes will be held whenever there is information to share about regeneration progress impacting on that estate.
 - 10.2 The meetings will be used to identify improvements needed in each scheme as part of the Sheltered Housing Investment Programme
 - 10.3 Newsletters will be issued and hand delivered to all residents giving dates of future meetings and summarising the information shared at each meeting – this will record details of the meeting rather than through formal minutes
 - 10.4 Web page for each scheme will be developed and maintained so it has accurate information on it
11. Housing Services Staff
- 11.1 Briefing meetings will be held for staff at least every six months
 - 11.2 Staff Briefing newsletter will be issued at least every six months
 - 11.3 Community Engagement Team Manager will attend Team Briefings for other teams when requested to do so
 - 11.4 Copies of relevant newsletters will be given to Tenancy Sustainment Officers so they are aware of information on their estate
 - 11.5 Copies of all newsletters will be given to the Contact Centre so they are aware of information being distributed
 - 11.6 Intranet and Yammer will be used as appropriate

Appendix 8.10 Regeneration Consultation and Communication Strategy

12. Other Council Services

- 12.1 Newsletters will be shared with the service areas as appropriate
- 12.2 Where appropriate information from other service areas will be included in newsletters and on the web page(s)
- 12.3 Staff from other service areas will be able to attend Staff briefing meetings if they wish to do so
- 12.4 All members of Senior Leadership Team receive all newsletters so they can see any impact on their service area
- 12.5 Intranet and Yammer will be used as appropriate

13. Councillors

- 13.1 Councillors will be invited to all meetings held in their Wards
- 13.2 The Cabinet Member and Deputy Cabinet Member for Housing will be invited to all meetings
- 13.3 Every Councillor will receive a copy of every newsletter issued
- 13.4 Councillors will be made aware of the named Community Engagement Officer for each regeneration area so queries can be addressed rapidly
- 13.5 Councillors' Update newsletters will be produced and issued as and when required
- 13.6 Briefings will be held for Group Leaders when appropriate or requested
- 13.7 Regular briefings will be held with the Cabinet Member and Deputy Cabinet Member for Housing to ensure they are up to date
- 13.8 Briefings with Ward Councillors will be held when appropriate or requested

14. Media

- 14.1 A close working partnership will be developed with Havering Council Corporate Communications Team
- 14.2 Copies of all newsletters and magazines produced will be circulated to all local media
- 14.3 Media releases will be issued as and when required
- 14.4 Media briefings will be held as and when required
- 14.5 Social media will be used to publicise meetings, new newsletters and other relevant activity.
- 14.6 The News (internal staff email newsletter) will be used as appropriate

15. TPAS

- 15.1 Training from TPAS will be offered for all members of Residents' Groups
- 15.2 TPAS will offer an independent free to use phone help line and email advice service for tenants
- 15.3 This service will be publicised through newsletters and via links on the relevant Housing Regeneration Programme web pages

16. Monitoring

- 16.1 Feedback from individuals will be monitored
- 16.2 Feedback from Residents' Groups will be monitored
- 16.3 Feedback from Councillors will be monitored
- 16.4 Satisfaction surveys will include questions regarding communication
- 16.5 Local media will be monitored
- 16.6 Social media will be monitored

8.11 Consultation Update – Dates of meetings and number of attendees.

12 HRA Regeneration Sites

[illegible]

Neighbours of the 12 Sites

Area	Total attended	Meeting Date	Number attended	Meeting Date	Number attended
Brunswick Court	6	25-Apr-17	6		
Chippenham, Farnham, Hildene					
Delderfield House	3	10/05/2017	3		
Dell Court	15	19/04/2017	15		
Delta TMO					
Maygreen Crescent and Park Lane	6	02-May-17	6		
Napier House and New Plymouth House					
Queen Street Sheltered Housing					
Royal Jubilee Court	6	11-May-17	6		
Serena, Solar and Sunrise	2	16-May-17	2		
Waterloo Estate					
Oldchurch Gardens	9	25-May-17	9		
Grand Total	47				

Resident Group meetings

Area	Total attended	Meeting Date	Number attended	Meeting Date	Number attended	Meeting Date	Number attended	Meeting Date	Number attended	Meeting Date
Brunswick Court	7	06-Mar-17	7	07-Sep-17	no meeting recorded					
Chippenham, Farnham, Hilldene		26-Jan-17		11-Sep-17	no meeting recorded					
Delderfield House		29-Mar-17	3							
Dell Court	3	27-Mar-17	3	04-Sep-17	no meeting recorded					
Delta TMO	37	05-Sep-17	37							
Maygreen Crescent and Park Lane	3	13-Feb-17	0	17-May-17	3					
Maygreen Crescent and Park Lane Sheltered	2	22-Mar-17	2							
Napier House and New Plymouth House										
Queen Street Sheltered Housing										
Royal Jubilee Court	8	24-Mar-17	8	08-Sep-17	no meeting recorded					
Serena, Solar and Sunrise	16	21-Mar-17	16	04-Sep-17	no meeting recorded					
Waterloo Estate	81	20-Sep-16	19	23-Nov-16	52	07-Feb-17	10	21-Mar-17	10	
Grand Total	157									

Sheltered Schemes that are remaining.

Area	Total attended	Meeting Date	Number attended	Meeting Date	Number attended	Meeting Date	Number attended	Meeting Date	Number attended	Meeting Date	Number attended	Meeting Date	Number attended
Bards Court	74	28-Jul-16	16	26-Aug-16	15	06-Oct-16	12	02-Feb-17	13	03-Jul-17	8	06-Nov-17	10
Beehive Court	68	14-Jul-16	13	18-Aug-16	14	07-Oct-16	7	03-Feb-17	11	06-Jul-17	15	06-Nov-17	8
Charlbury Court	51	06-Jul-16	8	18-Aug-16	8	06-Oct-16	8	02-Feb-17	5	03-Jul-17	14	23-Oct-17	8
Cockabourne Court	35	06-Jul-16	3	18-Aug-16	10	10-Oct-16	10	03-Feb-17	7	06-Jul-17	2	03-Nov-17	3
Cole Court	63	29-Jul-16	15	18-Aug-16	11	06-Oct-16	11	02-Feb-17	8	03-Jul-17	12	25-Oct-17	6
Cottons Court and Fambridge Court	78	28-Jul-16	10	05-Aug-16	22	12-Oct-16	13	06-Feb-17	8	07-Jul-17	20	26-Oct-17	5
Garrick House	58	25-Jul-16	16	26-Aug-16	8	10-Oct-16	13	06-Feb-17	6	30-Jun-17	11	30-Oct-17	4
Holsworthy House	67	14-Jul-16	16	24-Aug-16	13	06-Oct-16	12	02-Feb-17	8	04-Jul-17	11	25-Oct-17	7
Poplar Street	56	21-Jul-16	16	05-Sep-16	7	18-Oct-16	11	06-Feb-17	8	07-Jul-17	6	26-Oct-17	8
Ravenscourt Grove	66	21-Jul-16	16	24-Aug-16	8	23-Sep-16	6	03-Feb-17	10	07-Jul-17	15	02-Nov-17	11
Thomas Sims Court	69	19-Jul-16	15	31-Aug-16	13	10-Oct-16	12	06-Feb-17	10	30-Jun-17	11	03-Nov-17	8
William Tansley Smith House	78	15-Jul-16	15	16-Aug-16	12	23-Sep-16	12	03-Feb-17	15	07-Jul-17	14	02-Nov-17	10
Grand Total	763												

8.12 Summary of most significant risks at November 2017

As described in section 6, risks will be monitored and managed in a number of ways within the JVLLP and independently within the Council:

- all reports to Members relating to 12 Estates and the JVLLP including the review of the JVLLP Business Plan
- detailed reports to the JVLLP Board prepared by the Development Manager which will be independently scrutinised by the Council's client team
- the Councils Execview performance monitoring system
- other governance and financial reports to Members as advised by the Councils s151 and monitoring officers.

The risks considered to be most significant are summarised below in a format consistent with Execview

Risk	Description	Severity (i.e. impact)	Mitigation
1. Planning	Planning permission is not obtained or there is a significant delay.	Red	<p>The project plan allows for a detailed design process which will include Member, public and stakeholder engagement. The latter will include the GLA and other statutory bodies.</p> <p>A Planning Performance Agreement will formalise consultation with the Local Planning Authority throughout the process.</p> <p>Pre-planning consultation will be undertaken in addition to statutory consultation requirements.</p> <p>The Council must give its approval to each planning application</p> <p>The planning application for the first phase will include a Masterplan for the whole site and seek at least outline approval for subsequent phases.</p>

2. Economic Conditions	<p>Economic conditions Deteriorate leading to slower sales rates or lower sales values.</p> <p>This reduces sales Receipts and/or delays receipts thereby increasing financing costs.</p> <p>Interest rates rise Thereby increasing the Council's and/ or the JVLLP's borrowing costs.</p>	<p>Amber</p>	<p>Each stage of development is subject to a detailed "gateway" process so that the JVLLP's proposals reflect market conditions and provide the owners with the JVLLP with a detailed assessment for decision making.</p> <p>The Council's business case models a more pessimistic "red book" scenario so that the implications of lower than expected sales values are understood.</p> <p>The average sales rate in the JVLLP Business Plan is below that originally proposed by the developer, is comparable with other projects and should be achievable even with a downturn scenario.</p> <p>Negotiated land transactions will as far as possible be phased to ensure that land is only acquired when required thereby partly compensating for any delay in sales.</p> <p>Phased planning applications provides some flexibility to adjust outputs in response to economic conditions (e.g. mix of 1/2/3 beds or residential/ commercial space).</p>
3. Legal Challenge to JVLLP	<p>A third party applies for a Judicial Review or instigates another form of legal action. even if unsuccessful, this would cause delay and incur expenditure.</p>	<p>Amber</p>	<p>The Council has taken external legal advice which is reported to Members in the Cabinet report. The advice confirms the lawfulness of the proposed arrangement and the statutory powers being relied on.</p> <p>A VEAT notice will be issued to provide any party with the opportunity to challenge.</p> <p>Legal advice will continue to be taken as the project progresses.</p>
4. Land acquisition	<p>Land cannot be acquired or the process causes delay.</p>	<p>Amber</p>	<p>The Council controls the site and will engage consultants to carry out the necessary investigations to ensure that any private interests on the earmarked sites are identified and extinguished.</p> <p>The JVLLP's Business Plan includes a Land Acquisition Strategy. There will be continual engagement with landowners, businesses and residents with the intention of securing land by private treaty and assisting relocation where feasible. This includes the Council's agreed Regeneration Plan and Local Lettings Plan in respect of the residential properties.</p>

5. GLA Housing Zone funding	Agreement not reached with the Greater London Authority regarding the terms of Housing Zone Funding due to the level or mix of affordable housing, or timescales for delivery.	Amber	<p>The Council will complete the GLA's due diligence process.</p> <p>A review of the scheme design and financial model will be required if funding is not secured.</p>
7. Client role	Risk of insufficient client capacity and expertise to support and advise Members including monitoring the work of the JVLLP	Amber	<p>The Director of Neighbourhood Services is undertaking a review of resourcing and skills requirements across the Council's regeneration programme and will present proposals to Cabinet.</p> <p>The effectiveness of the client function will be kept under review.</p>
8. Conflict of Interest	There may be situations where the interests or views of the Council differ from those of the JVLLP.	Amber	<p>The Legal Agreements and the JVLLP's Business Plan set objectives and parameters which are reflected in the Cabinet report and the Council's Business Case.</p> <p>Any significant changes in the JVLLP's Business Plan will require Cabinet approval so this alignment is maintained.</p> <p>The Director of Neighbourhood Services' review will distinguish the roles of those representing the Council on the JVLLP and the client function to ensure transparency.</p> <p>The independence of the Council's statutory roles means that there may be differences on matters such as planning; these are common to all development projects and the joint working should reduce the likelihood of such situations arising.</p>

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8.13 Summary of Sensitivities at November 2017

RISK AREA	SENSITIVITY	JV	COUNCIL	COMMENTARY
Financing	JV LLP borrowing rate + 1%	-£9.2m	-£5.8m	The JV LLP agreement is predicated on a 70/30 debt/equity funding arrangement. Given the relatively high level of gearing, the base model was prepared on the assumption that the JV LLP can secure funding from the market at a composite rate of 8% rising to 8.9% over four years. The assumption should provide adequate cover for arrangement, holding fees and base coupon rate.
Economic	Inflation + 1%	+£21.9m	+£10.9m	In line with the long term Bank of England projections, CPI has been modelling at 2% per annum. It is assumed that house price and construction inflation will align at 2% per annum. It is likely to some of the cost risk will be mitigated with the JV LLP entering into a series of fixed price forward construction contracts.
Economic	House Prices £479 psf (Red Book)	-£2.0m	-£3.1m	The base model has been predicated on achieving £500 psf sales revenues on the 12 estates. However, prices may increase further or decrease particularly in the short term.
Economic	Sales (1 Year Delay)	-£42.7m	-£24.0m	The sale of open market sale units underpins this regeneration scheme. An economic downturn may result in individuals being unable to secure mortgage finance. This may result in a reduction or even a halt in sales. This would have a significant impact on the financing of the scheme, as working capital would be invested for a longer period.
Financing	LCHO Units Payment Residual Interest	+£19.3m	+£7.8m	It is currently assumed that the Council will not have to make a direct payment to acquire the residual interest in the LCHO units. This is reflected in the residual land valuations. As part of developing the funding proposal the PSP may require the Council to pay for to acquire the interest as means to reducing the reliance on third party financing. This extra value would be recognised with an appropriate uplift in the site RLV. The JV LLP would see a reduction in its external borrowing costs. Conversely, the Council would be required to increase its initial investment in the JV LLP with an increased likelihood of needing extra borrowing to finance the deal.

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8.14 Consideration in relation to the overarching JVLLP

- Governance and legal structure
- Procurement law
- State aid analysis
- Vires Considerations
- Land Considerations
- Taxation

8.14.1 Part 1: Governance and Structure

The purpose of this section is to set out a high level analysis of how the proposed structure and governance arrangements within the overarching JVLLP option (the “JVLLP”) may operate. However, this will require further discussion with the Council and the proposed PSDP (“Partner” or “PSP”).

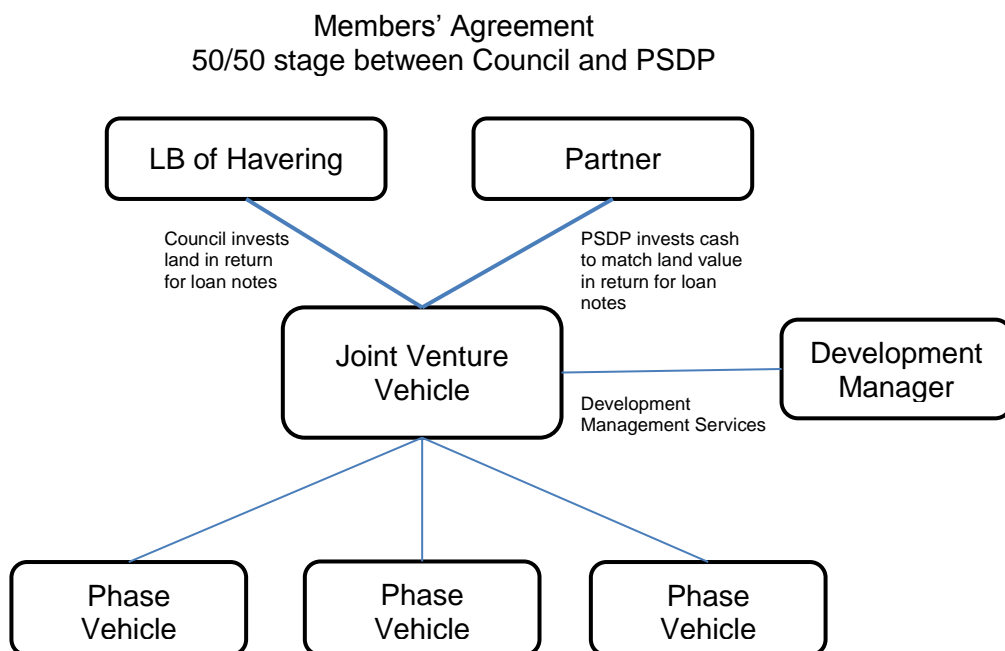
Overview of the JVLLP

The JVLLP will be a corporate vehicle in which it is proposed that the Council and the Partner will each hold a 50/50 equity interest and which is intended to carry out the development of the sites. The Council and the Partner will jointly manage the JVLLP and its assets and will each be entitled to an equal share of the profits of the JVLLP throughout the life of the JVLLP. The JVLLP is a 50:50 partnership where block voting is used and with clearly defined deadlock provisions.

Subject to more detailed tax analysis, there are some potential benefits in utilising a limited liability partnership as the corporate vehicle (see vires analysis in respect of such vehicle below). Such vehicles do not pay corporation tax; the members (equivalent to shareholders) are taxed according to their status. Local authorities do not pay corporation tax and in addition to this, there may also be SDLT savings. A detailed tax analysis will be required if the Council decide to take forward this option.

As indicated in the diagram below, it is possible that there may be Site/phase specific subsidiary vehicles within the JVLLP structure and this aspect will need to be developed with the Council and the Partner.

Structure Diagram



Land contribution and finance

The financial contributions of the parties to the JV would be structured through a loan note structure.

In consideration for the land contributions by the Council, the Council will receive loan notes from the JV to the value of the land at the point of drawdown (in accordance with an agreed valuation mechanism which will be regulatory compliant). Interest will be payable on such loan notes from the date of contribution of land.

The Partner will be required to provide matched funding to the JV in respect of the value of the Council's land contributions. The Partner will receive loan notes from the JV in respect of any such funding upon drawdown by the JV.

The Partner's loan notes will be on the same commercial terms as the Council's loan notes and will rank *pari passu* with the Council's loan notes (in relation to matched funding element referred to above) including the specified interest rate applying to such loan notes.

The JV will also require development finance which will be secured from the market or partners (at their option) and it is expected that this will be on senior debt terms.

Activities of the JV

It is envisaged that the JV (and where applicable, its subsidiary vehicles) will undertake a direct role in some or all of the following activities:

- The master planning design process in relation to the Sites;
- Development of the Sites;

- Ongoing consultation and communication with stakeholders;
- Obtaining planning consents
- Commissioning construction phases and entering into appropriate construction contracts;
- Entering into development management contracts and housing estate management and maintenance contracts; and
- Marketing and managing sales of those phases which are deemed to be appropriate for sale by JV.

Governance of the JV

The JV will have an overarching business plan which will be updated on a rolling basis being renewed annually. This will be agreed prior to the completion of the JV. In addition, prior to contribution of each Site, a Site specific business plan will be agreed which will govern the activities in relation to that particular Site. The JV will be obliged to act within the parameters of the business plan.

The JV governance will operate at the following levels:

Certain decisions will be reserved to the unanimous consent of the members (the Council and the Partner). These decisions can be taken in the interest of the Council (unfettered by the interest of the JV). An example of such reserved matter would be agreement of the business plan. All other decisions shall be taken by the board (subject to delegation to the development manager or under the development management agreement) acting in accordance with the Members Agreement, the overarching business plan, a Site specific business plan and any member resolutions. The board will be obliged to act in the best interests of the JV in making such decisions. It is likely there will be further delegations to the development manager. These are likely to be day-to-day decisions by reference to financial parameters. All these decision will be clearly cast in a delegations schedule as a schedule to the Members Agreement.

Conflict in the JV

Contractual provisions will govern certain areas of conflict for example, where the JV seeks to exercise some form of legal right against one of its members (most likely to be the Partner through some form of default under the Members Agreement or a delivery contract where the PSP or its group member is in default) the party concerned will be disenfranchised from voting on such matter.

Exit

Three potential exit scenarios will be considered below:

- Voluntary (where either party transfers its interest in the JV or the parties agree to wind up the JV);
- Deadlock (where the “marriage” has broken down); and
- Default (where a breach of an agreement occurs).

Voluntary

It is usual for there to be potential for the parties to wind up the JV by mutual consent or to transfer their interest in the JV to a third party (subject to certain parameters around the identity of such transferee) and subject to rights of first refusal in favour of the continuing shareholder/member.

Deadlock

It is usual that there will be an agreed mechanism dealing with deadlock and disputes. This usually includes some form of staged level dispute process including mediation provisions and expert determination. Ultimately, where the deadlock or dispute cannot be resolved this will usually lead to the termination of the JV. This will be a controlled process with land interests not contributed at the date remaining in the control of the Council and most likely a controlled winding up of the JV (following the development of land interests held within the JV to realise development proceeds).

Default

Where the PSP is in default and such default is sufficiently material and is not remedied, the Council shall have the right to purchase the PSP's interest at a discount to the market value, or to elect that the JV is subject to a controlled winding up. Council default is unlikely in context of this structure in view of the limited obligations placed on the Council (primarily to transfer land into the JV upon the satisfaction of certain conditions).

Procurement of Works/ Services

It will be important to ensure that the JV is able to evidence value for money in relation to works/services that it procures. The legal documentation will include a procurement policy which will set out the procurement methodologies that JV will be obliged to follow.

Certain Partners will also undertake construction works and services for the JV. It will be necessary to make sure that the appropriate VFM protections are in place in favour of the JV in such circumstances.

It is likely that the Partner will provide development management services to the JV. These will be provided through a development management services agreement for a fee.

8.14.2 Part 2: Procurement Guidance

The public procurement rules set down in the Public Contracts Regulations 2015 (as amended) ("PCR"), the Concession Contracts Regulations 2016, and supporting case law, make it clear that works, services or supply contracts with a value above the specified financial thresholds must be competitively procured using an EU procurement law compliant tender process.

The selection of a joint venture partner on its own by a public sector contracting authority is not a works, services or supply contract and thus is not a contract which should normally be

procured in accordance with EU procurement law. Likewise, the procurement of investment falls in the same category.

Where the Council wishes to exercise control over the shape and form of development that takes place and receive completed developments undertaken through the award of works, services or supply contracts (on behalf of the public sector JV partner), there is a risk that the joint venture could be seen to be an artificial mechanism for the public sector partner to circumvent EU procurement law requirements. In such circumstances, specific provision for the public procurement rules must therefore be made. In this case, this could be done either by:

- i. Using EU procurement law compliant procurement process to select the investor and the scope of the work to be carried out, thus ensuring that subsequent contracts awarded by the JV which fall within this scope do not require further EU procurement law processes; or
- ii. Placing contractual or constitutional limitations upon the JV to ensure that it uses EU procurement law compliant procurement processes every time it awards a regulated works, service or supply contract.

The formal legal definition of a 'public works contract' is very wide, and there have been a number of EU court decisions addressing the question of how and when EU procurement law applies in a development context. Whether a public works contract arises is very fact-dependent. As such, it may be possible that the JV arrangement itself, or subsequent development activity, will be seen to constitute a regulated works contract.

There are several tests which must be established before a works contract will be held to exist. In summary, these are:

- i. A legally enforceable obligation on a contractual party to deliver works; and
- ii. A requirement for works specified by a public body with an immediate (i.e. direct) economic benefit to that body; and
- iii. 'pecuniary interest' (i.e. a monetary interest) passing to the purchaser for carrying out those works.

All elements of the definition must be met in order for there to be a 'public works contract'. If any element is missing (e.g. there is no legally enforceable obligation to carry out works or there is no pecuniary interest) then there will not be a public works contract.

It is likely that the transfer of land by the Council into the JV with additional controls and/or receipt of development services or developed land from the JV will be seen to involve works contracts due to the development obligations and specifications which the Council will want to impose. As such, the most prudent way forward would be for the Council to put the entire project opportunity (including the selection of the project JV partner) out to market using an EU procurement law compliant process.

The principal PCR compliant procedures are the:

- i. Open Procedure;
- ii. Restricted Procedure;

- iii. Competitive Dialogue; and
- iv. Competitive Procedure with Negotiation.

In the context of this project, it is considered however that it would not be possible to deliver the Council's stated objectives under either the open or restricted procedures due to inherent risks and complexities involved in the potential JV. In our experience, in most cases where the PCR applies, contracting authorities will use either the Competitive Dialogue (CD) Procedure, or the Competitive Procedure with Negotiation (CPN). The market is familiar with CD and the CD procedure is also often the procedure preferred by contracting authorities due to the ability to undertake clarification and minor, non-substantive negotiations once a preferred partner has been selected. This flexibility is not available with the CPN. Therefore, it was concluded that the Council would procure the project using an approach similar to the competitive dialogue procedure which provides the opportunity for a structured approach to procurement. However, as this is more in the nature of a concession contract, the Council reserved the right to deviate from the formalities of this process in conducting the competition due to the flexibilities permitted by the Concession Contracts Regulations 2016 (CCR 2016).

Certain Partners will also undertake construction works and services for the JV. It will be necessary to make sure that the appropriate VFM protections are in place in favour of the JV in such circumstances.

It is likely that the Partner will provide development management services to the JV. These will be provided through a development management services agreement for a fee.

8.14.3 Part 3: State Aid Analysis

State Aid

When assessing whether State aid is present in respect of a project, it is necessary to consider whether Article 107(1) of the Treaty on the Functioning of the European Union ("TFEU") is satisfied. Article 107(1) provides as follows:

Save as otherwise provided in the Treaties, any aid granted by a Member State or through state resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market.

This Article gives rise to the "Four Part Test" for State aid. This Four Part Test is cumulative and State aid will only exist if all four parts of this test are met. For State aid to exist, the following must be satisfied:

- i. Aid is granted by a Member State or through State resources;
- ii. To a certain undertaking (carrying out economic activities);
- iii. Thereby creating a selective advantage; and
- iv. The transfer of resources distorts or has the potential to distort competition and trade between Member States.

Parts 1, 2 and 4 will all likely be satisfied as the Council's land contributions will constitute State resource as will any other public sector funding; it is widely accepted that property

development is an economic activity; and usually only the most obscure activities are found to not have a potential to affect cross-border trade. As such, if State aid is to be avoided, it will be important to demonstrate that the Council's investment or provision of public sector funding does not confer a selective advantage upon the JV.

If any of the Council's funding was found to constitute unlawful State aid, and if discovered by the European Commission or challenged in court, it would be liable to repayment by the recipient of the aid together with interest at the prescribed rate. The Council could also be subject to damages claims from third parties who have not received aid. Unlawful State aid therefore represents a significant commercial risk to both the Council and the joint venture partner, and is something which should be avoided.

Market Economy Investor Principle

In order to assess whether such an advantage has been conferred, the Market Economy Investor Principle Test ("MEIP Test") should be applied to the assessment. The MEIP Test involves an analysis of the commercial rationale of an investment made by a public body. If it can be said that the terms of the investment constitute normal market terms that would be acceptable to a private sector undertaking in similar circumstances, then the investment will not be deemed to confer an advantage and will not therefore constitute State aid. It is important to note, however that the Council, rather than individual facets of the project structure should apply the MEIP Test to the overall investment decision, and that it should do so before a decision to invest is made.

Pari passu investment (namely investment on equal terms and with equal return and risk) with a private sector investor is deemed to automatically satisfy the MEIP Test.

If the MEIP Test cannot be satisfied, because the investment is not made on commercial terms or does not generate a fully commercial return, alternative State aid solutions may be available and can be explored with the Council.

Services of General Economic Interest

The Council will be receiving funding from the GLA that in broad terms will be used to fund the provision of affordable housing in this project. There are potential State aid implications caused by this, but as explained in the Legal Implications to the Cabinet report dated 12 January 2018 the Council can rely on the exemption for services of general economic interest, which includes the provision of affordable housing.

8.14.4 Part 4: JVLLP vires

The Council has a broad power to provide housing accommodation under section 9, Housing Act 1985 that can be relied on in this project. Section 9 contains no restriction on the type of tenure that must be used if the Council decides to provide the accommodation, or on whether the Council must retain ownership. The power can be relied on where some properties will be developed for market sale as long as that element is undertaken to cross-subsidise the affordable housing, which we understand is the case here.

The Council has the power to make expenditure from the HRA in respect of houses within the HRA (Item 2, Schedule 1, Local Government and Housing Act 1989). This includes acquiring share capital, and can be relied on in this project as the Council will be purchasing completed units from the JVLLP for social rent and shared ownership.

Whilst there are no explicit powers for participation in a JVLLP, reliance is often placed upon s111 Local Government Act 1972 (and the Greater Manchester Trusts case) to participate in companies or other bodies such as a JVLLP. The form of vehicle is a subsidiary matter to the housing and other related powers that the Council would use to redevelop the estates. Alternatively (or additionally) the Council may rely upon the general power of competence in section 1 of the Localism Act 2011, which enables the Council to undertake any activity an individual could undertake, subject to any statutory constraints on the Council's powers.

Since an individual would be able to participate in a corporate joint venture, in the same way the Council would be able to participate in a JVLLP, by subscribing equity and providing loans and other financial investment for the redevelopment of the 12 estates. Since the regeneration is being pursued for housing purposes rather than commercial purposes no reliance needs to be placed upon section 4 Localism Act 2011.

8.14.5 Part 5: Land Contribution

Land Contribution

The land interests contributed to the model by the Council will need to comply with the following elements:

Appropriation and Disposal of Housing Land

Local authorities have a power to override easements and other rights under section 203, Housing and Planning Act 2016 and this could be used for the property to be disposed of to the JVLLP. To do so, the Council must first appropriate the land for planning purposes. Under section 19(2) of the Housing Act 1985, land held for the purposes of Part II housing (commonly referred to as HRA land) cannot be appropriated without Secretary of State (SoS) consent when it includes a house or part of a house. The Council will therefore need to apply for SoS consent. The Council has the power to dispose of property appropriated for planning purposes to the JVLLP under section 233 of the Town and Country Planning Act 1990.

Section 32 of the Housing Act 1985 allows Local Housing Authorities to dispose of housing land but only with the consent of the Secretary of State. The Secretary of State (CLG) has published a series of general consent since 1985, the latest being The General Housing Consent 2013 published in March 2013. The 2013 General Consent includes a number of separate consents with the most relevant being "A: The General Consent for the Disposal of Land held for the purpose of Part II of the Housing Act 1985-2013. Consent "A" draws a distinction between vacant land and dwellings. A Local Housing Authority may dispose of a dwelling provided it is at market value subject to certain exceptions including where the dwelling is occupied by a tenant(s) where consent of the Secretary of State is required. The

General Consent allows a local authority to dispose of vacant land. This can be at any price (market value or less (subject to compliance with State aid rules)). Vacant land is defined as *“land on which no dwelling houses have been built or where dwelling houses have been built such dwelling houses have been demolished or are no longer capable of human habitation and are due to be demolished”*.

If there is any HRA land that will not be appropriated, or if appropriated land is returned to the HRA before development, such land will need to fall within the latter definition if it is to be transferred by the Council to the JVLLP, or will otherwise require a specific consent. There is no qualification or limitation on the form of disposal of vacant land to entities in which the local authority has an interest. A disposal can be by way of conveyance of the freehold or grant of a lease of any duration.

Disposal of non-housing land

Under Section 123 of the Local Government Act 1972, Local Authorities have the power to dispose of land held by them in any matter they wish. However, save for with the consent of the Secretary of State, Local Authorities cannot dispose of land for a “consideration less than the best that can reasonably be obtained”.

Disposal of land include the sale of freehold interest, granting a lease of assigning any unexpired term of a lease, and the granting of easements.

There is a general consent for section 123 in “Circular 06/03 The General Disposal Consent” which may assist where a Local Authority wishes to dispose of land for less than best consideration, if it considers that this will achieve the promotion or improvement of economic, social or environmental well-being of its area:

- i. Subject to a maximum undervalue of £2million; and
- ii. Provided the disposal is State aid compliant; and
- iii. It is satisfied that the land is not held as housing land or under the Planning Act.

State Aid and the Sale of Land and Buildings

Any transfer of land by the Council must be transacted in accordance with the state aid rules in order to avoid the transaction being deemed to include the grant of State aid to the acquiring entity. This will be satisfied where the land is transferred at an open market value as determined by an independent valuation, commonly in accordance with the RICS Red Book principles (in compliance with section 103 of the Commission Notice on the notion of State aid (2016/C 262/01)).

8.14.6 Part 6: Taxation

General

Commonly, public sector asset based development vehicles are structured as either an LLP or an LP, as the tax transparent nature of these vehicles has certain benefits for the partners, including stamp duty land tax (“SDLT”) benefits.

SDLT

The transfers of land from the Council to the JVLLP may have an SDLT advantage over a company structure. In general, it is expected that there would be an SDLT charge on the transfer of private land from the Council to the JVLLP of 50% of market value as the Council's interest in the JVLLP is exempt from SDLT.

SDLT charges may, however, be triggered if value is returned to the members in a three year period following the contribution of land or if a member's interest is transferred or a new member joins the LLP. If the JVLLP were structured as a company, SDLT would be paid on the full market value.

Tax on Returns

The JV, set up as an LLP, will not itself be subject to tax. JVLLPs are tax transparent vehicles, that means that returns generated from the activities for the JV would be taxed in the hands of the members (the Council and the Partner) rather than the JVLLP in accordance with their usual regimes. For the Partner this means that their share of profits arising from the JV would (assuming the Partner is a company) be subject to corporation tax.

The Council of course is not subject to tax and would retain its tax-exempt status in respect of its share of the profits of the JVLLP. If the JVLLP were set up as a company, it would be subject to corporation tax. The Council could not recover tax paid by the JVLLP.

VAT

The VAT treatment of the contribution of assets and development of those assets will need to be analysed to ensure that VAT recovery incurred on construction and other costs is maximised. VAT recovery issues may arise in relation to residential elements, which are to be used for letting rather than sale, and in relation to infrastructure linked to such residential elements.

This notice in TED website: <http://ted.europa.eu/udl?uri=TED:NOTICE:91235-2017:TEXT:EN:HTML>

**United Kingdom-Romford: Development of residential real estate
2017/S 050-091235**

Prior information notice

This notice is for prior information only

Works

Directive 2014/24/EU

Section I: Contracting authority

I.1) Name and addresses

London Borough of Havering
Town Hall, Main Road
Romford
RM1 3BB
United Kingdom
Contact person: Mike Gappy
E-mail: mike.gappy@haverling.gov.uk
NUTS code: UKI21

Internet address(es):

Main address: www.haverling.gov.uk
Address of the buyer profile: www.capitalEsourcing.com

I.2) Joint procurement

I.3) Communication

Additional information can be obtained from the abovementioned address
Electronic communication requires the use of tools and devices that are not generally available. Unrestricted and full direct access to these tools and devices is possible, free of charge, at: www.capitalEsourcing.com

I.4) Type of the contracting authority

Regional or local authority

I.5) Main activity

General public services

Section II: Object

II.1) Scope of the procurement

II.1.1) Title:

Havering Estate Regeneration Partner — Property/Asset JV Company.

II.1.2) Main CPV code

70111000

II.1.3) Type of contract

Works

II.1.4) Short description:

The Council is planning a future procurement exercise to appoint a partner to form a long term corporate joint venture property vehicle (on a 50:50 ownership basis) to secure investment and expertise to deliver Havering's housing led regeneration strategy. The initial programme is anticipated to involve 12 sites across the borough delivering in the region of 3 000 new homes. The scheme will involve opportunities for development sales. The Council intends to invite soft market testing responses during March and April 2017 from interested organisations with expertise relating to property development and management to inform the procurement exercise which is planned to commence in May 2017.

Market consultation to explore technical and commercial approaches with providers will commence at MIPIM and also involve other soft market testing events to be organised by the Council.

II.1.5) **Estimated total value**

Value excluding VAT: 800 000 000.00 GBP

II.1.6) **Information about lots**

This contract is divided into lots: no

II.2) **Description**

II.2.1) **Title:**

II.2.2) **Additional CPV code(s)**

70210000
45211350
79418000
73220000
65300000
79410000
70000000
79412000
71314300
71314200
71521000
70310000
70111000
71500000
45112700
71200000
45211300
71410000
70331000
45211360
45211340
71420000
45211341
71313400
71313420
71315300
71315200
71000000

71520000
45112710
70110000
45112711
71222000
90712100
70332100
70330000

II.2.3) Place of performance

NUTS code: UKI21

Main site or place of performance:

Priority areas for regeneration within the borough include sites in Waterloo Gardens, New Plymouth and Napier, Solar, Serena and Sunrise Courts, Queen Street, Hornchurch, Rainham and Gidea Park.

II.2.4) Description of the procurement:

The opportunity is a major regeneration and development project to deliver new housing in the London Borough of Havering. The opportunity will focus on Council owned sites throughout the borough (including but not limited to the initial 12 sites) and potentially other sites acquired by the Council (including through the JV) during joint venture period. The JV will focus on delivering housing within the borough for the commercial private sale sector, shared ownership and affordable housing.

Estimated value range of the eventual procurement may be in the range of: 650 000 000 GBP— 800 000 000 GBP in relation to the initial twelve sites. The estimated value relates to the estimated gross development value in the market of the developed assets.

The partner will be required to provide services including (but not limited to) master planning; strategic development consultancy advice; environmental consultancy advice; technical and building services; architectural design; urban design and land.

II.2.14) Additional information

The Council will look to explore various issues during a soft market testing exercise, including the sites on offer, the legal form/structure of the joint venture vehicle (e.g. a company or LLP), the optimum duration of programme, the attractiveness and viability of the opportunity to the market, the operation and governance of the joint venture and due diligence requirements.

II.3) Estimated date of publication of contract notice:

08/05/2017

Section IV: Procedure

IV.1) Description

IV.1.8) Information about the Government Procurement Agreement (GPA)

The procurement is covered by the Government Procurement Agreement: yes

Section VI: Complementary information

VI.3) Additional information:

The Council is looking to gauge interest in the proposed JV at MIPIM in Cannes 14-17.3.2017. Please join Neil Stubbings and Steve Moore for the launch at: Local London stand, London Stand-MIPIM 2017, Wednesday 15.3.2017, 15:00-16:00.

If you would like to speak to us at MIPIM then please contact: Neil Stubbings, Director of Housing and Regeneration, 01708 432 970, neil.stubbings@haverling.gov.uk

If you would like to participate in forthcoming market engagement please contact Robert Pert, Savills,
rpert@savills.com

For more information please see <http://www.investinhaverling.co.uk>

VI.5) **Date of dispatch of this notice:**

08/03/2017



London Borough of Havering

Estate Regeneration Programme Memorandum of Information

May 2017

Introduction

Introduction

The London Borough of Havering is a dynamic East London borough. The arrival of three Crossrail stations across the borough in 2019 will significantly improve journey times into central London, improving the connectivity and accessibility of Havering. Havering Council are capitalising on the momentum generated by Crossrail and are actively supporting and encouraging growth across the borough.

Havering is embarking on several major regeneration and development programmes. The borough actively supports and in many cases spearheads these programmes which are designed to preserve and improve its thriving town centres, business areas and tourist attractions, accommodate an expanding population, while protecting and enhancing the many green areas.

It is an exciting time for Havering, the population is increasing and becoming more diverse and the borough is an increasingly attractive part of London in which to develop and invest

Over the next 10 years Havering Council is planning to build around 3,000 new homes for local people, in one of the most ambitious local authority home building programmes in the country. The majority of these homes will be delivered through the redevelopment of 12 estates across the borough.

The Council is launching a competition to appoint a partner to form a long term corporate joint venture property vehicle to secure investment and expertise to deliver Havering's housing led regeneration strategy.

This Memorandum of Information provides interested parties with information about the Estate Regeneration Programme and the competition process.

Context

Havering has lost more than 4,000 Council properties through Right to Buy. A large number of people are housed in hostels and bed and breakfast which is not the best provision for the people concerned, especially families, and is expensive for the Council.

The Council has recently benefited from 'Housing Zone' status in Rainham and Romford. Combining this with plans for an extended estate renewal programme, this presents an unprecedented opportunity to accelerate house building in Havering and realise even wider ambitions for regeneration and growth across the borough.

In addition to the Housing Regeneration Programme there are a number of major developments emerging across the borough:

- **Romford** – The Council is committing to a new vision for growth and transformation of Romford. Crossrail is the region's newest high frequency, high capacity railway which will

connect Essex and East London to the South East, including Heathrow Airport. It will call at Gidea Park, Harold Wood and Romford stations, all of which are set to experience a high level of improvement as part of the Crossrail programme. The Romford Leisure Development is an incredibly exciting project for the borough that will deliver an eight-lane competition swimming pool, a training pool, fitness suite, ice rink and numerous leisure facilities, right in the heart of Romford Town Centre. It is a key project that will dramatically renew the area's cultural offering.

- **Beam Park, Rainham** - Design work is underway for a new railway station at Beam Park in Rainham which will connect the area directly to London Fenchurch Street and the South Essex Coast by 2020. The Beam Park site has potential to provide for the building of 4,000 new homes and two primary schools as well as creating numerous employment opportunities. If approved, the development will benefit and promote Rainham's rich heritage and further strengthen the community.
- **London Riverside** - The London Riverside area extends from East London to Rainham in the south of the borough. It is part of the Thames Gateway redevelopment zone and currently undergoing major regeneration, in part through the Rainham Compass programme. It is expected that by 2025, the development will have created 25,000 jobs and 4-5,000 new homes within Havering. The next few years are likely to see an increase in visitors thanks to the redevelopment of Rainham Hall into a full time National Trust attraction and the expansion of the Rainham Marshes nature reserve.
- **Harold Hill** - The Harold Hill area has been subject to major regeneration courtesy of the Harold Hill Ambitions Programme which began in 2008 and saw significant investment in the borough. Since its launch, 900 new homes have been built or are under construction. £2million has been invested in roads, a new library is being built, a new park with sports facilities added and considerable investment made in the existing Central Park as well as the existing Broxhill Sports Centre. A Learning Village has been introduced to help people of all ages learn and improve their skills and has created opportunities and improved the quality of life for local residents. Drapers' Academy was officially opened by HM Queen Elizabeth II in October 2012 and provides new educational facilities for 11 to 19-year-olds in partnership with Queen Mary's College, London. The local Dagnam Park has been extended by 190 acres and myplace, a £4.5 million youth and community centre, has been built, all combining to make the location an accessible, well-served, and prosperous place to live.

On 15th June 2016 the Council's Cabinet agreed to the development of new council housing across an initial tranche of 12 housing estates, and instructed officers to commence consultation, and to initiate the procurement of a development partner. The overarching vision for the programme is to successfully establish vibrant and connected communities, supported by the provision of good quality new homes, tenure diversity, high quality public spaces, and well-used community facilities within safe and secure environments where people want to live and participate in local activities.

The Council is seeking to establish a long term development partnership to facilitate a programme of estates renewal, through working in partnership with an experienced private sector development partner (PSDP). The Council intends to utilise its assets to re-provide existing homes and create in

the region of c3000 new homes with an estimated Gross Development Value of over c£800m. This will include, but may not be limited to, open market sale (OMS), private rented sector (PRS), affordable and shared ownership homes.

Objectives

The Council's objectives for the programme are:

- To contribute to meeting the wider housing needs of Havering through the regeneration and transformation of the Council's existing stock for predominantly residential use; to provide a choice of good quality housing for people at all stages of life, increasing tenure diversity through affordable rent, shared ownership, private rent, market sale and sheltered housing.
- To deliver high quality residential led development that is commercially viable and generates receipts for cross subsidy to ensure the programme is sustainable.
- To achieve development returns, income and/or a range of secure revenue streams for the Council through re-provision of all Housing Revenue Account ('HRA') stock lost through redevelopment with new HRA stock matching the existing tenure.
- Where viability permits, the developments should **also** aim to deliver additional HRA rented units to the level of existing stock on estates previously purchased under the Right to Buy scheme.
- Where viability permits, the developments should also aim to deliver additional affordable housing being up to 30% of all additional units above existing all tenure stock levels. This additional affordable housing target tenure split to be equal numbers of HRA rented and shared ownership dwellings.
- Land is expected to remain in Council ownership except any freehold properties built for outright sale.
- Where tenants wish to move back to a site, and there is suitable accommodation to meet their needs, they will be able to do so.

The Opportunity

The Estates

The Housing Regeneration programme currently comprises 12 sites but it should be noted that the Council intend, where appropriate, to bring forward further sites for inclusion in the Joint Venture at a future date.

The initial package of 12 sites, with the existing number of homes for each, is set out below:

HOUSING REGENERATION PROGRAMME - CURRENT NUMBER OF HOMES				
Site Name	Site Area (Ha)	Tenanted Homes	Leasehold Homes	Total Homes
Brunswick Court	0.5	47	0	47
Delderfield House	1.0	14	0	14
Dell Court	0.5	29	0	29
Delta Estate	1.6	45	18	63
Farnham & Hildene	n/a	0	0	0
Maygreen Crescent	1.5	77	17	94
Napier & New Plymouth	0.7	87	10	97
Oldchurch Gardens	1.2	65	19	84
Royal Jubilee Court	1.2	79	0	79
Solar, Serena & Sunrise	1.0	55	0	55
Waterloo Estate	4.5	237	48	285
Queen Street	0.5	31	0	31
Total	14.2	766	112	878

The Council has undertaken capacity studies for each of the sites which indicate strong potential to substantially increase the number of homes across the package of sites. Indicative numbers of new homes are set out below and it is the Council's intention, through the Joint Venture, to strongly promote housing growth and the maximum utilisation of public assets.

HOUSING REGENERATION PROGRAMME - CAPACITY STUDY NUMBER OF HOMES				
Site Name	Market Sale Homes	Shared Ownership Homes	Social Rent Homes	Total Homes
Brunswick Court	34	0	15	49
Delderfield House	6	0	6	12
Dell Court	18	0	20	38
Delta Estate	355	0	45	400
Farnham & Hildene	0	63	0	63
Maygreen Crescent	104	0	100	204
Napier & New Plymouth	47	0	150	197
Oldchurch Gardens	203	0	99	302
Royal Jubilee Court	109	0	44	153
Solar, Serena & Sunrise	129	0	60	189
Waterloo Estate	752	327	237	1,316
Queen Street	20	0	7	27
Total	1,777	390	783	2,950

It would not be practicable to start work on all sites simultaneously. It is therefore proposed that the following sites will be prioritised:

- Waterloo Estate (including Queen Street)
- Napier & New Plymouth
- Solar, Serena & Sunrise Court

The opportunity will focus on Council owned sites throughout the borough (including but not limited to the initial 12 sites) and potentially other sites acquired by the Council (including through the JV) during joint venture period.

Commercial Principles

To deliver the regeneration of the 'Havering 12 Estates' the Council wishes to partner with an organisation that can jointly plan, design, fund and deliver the programme of sites over a 15 year+ period. This offers a partner access to a pipeline of residential development sites in a growing part of London, and a long term partnership with an ambitious London local authority committed to growth and development.

The competition will provide scope for bidders to put forward solutions that will meet the Council's objectives. Initial work undertaken by the Council provides the starting principles for this dialogue with bidders:

- The Council and the partner will be members in a limited liability partnership for a minimum defined term subject to renewal.
- The JVV (Joint Venture Vehicle) will take the form of a 50/50 deadlock limited liability partnership in which the JV Partners will each hold an equal interest.
- The principal parties involved in this Joint Venture Vehicle are:
 - the Council
 - the Private Sector Partner (PSP)
 - JVV – structured as a limited liability partnership
 - the PSP Guarantor
 - the Development Manager
 - Providers of works and services
- The JVV's business will be framed by the Partnership Business Plan and individual Site Development Plans.
- A Partnership Agreement – between the Council, the PSP and the JVV – will regulate the conduct and affairs of each party. This will include a Procurement Policy and the Delegation Policy.
- A template Site Development Plan, and approvals process, governing all sites will form part of the Partnership Agreement.
- Funding requirements will be agreed and set out in the Site Development Plan. The PSP and the Council will provide initial working capital to develop proposals.
- An equal number of representatives appointed by each JV Partner. The Board does not want to be too big nor too small to manage to the business of the JVV. The right commercial people need to be appointed so that the Board is a viable commercial decision-making entity.

Resident Engagement

The Council has already undertaken initial resident engagement across all of the estates as follows:

- An initial meeting where the proposals and rationale were explained followed by a question and answer session. Ward councillors were invited to this meeting.
- A newsletter was sent out generally within two weeks of that session to all residents providing details of the proposals along with FAQs and answers.
- After the initial meeting, staff offered and arranged one to one sessions with residents:
 - To ensure the proposals and implications were understood and answer any further questions.
 - To carry out a review of needs and also establish individuals' preferences should a decant be necessary in the future.
 - To provide support and reassurance for residents.
 - To seek individual opinions on the proposals for the estates and schemes.
 - In the sheltered schemes, each resident was advised that any family member or friend could attend the meeting for support.
- Following the meetings and one to one sessions, all feedback and comments were considered against the original proposals and any changes to the proposals identified.
- In relation to the sheltered schemes, discussions were held with colleagues from Adult Social Care to ensure that all proposals meet their future plans for service delivery along with integration with Health Services, including the plans being developed around the Accountable Care Organisation (ACO).
- A second meeting was held at each estate/scheme, approximately one month after the first meeting, to identify the feedback received, the comments regarding each scheme and also to advise how that information had influenced the final proposals to be presented to Cabinet.
- A second newsletter was sent out to each scheme around two weeks after that meeting, detailing the feedback given.

Land Assembly

The Council has started the process of land assembly, including key action as follows:

- From Tuesday 17 January 2017 properties which became empty are being examined to see if they meet the housing needs of people being moved from the regeneration estates and if they match an offer will be made. If the offer is accepted the move will take place as quickly as possible with the Council providing assistance to residents who are moving.

- Every Council tenant who has had a one-to-one meeting about their housing needs has been sent two copies of the Decant Assessment Form which summarises the one-to-one meeting.
- Demolition Notices have been delivered to around 900 properties.
- The Council has contracted TPAS to provide free, independent help and advice to individual tenants. TPAS will provide independent advice to any resident who needs help.
- The first draft of the Local Lettings Plan (LLP) can be accessed here: https://www.havering.gov.uk/info/20057/building_new_homes_for_havering/325/building_new_homes_for_havering/6.
- Leaseholders can sell now - some leaseholders are already in discussion with the Council about selling their property to the Council. Leaseholders and freeholders wishing to sell their property on the Maygreen Crescent and Park Lane, Napier House and New Plymouth House, Oldchurch Gardens or Waterloo Estate regeneration sites are being particularly encouraged to speak to the Council.

Housing Zones

The London Borough of Havering has two Housing Zones covering Romford and Rainham & Beam Park.

Rainham and Beam Park in Havering are two important parts of the London Riverside opportunity area. This stretches for 12 kilometres, from the Royal Docks to Rainham Marshes. Housing zone investment will open up this formerly industrial land for development. The aim is to create a new high quality garden suburb that is sustainable and well connected.

This area has already shown its potential with a raft of recent projects. These include the Centre for Engineering and Manufacturing Excellence (CEME), Orchard Village, Rainham Village and the Rainham Marshes. Now, the new housing zone will open up the area's huge potential to provide the new homes London so urgently needs. The new Housing Zone will:

- Open up new sites to significantly boost and speed up the supply of new homes in the next five years.
- Turn the A1306 into a beautiful boulevard, with a 2km linear park.
- Help the council find land to bring forward development.
- Deliver a new mainline rail station at Beam Park.
- Develop a comprehensive area planning framework and master plan.

Romford was granted Housing Zone status in March 2016. In making the case for Romford to be granted Housing Zone status, the Council was able to point to factors such as:

- The inherent strengths and potential of the town centre, enhanced by the introduction of Crossrail in 2019.

- The clear vision and delivery plan set by Members through the Romford Development Framework approved by Cabinet in July 2015 including the vision referred to earlier in this report.
- The good progress that is being made on the Rainham and Beam Park Housing Zone which was one of the first phase of schemes granted Housing Zone status in 2014.
- The establishment of Mercury Land Holdings which will play an important role in the delivery of private sector housing in the Romford Housing Zone, and the Council's affordable housing delivery programme funded through the Housing Revenue Account.
- A track record of delivering projects and current investment plans for Romford.

Planning Context

The Development Plan for Havering is provided by the Havering Local Development Framework (LDF) incorporating the Romford Area Action Plan and The London Plan with National Planning Policy provided by the National Planning Policy Framework and guidance on this within Planning Practice Guidance available via the Planning Portal. Further non-statutory guidance which has been adopted for development control purposes is provided by the Romford Development Framework and the Rainham and Beam Park Planning Framework, both of which will form part of the evidence base for the forthcoming Local Plan.

The Council is in the process of preparing a new Local Plan which will replace existing planning policies set out in the Local Development Framework (LDF). The Local Plan will guide future development and land use within Havering over the next 15 years up to 2032. Havering's population is expected to grow from 249,085 to 290,739 over this period.

The Council has recently published its 'Local Plan - Direction of Travel', in which the emerging new Local Plan vision is set out. Highlights include:

- Romford will continue to grow as the Borough's main town centre and as a key residential growth area offering high quality town centre living and will be viewed as a place in which residents including families will wish to stay. Romford will benefit from the arrival of Crossrail and improved accessibility into Central London and beyond. Romford will be thriving and competing successfully with Stratford to the west and Lakeside and Bluewater to the east. It will have built upon its traditional character, with a remodelled market place and offer a wider range of retail, service and leisure facilities in a safe, attractive and high quality environment. The increased residential population in the town will support new business and employment opportunities as well as a wider mix of contemporary town centre uses including an enhanced and higher quality restaurant offer.

- Rainham and Beam Park will be successfully transformed; a new green neighbourhood will have been delivered in a well-designed, modern residential environment that supports the wellbeing and health of the community. The new neighbourhood will have its own identity and sense of place, be structured around a new station and vibrant local centre at Beam Park, and integrate with the historic Rainham Village and surrounding residential neighbourhoods. The character of New Road will be transformed from a traffic dominated corridor into an urban street with enhanced public realm and will include a green parkway with high quality walking and cycling infrastructure. New homes will be supported by essential community infrastructure with a new primary school proposed as part of the redevelopment, as well as the establishment of new health and community facilities. The area to the south of Rainham and Beam Park will continue to be a strategically important employment area offering local employment opportunities.
- Upminster and Hornchurch will continue to be thriving town centres, providing a diverse mix of uses with a high quality retail offer and convenient local services. Hornchurch will be a sub-regionally important cultural centre anchored by the Queens Theatre and Fairkytes Arts Centre in attractive settings which complement their role. Smaller centres will continue to be recognised for their importance to local communities.
- The Council will have progressed its house building and estate regeneration programme, providing around 3,000 new, high quality, contemporary homes on existing Council owned housing estates.
- Havering will enjoy a modern, first class, integrated system for getting people and goods around the Borough. The transport system will provide choice and options to reduce the need to travel, offer opportunities for healthier lifestyles and improve the quality of life for all sections of the community, including those who are less mobile. This will provide a competitive advantage for local businesses and will be a major attraction for people moving into the borough. New development will be focused on those parts of the borough most accessible to public transport.
- By 2019 Havering will be benefiting from the completion of Crossrail and the enhanced connections and increased capacity this will provide. A new rail station at Beam Park will serve new residents and businesses in London Riverside by 2020. The Borough will also see enhanced public transport provision encompassing better north-south linkages and improved bus services.

The Sites

Brunswick Court

Brunswick Court is located within the Cranham neighbourhood of Upminster. The site is located south of Macon Way, east of Waycross Road and north of Brunswick Avenue. It is located within a largely residential estate with a small retail parade located approximately 0.1 miles to the west of the Brunswick Court. Upminster which is located 1.4 miles to the south of the site is the main commercial hub in the area.

The capacity proposal for Brunswick Court provides **49 homes** with a mix of 1, 2 and 3-bed units. All blocks are predominantly 3 storey respecting the existing context. The current plan provides 55 parking spaces giving a ratio of 1.12 spaces per unit.

Proposals for the new site will need to:

- Provide an extra care sheltered facility with a 70:30 split between market sale and affordable housing.
- Transform the site by providing high quality affordable/social and private homes on a tenure blind basis.
- Provide appropriate infrastructure and adequate car parking.
- Deliver all homes in accordance with the appropriate space and amenity standards approved by the planning authority.

Delderfield House

Delderfield House is located along the border between Collier Row and Rise Park, in a suburban area located 1.5 miles to the north of Romford and 7.5 miles to the west of Brentwood, approximately 16 miles east of Central London and within the Ward of Pettits in Havering.

The area surrounding the estate is predominantly residential with a small industrial area located 1 mile to the south west of the site. Lawns Park is situated half a mile to the north of Delderfield House.

Collier Row town centre is one of four minor district town centres within the London Borough of Havering. It has over 70 shops and restaurants and the majority of these outlets are small independent traders.

The capacity proposal for Delderfield provides **12 homes** with a mix of 1, 2 and 3-bed units. It is based on 2 blocks fronting onto Havering Road / Portnoi Close with a central private landscaped amenity. Parking has been provided in the form of private parking courts located in front of the blocks. The current plan provides 18 parking spaces giving a ratio of 1.5 spaces per unit.

Proposals for the new site will need to:

- Work within a constrained site area to produce the best possible design layout and unit mix for the site.

- Consider the impact of additional car parking on existing dwellings.
- Replace the existing Council tenanted homes with affordable housing, to an agreed mix and size.
- Deliver all private homes in accordance with the appropriate space and amenity standards approved by the planning authority.

Dell Court

Dell Court is located in Hornchurch, a town located to 2.5 miles to the south east of Romford, 1.5 miles west of Upminster and 4 miles north of Rainham, approximately 16 miles east of Central London and within the Ward of St Andrews in the Havering.

The estate itself is located along Ravenscourt Grove, close to the centre of Hornchurch.

The area surrounding the estate is predominantly residential, although the estate is adjacent to a cemetery. Harrow Lodge Park is 1 mile to the west of the estate and Gaynes Parkway is 0.7 miles to the south. There is a wide residential mix in Hornchurch both in terms of a range of units and a range in values.

Hornchurch is identified in the London Plan as a local district centre with 31,000 square metres of commercial floorspace. It is not considered a significant commercial office location but within Havering it is identified as one of seven town centres in the borough. Known as a commuter town, a large proportion of its population commute to Central London each day to work.

The capacity proposal for Dell Court provides **38 homes** with a mix of 1, 2 and 3-bed units in four linear apartment blocks. The two blocks fronting Ravenscourt Grove are predominantly 3 storey respecting the existing context. To the rear of the site two no. 4 storey blocks are proposed and are framed by the private landscaping and parking court.

Provision for parallel parking has been provided at the front of the development which is typical of the existing street. The current plan provides 50 parking spaces giving a ratio of 1.32 spaces per unit.

Proposals for the new site will need to:

- Transform the site by providing high quality affordable/social and private homes on a tenure blind basis for over-55s.
- Provide a 70:30 split between market sale and affordable housing.
- Consider the impact of additional car parking on existing dwellings.
- Replace the existing Council tenanted homes with affordable housing, to an agreed mix and size.
- Deliver all private homes in accordance with the appropriate space and amenity standards approved by the planning authority.

Delta

The Delta Estate is located within the ward of Squirrels Heath in Gidea Park, a town located 2 miles to the north east of Romford. Approximately 12 miles east of Stratford, 5 miles west of Brentwood and 20 miles to the north east of Central London.

The site itself is located to the north of Squirrels Heath Lane with Elvet Avenue running north to south through the site.

The surrounding area is largely residential with a small amount of retail located around Gidea Park station. From an industry point of view, Romford which is located just 1.5 mile southwest of the Estate, is the main commercial hub of the borough.

The capacity proposal for Delta provides **400 homes** comprising 395 x 1B and 2B units and 5 x 3B houses. The height of the blocks gradually increase from 4 storey (relating in scale to the existing low rise housing on the east) stepping up to 9 storeys at the T junction of Elvet Avenue.

Parking is provided in the form of rear parking courts which have been softened by focal trees and low level hedging. There is a further basement car park with approx. 80 spaces. The current plan provides 365 parking spaces giving a ratio of 0.91 spaces per unit.

Proposals for the new site will need to:

- Transform the site by providing high quality affordable/social and private homes on a tenure blind basis which is complementary to existing dwellings.
- Consider the impact of additional car parking on existing dwellings.
- Replace the existing Council tenanted homes with affordable housing, to an agreed mix and size.
- Deliver all private homes in accordance with the appropriate space and amenity standards approved by the planning authority.

Farnham and Hildene

The Farnham and Hildene estate is located in Harold Hill, a town located 3 miles to the north east of Romford and 4.5 miles to the south west of Brentwood, approximately 17.5 miles north east of Central London and within the Ward of Gooshays in the Havering.

The estate itself consists of flats above retail units to the south of Hildene Avenue in the centre of a largely residential area.

The area surrounding the estate is predominantly residential. The recreational area of Central Park is located 0.3 miles east of the estate.

Harold Hill has benefitted from the Harold Hill Ambitions regeneration project that was launched in 2007. As part of the programme a number of new facilities were built including a library and a new centre for young people. The library is located on the estate.

The capacity study for Farnham and Hildene looks at the possibility of adding an additional 1 or 2 storeys to the existing building.

The existing development is currently G+3. The assumption at this stage is that rooftop development would provide **63 homes**; this is subject to further design work including building surveys and structural review. We have not reviewed the parking requirements for the proposed redevelopment at this stage and assume subject to further parking surveys that there is capacity in current system.

Proposals for the new site will need to:

- Increase the density of the estate in a way that is sensitive and appropriate to the existing building.
- Consider the impact of additional car parking on existing dwellings.
- Deliver all private homes in accordance with the appropriate space and amenity standards approved by the planning authority.

Maygreen Crescent

The Maygreen Crescent and Park Lane Estate is located within the community of Hornchurch, a town located to the 2.5 miles to the south east of Romford. It is approximately 18 miles northeast of Central London and within the Ward of Hylands in Havering.

The site itself is located south of the Park Lane Recreation Ground and to the north and east of the Roneo Corner Retail Park, Romford. Park Lane runs along the Eastern boundary of the site. The Estate is located less than 0.1 mile to the north of the Hornchurch Road (A124).

The capacity study for Maygreen Crescent creates a series of linear blocks on the East and Western boundary of the site. The proposed semi-private central landscaped amenity runs North to South and serves to create a link with the neighbouring park to the North.

The capacity proposal for Maygreen Crescent provides **204 homes** with a mix of 1, 2 and 3-bed units. Building heights range from G+3 on the eastern boundary stepping up to G+5 on the blocks located in the north-west. There are no north facing single aspect units proposed in the study. The perimeter parking arrangement has been integrated into the scheme in the form of private parking courts. The current plan provides 193 parking spaces giving a ratio of 0.95 spaces per unit.

Proposals for the new site will need to:

- Transform the site by providing high quality affordable/social and private homes on a tenure

blind basis which is complementary to existing dwellings.

- Consider the impact of additional car parking on existing dwellings
- Replace the existing Council tenanted homes with affordable housing, to an agreed mix and size.
- Deliver all private homes in accordance with the appropriate space and amenity standards approved by the planning authority.

Napier & New Plymouth

Napier House and New Plymouth House are located in Rainham, a town located 2.3 miles to the south east of Dagenham and 4.8 miles to the south of Romford, approximately 15 miles east of Central London and within the Ward of South Hornchurch in Havering.

The estate itself is located at the edge of a residential area, opposite an industrial area and 0.8 miles from the centre of Rainham. The area north of the estate is predominantly residential. To the south of the estate there is an industrial area and beyond that is the River Thames. To the east of the industrial area is the Rainham Marshes Nature Reserve and the RSPB Visitor Centre, 1.6 miles to the south east of the estate.

Rainham has a historic village core, with over 40 independent specialist shops and restaurants. The majority of the independent shops are situated within a designated conservation area. Many of the shops were formally Georgian cottages, which were transformed into shop frontages in the 20th century forming the heart of the village.

The capacity proposal for Napier & New Plymouth provides **197 homes** across four apartment blocks on the southern boundary and 18 houses on the northern boundary to reconnect with the existing urban grain. The urban design response provides positive frontage to both New Road and Dunedin and removes the majority of parking away from the street in the form of rear private parking courts. The houses located on the northern edge are predominantly 2/3 storey, the blocks on the south step up from 4 storey terminating at a 9 storey focal tower. The current plan provides 104 surface parking spaces giving a ratio of 0.53 spaces per unit.

Proposals for the new site will need to:

- Transform the site by providing high quality affordable/social and private homes on a tenure blind basis which is complementary to existing dwellings.
- Replace the existing Council tenanted homes with affordable housing, to an agreed mix and size.
- Deliver all private homes in accordance with the appropriate space and amenity standards approved by the planning authority.

Oldchurch Gardens

The Oldchurch Gardens estate is located within the Romford on the south western edge of Romford town centre. Approximately 3 miles northeast of Dagenham, 9 miles east of Stratford and 15 miles northeast of Central London. The Estate is located within the ward of Brooklands in Havering.

The site itself is located south of Oldchurch Road which provides access onto the A125 and east of Dagenham Road which runs south into Dagenham.

The Oldchurch Estate is located within Romford on the south western edge of Romford town centre. Directly to the east of the site is Oldchurch Park and beyond that Queen's Hospital. Romford Cemetery lies to the west of the site. The Estate also lies directly south east of Romford Gas Works. To the north of the site is the new build development Oldchurch Park which is being developed by Nu Living (an arm of Swan Housing Association).

The capacity proposal for Oldchurch Gardens provides **302 homes** with a mix of 137 x 1B and 165 x 2B. The massing and proposed storey heights are in keeping with the existing context. There is an opportunity for a high quality podium deck garden for residents' use and the site benefits from overlooking the hospital green / park to the east.

The capacity study proposes private secure undercroft parking – reducing the visual impact of the car on the street scene. It also proposes strong urban design principles maximising views of the park for a large percentage of the units, as well as designing out north facing units as far as possible.

Proposals for the new site will need to:

- Transform the site by providing high quality affordable/social and private homes on a tenure blind basis which is complementary to existing dwellings.
- Replace the existing Council tenanted homes with affordable housing, to an agreed mix and size.
- Deliver all private homes in accordance with the appropriate space and amenity standards approved by the planning authority.

Royal Jubilee Court

Royal Jubilee Court is off Gidea Close, in Gidea Park, 1.1 miles to the north east of Romford and 6.5 miles to the west of Brentwood, approximately 15.5 miles east of Central London and within the Ward of Pettits in Havering.

The site itself is surrounded by Raphael Park to the west and a residential area to the east. To the south is Main Road which connects Romford with the A127. The estate is located in the affluent neighbourhood of Gidea Park. Many of the properties have outdoor swimming pools and Gidea Park Lawn Tennis Club is in the centre of the residential area, 0.1 mile north of the estate. To the west of

the estate is Raphael Park. This is a large landscaped park originally designed by Sir Humphry Repton, consisting of a lake, sports facilities, cafe and a large play area.

The Council, in partnership with Transport for London, has unveiled updated plans to transform Gidea Park station as part of a series of major improvements on the eastern section of the Crossrail route. Central to the Council's proposals is the design and creation of a new plaza east of the station's front entrance, an improved pedestrian entrance to the north together with some smaller improvements to the overall look of the area around the station. The works will provide better access to the station by improving pedestrian crossings in the station area. This project will include landscaping, new street furniture and cycling related amenities. The provision for taxis and private drop-off will also be improved.

The capacity proposal for Royal Jubilee Court provides **153 homes** in four apartments blocks arranged in a semi-formal configuration. The key drivers for the layout response has been focused on providing a strong frontage to Main Road and maximising the impressive views North for the majority of units. The landscape amenity has been located adjacent to Blacks Canal to create a strong visual connection.

The proposed blocks contain a variety of 1, 2 and 3-bed apartments for use as extra care retirement housing and range in height 4 to 5 storeys.

The current plan provides 103 on surface parking spaces giving a ratio of 0.67 spaces per unit.

Proposals for the new site will need to:

- Transform the site by providing high quality retirement village with extra care facilities on a tenure blind basis which is complementary to existing dwellings with a 70:30 split between market sale and affordable housing.
- Deliver all homes in accordance with the appropriate space and amenity standards approved by the planning authority.

Solar, Serena and Sunrise Court

The Solar, Serena, Sunrise Estate is located in Hornchurch, a town located 2.5 miles to the south east of Romford, 1.5 miles west of Upminster and 4 miles north of Rainham, approximately 16 miles east of Central London and within the Ward of St Andrews in Havering. The estate itself is located next to Harrow Lodge Park, approximately one mile to the south west of Hornchurch town centre.

The area surrounding the estate is predominantly residential. Harrow Lodge Park is adjacent to the west of the estate with the Chase Nature Reserve beyond that, 1.5 miles to the west of the estate. There is a wide residential mix in Hornchurch both in terms of a range of units and a range in values.

The capacity study for Solar, Serena and Sunrise provides **189 homes** with a mix of 1, 2 and 3-bed apartments apartments. The block arrangement has been focused on providing positive frontage,

attractive semi private amenity spaces and maximising the distant views to the open space to the north of Park Hill Close.

The blocks' heights range from four storey in the North where there are existing dwellings in close proximity stepping up to 8 storey centrally in less sensitive areas. Reference has been taken from the existing tower blocks when developing the development proposals.

Semi private courtyards have been created to the south and north-east maximising the benefit of the site orientation and sun path. The existing parking zones have been enhanced with landscape elements to soften the visual impact. We have not reconfigured the hardstanding as there are extensive existing below ground services serving adjacent developments.

The current plan provides 120 parking spaces giving a ratio of 0.63 spaces per unit.

Proposals for the new site will need to:

- Transform the site by providing high quality retirement village with extra care facilities on a tenure blind basis.
- The development should be complementary to existing dwellings with a 70:30 split between market sale and affordable housing.
- Consider the impact of additional car parking on existing dwellings.
- Deliver all homes in accordance with the appropriate space and amenity standards approved by the planning authority.

Waterloo Estate

The Waterloo Estate is located within Romford on the western edge of Romford town centre. Approximately 4 miles northeast of Dagenham, 9 miles east of Stratford and 15 miles northeast of Central London. The Estate is located within Romford Town Ward in Havering. The site itself is located south of London Road and directly west of the A125.

The Waterloo Estate is located within Romford on the western edge of Romford town centre. Directly to the east of the site across the A125 is The Brewery Retail Park. Romford town centre lies beyond this. The Estate also lies directly south east of Cottons Park. To the south of the site is the railway line.

The London Plan identifies Romford as a Metropolitan Centre. These centres are earmarked for the intensification of commercial and residential development as well as improving the competitive choice of goods and services.

The arrival of Crossrail in Romford has seen a lot of new build development in the Romford area which has coincided with the general shift of Londoners moving east.

The capacity proposal for Waterloo Estate provides **1,316 homes**, plus 309 podium parking spaces, as well as 196 surface parking spaces which provides a ratio of 0.4 parking spaces per unit. The units

are a mix of 271 x 1-bed apartments, 683 x 2-bed apartments, 207 x 3-bed apartments, 132 x 3-bed maisonettes and 24 x 3-bed houses. On the eastern edge of the estate the design response is to maximise vistas from the ring road into the estate, integrating the estate into the wider area, and helping to 'humanise' the ring road.

Winter gardens have been incorporated into some buildings fronting Waterloo Road, as a way to increase floorspace without having to deliver entirely single aspect units. Thought has been given to phases to enable development parcels to come forward separately from the central development parcel, upon which the two existing towers are situated. Podium parking in buildings with less floorspace has also been minimised.

Where the storey heights are already constrained by neighbouring development, three-storey townhouses have been proposed.

Proposals for the new site will need to:

- Transform the site by providing high quality affordable/social and private homes on a tenure blind basis which is complementary to existing dwellings.
- Consider the impact of additional car parking on existing dwellings.
- Replace the existing Council tenanted homes with affordable housing, to an agreed mix and size.
- Deliver all private homes in accordance with the appropriate space and amenity standards approved by the planning authority.

Queen Street

The Queen Street Estate is located within the Romford on the western edge of Romford town centre. It forms part of the bigger Waterloo Estate (see above). It is approximately 4 miles northeast of Dagenham, 9 miles east of Stratford and 15 miles northeast of Central London. The Estate is located within Romford Town Ward in Havering. The site itself is located south of London Road and directly west of the A125.

The Queen Street Estate is located within Romford on the western edge of Romford town centre. Directly to the east of the site across the A125 is The Brewery Retail Park. Romford town centre lies beyond this. The Estate also lies to the south east of Cottons Park. To the south of the site is the railway line.

The capacity proposal for Queen Street provides **27 homes**, with a mix of 6 x 1-bed apartments, 14 x 2-bed apartments, 4 x 3-bed apartments, and 3 x 3-bed maisonettes. Potential for 4 no. on-street parking spaces has been identified. The units are a mix of. On the eastern edge of the estate the design response is to maximise vistas from the ring road into the estate, integrating the estate into the wider area, and helping to 'humanise' the ring road.

In terms of design winter gardens have been incorporated into some buildings fronting Waterloo Road, as a compromise to increase floorspace without having to deliver entirely single aspect units.

Thought has been given to phases to enable development parcels to come forward separately from the central development parcel, upon which the two existing towers are situated. Podium parking in buildings with less floorspace has also been minimised.

Where the storey heights are already constrained by neighbouring development, three-storey townhouses have been proposed which are cheaper to build per square metre.

Proposals for the new site will need to:

- Transform the site by providing high quality affordable/social and private homes on a tenure blind basis which is complementary to existing dwellings.
- Consider the impact of additional car parking on existing dwellings.
- Replace the existing Council tenanted homes with affordable housing, to an agreed mix and size.
- Deliver all private homes in accordance with the appropriate space and amenity standards approved by the planning authority.

Competition Timetable

The Concession Contracts Regulations 2016 applies to the competition procedure to award the contract. The Council will be following a process similar to the Competitive Dialogue procedure described in Regulation 30 of the Public Contracts Regulations 2015 (as amended). However, it reserves the right to deviate from the formalities of the Public Contracts Regulations 2015 (as amended) in conducting the competition due to the flexibilities permitted by the Concession Contracts Regulation 2016.

The Council wishes to make the process as efficient as possible, whilst allowing for flexibility and alternative solutions to be discussed and put forward. It is intended to conclude the Competitive Dialogue by late 2017 and appoint in early 2018.

The selection of a Joint Venture partner for the opportunity will be managed through a Competitive Dialogue procedure under OJEU regulations. This will involve:

- A Pre-Qualification Selection Questionnaire (SQ) stage.
- Shortlisting of 5 bidders who will be invited to enter into dialogue with the Council and submit interim tender responses to the Council's Invitation to Participate in Dialogue.
- Shortlisting of 2-3 bidders after assessment of their interim tender responses, who will be invited to participate in further dialogue sessions and submit final tenders in response to the Invitation to Submit Final Tenders.

An indicative timetable is set out below.

Indicative Date	Stage
12.05.2017	Concession Notice dispatched to OJEU
13.06.2017: 13:00 hours	Deadline for the SQ application returns
13.06.2017 – 28.06.2017	Evaluation of SQ applications
30.06.2017	Issue of the "Invitation to Participate in Competitive Dialogue" ("ITPD") to four to six bidders and opening of competitive dialogue and notification to unsuccessful SQ applicants.
10.07.2017 – 02.08.2017	Initial Dialogue Meeting dates with the four to six shortlisted bidders
20.07.2017	Deadline for ITPD clarification questions from shortlisted bidders
11.08.2017	Deadline for return of ITPD Responses.
14.08.2017 – 11.09.2017	Clarification and evaluation of ITPD Response.

13.09.2017	Issue of Invitation to Continue Dialogue (“ITCD”) to two to three shortlisted bidders and notification to unsuccessful bidders.
18.09.2017 – 30.10.2017	Period for dialogue meetings and negotiations with final two to three bidders
30.10.2017	End of Competitive Dialogue stage and issue of Invitation to Submit Final Tenders (“ISFT”).
30.10.2017 – 04.12.2017	Period for remaining bidders to finalise tenders.
04.12.2017	Deadline for return of Final Tenders.
04.12.2017 – 11.12.2017	Clarifications and evaluation of Final Tenders.
11.12.2017 – 15.01.2018	Authority internal approval process for Preferred Bidder appointment. Period for confirming commitments of the Preferred Bidder’s Final Tender and finalising the terms of the contract and the Authority's internal approvals for reaching a contract award decision.
15.01.2017	Announcement of the Authority’s final contract award decision in respect of the successful Bidder. Issue of contract award notifications and debriefing information to unsuccessful participants commencing the 10-day standstill period.
29.01.2018	Expiry of standstill period.
29.01.2018	Contract close with successful Bidder.
Tbc	Appointed provider to start on the property development

At this stage, the timetable is subject to confirmation and the Authority reserves the right to amend this indicative timeframe as the project progresses.

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Overview

PQQ Code	pqq_OSH_722
PQQ Title	Havering – Estate Regeneration Partner – Property/Asset JV Company SQ
PQQ Description	
Status	Running

PQQ Settings

Online Response Required:	Yes
Closing	13/06/2017 13:00:00
Time Limit for Expressing Interest	13/06/2017 13:00:00
Awarding Strategy	No ranking

Attachments

Path	Description	Folder Size
Top Level (0)		
The Directory is empty		
Path	Description	Folder Size
Top Level/Heads of Terms (1)	Heads of Terms	169 KB
Filename	Downloadable	Last Modification Date
Heads of Terms.pdf	Yes	12/05/2017
Heads of Terms		169 KB
Path	Description	Folder Size
Top Level/Memorandum of Understanding (1)	Memorandum of Understanding	394 KB
Filename	Downloadable	Last Modification Date
LB Havering MOI 120517.pdf	Yes	12/05/2017
Memorandum of understanding		394 KB
Path	Description	Folder Size
Top Level/Selection Questionnaire Part 1 (1)	Information about the procurement process and and in particular the pre-qualification process and evaluation	223 KB
Filename	Downloadable	Last Modification Date
SQ Part 1 Info & Instructions_FINAL with OJEU ref_2017.05.17.pdf	Yes	17/05/2017
		223 KB
Path	Description	Folder Size
Top Level/System guidance (1)	This document provides broad guidance on using capitalEsourcing for suppliers.	1,094 KB
Filename	Downloadable	Last Modification Date
System Guidance.docx	Yes	26/04/2017
		1,094 KB

Envelopes

Qualification Envelope	Yes
Technical Envelope	No
Commercial Envelope	No

Qualification Envelope

General Attachments
Not Allowed

Notes for completion

Question	Description
Note	The “authority” means the contracting authority, or anyone acting on behalf of the contracting authority, that is seeking to invite suitable candidates to participate in this procurement process.
Note	“You” / “Your” refers to the potential supplier completing this standard Selection Questionnaire i.e. the legal entity responsible for the information provided. The term “potential supplier” is intended to cover any economic operator as defined by the Public Contracts Regulations 2015 (referred to as the “regulations”) and could be a registered company; the lead contact for a group of economic operators; charitable organisation; Voluntary Community and Social Enterprise (VCSE); Special Purpose Vehicle; or other form of entity.
Note	Please ensure that all questions are completed in full, and in the format requested. If the question does not apply to you, please state ‘N/A’. Should you need to provide additional information in response to the questions, please submit a clearly identified annex.
Note	The authority recognises that arrangements set out in section 1.2 of the standard Selection Questionnaire, in relation to a group of economic operators (for example, a consortium) and/or use of sub-contractors, may be subject to change and will, therefore, not be finalised until a later date. The lead contact should notify the authority immediately of any change in the proposed arrangements and ensure a completed Part 1 and Part 2 is submitted for any new organisation relied on to meet the selection criteria. The authority will make a revised assessment of the submission based on the updated information.
Note	For Part 1 and Part 2 every organisation that is being relied on to meet the selection must complete and submit the self-declaration.
Note	At the contracting authority's discretion, all sub-contractors may be required to complete Part 1 and Part 2.

Note	For answers to Part 3 – If you are bidding on behalf of a group, for example, a consortium, or you intend to use sub-contractors, you should complete all of the questions on behalf of the consortium and/ or any sub-contractors, providing one composite response and declaration.
Note	The authority confirms that it will keep confidential and will not disclose to any third parties any information obtained from a named customer contact, other than to the Cabinet Office and/or contracting authorities defined by the regulations, or pursuant to an order of the court or demand made by any competent authority or body where the authority is under a legal or regulatory obligation to make such a disclosure.

Part 1 – Potential supplier Information

Question	Description	Question Type
Note	Please answer the following questions in full. Note that every organisation that is being relied on to meet the selection must complete and submit the Part 1 and Part 2 self-declaration.	
SQ-1.1(a)	Full name of the potential supplier submitting the information	Text
SQ-1.1(b) – (i)	Registered office address (if applicable)	Text
SQ-1.1(b) – (ii)	Registered website address (if applicable)	Text
SQ-1.1(c)	Trading status	Option List
SQ-1.1(c) – (other)	If 'other', please specify your trading status	Text
SQ-1.1(d)	Date of registration in country of origin	Date
SQ-1.1(e)	Company registration number (if applicable)	Text
SQ-1.1(f)	Charity registration number (if applicable)	Text
SQ-1.1(g)	Head office DUNS number (if applicable)	Text
SQ-1.1(h)	Registered VAT number	Text
SQ-1.1(i) – (i)	If applicable, is your organisation registered with the appropriate professional or trade register(s) in the member state where it is established?	Option List
SQ-1.1(i) – (ii)	If you responded yes to 1.1(i) – (i), please provide the relevant details, including the registration number(s).	Text
SQ-1.1(j) – (i)	Is it a legal requirement in the state where you are established for you to possess a particular authorisation, or be a member of a particular organisation in order to provide the services specified in this procurement?	Option List
SQ-1.1(j) – (ii)	If you responded yes to 1.1(j) – (i), please provide additional details of what is required and confirmation that you have complied with this.	Text
SQ-1.1(k)	Trading name(s) that will be used if successful in this procurement	Text
SQ-1.1(l)	Relevant classifications (state whether you fall within one of these, and if so which one)	Multi Choice Option List
SQ-1.1(m)	Are you a Small, Medium or Micro Enterprise (SME)?	Option List
Question	Description	Question Type
Note	See EU definition of SME: http://ec.europa.eu/enterprise/policies/sme/facts-figures/analysis/sme-definition/	
Question	Description	Question Type
SQ-1.1(n)	Details of Persons of Significant Control (PSC), where appropriate: – Name; – Date of birth; – Nationality; – Country, state or part of the UK where the PSC usually lives; – Service address; – The date he or she became a PSC in relation to the company (for existing companies the 6 April 2016 should be used); – Which conditions for being a PSC are met; – Over 25% up to (and including) 50%, – More than 50% and less than 75%, – 75% or more. (Please enter N/A if not applicable)	Text
SQ-1.1(o) Details	Details of immediate parent company: – Full name of the immediate parent company – Registered office address (if applicable) – Registration number (if applicable) – Head office DUNS number (if applicable) – Head office VAT number (if applicable) (Please enter N/A if not applicable)	Text
SQ-1.1(p)	Details of ultimate parent company: – Full name of the ultimate parent company – Registered office address (if applicable) – Registration number (if applicable) – Head office DUNS number (if applicable) – Head office VAT number (if applicable) (Please enter N/A if not applicable)	Text
Question	Description	Question Type
Note	Please note: A criminal record check for relevant convictions may be undertaken for the preferred suppliers and the persons of significant in control of them.	

Question	Description
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Note	Please provide the following information about your approach to this procurement:	
Question	Description	Question Type
SQ-1.2(a) – (i)	Are you bidding as the lead contact for a group of economic operators? If yes, please provide details listed in questions 1.2(a) (ii), (a) (iii) and to 1.2(b) (i), (b) (ii), 1.3, Section 2 and 3. If no, and you are a supporting bidder please provide the name of your group at 1.2(a) (ii) for reference purposes, and complete 1.3, Section 2 and 3.	Option List
SQ-1.2(a) – (ii)	Name of group of economic operators (if applicable)	Text
SQ-1.2(a) – (iii)	Proposed legal structure if the group of economic operators intends to form a named single legal entity prior to signing a contract, if awarded. If you do not propose to form a single legal entity, please explain the legal structure.	Text
SQ-1.2(b) – (i)	Are you or, if applicable, the group of economic operators proposing to use sub-contractors?	Option List
SQ-1.2(b) – (ii)	If you responded yes to 1.2(b)–(i) please provide additional details for each subcontractor here. We may ask them to complete this form as well.	Attachment

Part 1 – Declaration

Question	Description	Question Type
Declaration	<p>I declare that to the best of my knowledge the answers submitted and information contained in this document are correct and accurate.</p> <p>I declare that, upon request and without delay I will provide the certificates or documentary evidence referred to in this document.</p> <p>I understand that the information will be used in the selection process to assess my organisation's suitability to be invited to participate further in this procurement.</p> <p>I understand that the authority may reject this submission in its entirety if there is a failure to answer all the relevant questions fully, or if false/misleading information or content is provided in any section.</p> <p>I am aware of the consequences of serious misrepresentation.</p>	Option List

Part 1 – Contact details

Question	Description	Question Type
SQ-1.3(a)	Contact name	Text
SQ-1.3(b)	Name of organisation	Text
SQ-1.3(c)	Role in organisation	Text
SQ-1.3(d)	Phone number	Text
SQ-1.3(e)	E-mail address	Text
SQ-1.3(f)	Postal address	Text

Part 2 – Grounds for mandatory exclusion

Question	Description	Question Type
Note	Please answer the following questions in full. Note that every organisation that is being relied on to meet the selection must complete and submit the Part 1 and Part 2 self-declaration.	
Regulations 38(8) and (9) of the Concession Contracts Regulations 2016	<p>The detailed grounds for mandatory exclusion of an organisation are available at www.legislation.gov.uk through the link: http://www.legislation.gov.uk/ukxi/2016/273/pdfs/ukxi_20160273_en.pdf , which should be referred to before completing these questions.</p> <p>Please indicate if, within the past five years you, your organisation or any other person who has powers of representation, decision or control in the organisation been convicted anywhere in the world of any of the offences within the summary below.</p>	
URL	http://www.legislation.gov.uk/ukxi/2016/273/pdfs/ukxi_20160273_en.pdf	
Question	Description	Question Type
SQ-2.1(a).1	Conviction for Participation in a criminal organisation.	Option List
SQ-2.1(a).2	Conviction for Corruption.	Option List
SQ-2.1(a).3	Conviction for Fraud.	Option List
SQ-2.1(a).4	Conviction for Terrorist offences or offences linked to terrorist activities	Option List
SQ-2.1(a).5	Conviction for Money laundering or terrorist financing	Option List
SQ-2.1(a).6	Conviction for Child labour and other forms of trafficking in human beings	Option List
SQ-2.1(b)	<p>If you have answered yes to question 2.1(a), please provide further details.</p> <p>Date of conviction, specify which of the grounds listed the conviction was for, and the reasons for conviction,</p> <p>Identity of who has been convicted</p> <p>If the relevant documentation is available electronically please provide the web address, issuing authority, precise reference of the documents</p>	Text

SQ-2.2	If you have answered Yes to any of the points above have measures been taken to demonstrate the reliability of the organisation despite the existence of a relevant ground for exclusion ? (Self Cleaning)	Text
SQ-2.3(a)	Regulation 38 (10) of the Concession Contracts Regulations 2016 Has it been established, for your organisation by a judicial or administrative decision having final and binding effect in accordance with the legal provisions of any part of the United Kingdom or the legal provisions of the country in which the organisation is established (if outside the UK), that the organisation is in breach of obligations related to the payment of tax or social security contributions?	Option List
SQ-2.3(b)	If you have answered yes to question 2.3(a), please provide further details. Please also confirm you have paid, or have entered into a binding arrangement with a view to paying, the outstanding sum including where applicable any accrued interest and/or fines.	Text
Question	Description	
Note	Please Note: The authority reserves the right to use its discretion to exclude a potential supplier where it can demonstrate by any appropriate means that the potential supplier is in breach of its obligations relating to the non-payment of taxes or social security contributions.	

Part 2 – Grounds for discretionary exclusion

Question	Description
Regulation 38 (16) Concession Contracts Regulations 2016	The detailed grounds for mandatory exclusion of an organisation are available at www.legislation.gov.uk through the link http://www.legislation.gov.uk/ukxi/2016/273/pdfs/ukxi_20160273_en.pdf , which should be referred to before completion.
URL	https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/551130/List_of_Mandatory_and_Discretionary_Grounds_for_Exclusion.pdf
Question	Description
SQ-3.1(a)	Breach of environmental obligations?
SQ-3.1 (b)	Breach of social obligations?
SQ-3.1 (c)	Breach of labour law obligations?
SQ-3.1(d)	Bankrupt or is the subject of insolvency or winding-up proceedings, where the organisation's assets are being administered by a liquidator or by the court, where it is in an arrangement with creditors, where its business activities are suspended or in an analogous situation arising from a similar procedure under the laws and regulations of any State?
SQ-3.1(e)	Guilty of grave professional misconduct?
SQ-3.1(f)	Entered into agreements with other economic operators aimed at distorting competition?
SQ-3.1(g)	Aware of any conflict of interest within the meaning of Regulation 35 of the Concession Contract Regulations 2016 during participation in the procurement procedure?
SQ-3.1(h)	Been involved in the preparation of the procurement procedure?
SQ-3.1(i)	Shown significant or persistent deficiencies in the performance of a substantive requirement under a prior public contract with a contracting entity, or a prior concession contract, which led to early termination of that prior contract, or other comparable sanctions?
SQ-3.1(j) – (i)	The organisation is guilty of serious misrepresentation in supplying the information required for the verification of the grounds for exclusion or the fulfilment of the selection criteria.
SQ-3.1(j) – (ii)	The organisation has withheld such information.
SQ-3.1(j)– (iv)	The organisation has influenced the decision-making process of the contracting authority to obtain confidential information that may confer upon the organisation undue advantages in the procurement procedure, or to negligently provided misleading information that may have a material influence on decisions concerning exclusion, selection or award.
SQ-3.2	If you have answered Yes to any of the above, explain what measures been taken to demonstrate the reliability of the organisation despite the existence of a relevant ground for exclusion? (Self Cleaning)

Part 3: Selection Questions – Economic and Financial Standing

Question	Description	Question Type
SQ-4.1	Are you able to provide a copy of your audited accounts for the last two years, if requested?	Option List
SQ-4.1(a-c)	If no, can you provide one of the following: (a) A statement of the turnover, Profit and Loss Account/Income Statement, Balance Sheet/Statement of Financial Position and Statement of Cash Flow for the most recent year of trading for this organisation. (b) A statement of the cash flow forecast for the current year and a bank letter outlining the current cash and credit position. (c) Alternative means of demonstrating financial status if any of the above are not available (e.g. forecast of turnover for the current year and a statement of funding provided by the owners and/or the bank, charity accruals accounts or an alternative means of demonstrating financial status).	Option List

Part 3: Selection Questions – Economic and Financial Standing Continued

Question	Description	Question Type
SQ-4.2	Where we have specified a minimum level of economic and financial standing and/ or a minimum financial threshold within the evaluation criteria for this procurement, please self-certify by answering 'Yes' or 'No' that you meet the requirements set out.	Option List

Part 3: Selection Questions – Group

Question	Description	Question Type
Note	If you have indicated in the Selection Questionnaire question 1.2 that you are part of a wider group, please provide further details below	
Question	Description	Question Type

SQ-5(a)	Name of organisation	Text
SQ-5(b)	Relationship to the Supplier completing these questions	Text
SQ-5.1	Are you able to provide parent company accounts if requested to at a later stage?	Option List
SQ-5.2	If yes, would the parent company be willing to provide a guarantee if necessary?	Option List
SQ-5.3	If no, would you be able to obtain a guarantee elsewhere (e.g. from a bank)?	Option List

Part 3: Selection Questions – Technical and Professional Ability

Question	Description	Question Type
SQ-6.1	<p>Please provide details of up to three contracts, in any combination from either the public or private sector; voluntary, charity or social enterprise (VCSE) that are relevant to our requirement. VCSEs may include samples of grant-funded work. Contracts for supplies or services should have been performed during the past three years. Works contracts may be from the past five years.</p> <p>The named contact provided should be able to provide written evidence to confirm the accuracy of the information provided below.</p> <p>Consortia bids should provide relevant examples of where the consortium has delivered similar requirements. If this is not possible (e.g. the consortium is newly formed or a Special Purpose Vehicle is to be created for this contract) then three separate examples should be provided between the principal member(s) of the proposed consortium or Special Purpose Vehicle (three examples are not required from each member).</p> <p>Where the Supplier is a Special Purpose Vehicle, or a managing agent not intending to be the main provider of the supplies or services, the information requested should be provided in respect of the main intended provider(s) or sub-contractor(s) who will deliver the contract.</p> <p>If you cannot provide examples see question 6.3</p>	Attachment
SQ-6.2	<p>Where you intend to sub-contract a proportion of the contract, please demonstrate how you have previously maintained healthy supply chains with your sub-contractor(s)</p> <p>Evidence should include, but is not limited to, details of your supply chain management tracking systems to ensure performance of the contract and including prompt payment or membership of the UK Prompt Payment Code (or equivalent schemes in other countries)</p>	Attachment
SQ-6.3	If you cannot provide at least one example for questions 6.1, in no more than 500 words please provide an explanation for this e.g. your organisation is a new start-up or you have provided services in the past but not under a contract.	Text

Part 3: Selection Questions – Modern Slavery Act 2015

Question	Description	Question Type
SQ-7.1	Are you a relevant commercial organisation as defined by section 54 ("Transparency in supply chains etc.") of the Modern Slavery Act 2015 ("the Act")?	Option List
SQ-7.2	If you have answered yes to question 7.1 are you compliant with the annual reporting requirements contained within Section 54 of the Act 2015?	Option List
SQ-7.2(a)	If you have answered yes to question 7.2, please provide the relevant URL	Text
SQ-7.2(b)	If you have answered no to question 7.2, please provide an explanation	Text

Additional Questions – Insurance

Question	Description	Question Type
SQ-8.1	<p>Please self-certify whether you already have, or can commit to obtain, prior to the commencement of the contract, the levels of insurance cover indicated below:</p> <p>Employer's (Compulsory) Liability Insurance = £10 million Public Liability Insurance = £20 Million Professional Indemnity Insurance = £10 million Product Liability Insurance = £20 Million</p> <p>*It is a legal requirement that all companies hold Employer's (Compulsory) Liability Insurance of £5 million as a minimum. Please note this requirement is not applicable to Sole Traders.</p>	Option List
Question	Description	
Note	Suppliers who self-certify that they meet the requirements to these additional questions will be required to provide evidence of this if they are successful at contract award stage.	

Additional Questions – Skills and Apprentices

Question	Description	Question Type
SQ-8.2(a)	<p>Public procurement of contracts with a full life value of £10 million and above and duration of 12 months and above should be used to support skills development and delivery of the apprenticeship commitment. This policy is set out in detail in Procurement Policy Note 14/15.</p> <p>Please confirm if you will be supporting apprenticeships and skills development through this contract.</p>	Option List
SQ-8.2(b)	If yes, can you provide at a later stage documentary evidence to support your commitment to developing and investing in skills, development and apprenticeships to build a more skilled and productive workforce and reducing the risks of supply constraints and increasing labour cost inflation?	Option List
SQ-8.2(c)	Do you have a process in place to ensure that your supply chain supports skills, development and apprenticeships in line with PPN 14/15 (see guidance on how to provide evidence if requested?)	Option List

Construction Experience

Question	Description	Question Type
SQ 8.3	<p>Please provide up to three examples of relevant experience from the past 5 years where you have constructed developments of 100+ new homes.</p> <p>Your responses should describe:</p> <ul style="list-style-type: none"> • the size, value, type and number of units delivered • how the construction method adopted ensured high quality build • how you effectively, procured, co-ordinated and managed the supply chain in terms of labour and materials at the site to deliver the construction • your approach for ensuring that effective health and safety measures were in place and regulations adhered to during construction • how you minimised disruption and impact to the local community during construction • how you engaged with the client and stakeholders to ensure the suitability of the placemaking • the approaches and processes employed to effectively deal with planning approval • how you planned and managed the programme to deliver the housing requirement on time and within budget • how you provided post-completion after-sales services in relation to the properties including dealing with snagging and defects 	Attachment
Question	Description	
Assessment and response length	<p>The responses to this question will be assessed holistically to arrive at a score between 0–10 points. This question carries a weighting of 20%.</p> <p>Your response to this question should be no more than 3000 words.</p>	

Minimum Experience in Sales and Marketing

Question	Description	Question Type
SQ 8.4 Part 1	<p>Please provide details of up to three contracts, in any combination from either the public or private sector, where you have delivered sales of units in relation to a housing development scheme. The scheme should demonstrate marketing and sales involving a range of value points on the market between £300 – £700 £sqft aimed at different consumers including local markets . Services should have been performed during the past three years.</p> <p>The named contact provided should be prepared to provide written evidence to the authority to confirm the accuracy of the information provided in response to this question. (N.B. where the service is provided pursuant to a contract with an external organisation the named contact in the organisation should be provided; where the service is provided internally, an internal contact should be provided)</p>	Attachment
SQ 8.4 Part 2	<p>With reference to the contract examples provided above please provide details of your experience and capability in respect of the points below:</p> <ul style="list-style-type: none"> • How you assessed demand for housing types in an area and determined the most effective development type, branding approach and marketability of new developments relevant to the Council's development programme. • How you delivered an effective marketing and sales strategy for a range of value points for new homes which secured the interest of potential buyers of the units • How you maximised sales and the timing of unit sales (including in order to maximise the funding available for the development) • How you approached the sales process effectively in order to maximise the rate of sales and the rates of return when selling units 	Attachment
Question	Description	
Assessment and response length	<p>This is a two-part question.</p> <p>PART 1 Part 1 will be assessed on a pass/fail basis. The Council reserves the right to reject a bidder that fails to satisfy the following pass requirement.</p> <p>In order to pass, you must provide:</p> <p>Two examples of a contract performed in the last three years where you have delivered the sale of a minimum of 250 units in relation to a housing development.</p> <p>PART 2 The responses to Part 2 will be assessed holistically to arrive at a score between 0–10 points.</p> <p>Part 2 carries a 20% weighting</p> <p>Your response to Part 2 should be no more than 1500 words</p>	

Experience in Joint Ventures and Partnering

Question	Description	Question Type
SQ 8.5	Please see the attachment for full details of this question	Attachment
Question	Description	
Assessment and response length	<p>The responses to this question will be assessed holistically to arrive at a score between 0–10 points.</p> <p>This question carries a weighting of 20%.</p> <p>Your response to this question should be no more than 2500 words</p>	

Funding & Treasury Management Ability and Experience

Question	Description	Question Type
SQ 8.6 Parts 1 and 2	<p>PART 1:</p> <p>Minimum Funding Ability</p> <p>Please demonstrate your ability to raise an initial investment of at least £75 million.</p> <p>PART 2:</p> <p>Scored Funding & Treasury Management Ability and Experience</p> <p>The proposed scheme is expected to require an initial investment by the appointed provider in the region of £75 million to £85 million in order to finance the construction and fit out of new homes across the 12 site developments.</p> <p>The partner will also be expected to assist in the delivery of effective treasury management of finance and cash flows for the joint venture in achieving its goals.</p> <p>Please provide details of your experience, together with current capability and capacity to manage and raise finance to support the development programme.</p> <p>Your response should include examples of your organisation's track record over the last three years in directly funding (from your organisation's own resources) or raising and managing finance (including any working capital requirements) to deliver projects, relevant to the size of the types of contract which it is anticipated may be delivered via the proposed JV.</p> <p>Your response should evidence the level of finance your organisation has been able to raise for previous schemes and how treasury matters were managed effectively in the performance of those schemes.</p>	Attachment
Question	Description	
Assessment and response length	<p>This question is both a PASS/FAIL and a scored question.</p> <p>PART 1</p> <p>In order to pass, the bidder's response to this question must demonstrate an ability to provide/raise an initial investment of at least the amount set out in SQ 8.6 Part 1 above.</p> <p>PART 2</p> <p>Bidders which pass the Minimum Funding Ability test will then have their Funding & Treasury Management Ability and Experience response to SQ 8.6 Part 2 above scored.</p> <p>The responses to Part 2 will be assessed holistically to arrive at a score between 0–10 points.</p> <p>This question carries a weighting of 20%.</p> <p>The response to Part 2 should be no more than 1500 words</p>	

Social Value in Training and Skills Opportunities

Question	Description	Question Type
SQ 8.7	Please provide details of your experience in incorporating training and skills opportunities linked to the developments and its impact and benefits to the area, including how these opportunities add value and economic prosperity.	Attachment
Question	Description	
Assessment and response length	<p>The responses to this question will be assessed holistically to arrive at a score between 0–10 points.</p> <p>This question carries a weighting of 10%.</p> <p>The response to this question should be no more than 500 words.</p>	

Social Value in Development

Question	Description	Question Type
SQ 8.8	Please provide details of your experience in incorporating features and facilities with community benefits as part of a housing-led development and its impact and benefits to the area.	Attachment
Question	Description	
Assessment and response length	<p>The responses to this question will be assessed holistically to arrive at a score between 0–10 points.</p> <p>This question carries a weighting of 10%.</p> <p>The response to this question should be no more than 500 words.</p>	

Appendices

Question	Description	Question Type
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Appendices	If you need to submit any additional information to complete your response to the above questions, please include it here as part of a single, zipped attachment response. Please ensure each appendix is clearly marked to indicate the SQ question number	Attachment
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London Borough of Havering

**INVITATION TO PARTICIPATE IN COMPETITIVE
DIALOGUE (“ITPD”)**

Havering Estate Regeneration Partner Project

IMPORTANT NOTICES

This Invitation to Participate in Competitive Dialogue (ITPD) has been prepared by the London Borough of Havering (of the Town Hall, Main Road, Romford, RM1 3BD) ("**the Authority**") and is for use by those invited to bid for the Havering Estate Regeneration Partner Project, their professional advisers, and other parties essential to preparing the bid for the project and for no other purpose.

You are deemed to fully understand the process that the Authority is required to follow under relevant European and UK legislation, particularly in relation to public procurement rules.

Bidders' attention is drawn to the further notices set out in **Appendix 1 (Important Notices)** which form part of the conditions of participation in this procurement process.

1 INTRODUCTION

General

- 1.1 Thank you for submitting the Selection Questionnaires (SQ) in response to the call for competition advertisement placed in the Official Journal of the European Union with reference number 2017/S 094-185114.¹
- 1.2 Six bidders, including your organisation/consortium, have been invited to participate in Competitive Dialogue with the Authority. This Invitation to Participate in Competitive Dialogue document ("ITPD") provides further details of the proposal and process.
- 1.3 It should be noted that the return deadline for Bidders' final responses to the ITPD is **11/08/2017 at 13:00 hours** for the assessment to shortlist the final two to three Bidders to be invited to the next stage of the competitive dialogue process.
- 1.4 The six Bidders invited to enter Competitive Dialogue are:



[REDACTED]

Competitive Dialogue

- 1.5 This ITPD has been developed to set out the key steps in this procurement to achieve the selection of a provider to partner with the Authority to form a long term corporate joint venture property vehicle (on a 50:50 ownership basis) to secure investment and expertise to deliver the Authority's housing led regeneration strategy ("the Project").
- 1.6 The Authority will procure the Project using an approach similar to the competitive dialogue procedure (as described in Regulation 30 of the Public Contracts Regulations 2015 (as amended)), which provides the opportunity for a structured approach to procurement. The Authority reserves the right to deviate from the formalities of the Public Contracts Regulations 2015 (as amended) in conducting the competition due to the flexibilities permitted by the Concession Contracts Regulations 2016.
- 1.7 The purpose of this ITPD is to provide the framework for the competitive dialogue process and to provide further information about the scheme.
- 1.8 The ITPD aims to:
 - provide information to Bidders on the Project and the opportunities available;
 - set out clearly the Authority's requirements;
 - provide information on the Authority's approach to the competitive dialogue procurement process;

¹

<http://ted.europa.eu/udl?uri=TED:NOTICE:185114-2017:TEXT:EN:HTML>

- set out the deliverables required from Bidders at the first stage of the procurement; and
 - set out the evaluation criteria that the Authority will use to assess Bidders' responses.
- 1.9 The key stages of the procurement are set out in the Indicative Project Timeframe below.
- 1.10 During the dialogue phase the Authority will have discussions with Bidders with the aim of identifying and defining the best solution to meet the Authority's requirements. Details of the overall timetable and submission deadlines, competitive dialogue meetings, programme and other key dates are outlined in **Section 3** below.
- 1.11 The first stage of the competitive dialogue is an invitation to Bidders to submit outline proposals as detailed in this document. The questions that Bidders are required to answer at the ITPD Submission stage are set out in **Appendix 2 (Quality Questions)** and **Appendix 4 (Financial Submissions)** to this document.
- 1.12 The evaluation criteria against which Bid responses will be assessed and the evaluation methodology applied is provided in **Section 4** below.
- 1.13 The outcome of the evaluation of the ITPD Submission will be the selection of solutions from two to three Bidders with whom the Authority will continue dialogue. At this point, the Authority will issue an Invitation to Continue Dialogue ("ITCD") that sets out clearly the defined set of final Bid deliverables. This phase of dialogue will continue until the Authority is satisfied that one or more of the final solutions proposed by Bidders is capable of meeting all of the Authority's requirements. At this point, the Authority will declare the dialogue to be concluded and issue an ISFT to Bidders.
- 1.14 Final Tenders should be based on the solution(s) presented and specified at the conclusion of the dialogue, contain all the elements required and necessary for the performance of the project and should meet all the Authority's requirements. **Final Tenders are expected to be final as there is limited opportunity to vary tenders after submission.** However, the Authority may request Bidders to clarify, specify or optimise their tender. Any activity which leads to changes to a Bid must not change the basic features and essential aspects of a Bid, the requirements of this ITPD or distort competition.
- 1.15 Following the submission of Final Tenders, the Authority expects to undertake a process to identify a Preferred Bidder that provides the most economically advantageous tender which the Authority is minded to appoint.
- 1.16 Prior to selection of a Preferred Bidder, the Authority will have to obtain approval from the Cabinet of the Council. On approval, a Preferred Bidder will be appointed and a Preferred Bidder letter issued inviting the Preferred Bidder to work with the Authority to finalise the contractual arrangements to deliver the Project.
- 1.17 Following appointment of a Preferred Bidder there is a further opportunity to negotiate to confirm commitments contained in the tender in order finalise terms provided, again, that there are no substantial changes to the tender, the requirements of the procurement process and that this does not risk distorting competition or causing discrimination.

- 1.18 The Authority reserves the right to vary the selection procedure to support continued competition, avoid unnecessary bidding costs and adhere to subsequent technical or legal guidance.

2 NEEDS AND REQUIREMENTS FOR THE PROJECT

Overview

- 2.1 The Project involves delivering the following:

- 2.1.1 The Authority's housing led regeneration strategy. The initial programme is anticipated to involve 12 sites across the borough delivering in the region of 3000 new homes and the scheme will involve opportunities for development sales. The opportunity will focus on Authority owned sites throughout the borough (including but not limited to the initial 12 sites) and potentially other sites owned or acquired by the Authority (including through the Joint Venture) during the joint venture period. The Joint Venture will focus on delivering housing led development within the borough for the commercial private sale sector, shared ownership and affordable housing.
- 2.1.2 The housing led development of sites may also involve a degree of mixed-use development including, but not limited to office, commercial, leisure, retail, community and public realm space being delivered ancillary to the residential focus and as part of the overall complex.

The initial 12 sites are as follows:

The Initial 12 Sites		
Ref.	Site	Area
1	Waterloo Estate	Romford
2	Queen Street	Romford
3	Oldchurch Gardens	Romford
4	Serena, Solar and Sunrise	Hornchurch
5	Maygreen Crescent, Park Lane	Hornchurch
6	Dell Court	Hornchurch
7	Royal Jubilee Court	Gidea Park
8	Napier House and New Plymouth House	Rainham
9	Delderfield House	Romford/Cranham
10	Brunswick Court	Romford/Cranham
11	Chippenham Road, Farnham Road, Hildene Avenue	Harold Hill/Gidea Park
12	Delta TMO Estate	Harold Hill/Gidea Park

- 2.1.3 The priority sites are those which comprise the Sample Package Scheme of 4 sites (divided into 3 Developments) which will consist of:

Sample Package Scheme Sites		
Ref.	Site	Development
1	Waterloo Estate	Development 1

2	Queen Street	
3	Napier House and New Plymouth House	Development 2
4	Serena, Solar and Sunrise	Development 3

- 2.1.4 In connection with the delivery of these and other future housing schemes, the partner will be required to provide services including master planning; strategic development consultancy advice; environmental consultancy advice; technical and building services; architectural design; urban design and landscaping; physical construction and development; land assembly; possible refurbishment of assets and marketing and disposal of development assets.

- 2.2 The Project's key needs and requirements are set out in:

- 2.2.1 the Heads of Terms and the Contracts referred to in **Appendix 5 (Heads of Terms and Contracts)**;
2.2.2 The Memorandum of Information; and
2.2.3 all other documents on the portal should also be referred to in order to gain an overview of the Project's needs and requirements.

- 2.3 These documents are included in the Concession Documents available electronically through Capital e-sourcing
<https://www.capitalesourcing.com/web/login.shtml>

3 TIMEFRAME AND PROCESS

Indicative Project Timeframe

- 3.1 The table below sets out the key dates in the procurement process. At this stage, the timetable is subject to confirmation and the Authority reserves the right to amend this indicative timeframe as the project progresses.

Indicative Date	Stage
17.05.2017	Concession Notice dispatched to OJEU Notice
13.06.2017: 13:00 hours	Deadline for the SQ application returns
13.06.2017 – 28.06.2017	Evaluation of SQ applications
30.06.2017	Issue of the “Invitation to Participate in Competitive Dialogue” (“ITPD”) to four to six bidders and opening of competitive dialogue and notification to unsuccessful SQ applicants.
10.07.2017 – 02.08.2017	Initial Dialogue Meeting dates with the six shortlisted bidders

20.07.2017	Deadline for ITPD clarification questions from shortlisted bidders
11.08.2017 13:00 hours	Deadline for return of ITPD Responses.
14.08.2017 – 11.09.2017	Clarification and evaluation of ITPD Response.
13.09.2017	Issue of Invitation to Continue Dialogue (“ITCD”) to two to three shortlisted bidders and notification to unsuccessful bidders.
18.09.2017 – 30.10.2017	Period for dialogue meetings and negotiations with final two to three bidders
30.10.2017	End of Competitive Dialogue stage and issue of Invitation to Submit Final Tenders (“ISFT”).
30.10.2017 – 04.12.2017	Period for remaining bidders to finalise tenders.
04.12.2017	Deadline for return of Final Tenders.
04.12.2017 – 18.12.2017	Clarifications and evaluation of Final Tenders.
18.12.2017 – 15.01.2018	Authority internal approval process for Preferred Bidder appointment. Period for confirming commitments of the Preferred Bidder’s Final Tender and finalising the terms of the contract and the Authority’s internal approvals for reaching a contract award decision.
15.01.2017	Announcement of the Authority’s final contract award decision in respect of the successful Bidder. Issue of contract award notifications and debriefing information to unsuccessful participants commencing the 10-day standstill period.
26.01.2018	Expiry of standstill period.
29.01.2018	Contract close with successful Bidder.
<i>To be confirmed</i>	Appointed provider to start on the property development

Initial Dialogue Meetings

- 3.2 The Authority will be holding initial dialogue meetings with shortlisted Bidders. Each Bidder will be invited and required to attend.
- 3.3 The following provisional dates have been set aside for initial dialogue meetings: July 10th, 11th 25th & 26th.
- 3.4 The purpose of these meetings is to establish a meaningful dialogue with Bidders to develop and improve upon their solutions. This time is available to discuss Bidders' initial thoughts on successfully achieving the requirements of the Project and to ask questions in order to develop an understanding of the Authority's requirements and key commercial principles.
- 3.5 The Authority reserves the right to change the location, times and dates of these meetings.
- 3.6 Additional meetings may be considered appropriate by the Authority for the first stage of dialogue. If so, these will be arranged by the Authority with due notice and run to an agreed agenda.
- 3.7 The meetings will be held commercially in confidence and Bidders are directed to the information in **Appendix 1 (Important Notices)** below in relation to the obligations of the Authority under the Freedom of Information Act 2000 and Environmental Information Regulations 2004.
- 3.8 The Authority will maintain its own record of meetings, which, insofar as specific to a particular Bidder, would not be circulated to the other Bidders. Bidders should note that issues raised and/or responses given which are generic may be communicated to all Bidders, in accordance with equal treatment principles.
- 3.9 Bidders should make arrangements for maintenance of their own record of meetings.

Access to Sites

- 3.10 Sites are available for inspection. Prior to any visits inspections taking place, the Bidder should contact the Authority to advise of the time and date the visit will take place. The Authority will advise the bidder of any restrictions upon request.

Concession Documents

- 3.11 The Concession Documents consist of:
- 3.11.1 The Concession Notice
 - 3.11.2 The Selection Questionnaire
 - 3.11.3 The Memorandum of Information
 - 3.11.4 The Heads of Terms
 - 3.11.5 The Invitation to Participate in Dialogue
 - 3.11.6 LBH ITPD financial proforma
 - 3.11.7 Programme and meeting dates
 - 3.11.8 Site specific briefs
 - a. Napier and New Plymouth site brief
 - b. Solar Serena Sunrise site brief
 - c. Waterloo Estate and Queen Street site brief

- 3.11.9 Red line plans
- a. Napier and New Plymouth redline plan
 - b. Serena Solar Sunrise redline plan
 - c. Waterloo redline plan

3.12 These documents are included in the Concession Documents available electronically through Capital e-sourcing <https://www.capitalesourcing.com/web/login.shtml>

ITPD Submission

3.13 Bidders should present their responses as per the instructions below.

- All responses should be in English, text submitted in A4, with a font size of no less than 10 and any financial references should be in Pounds Sterling.
- Completed responses should be signed by a partner or director of the Bidder (and, in the case of a Consortium, by a partner or director of each member).
- Bidders are required to submit completed responses in electronic format only and submitted via <https://www.capitalesourcing.com/web/login.shtml>
- The Authority reserves the right, at its discretion, to reject Bids delivered after the date and time specified. Please see **Appendix 1 (Important Notices)**.
- The Authority reserves the right, at its discretion, to request clarifications in writing or further relevant information from any bidder after the submission of responses.

Ongoing Questions

- 3.14 Any queries arising from this ITPD and the Concession Documents provided which may have a bearing on the ITPD submissions to be made by Bidders should be raised.
- 3.15 All queries in relation to the ITPD stage of this procurement must be made via the clarifications process through <https://www.capitalesourcing.com/web/login.shtml> by no later than 20.07.2017. The Authority reserves the right not to respond to clarifications in respect of the ITPD stage submitted after this period.
- 3.16 Where the Authority considers that questions are material to the procurement process and the fullest understanding of its objectives, these questions and their subsequent replies will be disseminated to all Bidders. The Authority will keep confidential all information relating to its dialogue in relation to Bidders' proposals and will not share this information with any other Bidder.
- 3.17 Bidders should note, in relation to all responses to questions that the Authority and its advisers offer no guarantee that such information in response to questions will be made available at this stage and are not warranting the accuracy of any responses.

Confidentiality and Freedom of Information

- 3.18 The Authority acknowledges the need during the competitive dialogue to treat Bidder's solutions confidentially. If during the process any questions asked of or information provided to the Authority is considered by the Bidder to be confidential, the request must be clearly marked "in confidence – not to be circulated to other bidders" and Bidders must set out the reason(s) for the request for non-disclosure to other Bidders.
- 3.19 The Authority will consider such requests and will act reasonably as regards the protection of commercially sensitive information relating to the Bidders but will have sole discretion as to such disclosure, subject to complying with the Authority's duties under the Freedom of Information Act (2000) and the Environmental Information Regulations (2004).

Return of Certificates

- 3.20 The Authority requires Bidders to make certain undertakings if they wish to remain in the competition. These undertakings include signing the following documents, which must be completed and submitted by uploading electronically via <https://www.capitalesourcing.com/web/login.shtml> at the final ITPD Submission and again at the final tender stage. Copies of the certificates are provided in **Appendix 7**
- Certificate of Non-Canvassing
 - Certificate of Non-Collusive Tendering

4 EVALUATION

This section sets out the evaluation criteria and selection process against which the ITPD submission and all subsequent stages of the competitive dialogue, including Final Tenders will be assessed.

Bidders are required to respond to each of the questions set out in **Appendix 2 (Quality Questions)** and complete in full the requirements in **Appendix 4 (Financial Submission)** for the ITPD Submission.

4.1 Compliance

- 4.1.1 Prior to carrying out the detailed scoring of Bids, an assessment of the Bidders' responses to the Bid deliverables at each stage of the procurement will be made to ensure that sufficient information at the required standard has been provided as requested. Bids which are substantially incomplete or which are non-compliant with the requirements set out in this ITPD may be rejected.
- 4.1.2 The Authority reserves the right to call for information from Bidders to amplify and clarify their Bid responses.

4.2 Evaluation Methodology

- 4.2.1 Following compliance checks, each Bid will be evaluated and scored against the evaluation criteria and weightings set out in this Section below and Bidders ranked in line with their scores. The Authority proposes to invite the Bidders with the two highest scoring compliant Bids to participate in the ITCD stage of competitive dialogue procedure but in the event that the third ranked Bidder's score is within 5 percentage points of the second ranked Bidder's score then up to three Bidders will be taken through to the next stage.

4.3 Evaluation Criteria and Weightings

- 4.3.1 The evaluation criteria and weightings that will be applied by the Authority in each stage of the competitive dialogue procedure are shown in Table 1 below.
- 4.3.2 The detailed evaluation criteria (and sub-criteria) and weightings that will be applied by the Authority when evaluating the ITPD Submissions are shown in Table 2 below.
- 4.3.3 The Authority reserves the right to update and refine the quality questions (**Appendix 2**) and sub-criteria as well as the Financial evaluation approach, methodology and sub-criteria (**Appendix 3 and Appendix 4**) for the ITCD and ISFT stage of the Competitive Dialogue process.
- 4.3.4 The detailed evaluation criteria (and sub-criteria) and weightings that will be applied by the Authority when evaluating the Final Tenders will be initially set out in the ITCD and confirmed in the ISFT document issued to Bidders invited to respond to the relevant stages of the competition process.

4.4 Scoring

4.4.1 In this competitive dialogue competition process, the Bids will be assessed on the basis of the most economically advantageous tender.

4.4.2 The scoring of Bids will be based on a detailed analysis of the responses in for criteria in accordance with the methodology below.

Quality Criteria

4.4.3 In relation to the Quality criteria (and sub-criteria) each question will be scored in application of the following scoring scale:

SCORING SCALE	
Score	Commentary
0	Very weak or no answer
1	Weak – well below expectations
2	Poor - well below expectations
3	Poor - below expectations
4	Satisfactory but slightly below expectations
5	Meets expectations
6	Slightly exceeds expectations
7	Good - well above expectations
8	Very good
9	Outstanding
10	Exceptional

4.4.4 In applying the scoring scale, each Bid will be evaluated according to its quality and deliverability. The term 'quality' in this context refers to performance and fitness for purpose of the proposal and therefore covers any aspect of a submission that affects the performance of the contract. 'Deliverability' refers to the likelihood that all aspects of a particular submission could in fact be delivered by the Bidder concerned.

Financial Criteria

4.4.5 The financial criteria will be scored by applying the methodology set out in **Appendix 3 (Financial Criteria Evaluation Methodology)** in respect

of the financial proposals to responses provided by Bidders in their Financial Submissions in the format set out in **Appendix 4 (Financial Submissions)**.

Table 1: Evaluation Criteria and Weightings for the various Competitive Dialogue Stages

No.	Criteria	Weighting for ITPD Submissions Evaluation	Weighting for Final Tender Evaluation (ISFT Stage)	Additional Indicative Information about Final Tender (ISFT Stage) Submission Requirements
1	Partnering	20%	20%	The questions and requirements under the criteria are expected to the same (or broadly similar) for the Final Tender Evaluation.
2	Construction Programme Delivery	10%	10%	The questions and requirements under the criteria are expected to the same (or broadly similar) for the Final Tender Evaluation.
3	Market Positioning	10%	10%	The questions and requirements under the criteria are expected to the same (or broadly similar) for the Final Tender Evaluation.
4	Sample Package Scheme Development Proposals	20%	20%	<p>The questions and requirements under the criteria for the Final Tender Evaluation will require more detailed delivery proposals which will additionally include more detailed design requirements and commentary; responses to land assembly issues to relevant sites; proposals in respect of minimising and managing disruption during construction; and more detailed programme proposal requirements.</p> <p>The more detailed questions and requirements for Final Tenders will be set out in the ITCD and provided to Bidders shortlisted to participate in the next stage of the competitive dialogue competition.</p>
5	Additional Sites	2.5%	2.5%	The questions and requirements under the criteria are expected to the same (or broadly similar) for the Final Tender Evaluation.
6	Social Value	7.5 %	7.5 %	The questions and requirements under the criteria are expected to the same (or broadly similar) for the Final Tender Evaluation.
7	Legal & Commercial	Pass/Fail	10%	Bidders shortlisted to participate in the ITCD stage will be provided with the suite of contract documents. Bidders will be invited to negotiate contractual terms with the Authority during the ITCD stage and submit mark-ups as part of Final Tender submissions. The effect of the contract-mark-ups will be assessed and scored as part of the Final Tender evaluation.
8	Financial Proposals	30%	20%	The Financial Proposal will be an assessment of the Form of Tender put forward by the Bidder in accordance with the requirements of Appendix 4.

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Table 2: Detailed Criteria and Weightings for ITPD Submissions Evaluation

No.	Criteria	Criteria Weighting	Level 1 Sub-Criteria	Evaluation	Level 1 Sub-Criteria Weighting
1	Partnering	20%	Q.1.1 Joint Venture Leadership Management and Partnership Working	Scored 0-10	10%
			Q.1.2 Joint Venture Resourcing	Scored 0-10	10%
2	Construction Programme Delivery	10%	Q.2.1 Supply-Chain Selection, Co-ordination and Management	Scored 0-10	2.5%
			Q.2.2 Construction Project Management	Scored 0-10	2.5%
			Q.2.3 Construction Health and Safety Approach and Measures	Scored 0-10	2.5%
			Q.2.4 Minimising Construction Energy, Water and Waste	Scored 0-10	2.5%
3	Market Positioning	10%	Q.3.1 Market Positioning	Scored 0-10	10%
4	Sample Package Scheme Development Proposals	20%	Q.4.1 Development 1 Outline Master-Plan and Housing Design	Scored 0-10	5%
			Q.4.2 Development 2 Outline Master-Plan and Housing Design	Scored 0-10	5%
			Q.4.3 Development 3 Outline Master-Plan and Housing Design	Scored 0-10	5%
			Q.4.4 Sample Package Scheme Development Proposals - Stakeholder Engagement and Communication	Scored 0-10	2.5%
			Q.4.5 Sample Package Scheme Development Proposals – Construction Programme Plans	Scored 0-10	2.5%
5	Additional Sites	2.5%	Q.5.1 Additional sites	Scored 0-10	2.5%
6	Social Value	7.5%	Q.6.1 Social Value Proposal	Scored 0-10	7.5%
7	Legal & Commercial	-	Q.7.1 Acceptance of Heads of Terms Principles	Pass/Fail	-
8	Financial Proposals	30%	Q.8.1 Financial Model and Commentary (see Appendix 3 and Appendix 4)	Scored (see Appendix 3 and 4)	30%

APPENDIX 1

IMPORTANT NOTICES

1 CONFIDENTIALITY

- 1.1 The procurement process may involve the Authority providing Confidential Information to the Bidders. The Bidders shall at all times:
 - 1.1.1 treat all Confidential Information as confidential;
 - 1.1.2 not disclose, copy, reproduce, distribute or pass the Confidential Information to any other person at any time;
 - 1.1.3 not use the Confidential Information for any purpose other than for the purposes of making (or deciding whether to make) a Bid in relation to the Project ("Bid"); and
 - 1.1.4 comply with the provisions of paragraph 6 below (which contains restrictions on publicity activity within any section of the media or similar)
- 1.2 Bidders shall procure that, if it is a Consortium, each Consortium Member who receives any of the Information is made aware of, and complies with, the confidentiality obligations in this section.
- 1.3 Bidders may disclose, distribute or pass the Confidential Information to another person (including, but not limited to, for example, employees, consultants, subcontractors or advisers, the Bidder's insurers or the Bidder's funders) if either:
 - 1.3.1 this is done for the sole purpose of enabling a Bid to be made and the person receiving the Confidential Information undertakes in writing to keep the Information confidential on the same terms as set out in this ITPD; or
 - 1.3.2 the Bidder obtains the prior written consent of the Authority in relation to such disclosure, distribution or passing of the Information
- 1.4 The Authority may disclose detailed information relating to Bids to the Authority's members, directors, officers, employees, agents or advisers and they may make the key Bid documents available for private inspection by the Authority's members, directors, officers, employees, agents or advisers.
- 1.5 The Authority also reserves the right to disseminate Information that is materially relevant to all Bidders (even in the event that the Information has only been requested by one Bidder), subject to the duty to protect any Bidder's commercial confidence in its Bid. It is the responsibility of the Bidder to avoid such disclosure by stating in writing to the Authority that the request is clearly marked "Commercial in confidence - not to be circulated to other Bidders" and the Bidder must set out a proper and relevant reason or reasons for the request for non-disclosure to other Bidders.
- 1.6 The Authority reserves the right to:

- 1.6.1 provide general information about the successful SQ submissions to unsuccessful applicants in order to provide debriefing information in accordance with principles under EU procurement rules;
 - 1.6.2 provide information about successful Bid(s) to unsuccessful bidders as part of debriefing obligations under Regulation 40 of the Concession Contracts Regulations 2016 (including but not limited to the financial or price score of the successful Bid(s));
 - 1.6.3 provide information about the winning tender to unsuccessful bidders as part of debriefing obligations during the standstill period in accordance with Regulation 47 of the Concession Contracts Regulations 2016 (including but not limited to the financial or price score of the successful tender);
 - 1.6.4 publish information in the Official Journal of the European Union (OJEU) in accordance with Regulation 32 Concession Contracts Regulations 2016 concerning any contract awarded (including but not limited to the value of any contract awarded).
- 1.7 The Authority will act reasonably as regards the protection of commercially sensitive information relating to the Bidder, subject to the Authority's duties under the Freedom of Information Act 2000 and the Environmental Information Regulations 2004 (see below).

2 FREEDOM OF INFORMATION ACT 2000 AND ENVIRONMENTAL INFORMATION REGULATIONS 2004

- 2.1 The Authority is subject to the requirements of the Freedom of Information Act 2000 (the "Act") and the Environmental Information Regulations 2004 ("EIR"). Accordingly, all information submitted to it may need to be disclosed by the Authority in response to a request under either the Act or the EIR (a "Request").
- 2.2 In making any submission during this procurement process, each Bidder acknowledges and accepts that information contained therein may be disclosed by the Authority under the Act or EIR without consulting the Bidder, although the Authority will endeavour to consult with the Bidder and consider its views before doing so.
- 2.3 If Bidders consider that any information made available to the Authority is commercially sensitive, they should identify it and explain (in broad terms) what harm may result from disclosure, and the time period applicable to that sensitivity. Even where information made available to the Authority is marked commercially sensitive, the Authority shall be entitled (acting in its sole discretion) to disclose it pursuant to a Request. Please also note that information marked "confidential" or equivalent by Bidders does not bind the Authority to any duty of confidence by virtue of that marking.
- 2.4 Exemptions to disclosure pursuant to a Request do exist and the Authority reserves the right to determine (acting in its sole discretion) whether there is any available exemption and whether to disclose any information made available to it by Bidders pursuant to any Request. If you are unsure as to the Authority's obligations under

the Act or EIR regarding the disclosure of sensitive information please seek independent legal advice.

3 CONFLICTS

- 3.1 The Authority requires all actual or potential conflicts of interest to be declared and resolved to the Authority's satisfaction prior to the delivery of a Bidder's ITPD Bid submission. Failure to declare such conflicts (including new conflicts which may arise during the competition) and/or failure to address such conflicts to the reasonable satisfaction of the Authority could result in a Bidder being disqualified at the sole discretion of the Authority.

4 CANVASSING AND NON-COLLUSION

- 4.1 The Authority reserves the right to disqualify (without prejudice to any other civil remedies available to the Authority and without prejudice to any criminal liability which such conduct by a Bidder or Consortium Member (as the case maybe) may attract) any Bidder or Consortium Member who (or its directors or any other person who has powers of representation, decision or control of the Bidder or Consortium Member), in connection with this ITPD:
- 4.1.1 offers any inducement, fee or reward to any member or officer of the Authority or any person acting as an adviser for the Authority in connection with this ITPD;
 - 4.1.2 does anything which would constitute the offence of within the meaning of section 1(2) of the Public Bodies Corrupt Practices Act 1889 or section 1 of the Prevention of Corruption Act 1906, where the offence relates to active corruption;
 - 4.1.3 does anything which would constitute the offence of bribery, where the offence relates to active corruption;
 - 4.1.4 does anything which would constitute bribery within the meaning of section 1 or 6 of the Bribery Act 2010;
 - 4.1.5 canvasses any member or officer of the Authority or any person acting as an adviser for the Authority in connection with this ITPD;
 - 4.1.6 contacts any officer of the Authority prior to financial close about any aspect of the ITPD in a manner not permitted by this ITPD (including without limitation contact for the purposes of discussing the possible transfer to the employment of the Bidder of such officer);
 - 4.1.7 fixes or adjusts the amount of his Bid by or in accordance with any agreement or arrangement with any other Bidder or Consortium Member of any other Bidder (other than its own Consortium Members or supply chain);
 - 4.1.8 enters into any agreement or arrangement with any other Bidder (or Consortium Member of any other Bidder) to the effect that it shall refrain from making a Bid or as to the amount of any Bid to be submitted;
 - 4.1.9 causes or induces any person to enter such agreement as is mentioned in either paragraph 8.1.7 or 8.1.8 or to inform the Bidder (or a Consortium

Member of the Bidder) of the amount or approximate amount of any rival Bid;

- 4.1.10 canvasses any person connected with this ITPD who is not one of its own Consortium Members or one of its own team;
 - 4.1.11 offers or agrees to pay or give or does pay or give any sum of money, inducement or valuable consideration directly or indirectly to any person for doing or having done or causing or having caused to be done in relation to any other Bid (or proposed Bid) any act or omission;
 - 4.1.12 communicates to any person other than the Authority the amount or approximate amount of his proposed Bid (except where such disclosure is made in confidence in order to obtain quotations necessary for the preparation of a Bid);
 - 4.1.13 enters into any agreement with any other Bidder (or a Consortium Member of any other Bidder) aimed at distorting the outcome of the competition;
 - 4.1.14 undertakes to unduly influence the decision-making process of the Authority; or
 - 4.1.15 undertakes to obtain confidential information that could confer upon an undue advantage in the award of the contract.
- 4.2 Bidders will be required to complete and submit certificates of non-collusion and non-canvassing at the ITPD Bid submission stage and also the Final Tender submission stage.

5 INTELLECTUAL PROPERTY

- 5.1 This ITPD (and all Procurement Documents) may not be reproduced, copied or stored in any medium without the prior written consent of the Authority except in relation to the preparation of a Bid.
- 5.2 All documentation supplied by the Authority in relation to this ITPD (and all Procurement Documents) is and shall remain the property of the Authority and must be returned on demand, without any copies being retained. Bidders are not authorised to copy, reproduce, or distribute the information in the Procurement Documents at any time except as is necessary to produce a Bid.

6 PUBLICITY

- 6.1 Bidders shall not undertake (or permit to be undertaken) at any time, whether at this stage or after financial close, any publicity activity with any section of the media in relation to the Project other than with the prior written agreement of the Authority. Such agreement shall extend to the content of any publicity. In this paragraph the word "media" includes (but without limitation) radio, television, newspapers, trade and specialist press, the internet and email accessible by the public at large and the representatives of such media.

7 LIABILITY OF THE AUTHORITY AND ITS ADVISERS

- 7.1 In the Concession Documents, "the Authority" includes all or any of the Authority and its members, officers and Advisers, and the directors, officers, members, partners, employees, other staff, agents or advisers of any such body or person.
- 7.2 The Concession Documents have been prepared by and on behalf of the Authority for the purposes of:
- 7.2.1 providing an application procedure for individuals or organisations interested in tendering for the Project; and
 - 7.2.2 to assist persons interested in tendering for the Project role in making their own evaluation of the potential opportunity
- 7.3 The Concession Documents are intended only to provide a background explanation of the Project and are not intended to form the basis of any decision on whether to enter into any contractual relationship with the Authority. The Concession Documents do not purport to have been independently verified. The Concession Documents should not be relied on as an investment recommendation of the Project made by the Authority to the potential contractor.
- 7.4 The Authority and its Advisers:
- 7.4.1 do not make any representation or warranty (express or implied) as to the accuracy, reasonableness or completeness of the Concession Documents provided. Any persons considering entering into a contractual relationship with the Authority should make their own investigations and independent assessment of the Authority and its requirements for this scheme and should seek their own professional technical, financial and legal advice; and
 - 7.4.2 exclude all liability for any loss or damage (whether caused by contract, tort (including negligence), misrepresentation or otherwise) (other than in respect of fraud or fraudulent misrepresentation or personal injury or death) in relation to the Concession Documents and/or arising as a result of reliance on the information in the Concession Documents or any subsequent information made available to Bidders. Any and all liability is expressly excluded to the maximum extent permissible by law.
- 7.5 Only the express terms of any written contract relating to the Project (as and when it is executed) shall have any contractual effect in connection with this Project.
- 7.6 The publication of the Concession Documents in no way commits the Authority to award any contract to deliver the Project. The Authority reserves the right to vary or change all or any part of the procedures for the procurement process at any time or not to proceed with the procurement.
- 7.7 For the purposes of the procurement, all Advisers referred to in this document are acting exclusively as the advisers to the Authority and will not be responsible or owe any duty of care to anyone other than the Authority.

8 PROVISION OF FURTHER INFORMATION TO BIDDERS PRIOR TO MAKING A BID

- 8.1 The Authority is relying on the information provided by Bidders during the procurement process (including but not limited to Bids and SQ submissions). If, at any time during this procurement process there are any material changes to that

information, the Bidder must advise the Authority as soon as practicable (even if this is prior to the submission of a Bid). Upon receipt of such information, the Authority shall be entitled to revisit the selection and/or evaluation of the Bidder and exclude the Bidder if necessary, as a result of that process.

9 BIDDING PROCESS AND COSTS

9.1 The Authority reserves the right at any time:

- 9.1.1 to require a Bidder and/or its Consortium Members to clarify their Bid(s) in writing and/or provide additional information (failure to respond adequately may result in a Bidder not being successful); and/or
- 9.1.2 to reduce the number of Bidders in the procurement process
- 9.1.3 to amend the terms and conditions of the procurement process;
- 9.1.4 not to consider Bids other than those specified;
- 9.1.5 to negotiate with one or more of the Bidders during the competitive dialogue to obtain arrangements which best meet its requirements;
- 9.1.6 to issue amendments or modifications to the ITPD;
- 9.1.7 to alter the timetable to contract award;
- 9.1.8 to cancel or withdraw from the tender process at any stage; and
- 9.1.9 not to award a contract.

9.2 All Bidders are solely responsible for their costs and expenses incurred in connection with the preparation and submission of Bids and participation in this and all future stages of this procurement. Under no circumstances will the Authority be liable for any costs or expenses borne by Bidders or any of its supply chain, partners or advisers in this procurement process.

10 THE AUTHORITY'S RIGHT TO REJECT BIDS

10.1 The Authority reserves the right to reject or disqualify a Bidder and/or any of its Consortium Members at any time during the procurement procedure where:

- 10.1.1 a Bid is submitted late, is completed incorrectly, is materially incomplete or fails to meet the Authority's submission requirements which have been notified to the relevant Bidder;
- 10.1.2 the Bidder and/or any of its Consortium Members are unable to satisfy the terms of Regulation 38(8) to 38(25) of the Concession Contracts Regulations 2016 at any stage during the tender process;
- 10.1.3 the Bidder and/or its Consortium Members are guilty of material misrepresentation in relation to its application and/or the process (including but not limited to the SQ selection stage of the competition);
- 10.1.4 the Bidder and/or its Consortium Members contravene any of the terms and conditions of this ITPD; or

- 10.1.5 there is a change in identity, control, financial standing or other factor impacting on the selection and/or evaluation process affecting the Bidder and/or its Consortium Members.
- 10.2 The disqualification of a Bidder will not prejudice any other civil remedy available to the Authority and will not prejudice any criminal liability that such conduct by a Bidder may attract.
- 10.3 The Authority reserves the right to require Bidders at any moment during the procurement procedure to submit all or any of the supporting documents (or to supplement or clarify certificates received) where it is necessary to ensure the proper conduct of the procurement procedure for the purposes of:
 - 10.3.1 establishing the absence of grounds for exclusions under Regulation 38 (8) to 38(25) of the Concession Contracts Regulations 2016; and/or
 - 10.3.2 establishing whether the Bidder meets (or continues to meet) the relevant SQ selection criteria relating to economic and financial standing; and/or technical and professional ability; and/or
 - 10.3.3 establishing whether the Bidder fulfils (or continues to fulfil) the rules and criteria for reducing the number of Bidders being invited to the Competitive Dialogue tender stages of the competition.
- 10.4 Furthermore, before awarding the contract, the Authority reserves the right to require the Preferred Bidder to submit up-to-date supporting documents (or to supplement or clarify certificates received) for the purposes of:
 - 10.4.1 establishing the absence of grounds for exclusions under Regulation 38 (8) to 38 (25) of the Concession Contracts Regulations 2016; and/or
 - 10.4.2 establishing the continued fulfilment of the SQ stage selection criteria and requirements (including where relevant the continued possession or attainment of quality assurance standards and environmental management standards (or evidence of their equivalents)).

11 BIDDER CHANGES TO CONSORTIUM MEMBERSHIP

- 11.1 The Consortium Members of any Bidder and the principal relationships between Consortium Members may not be changed in relation to this procurement process unless the Authority's prior consent has been given, and subject to:
 - 11.1.1 any replacement Consortium Member being satisfactorily pre-qualified by the Authority; and
 - 11.1.2 any other condition which the Authority may specify having been met.
- 11.2 The Authority reserves the right, at its absolute discretion, to refuse to allow any change in the Consortium Members of any Bidder and/or the principle relationships between Consortium Members.
- 11.3 The Authority reserves the right, at its absolute discretion, not to consider any Bid where there is a change in the Consortium Members of any Bidder and/or the principal relationships between Consortium Members.

12 GOVERNING LAW

- 12.1 All negotiations will be conducted, and all documents and Bids will be prepared, in the English language. The negotiations and all subsequent contracts negotiated will be subject to English law and the exclusive jurisdiction of the English courts.

13 ACCEPTANCE OF BIDS

- 13.1 Bidders are reminded that no offer or Bid is deemed accepted until the relevant contractual documents have been duly signed on behalf of the Authority, the successful Bidder and all other relevant parties and declared unconditional. No dialogue or communication with the Authority, whether prior to or after the commencement of the ITPD stage, up to and including any notification of the Preferred Bidder award decision commencing the standstill period, shall imply acceptance of any offer or constitute an indication that the Bidder will be awarded the contract.
- 13.2 Please note that only the express terms of any written contract which is finally agreed between the Authority and the successful Bidder and which is duly declared unconditional shall have any contractual effect.

APPENDIX 2

QUALITY AND FINANCIAL QUESTIONS BIDDERS ARE REQUIRED TO ANSWER AT THE ITPD SUBMISSION STAGE

1. PARTNERING

Criteria 1 – Partnering
Q.1.1 – Joint Venture Leadership Management and Partnership Working (Scored 0-10)
<p>Clear accountability and key personnel availability are key criteria for a successful partnership working.</p> <p>Please outline your leadership and management structure including proposed JV Board Directors and the senior management team operating the JV.</p> <p>The key points of contact, and roles and responsibilities for individuals proposed (including an Organogram and CVs of key personnel setting out their relevant experience) should be included as part of your response.</p> <p>The Authority is seeking a JV partner that will deal with issues in a proactive and responsive manner with a single point of contact for operational delivery and accountability. Should issues arise during the joint venture please outline your lines of escalation and availability which demonstrate accountability and commitment to resolving issues.</p> <p><i>CVs and an Organogram can be appended and will not be counted towards the word limit. CVs should be no longer than 1 page A4 per person. Your response to this question should be no more than 1500 words.</i></p>

Criteria 1 – Partnering
Q.1.2 – Joint Venture Resourcing (Scored 0-10)
<p>The JV staffing and resource plan should be submitted to set out the staffing and resourcing to be provided by the Partner; resource that would have to be externally sourced through the Partner's supply chain; as well as any resource that the Authority would be expected to provide towards achieving the optimal resourcing structure. This may involve both specific resources to be put in place as well as resourcing methodology and approach to secure support to meet the needs of the JV.</p> <p>The resource plan for the JV should seek to demonstrate that the Partner has a proposal with robust capacity, competency and management structures to deliver the range of services and objectives as defined below whilst being balanced with efficiency and adaptability in meeting demand.</p> <p>The resource plan should address the following range of services and objectives:</p> <ul style="list-style-type: none">• design• planning• marketing sales & sales• supply-chain procurement• development and construction management function• finance and treasury management <p><i>Your response to this question should be no more than 1500 words.</i></p>

2. CONSTRUCTION PROGRAMME DELIVERY

Criteria 2 – Construction Programme Delivery
Q.2.1 – Supply-Chain Selection, Co-ordination and Management (Scored 0-10)
<p>The partnership will involve delivering construction at multiple sites over the duration of the joint venture.</p> <p>Please provide details of how you will appoint, manage and co-ordinate the construction supply-chain to deliver development across the sites that will demonstrate:</p> <ul style="list-style-type: none"> • Processes for effective needs assessment and planning of supply-chain requirements • High quality standards in the contractors and suppliers appointed for site developments and across the development programme • Efficiencies in your procurement approach to deliver initial and ongoing value for money for each site development and across the development programme • Effective monitoring, reporting and management of supply-chain performance. Cost-control and quality assurance • Rigorous inspection regimes, sub-contractor induction, monitoring and vetting, the supply chain's ability to deliver resilience and contingency measures. • Processes in place to ensure supply-chain resilience and contingency measures • Communications, logistics and management processes to be able to effectively co-ordinate the supply-chain to deliver the site programmes to timetable. <p><i>Your response to this question should be no more than 1000 words.</i></p>

Criteria 2 - Construction Programme Delivery
Q.2.2 – Construction Project Management (Scored 0-10)
<p>The construction phases of site development will require the Partner to provide effective construction project management. This should demonstrate day to day accountability for on-site process for scheme progress and managing project risks.</p> <p>Please outline your processes and procedures that your day-to-day project manager will put in place to keep the Authority informed on a regular basis.</p> <p>Should issues arise during the construction stages please outline your lines of escalation and availability which demonstrate accountability and commitment to resolving issues.</p> <p>Your response provided should seek to demonstrate:</p> <ul style="list-style-type: none"> • proactive approach to managing delivery and issues arising • manage day to day operational delivery effectively • reporting systems and client engagement mechanisms you propose to adopt to ensure that the Authority is made aware at the earliest opportunity of relevant issues or problems affecting programme, cost or quality <p><i>Your response to this question should be no more than 1000 words.</i></p>

Criteria 2 - Construction Programme Delivery
Q.2.3 Construction Health and Safety Approach and Measures (Scored 0-10)
<p>Please provide details of the approach and measures you will implement to ensure effective health and safety measures are put in place for the protection of contractor staff and the public during construction.</p> <p>Your response should seek to demonstrate:</p> <ul style="list-style-type: none"> • your approach to contingency advance planning to prepare for health and safety hazards, incidents and emergencies which may occur on site • how you assess and identify for each site health and safety risks (and possible emerging risk on an on-going basis) in operating in the site and resource appropriate measures accordingly; • Your communications plan in respect of emerging or actual health and safety incidents which enables your organisation to respond promptly to the health and safety issues; mobilise and co-ordinate contingencies measures; and to keep the Authority informed. • Your strategy and methodology in dealing with arising incidents on site in order to ensure health and safety incidents do not impact on the overall project timescales. <p><i>Your response to this question should be no more than 1000 words.</i></p>

Criteria 2 - Construction Programme Delivery
Q.2.4 Minimising Construction Energy, Water and Waste (Scored 0-10)
<p>Please provide details of your approach and measures that you will implement to minimise the amount of energy, water and waste produced in delivering the programme of construction under the joint venture. Your response should describe measures in relation to performing construction services for the Authority as well as materials used during construction.</p> <p><i>Your response to this question should be no more than 1000 words.</i></p>

3. MARKET POSITIONING

Criteria 3 – Market Positioning

Q.3.1 –Market Positioning (Scored 0-10)

Please provide your approach to Sales & Marketing across the programme of sites. Your response should include details of:

- Your approach and methodology for assessing demand for types of homes in each area
- Examples of specific design approaches and place-making interventions you consider appropriate for inclusion in these development sites
- Your analysis of growth / value uplift opportunities across the 12 sites
- How you will co-ordinate with other advisors and intermediaries to support and facilitate the transfer of assets
- How you will maximise value for the sale of developed assets
- The marketing you propose to carry out for the development to secure potential purchasers
- The resourcing you propose to deploy to deliver that plan
- Your projected rate of sale and reasons supporting those projections
- Your strategy for maximising value from sales and reasons supporting the effectiveness of that approach

Your response to this question should be no more than 1500 words.

4. SAMPLE PACKAGE SCHEME DEVELOPMENT PROPOSALS

Criteria 4 – Sample Package Scheme Development Proposals
Q.4.1 Development 1 Outline Master-Plan and Housing Design (Scored 0-10)
<p>Please provide a design and planning submission for Development 1 (comprising of the Waterloo Estate site and the Queen Street site) to include:</p> <ol style="list-style-type: none">1. Identification and illustration of key site constraints and opportunities impacting on the location, form, type and quantum of development2. Diagrams, plans and images to illustrate:<ul style="list-style-type: none">• Overall approach to site layout• Access and connectivity• Parking• Landscape / Public realm• Built form• Massing and height• Key views• Precedent images for elevational treatments (representative of your approach to this site)3. Commentary on residential mix, specification, target market4. Proposals to amend/modify/improve the baseline position (set out in the design brief) including quantum and tenure mix5. Planning opportunities and constraints6. Summary accommodation schedule with tenure, building types, gross and net residential areas7. Plan to increase local biodiversity with planting and wildlife areas in developing the sites. <p><i>Your response to this question should be no more than 15 pages in font Arial size 12. Diagrams and Illustrations will not be counted as part of the page limit.</i></p>

Criteria 4 – Sample Package Scheme Development Proposals
Q.4.2 Development 2 Outline Master-Plan and Housing Design (Scored 0-10)
<p>Please provide a design and planning submission for Development 2 (comprising of the Napier House and New Plymouth House site) to include:</p> <ol style="list-style-type: none"> 1. Identification and illustration of key site constraints and opportunities impacting on the location, form, type and quantum of development 2. Diagrams, plans and images to illustrate: <ul style="list-style-type: none"> • Overall approach to site layout • Access and connectivity • Parking • Landscape / Public realm • Built form • Massing and height • Key views • Precedent images for elevational treatments (representative of your approach to this site) 3. Commentary on residential mix, specification, target market 4. Proposals to amend/modify/improve the baseline position (set out in the design brief) including quantum and tenure mix 5. Planning opportunities and constraints 6. Summary accommodation schedule with tenure, building types, gross and net residential areas 7. Plan to increase local biodiversity with planting and wildlife areas in developing the site. <p><i>Your response to this question should be no more than 15 pages in font Arial size 12. Diagrams and Illustrations will not be counted as part of the page limit.</i></p>

Criteria 4 – Sample Package Scheme Development Proposals
Q.4.3 Development 3 Outline Master-Plan and Housing Design (Scored 0-10)
<p>Please provide a design and planning submission for Development 3 (comprising of the Serena, Solar and Sunrise site) to include:</p> <ol style="list-style-type: none"> 1. Identification and illustration of key site constraints and opportunities impacting on the location, form, type and quantum of development 2. Diagrams, plans and images to illustrate: <ul style="list-style-type: none"> • Overall approach to site layout • Access and connectivity • Parking • Landscape / Public realm • Built form • Massing and height • Key views • Precedent images for elevational treatments (representative of your approach to this site) 3. Commentary on residential mix, specification, target market 4. Proposals to amend/modify/improve the baseline position (set out in the design brief) including

quantum and tenure mix

5. Planning opportunities and constraints
6. Summary accommodation schedule with tenure, building types, gross and net residential areas
7. Plan to increase local biodiversity with planting and wildlife areas in developing the site.

Please note that the entirety of this site will be retirement accommodation.

Your response to this question should be no more than 15 pages in font Arial size 12. Diagrams and Illustrations will not be counted as part of the page limit.

Criteria 4 – Sample Package Scheme Development Proposals

Q.4.4 Stakeholder Engagement and Communication (Scored 0-10)

Please provide details of the stakeholder engagement and consultation and communications plan you intend to put in place in relation to developing the Sample Package Scheme Development Proposals. Your response should provide a timetable and resourcing plan to carry out the consultation and programme of communications.

The proposals should set out:

- an effective plan to identify relevant Stakeholders in relation to the 3 Developments of the Sample Package Scheme and schedule accessible consultation opportunities for them to participate in
- the information that the consultation process would seek to identify relevant to the 3 Developments of the Sample Package Scheme and the reasons it is important for the successful delivery of the scheme
- how the consultation information will be collated, provided and presented to the Authority
- how you would work with the authority to address issues anticipated to result from the consultation exercise
- the communications programmes and events that would be deployed during and on completion of each and all of the 3 Developments of the Sample Package Scheme development to promote projects to Stakeholders and the community.

Your response to this question should be no more than 1500 words.

Criteria 4 – Sample Package Scheme Development Proposals

Q.4.5 Programme (Scored 0-10)

Please provide a high-level programme for the delivery of the Sample Package Scheme Development Proposals.

The Programme should:

- Show all key work stages for each of the 3 Developments
- Show all key milestones for each of the 3 Developments

The Programme should be supported by a commentary explaining how those key milestones are properly resourced and deliverable to provide confidence that the Sample Package Scheme Development Proposals will be delivered on time. The commentary should also provide details of contingency and business

continuity measures that will be put in place to ensure the resilience of the proposed programme.

There is no word limit for this question

5. ADDITIONAL SITES

Criteria 5 – Sample Package Scheme Development Proposals
Q.5.1 Additional Sites Strategy (Scored 0-10)
<p>The joint venture commencement programme will be to deliver the development across the 12 initial sites. However, the joint venture will also need to have a strategy to seek and realise housing led development commercial opportunities beyond the development of these 12 initial sites.</p> <p>Please provide details of your overview approach, business plan and strategy in relation to future opportunities within the Borough of Havering over the duration of the arrangements beyond the development of these 12 initial sites. This may include (but is not limited to) strategic review and financial appraisals of other existing Authority sites for commercial development as well as further potential land assembly and acquisition opportunities to be jointly invested in and realised through the Joint Venture.</p> <p><i>Your response to this question should be no more than 1500 words.</i></p>

6. SOCIAL VALUE

Criteria 6 – Social Value
Q.6.1 Social Value Proposal (Scored 0-10)
<p>The Partner will be operating within the Borough over the long term and will be expected to apply its skills and ability to contribute towards the strategic social and economic development and regeneration of the area.</p> <p>The Authority is committed to delivery of social value linked to the development and regeneration of the sites. The Authority is looking to the Partner to drive benefits in terms of:</p> <ul style="list-style-type: none">• Providing apprenticeships and other skills development, work experience and opportunity access programmes to be provided in the Borough to secure skills to support the delivery of development programme and leave a legacy of workforce investment. The details of commitments, the quality and duration of the training programmes and support proposed should be included.• Offering curriculum support to schools with contractors sharing knowledge and expertise about their discipline.• Creating supply chain opportunities for SMEs and social enterprises.• Supporting initiatives like targeting hard to reach groups and offering training opportunities.• Investing in delivering facilities such as libraries and leisure facilities to communities and making them available for community use. <p>The deliverability of your proposal may be illustrated by relevant examples of social value in past projects. The Authority will be assessing the quality of the proposal and also the level of clear formal commitments, inputs and outputs put forward.</p> <p><i>Your response to this question should be no more than 1500 words.</i></p>

7. LEGAL AND COMMERCIAL

Criteria 6 – Legal
Q.7.1 Acceptance of Heads of Terms Principles (Pass/Fail)
<p>Bidders are required to confirm that the bid proposals will be on the basis of delivering the project on the basis and acceptance of the requirements and principles set out in the Heads of Terms. The Heads of Terms reflect the fundamental commercial requirements of the scheme and the operation of the JV for the Authority which are non-negotiable.</p> <p>Bidders are required to provide a Yes/No confirmation to this question.</p> <p>The Authority reserves the right to reject a tender which responds "No" or seeks to qualify its response.</p>

APPENDIX 3

FINANCIAL CRITERIA EVALUATION METHODOLOGY

Criteria 8 Financial Proposals

For the ITPD stage the Financial Proposal will be an assessment of the Form of Tender put forward by the Bidder in accordance with the requirements of Appendix 4.

The financial model will be assessed in terms of the robustness and credibility of the assumptions, and the financial offer being made. The following scoring methodology will be used to assess bids:

Criteria	Formula	Max Score	Bidder 1	Bidder 2	Bidder 3	Highest Offer
Robustness & Credibility	Evaluation	10.00	8.00	8.00	5.00	8.00
Residual Land Value	As Submitted		1,000,000	1,200,000	2,000,000	2,000,000
Council Share of RLV	As Submitted		45%	50%	40%	50%
Potential RLV to Council	Bidder RLV x Council Share		450,000	600,000	800,000	800,000
Weighted RLV to Council	Bidder RLV x Council Share x Robustness Factor		360,000	480,000	400,000	480,000
Total	Bidder Weighted RLV to Council/Highest Weighted RLV to Council x 30		22.50	30.00	25.00	

The Authority are seeking financial offers that are considered to be deliverable, and therefore credibility and robustness will be scored 0-10 as follows:

ITPD FINANCIAL EVALUATION - ROBUSTNESS SCORING MATRIX		
SCORE	COMMENTARY	
	CONFIDENCE IN ASSUMPTIONS	RISK TO DELIVERABILITY
0	No information provided so unable to score	
1	Extremely low	Extremely high
2	Very low	Very high
3	Low	High
4	Moderately low	Moderately high
5	Moderate	Moderate
6	Moderately high	Moderately low
7	High	Low

8	Very high	Very Low
9	Extremely high	Extremely Low
10	Fully robust and credible	

In evaluating credibility and robustness of the financial submission the financial model and commentary supplied by bidders will be assessed with the following factors considered:

- Build costs
- Overheads, finance costs & profit
- Allowances made for abnormals, risk and other cost items
- Sales values and income assumptions, including capital values and timing of income generation
- Programme durations

APPENDIX 4

FINANCIAL SUBMISSION FORM OF TENDER

For the purposes of the ITPD Response, the Financial Submission will consist of a business plan model for the three sample sites. Responses should comprise:

1. Please provide a **live financial model** in Excel format showing the financial appraisal of the three sample sites. The model should demonstrate all key elements including:

REVENUES

Residential Affordable (an average offer price of £172,000 per plot for the affordable rented units, and 40% of open market value (the sales receipt at point of sale) for any shared ownership units)

Residential Market

Non-residential uses

Ground rents

EXPENDITURES

Professional fees

CIL / S106 (at a fixed value to be confirmed by the Authority)

Construction broken down into buildings, externals, abnormals, OHP

Finance

PROGRAMME

Overall phasing

Site by site periods for pre-construction, construction and sales/lettings

Cashflow for each site and consolidated

OUTPUTS

Residual land value

Distribution of returns to the JV partners

SENSITIVITY ANALYSIS

Demonstrating scenarios where viability cannot be achieved

All business plan inputs should be on the basis of current values and current costs.

2. In addition to your own financial model we have provided a series of **summary sheets** that should be populated with data from your model. Instructions for completion of the summary sheets are included within the Excel file.

3. The Financial Model and Summary Sheets should also be accompanied by a **commentary** including explanation of your approach to:

- Key development appraisal assumptions
- The set up period of the Joint Venture
- An outline of how you intend to fund the Joint Venture
- The phasing of individual sites
- Balancing maximising development value and development output over the duration of the partnership including the market indicators and factors that would influence your choice of timing of the sequence of development of specific sites
- Achieving financing and sales efficiencies in the development site sequencing
- Integrating more commercially challenging sites or more difficult to develop sites into the programme as early as possible in a deliverable and financially sustainable way
- Your proposed structure for returns to the JV partners

The commentary response to this question should be no more than 2000 words.

APPENDIX 5

HEADS OF TERMS AND CONTRACTS

The Heads of Terms are included in the procurement documents available electronically through <https://www.capitalesourcing.com/web/login.shtml>

Other project documents are also included in the procurement documents available electronically through <https://www.capitalesourcing.com/web/login.shtml>

APPENDIX 6

GLOSSARY OF TERMS

The capitalised words and expressions in this ITPD have the meanings set out below unless the context specifically requires otherwise. References to the singular include the plural and vice versa.

"Advisers"

means all professional advisers of the Authority involved in the procurement of the Project

"Bid"

means each of the written proposals submitted by a Bidder as part of this procurement process at any stage of the procurement

"Bidders"

means individuals and/or organisations who have been pre-qualified and to whom this ITPD has been issued by the Authority

"Concession Documents"

means any document issued by the Authority as part of this procurement process

"Confidential Information"

means all information designated as confidential and disclosed to the Bidders by the Authority or its Advisers in order for them to formulate and prepare their Bid; or which may be supplied by the Authority or its Advisers at a future date (whether in written or visual format or otherwise)

"Consortium"

means either an entity which is to be formed by a group of Organisations or a group of Organisations acting jointly as the Bidder

"Consortium Member"

means where the Bidder is a consortium, any individual economic operator forming part of that consortium

"Final Tenders" the Bid submitted in responses to the ISFT

"Organisation"

means a sole trader, partnership, limited partnership, limited liability partnership, co-operative or company and any analogous entity established inside or outside the UK and should be interpreted accordingly

"Preferred Bidder"

means the Bidder which has been assessed by the Authority as having the most economically advantageous Final Tender

APPENDIX 7
CERTIFICATES

TENDER FOR HAVERING ESTATE REGENERATION PARTNER PROJECT

CERTIFICATE OF NON- COLLUSION

In the case of a Consortium, each Consortium Member must complete and return this Certificate.

To the London Borough of Havering (“the Authority”)

The essence of the public procurement process is that the Authority shall receive bona fide competitive Tenders from all Bidders. In recognition of this principle I/We certify that this is a bona fide Tender, intended to be competitive and that I/we have not fixed or adjusted the amount of the Tender or the rates, financial responses and prices quoted by or under or in accordance with any agreement or arrangement with any other party.

I/We also certify that I/we have not done and undertake that I/we will not do at any time any of the following acts:

- a) communicate to a party other than the Authority the amount or approximate amount of my/our proposed Tender (other than in confidence in order to obtain quotations necessary for the preparation of the Tender);
- b) enter into any agreement or arrangement with any other party that he shall refrain from tendering or as to the amount of any Tender to be submitted;
- c) offer or agree to pay or give or pay or give any sum of money inducement or valuable consideration directly or indirectly to any person for doing or having done or causing or having caused any act or omission to be done in relation to any other tender or the proposed Tender; or
- d) enters into any type of agreement or arrangement with any other party aimed at distorting the outcome of the competition

In this Certificate:

- the word “person” includes any person, body or association, corporate or incorporate
- the phrase “any agreement or arrangement” includes any transaction, formal or informal whether legally binding or not.
- the word “Tender” includes all tender submissions including ITPD submissions, Final Tender submissions together with associated clarifications provided by the Bidder

1 **SIGNED**
POSITION

2 **SIGNED**
POSITION

On behalf of

Date

TENDER FOR HAVERING ESTATE REGENERATION PARTNER PROJECT

CERTIFICATE OF NON - CANVASSING

In the case of a Consortium, each Consortium Member must complete and return this Certificate.

To London Borough of Havering ("the Authority")

I/We hereby certify that I/we have not in connection with the award of the contract for the project or any other proposed contract for Havering Estate Regeneration Partner Project

- canvassed any member, employee, agent of the Authority
- undertaken to unduly influence the decision-making process of the Authority
- undertaken to obtain confidential information that could confer upon an undue advantage in the award of the contract

and that no person employed by me/us or acting on my/our behalf has done any such act.

I/We further hereby undertake that I/we will not in the future do or seek to do the prohibited acts referred to above and that no person employed by me/us or acting on my/our behalf will do any such act.

1 **SIGNED**
POSITION

2 **SIGNED**
POSITION

On behalf of

Date

London Borough of Havering

INVITATION TO CONTINUE DIALOGUE (“ITCD”)

Havering Estate Regeneration Partner Project

IMPORTANT NOTICES

This Invitation To Continue Dialogue (ITCD) has been prepared by the London Borough of Havering (of the Town Hall, Main Road, Romford, RM1 3BD) ("**the Authority**") and is for use by those invited to bid for the Havering Estate Regeneration Partner Project, their professional advisers, and other parties essential to preparing the bid for the project and for no other purpose.

You are deemed to fully understand the process that the Authority is required to follow under relevant European and UK legislation, particularly in relation to public procurement rules.

Bidders' attention is drawn to the further notices set out in **Appendix 1 (Important Notices)** which form part of the conditions of participation in this procurement process.

1 INTRODUCTION

General

- 1.1 Thank you for participating in competitive dialogue in relation to the call for competition advertisement placed in the Official Journal of the European Union with reference number 2017/S 094-185114.¹
- 1.2 Three bidders, including your organisation/consortium, have been invited to continue to participate in Competitive Dialogue with the Authority. This Invitation to Continue Dialogue document ("ITCD") provides further details of the process.
- 1.3 The Three Bidders invited to continue in the Competitive Dialogue process are:



[REDACTED]

Competitive Dialogue

- 1.4 This ITCD has been developed to set out the key steps in this procurement to achieve the selection of a provider to partner with the Authority to form a long term corporate joint venture property vehicle (on a 50:50 ownership basis) to secure investment and expertise to deliver the Authority's housing led regeneration strategy ("the Project").
- 1.5 The Authority is procuring the Project using an approach similar to the competitive dialogue procedure (as described in Regulation 30 of the Public Contracts Regulations 2015 (as amended)), which provides the opportunity for a structured approach to procurement. The Authority reserves the right to deviate from the formalities of the Public Contracts Regulations 2015 (as amended) in conducting the competition due to the flexibilities permitted by the Concession Contracts Regulations 2016.
- 1.6 The purpose of this ITCD is to provide the framework for the continuing competitive dialogue process and to provide further information about the scheme.
- 1.7 The ITCD aims to:
- provide information to Bidders on the Project and the opportunities available;
 - set out clearly the Authority's requirements;
 - provide information on the Authority's approach to the competitive dialogue procurement process;
 - set out the deliverables required from Bidders at the second stage of the procurement; and
 - set out the evaluation criteria that the Authority will use to assess Bidders' final tender responses.
- 1.8 The key stages of the procurement are set out in the Indicative Project Timeframe below.

¹

<http://ted.europa.eu/udl?uri=TED:NOTICE:185114-2017:TEXT:EN:HTML>

- 1.9 During the continuing dialogue phase the Authority will have discussions with Bidders with the aim of identifying and defining the best solution to meet the Authority's requirements. Details of the overall timetable and submission deadlines, competitive dialogue meetings, programme and other key dates are outlined in **Section 3** below. This phase of dialogue will continue until the Authority is satisfied that one or more of the final solutions proposed by Bidders is capable of meeting all of the Authority's requirements. At this point, the Authority will declare the dialogue to be concluded and issue an ISFT to Bidders to confirm the requirements for Final Tenders.
- 1.10 The issue of the ISFT will be an invitation to Bidders to submit Final Tenders. The questions that Bidders will be required to answer are set out in **Appendix 2 (Quality Questions)** and **Appendix 4 (Financial Submissions)** to this document.
- 1.11 The evaluation criteria against which Bid responses will be assessed and the evaluation methodology applied is provided in **Section 4** below.
- 1.12 Final Tenders should be based on the solution(s) presented and specified at the conclusion of the dialogue, contain all the elements required and necessary for the performance of the project and should meet all the Authority's requirements. **Final Tenders are expected to be final as there is limited opportunity to vary tenders after submission.** However, the Authority may request Bidders to clarify, specify or optimise their tender. Any activity which leads to changes to a Bid must not change the basic features and essential aspects of a Bid, the requirements of this ITCD or distort competition.
- 1.13 Following the submission of Final Tenders, the Authority expects to undertake a process to identify a Preferred Bidder that provides the most economically advantageous tender which the Authority is minded to appoint.
- 1.14 Prior to selection of a Preferred Bidder, the Authority will have to obtain approval from the Cabinet of the Council. On approval, a Preferred Bidder will be appointed and a Preferred Bidder letter issued inviting the Preferred Bidder to work with the Authority to finalise the contractual arrangements to deliver the Project.
- 1.15 Following appointment of a Preferred Bidder there is a further opportunity to negotiate to confirm commitments contained in the tender in order finalise terms provided, again, that there are no substantial changes to the tender, the requirements of the procurement process and that this does not risk distorting competition or causing discrimination.
- 1.16 The Authority reserves the right to vary the selection procedure to support continued competition, avoid unnecessary bidding costs and adhere to subsequent technical or legal guidance.

2 NEEDS AND REQUIREMENTS FOR THE PROJECT

Overview

- 2.1 The Project involves delivering the following:
 - 2.1.1 The Authority's housing led regeneration strategy. The initial programme is anticipated to involve 12 sites across the borough delivering in the

region of 3000 new homes and the scheme will involve opportunities for development sales. The opportunity will focus on Authority owned sites throughout the borough (including but not limited to the initial 12 sites) and potentially other sites owned or acquired by the Authority (including through the Joint Venture) during the joint venture period. The Joint Venture will focus on delivering housing led development within the borough for the commercial private sale sector, shared ownership and affordable housing.

- 2.1.2 The housing led development of sites may also involve a degree of mixed-use development including, but not limited to office, commercial, leisure, retail, community and public realm space being delivered ancillary to the residential focus and as part of the overall complex.

The initial 12 sites are as follows:

The Initial 12 Sites		
Ref.	Site	Area
1	Waterloo Estate	Romford
2	Queen Street	Romford
3	Oldchurch Gardens	Romford
4	Serena, Solar and Sunrise	Hornchurch
5	Maygreen Crescent, Park Lane	Hornchurch
6	Dell Court	Hornchurch
7	Royal Jubilee Court	Gidea Park
8	Napier House and New Plymouth House	Rainham
9	Delderfield House	Romford/Cranham
10	Brunswick Court	Romford/Cranham
11	Chippenham Road, Farnham Road, Hildene Avenue	Harold Hill/Gidea Park
12	Delta TMO Estate	Harold Hill/Gidea Park

- 2.1.3 The priority sites are those which comprise the Sample Package Scheme of 4 sites (divided into 3 Developments) which will consist of:

Sample Package Scheme Sites		
Ref.	Site	Development
1	Waterloo Estate	Development 1
2	Queen Street	
3	Napier House and New Plymouth House	Development 2
4	Serena, Solar and Sunrise	Development 3

- 2.1.4 In connection with the delivery of these and other future housing schemes, the partner will be required to provide services including master planning; strategic development consultancy advice; environmental consultancy advice; technical and building services; architectural design; urban design and landscaping; physical construction

and development; land assembly; possible refurbishment of assets and marketing and disposal of development assets.

- 2.2 The Project's key needs and requirements are set out in:
- 2.2.1 the Heads of Terms and the Contracts referred to in **Appendix 5 (Heads of Terms and Contracts)**;
 - 2.2.2 The Memorandum of Information; and
 - 2.2.3 all other documents on the portal should also be referred to in order to gain an overview of the Project's needs and requirements.
- 2.3 These documents are included in the Concession Documents available electronically through Capital e-sourcing
<https://www.capitalesourcing.com/web/login.shtml>

3 TIMEFRAME AND PROCESS

Indicative Project Timeframe

- 3.1 The table below sets out the key dates in the procurement process. At this stage, the timetable is subject to confirmation and the Authority reserves the right to amend this indicative timeframe as the project progresses.

Indicative Date	Stage
13.09.2017	Issue of ITCD to three shortlisted bidders and notification to unsuccessful bidders.
18.09.2017 – 13.11.2017	Period for dialogue meetings and negotiations with final two to three bidders
20.11.2017 17:00 hours	Deadline for ITCD clarification questions from shortlisted bidders
13.11.2017	End of Competitive Dialogue stage and issue of Invitation to Submit Final Tenders (“ISFT”).
13.11.2017 – 04.12.2017	Period for remaining bidders to finalise tenders.
04.12.2017 13:00 hours	Deadline for return of Final Tenders.
04.12.2017 – 18.12.2017	Clarifications and evaluation of Final Tenders.
18.12.2017 – 15.01.2018	Authority internal approval process for Preferred Bidder appointment. Period for confirming commitments of the Preferred Bidder's Final Tender and finalising the terms of the contract and the Authority's internal approvals for reaching a contract award decision.

15.01.2017	Announcement of the Authority's final contract award decision in respect of the successful Bidder. Issue of contract award notifications and debriefing information to unsuccessful participants commencing the 10-day standstill period.
26.01.2018	Expiry of standstill period.
29.01.2018	Contract close with successful Bidder.
<i>To be confirmed</i>	Appointed provider to start on the property development

Dialogue Meetings

- 3.2 The Authority will be holding dialogue meetings with shortlisted Bidders. Each Bidder will be invited and required to attend.
- 3.3 The following dates have been set aside for dialogue meetings:

Date	Meeting Plan
Monday 25 th September	Split session to include feedback from the Authority on ITPD submissions and initial dialogue on legal documentation focusing on the Draft Members Agreement and Draft Development Agreement.
Thursday 5 th October	Dedicated to scheme proposals
Friday 13th October 17:00	Return of initial interim mark-ups of the Draft Members Agreement and Draft Development Agreement.
Wednesday 18 th October	Dedicated to Bidder response to legal documentation (bidders to submit an interim mark-up in advance and no later than Friday 13th October).
Thursday 26 th October	Open session

All dialogue meetings will be held at Savills' offices unless advised otherwise. We suggest you have your Design team available on both 25th September and 5th October; and your Legal team available on both 25th September and 18th October.

- 3.4 The purpose of these meetings is to establish a meaningful dialogue with Bidders to develop and improve upon their solutions for Final Tender submission. This time is available to discuss Bidders' further thoughts on successfully achieving the requirements of the Project and to ask further questions in order to develop an understanding of the Authority's requirements and key commercial principles.

Legal Documentation Mark-Ups during Dialogue

- 3.4.1 The Authority and Bidders will have dialogue on the Legal documents issued at ITCD. Bidders are invited to put forward an initial mark-up following the first dialogue meeting on 25th September. This will be the subject of further dialogue on 18th October, after which the Authority will issue a further iteration of the documents. Bidders will then be able to seek further clarification ahead of submitting their final mark-up on the 4th December when final tenders are due.
- 3.4.2 Following the first dialogue meeting of 25th September, Bidders are required to submit initial interim mark-ups of the Draft Members Agreement and Draft Development Agreement (with supporting commentary and reasoning to explain changes including where drafting is to be finalised) by 13th October 17:00 hours to be uploaded through the portal in electronic format only via <https://www.capitalesourcing.com/web/login.shtml>
- 3.4.3 These initial interim mark-ups will not be scored but will be used to inform the negotiation meeting on 18th October after which the Authority will issue a further iteration of the documents.
- 3.4.4 The Authority reserves the right to required further interim mark-up to inform contract negotiations as part of the dialogue process.
- 3.4.5 A final mark-up of the Members Agreement and Draft Development Agreement will be required to be submitted as part of the Final Tenders and such final mark-up should reflect the positions agreed with the Authority at the conclusion of the dialogue stage.
- 3.5 The Authority reserves the right to change the location, times and dates of these meetings.
- 3.6 Additional meetings may be considered appropriate by the Authority for this stage of dialogue. If so, these will be arranged by the Authority with due notice and run to an agreed agenda. It is anticipated that there will be further dialogue meetings to negotiate the Legal documents during the first half of November.
- 3.7 The meetings will be held commercially in confidence and Bidders are directed to the information in **Appendix 1 (Important Notices)** below in relation to the obligations of the Authority under the Freedom of Information Act 2000 and Environmental Information Regulations 2004.
- 3.8 The Authority will maintain its own record of meetings, which, insofar as specific to a particular Bidder, would not be circulated to the other Bidders. Bidders should note that issues raised and/or responses given which are generic may be communicated to all Bidders, in accordance with equal treatment principles.

- 3.9 Bidders should make arrangements for maintenance of their own record of meetings.

Concession Documents

- 3.10 The Concession Documents consist of:

- 3.10.1 The Concession Notice
- 3.10.2 The Selection Questionnaire
- 3.10.3 The Memorandum of Information
- 3.10.4 The Heads of Terms
- 3.10.5 The Invitation to Participate in Dialogue
- 3.10.6 LBH ITCD financial proforma
- 3.10.7 Programme and meeting dates
- 3.10.8 Site specific briefs
 - a. Napier and New Plymouth site brief
 - b. Solar Serena Sunrise site brief
 - c. Waterloo Estate and Queen Street site brief
- 3.10.9 Red line plans
 - a. Napier and New Plymouth redline plan
 - b. Serena Solar Sunrise redline plan
 - c. Waterloo redline plan

Additional documents made available at this ITCD stage include:

- 3.10.10 Draft Members Agreement
- 3.10.11 Draft Development Agreement
- 3.10.12 Benchmark Specification (*LB Havering Specification for Regeneration Scheme 8th Sept 2017*)
- 3.10.13 Clarification log

Bidders should note that the Members Agreement and Development Agreement will be subject to further updates (including Schedules) during the competitive dialogue period and the Authority will notify Bidders of these as they become available on the e-sourcing portal.

- 3.11 These documents are included in the Concession Documents available electronically through Capital e-sourcing
<https://www.capitalesourcing.com/web/login.shtml>

Final Tender Submission

- 3.12 Bidders should present their responses as per the instructions below.

- All responses should be in English, text submitted in A4, with a font size of Arial 12 and any financial references should be in Pounds Sterling.
- Completed responses should be signed by a partner or director of the Bidder (and, in the case of a Consortium, by a partner or director of each member).

- Bidders are required to submit completed responses in electronic format only and submitted via <https://www.capitalesourcing.com/web/login.shtml>
- The Authority reserves the right, at its discretion, to reject Bids delivered after the date and time specified. Please see **Appendix 1 (Important Notices)**.
- The Authority reserves the right, at its discretion, to request clarifications in writing or further relevant information from any bidder after the submission of responses.

Ongoing Questions

- 3.13 Any queries arising from this ITCD and the Concession Documents provided which may have a bearing on the Final Tender submissions to be made by Bidders should be raised.
- 3.14 All queries in relation to the ITCD stage of this procurement must be made via the clarifications process through <https://www.capitalesourcing.com/web/login.shtml> by no later than **20th November 2017 at 17:00 hours**. The Authority reserves the right not to respond to clarifications in respect of the ITCD stage submitted after this period.
- 3.15 Where the Authority considers that questions are material to the procurement process and the fullest understanding of its objectives, these questions and their subsequent replies will be disseminated to all Bidders. The Authority will keep confidential all information relating to its dialogue in relation to Bidders' proposals and will not share this information with any other Bidder.
- 3.16 Bidders should note, in relation to all responses to questions that the Authority and its advisers offer no guarantee that such information in response to questions will be made available at this stage and are not warranting the accuracy of any responses.

Confidentiality and Freedom of Information

- 3.17 The Authority acknowledges the need during the competitive dialogue to treat Bidder's solutions confidentially. If during the process any questions asked of or information provided to the Authority is considered by the Bidder to be confidential, the request must be clearly marked "in confidence – not to be circulated to other bidders" and Bidders must set out the reason(s) for the request for non-disclosure to other Bidders.
- 3.18 The Authority will consider such requests and will act reasonably as regards the protection of commercially sensitive information relating to the Bidders but will have sole discretion as to such disclosure, subject to complying with the Authority's duties under the Freedom of Information Act (2000) and the Environmental Information Regulations (2004).

Return of Certificates

- 3.19 The Authority requires Bidders to make certain undertakings if they wish to remain in the competition. These undertakings include signing the following documents, which must be completed and submitted by uploading electronically via

<https://www.capitalesourcing.com/web/login.shtml> at Final Tender stage. Copies of the certificates are provided in **Appendix 7**

- Certificate of Non-Canvassing
- Certificate of Non-Collusive Tendering

4 EVALUATION

This section sets out the evaluation criteria and selection process against which all stages of the competitive dialogue, including Final Tenders, will be assessed.

Bidders are required to respond to each of the questions set out in **Appendix 2 (Quality Questions)** and complete in full the requirements in **Appendix 4 (Financial Submission)** for the ITCD Submission.

4.1 Compliance

- 4.1.1 Prior to carrying out the detailed scoring of Bids, an assessment of the Bidders' responses to the Bid deliverables at each stage of the procurement will be made to ensure that sufficient information at the required standard has been provided as requested. Bids which are substantially incomplete or which are non-compliant with the requirements set out in this ITCD (and as confirmed in the ISFT) may be rejected.
- 4.1.2 The Authority reserves the right to call for information from Bidders to amplify and clarify their Bid responses.

4.2 Evaluation Methodology

- 4.2.1 Following compliance checks, each Bid will be evaluated and scored against the evaluation criteria and weightings set out in this Section below and Bidders ranked in line with their scores.

4.3 Evaluation Criteria and Weightings

- 4.3.1 The evaluation criteria and weightings that will be applied by the Authority for the Final Tender evaluation of the competitive dialogue procedure are shown in **Table 1** below.
- 4.3.2 The detailed evaluation criteria (and sub-criteria) and weightings that will be applied by the Authority when evaluating the Final Tender are shown in **Table 2** below.
- 4.3.3 The Authority reserves the right to update and refine the quality questions (**Appendix 2**) and sub-criteria as well as the Financial Evaluation approach, methodology and sub-criteria (**Appendix 3 and Appendix 4**) for the ISFT stage of the Competitive Dialogue process.
- 4.3.4 The detailed evaluation criteria (and sub-criteria) and weightings that will be applied by the Authority when evaluating the Final Tenders will be initially set out in the ITCD and confirmed in the ISFT document issued to Bidders invited to respond to the relevant stages of the competition process.

4.4 Scoring

- 4.4.1 In this competitive dialogue competition process, the Bids will be assessed on the basis of the most economically advantageous tender.

- 4.4.2 The scoring of Bids will be based on a detailed analysis of the responses in for criteria in accordance with the methodology below.

Quality Criteria

- 4.4.3 In relation to the Quality criteria (and sub-criteria) each question will be scored in application of the following scoring scale:

QUALITY SCORING SCALE	
Score	Commentary
0	Very weak or no answer
1	Weak – well below expectations
2	Poor - well below expectations
3	Poor - below expectations
4	Satisfactory but slightly below expectations
5	Meets expectations
6	Slightly exceeds expectations
7	Good - well above expectations
8	Very good
9	Outstanding
10	Exceptional

- 4.4.4 In applying the scoring scale, each Bid will be evaluated according to its quality and deliverability. The term ‘quality’ in this context refers to performance and fitness for purpose of the proposal and therefore covers any aspect of a submission that affects the performance of the contract. ‘Deliverability’ refers to the likelihood that all aspects of a particular submission could in fact be delivered by the Bidder concerned.
- 4.4.5 The Quality Criteria (Criteria 1 to 6 and sub-criteria questions) remain the same at ITCD as they did at ITPD. The Authority is expecting, following dialogue, Bidders to submit their revised proposals that have already been developed through the first stage of dialogue. A further round of dialogue will enable Bidders to test their proposals with the Authority. At the first dialogue meeting on 25th September feedback will be given to bidders on their ITPD submissions.
- 4.4.6 In responding to the Quality Criteria bidders are encouraged to make their responses specific to this venture and to the London Borough of

Havering. This is the final opportunity for Bidders to put forward specific proposals as to how they will deliver this venture.

Legal Criteria

- 4.4.7 Evaluation of all amendments to the contractual documents consisting of the Draft Members Agreement and Draft Development Agreement proposed in a Bidder's submission shall be based on a number of factors:
- (a) the degree of acceptance of the terms of the contractual documents as identified in the scoring table below; and
 - (b) where amendments are proposed, whether the allocation of risk in respect of the project is beneficial or detrimental to the Authority.
- 4.4.8 The contractual documents will be given a raw score of between zero and five, this raw score will then be applied to the weighting for the Legal & Commercial Criteria.
- 4.4.9 Amendments will be evaluated and allocated a score by reference to the degree to which such provisions conform to the provisions of the contract and the risk allocation reflected therein. The Authority will apply a lower score to those Bidders which include amendments which vary the position of the parties as set out in the contracts and either increases the risk to the Authority or decrease the risk to the contractor or which vary the position in another way unsatisfactory to the Authority. A Bidder's score may result from a single amendment or a combination of amendments.
- 4.4.10 The scoring methodology is set out below.

LEGAL SCORING SCALE	
Score	Meaning
5	Amendments giving rise to added value for the Authority: proposed amendments are very or wholly advantageous to the Authority and will bring significant benefits to the Authority with persuasive reasoning / identification of benefits provided to support derogations;
4	No Amendments: no amendments or amendments are moderately advantageous to the Authority with reasoning / identification of benefits provided to support derogations;
3	Amendments Not Significant: the submission contains minor amendments with reasoning / identification of benefits proposals provided to support derogations;
2	Amendments of Low Significance to Significant: amendments that do not meet the Authority's required risk position and are of moderate disadvantage to the Authority due to the number and/or seriousness of the derogations proposed;

1	Amendments Significant: amendments that do not meet the Authority's required risk position and are of major disadvantage to the Authority due to the number and/or seriousness of the derogations proposed;
0	Amendments Highly Significant: amendments that do not meet the Authority's required risk allocation position and are unacceptable to the Authority due to the number and/or seriousness of the derogations proposed.

- 4.4.11 The Authority reserves the right to disqualify any Bidder that scores 1 or below in the Legal Scoring Scale for this element of their tender. A score of 1 or below would potentially place the Authority in a significant position of risk so this has been set as a threshold below which a bid may be deemed non-compliant.

Financial Criteria

- 4.4.12 The financial criteria will be scored by applying the methodology set out in **Appendix 3 (Financial Criteria Evaluation Methodology)** in respect of the financial proposals to responses provided by Bidders in their Financial Submissions in the format set out in **Appendix 4 (Financial Submissions)**.

Table 1: Evaluation Criteria and Weightings for the Final Tender Evaluation Stage

No.	Criteria	Weighting for Final Tender Evaluation (ISFT Stage)
1	Partnering	20%
2	Construction Programme Delivery	10%
3	Market Positioning	10%
4	Sample Package Scheme Development Proposals	20%
5	Additional Sites	2.5%
6	Social Value	7.5 %
7	Legal & Commercial	10%
8	Financial Proposals	20%

Table 2: Detailed Criteria and Weightings for Final Tender Evaluation

No.	Criteria	Criteria Weighting	Level 1 Sub-Criteria	Evaluation	Level 1 Sub-Criteria Weighting
1	Partnering	20%	Q.1.1 Joint Venture Leadership Management and Partnership Working	Scored 0-10	10%
			Q.1.2 Joint Venture Resourcing	Scored 0-10	10%
2	Construction Programme Delivery	10%	Q.2.1 Supply-Chain Selection, Co-ordination and Management	Scored 0-10	2.5%
			Q.2.2 Construction Project Management	Scored 0-10	2.5%
			Q.2.3 Construction Health and Safety Approach and Measures	Scored 0-10	2.5%
			Q.2.4 Minimising Construction Energy, Water and Waste	Scored 0-10	2.5%
3	Market Positioning	10%	Q.3.1 Market Positioning	Scored 0-10	10%
4	Sample Package Scheme Development Proposals	20%	Q.4.1 Development 1 Outline Master-Plan and Housing Design	Scored 0-10	5%
			Q.4.2 Development 2 Outline Master-Plan and Housing Design	Scored 0-10	5%
			Q.4.3 Development 3 Outline Master-Plan and Housing Design	Scored 0-10	5%
			Q.4.4 Sample Package Scheme Development Proposals - Stakeholder Engagement and Communication	Scored 0-10	2.5%
			Q.4.5 Sample Package Scheme Development Proposals – Construction Programme Plans	Scored 0-10	2.5%
5	Additional Sites	2.5%	Q.5.1 Additional sites	Scored 0-10	2.5%
6	Social Value	7.5%	Q.6.1 Social Value Proposal	Scored 0-10	7.5%
7	Legal & Commercial	10%	Q.7.1 Acceptance of Legal Documents	Scored 0-5	10%
8	Financial Proposals	20%	Q.8.1 Financial Model and Commentary (see Appendix 3 and Appendix 4)	Scored (see Appendix 3 and 4)	20%

APPENDIX 1

IMPORTANT NOTICES

1 CONFIDENTIALITY

- 1.1 The procurement process may involve the Authority providing Confidential Information to the Bidders. The Bidders shall at all times:
 - 1.1.1 treat all Confidential Information as confidential;
 - 1.1.2 not disclose, copy, reproduce, distribute or pass the Confidential Information to any other person at any time;
 - 1.1.3 not use the Confidential Information for any purpose other than for the purposes of making (or deciding whether to make) a Bid in relation to the Project ("Bid"); and
 - 1.1.4 comply with the provisions of paragraph 6 below (which contains restrictions on publicity activity within any section of the media or similar)
- 1.2 Bidders shall procure that, if it is a Consortium, each Consortium Member who receives any of the Information is made aware of, and complies with, the confidentiality obligations in this section.
- 1.3 Bidders may disclose, distribute or pass the Confidential Information to another person (including, but not limited to, for example, employees, consultants, subcontractors or advisers, the Bidder's insurers or the Bidder's funders) if either:
 - 1.3.1 this is done for the sole purpose of enabling a Bid to be made and the person receiving the Confidential Information undertakes in writing to keep the Information confidential on the same terms as set out in this ITCD; or
 - 1.3.2 the Bidder obtains the prior written consent of the Authority in relation to such disclosure, distribution or passing of the Information
- 1.4 The Authority may disclose detailed information relating to Bids to the Authority's members, directors, officers, employees, agents or advisers and they may make the key Bid documents available for private inspection by the Authority's members, directors, officers, employees, agents or advisers.
- 1.5 The Authority also reserves the right to disseminate Information that is materially relevant to all Bidders (even in the event that the Information has only been requested by one Bidder), subject to the duty to protect any Bidder's commercial confidence in its Bid. It is the responsibility of the Bidder to avoid such disclosure by stating in writing to the Authority that the request is clearly marked "Commercial in confidence - not to be circulated to other Bidders" and the Bidder must set out a proper and relevant reason or reasons for the request for non-disclosure to other Bidders.
- 1.6 The Authority reserves the right to:

- 1.6.1 provide general information about the successful SQ submissions to unsuccessful applicants in order to provide debriefing information in accordance with principles under EU procurement rules;
 - 1.6.2 provide information about successful Bid(s) to unsuccessful bidders as part of debriefing obligations under Regulation 40 of the Concession Contracts Regulations 2016 (including but not limited to the financial or price score of the successful Bid(s));
 - 1.6.3 provide information about the winning tender to unsuccessful bidders as part of debriefing obligations during the standstill period in accordance with Regulation 47 of the Concession Contracts Regulations 2016 (including but not limited to the financial or price score of the successful tender);
 - 1.6.4 publish information in the Official Journal of the European Union (OJEU) in accordance with Regulation 32 Concession Contracts Regulations 2016 concerning any contract awarded (including but not limited to the value of any contract awarded).
- 1.7 The Authority will act reasonably as regards the protection of commercially sensitive information relating to the Bidder, subject to the Authority's duties under the Freedom of Information Act 2000 and the Environmental Information Regulations 2004 (see below).

2 FREEDOM OF INFORMATION ACT 2000 AND ENVIRONMENTAL INFORMATION REGULATIONS 2004

- 2.1 The Authority is subject to the requirements of the Freedom of Information Act 2000 (the "Act") and the Environmental Information Regulations 2004 ("EIR"). Accordingly, all information submitted to it may need to be disclosed by the Authority in response to a request under either the Act or the EIR (a "Request").
- 2.2 In making any submission during this procurement process, each Bidder acknowledges and accepts that information contained therein may be disclosed by the Authority under the Act or EIR without consulting the Bidder, although the Authority will endeavour to consult with the Bidder and consider its views before doing so.
- 2.3 If Bidders consider that any information made available to the Authority is commercially sensitive, they should identify it and explain (in broad terms) what harm may result from disclosure, and the time period applicable to that sensitivity. Even where information made available to the Authority is marked commercially sensitive, the Authority shall be entitled (acting in its sole discretion) to disclose it pursuant to a Request. Please also note that information marked "confidential" or equivalent by Bidders does not bind the Authority to any duty of confidence by virtue of that marking.
- 2.4 Exemptions to disclosure pursuant to a Request do exist and the Authority reserves the right to determine (acting in its sole discretion) whether there is any available exemption and whether to disclose any information made available to it by Bidders pursuant to any Request. If you are unsure as to the Authority's obligations under

the Act or EIR regarding the disclosure of sensitive information please seek independent legal advice.

3 CONFLICTS

- 3.1 The Authority requires all actual or potential conflicts of interest to be declared and resolved to the Authority's satisfaction during the dialogue stage and prior to the delivery of a Bidder's Final Tender submission. Failure to declare such conflicts (including new conflicts which may arise during the competition) and/or failure to address such conflicts to the reasonable satisfaction of the Authority could result in a Bidder being disqualified at the sole discretion of the Authority.

4 CANVASSING AND NON-COLLUSION

- 4.1 The Authority reserves the right to disqualify (without prejudice to any other civil remedies available to the Authority and without prejudice to any criminal liability which such conduct by a Bidder or Consortium Member (as the case maybe) may attract) any Bidder or Consortium Member who (or its directors or any other person who has powers of representation, decision or control of the Bidder or Consortium Member), in connection with this ITCD:
- 4.1.1 offers any inducement, fee or reward to any member or officer of the Authority or any person acting as an adviser for the Authority in connection with this ITCD;
 - 4.1.2 does anything which would constitute the offence of within the meaning of section 1(2) of the Public Bodies Corrupt Practices Act 1889 or section 1 of the Prevention of Corruption Act 1906, where the offence relates to active corruption;
 - 4.1.3 does anything which would constitute the offence of bribery, where the offence relates to active corruption;
 - 4.1.4 does anything which would constitute bribery within the meaning of section 1 or 6 of the Bribery Act 2010;
 - 4.1.5 canvasses any member or officer of the Authority or any person acting as an adviser for the Authority in connection with this ITCD;
 - 4.1.6 contacts any officer of the Authority prior to financial close about any aspect of the ITCD in a manner not permitted by this ITCD (including without limitation contact for the purposes of discussing the possible transfer to the employment of the Bidder of such officer);
 - 4.1.7 fixes or adjusts the amount of his Bid by or in accordance with any agreement or arrangement with any other Bidder or Consortium Member of any other Bidder (other than its own Consortium Members or supply chain);
 - 4.1.8 enters into any agreement or arrangement with any other Bidder (or Consortium Member of any other Bidder) to the effect that it shall refrain from making a Bid or as to the amount of any Bid to be submitted;
 - 4.1.9 causes or induces any person to enter such agreement as is mentioned in either paragraph 8.1.7 or 8.1.8 or to inform the Bidder (or a Consortium

Member of the Bidder) of the amount or approximate amount of any rival Bid;

- 4.1.10 canvasses any person connected with this ITCD who is not one of its own Consortium Members or one of its own team;
 - 4.1.11 offers or agrees to pay or give or does pay or give any sum of money, inducement or valuable consideration directly or indirectly to any person for doing or having done or causing or having caused to be done in relation to any other Bid (or proposed Bid) any act or omission;
 - 4.1.12 communicates to any person other than the Authority the amount or approximate amount of his proposed Bid (except where such disclosure is made in confidence in order to obtain quotations necessary for the preparation of a Bid);
 - 4.1.13 enters into any agreement with any other Bidder (or a Consortium Member of any other Bidder) aimed at distorting the outcome of the competition;
 - 4.1.14 undertakes to unduly influence the decision-making process of the Authority; or
 - 4.1.15 undertakes to obtain confidential information that could confer upon an undue advantage in the award of the contract.
- 4.2 Bidders will be required to complete and submit certificates of non-collusion and non-canvassing at the Final Tender submission stage.

5 INTELLECTUAL PROPERTY

- 5.1 This ITCD (and all Procurement Documents) may not be reproduced, copied or stored in any medium without the prior written consent of the Authority except in relation to the preparation of a Bid.
- 5.2 All documentation supplied by the Authority in relation to this ITCD (and all Procurement Documents) is and shall remain the property of the Authority and must be returned on demand, without any copies being retained. Bidders are not authorised to copy, reproduce, or distribute the information in the Procurement Documents at any time except as is necessary to produce a Bid.

6 PUBLICITY

- 6.1 Bidders shall not undertake (or permit to be undertaken) at any time, whether at this stage or after financial close, any publicity activity with any section of the media in relation to the Project other than with the prior written agreement of the Authority. Such agreement shall extend to the content of any publicity. In this paragraph the word "media" includes (but without limitation) radio, television, newspapers, trade and specialist press, the internet and email accessible by the public at large and the representatives of such media.

7 LIABILITY OF THE AUTHORITY AND ITS ADVISERS

- 7.1 In the Concession Documents, "the Authority" includes all or any of the Authority and its members, officers and Advisers, and the directors, officers, members, partners, employees, other staff, agents or advisers of any such body or person.
- 7.2 The Concession Documents have been prepared by and on behalf of the Authority for the purposes of:
- 7.2.1 providing an application procedure for individuals or organisations interested in tendering for the Project; and
 - 7.2.2 to assist persons interested in tendering for the Project role in making their own evaluation of the potential opportunity
- 7.3 The Concession Documents are intended only to provide a background explanation of the Project and are not intended to form the basis of any decision on whether to enter into any contractual relationship with the Authority. The Concession Documents do not purport to have been independently verified. The Concession Documents should not be relied on as an investment recommendation of the Project made by the Authority to the potential contractor.
- 7.4 The Authority and its Advisers:
- 7.4.1 do not make any representation or warranty (express or implied) as to the accuracy, reasonableness or completeness of the Concession Documents provided. Any persons considering entering into a contractual relationship with the Authority should make their own investigations and independent assessment of the Authority and its requirements for this scheme and should seek their own professional technical, financial and legal advice; and
 - 7.4.2 exclude all liability for any loss or damage (whether caused by contract, tort (including negligence), misrepresentation or otherwise) (other than in respect of fraud or fraudulent misrepresentation or personal injury or death) in relation to the Concession Documents and/or arising as a result of reliance on the information in the Concession Documents or any subsequent information made available to Bidders. Any and all liability is expressly excluded to the maximum extent permissible by law.
- 7.5 Only the express terms of any written contract relating to the Project (as and when it is executed) shall have any contractual effect in connection with this Project.
- 7.6 The publication of the Concession Documents in no way commits the Authority to award any contract to deliver the Project. The Authority reserves the right to vary or change all or any part of the procedures for the procurement process at any time or not to proceed with the procurement.
- 7.7 For the purposes of the procurement, all Advisers referred to in this document are acting exclusively as the advisers to the Authority and will not be responsible or owe any duty of care to anyone other than the Authority.

8 PROVISION OF FURTHER INFORMATION TO BIDDERS PRIOR TO MAKING A BID

- 8.1 The Authority is relying on the information provided by Bidders during the procurement process (including but not limited to Bids and SQ submissions). If, at any time during this procurement process there are any material changes to that

information, the Bidder must advise the Authority as soon as practicable (even if this is prior to the submission of a Bid). Upon receipt of such information, the Authority shall be entitled to revisit the selection and/or evaluation of the Bidder and exclude the Bidder if necessary, as a result of that process.

9 BIDDING PROCESS AND COSTS

9.1 The Authority reserves the right at any time:

- 9.1.1 to require a Bidder and/or its Consortium Members to clarify their Bid(s) in writing and/or provide additional information (failure to respond adequately may result in a Bidder not being successful); and/or
- 9.1.2 to reduce the number of Bidders in the procurement process
- 9.1.3 to amend the terms and conditions of the procurement process;
- 9.1.4 not to consider Bids other than those specified;
- 9.1.5 to negotiate with one or more of the Bidders during the competitive dialogue to obtain arrangements which best meet its requirements;
- 9.1.6 to issue amendments or modifications to the ITCD;
- 9.1.7 to alter the timetable to contract award;
- 9.1.8 to cancel or withdraw from the tender process at any stage; and
- 9.1.9 not to award a contract.

9.2 All Bidders are solely responsible for their costs and expenses incurred in connection with the preparation and submission of Bids and participation in this and all future stages of this procurement. Under no circumstances will the Authority be liable for any costs or expenses borne by Bidders or any of its supply chain, partners or advisers in this procurement process.

10 THE AUTHORITY'S RIGHT TO REJECT BIDS

10.1 The Authority reserves the right to reject or disqualify a Bidder and/or any of its Consortium Members at any time during the procurement procedure where:

- 10.1.1 a Bid is submitted late, is completed incorrectly, is materially incomplete or fails to meet the Authority's submission requirements which have been notified to the relevant Bidder;
- 10.1.2 the Bidder and/or any of its Consortium Members are unable to satisfy the terms of Regulation 38(8) to 38(25) of the Concession Contracts Regulations 2016 at any stage during the tender process;
- 10.1.3 the Bidder and/or its Consortium Members are guilty of material misrepresentation in relation to its application and/or the process (including but not limited to the SQ selection stage of the competition);
- 10.1.4 the Bidder and/or its Consortium Members contravene any of the terms and conditions of this ITCD; or

- 10.1.5 there is a change in identity, control, financial standing or other factor impacting on the selection and/or evaluation process affecting the Bidder and/or its Consortium Members.
- 10.2 The disqualification of a Bidder will not prejudice any other civil remedy available to the Authority and will not prejudice any criminal liability that such conduct by a Bidder may attract.
- 10.3 The Authority reserves the right to require Bidders at any moment during the procurement procedure to submit all or any of the supporting documents (or to supplement or clarify certificates received) where it is necessary to ensure the proper conduct of the procurement procedure for the purposes of:
 - 10.3.1 establishing the absence of grounds for exclusions under Regulation 38 (8) to 38(25) of the Concession Contracts Regulations 2016; and/or
 - 10.3.2 establishing whether the Bidder meets (or continues to meet) the relevant SQ selection criteria relating to economic and financial standing; and/or technical and professional ability; and/or
 - 10.3.3 establishing whether the Bidder fulfils (or continues to fulfil) the rules and criteria for reducing the number of Bidders being invited to the Competitive Dialogue tender stages of the competition.
- 10.4 Furthermore, before awarding the contract, the Authority reserves the right to require the Preferred Bidder to submit up-to-date supporting documents (or to supplement or clarify certificates received) for the purposes of:
 - 10.4.1 establishing the absence of grounds for exclusions under Regulation 38 (8) to 38 (25) of the Concession Contracts Regulations 2016; and/or
 - 10.4.2 establishing the continued fulfilment of the SQ stage selection criteria and requirements (including where relevant the continued possession or attainment of quality assurance standards and environmental management standards (or evidence of their equivalents)).

11 BIDDER CHANGES TO CONSORTIUM MEMBERSHIP

- 11.1 The Consortium Members of any Bidder and the principal relationships between Consortium Members may not be changed in relation to this procurement process unless the Authority's prior consent has been given, and subject to:
 - 11.1.1 any replacement Consortium Member being satisfactorily pre-qualified by the Authority; and
 - 11.1.2 any other condition which the Authority may specify having been met.
- 11.2 The Authority reserves the right, at its absolute discretion, to refuse to allow any change in the Consortium Members of any Bidder and/or the principle relationships between Consortium Members.
- 11.3 The Authority reserves the right, at its absolute discretion, not to consider any Bid where there is a change in the Consortium Members of any Bidder and/or the principal relationships between Consortium Members.

12 GOVERNING LAW

- 12.1 All negotiations will be conducted, and all documents and Bids will be prepared, in the English language. The negotiations and all subsequent contracts negotiated will be subject to English law and the exclusive jurisdiction of the English courts.

13 ACCEPTANCE OF BIDS

- 13.1 Bidders are reminded that no offer or Bid is deemed accepted until the relevant contractual documents have been duly signed on behalf of the Authority, the successful Bidder and all other relevant parties and declared unconditional. No dialogue or communication with the Authority, whether prior to or after the commencement of the ITCD stage, up to and including any notification of the Preferred Bidder award decision commencing the standstill period, shall imply acceptance of any offer or constitute an indication that the Bidder will be awarded the contract.
- 13.2 Please note that only the express terms of any written contract which is finally agreed between the Authority and the successful Bidder and which is duly declared unconditional shall have any contractual effect.

APPENDIX 2

QUALITY AND FINANCIAL QUESTIONS BIDDERS ARE REQUIRED TO ANSWER AT THE ISFT FINAL TENDER SUBMISSION STAGE

1. PARTNERING

Criteria 1 – Partnering
Q.1.1 – Joint Venture Leadership Management and Partnership Working (Scored 0-10)
<p>Clear accountability and key personnel availability are key criteria for a successful partnership working.</p> <p>Please outline your leadership and management structure including proposed JV Board Directors and the senior management team operating the JV.</p> <p>The key points of contact, and roles and responsibilities for individuals proposed (including an Organogram and CVs of key personnel setting out their relevant experience) should be included as part of your response.</p> <p>The Authority is seeking a JV partner that will deal with issues in a proactive and responsive manner with a single point of contact for operational delivery and accountability. Should issues arise during the joint venture please outline your lines of escalation and availability which demonstrate accountability and commitment to resolving issues.</p> <p><i>There are no word limits to the Final Tender responses to this question.</i></p>

Criteria 1 – Partnering
Q.1.2 – Joint Venture Resourcing (Scored 0-10)
<p>The JV staffing and resource plan should be submitted to set out the staffing and resourcing to be provided by the Partner; resource that would have to be externally sourced through the Partner's supply chain; as well as any resource that the Authority would be expected to provide towards achieving the optimal resourcing structure. This may involve both specific resources to be put in place as well as resourcing methodology and approach to secure support to meet the needs of the JV.</p> <p>The resource plan for the JV should seek to demonstrate that the Partner has a proposal with robust capacity, competency and management structures to deliver the range of services and objectives as defined below whilst being balanced with efficiency and adaptability in meeting demand.</p> <p>The resource plan should address the following range of services and objectives:</p> <ul style="list-style-type: none">• design• planning• marketing sales & sales• supply-chain procurement• development and construction management function• finance and treasury management <p><i>There are no word limits for the Final Tender responses to this question.</i></p>

2. CONSTRUCTION PROGRAMME DELIVERY

Criteria 2 – Construction Programme Delivery
Q.2.1 – Supply-Chain Selection, Co-ordination and Management (Scored 0-10)
<p>The partnership will involve delivering construction at multiple sites over the duration of the joint venture.</p> <p>Please provide details of how you will appoint, manage and co-ordinate the construction supply-chain to deliver development across the sites that will demonstrate:</p> <ul style="list-style-type: none"> • Processes for effective needs assessment and planning of supply-chain requirements • High quality standards in the contractors and suppliers appointed for site developments and across the development programme • Efficiencies in your procurement approach to deliver initial and ongoing value for money for each site development and across the development programme • Effective monitoring, reporting and management of supply-chain performance. Cost-control and quality assurance • Rigorous inspection regimes, sub-contractor induction, monitoring and vetting, the supply chain's ability to deliver resilience and contingency measures. • Processes in place to ensure supply-chain resilience and contingency measures • Communications, logistics and management processes to be able to effectively co-ordinate the supply-chain to deliver the site programmes to timetable. <p><i>There are no word limits for the Final Tender responses to this question.</i></p>

Criteria 2 - Construction Programme Delivery
Q.2.2 – Construction Project Management (Scored 0-10)
<p>The construction phases of site development will require the Partner to provide effective construction project management. This should demonstrate day to day accountability for on-site process for scheme progress and managing project risks.</p> <p>Please outline your processes and procedures that your day-to-day project manager will put in place to keep the Authority informed on a regular basis.</p> <p>Should issues arise during the construction stages please outline your lines of escalation and availability which demonstrate accountability and commitment to resolving issues.</p> <p>Your response provided should seek to demonstrate:</p> <ul style="list-style-type: none"> • proactive approach to managing delivery and issues arising • manage day to day operational delivery effectively • reporting systems and client engagement mechanisms you propose to adopt to ensure that the Authority is made aware at the earliest opportunity of relevant issues or problems affecting programme, cost or quality <p><i>There are no word limits for the Final Tender responses to this question.</i></p>

Criteria 2 - Construction Programme Delivery
Q.2.3 Construction Health and Safety Approach and Measures (Scored 0-10)
<p>Please provide details of the approach and measures you will implement to ensure effective health and safety measures are put in place for the protection of contractor staff and the public during construction.</p> <p>Your response should seek to demonstrate:</p> <ul style="list-style-type: none"> • your approach to contingency advance planning to prepare for health and safety hazards, incidents and emergencies which may occur on site • how you assess and identify for each site health and safety risks (and possible emerging risk on an on-going basis) in operating in the site and resource appropriate measures accordingly; • Your communications plan in respect of emerging or actual health and safety incidents which enables your organisation to respond promptly to the health and safety issues; mobilise and co-ordinate contingencies measures; and to keep the Authority informed. • Your strategy and methodology in dealing with arising incidents on site in order to ensure health and safety incidents do not impact on the overall project timescales. <p><i>There are no word limits for the Final Tender responses to this question.</i></p>

Criteria 2 - Construction Programme Delivery
Q.2.4 Minimising Construction Energy, Water and Waste (Scored 0-10)
<p>Please provide details of your approach and measures that you will implement to minimise the amount of energy, water and waste produced in delivering the programme of construction under the joint venture. Your response should describe measures in relation to performing construction services for the Authority as well as materials used during construction.</p> <p><i>There are no word limits for the Final Tender responses to this question.</i></p>

3. MARKET POSITIONING

Criteria 3 – Market Positioning

Q.3.1 –Market Positioning (Scored 0-10)

Please provide your approach to Sales & Marketing across the programme of sites. Your response should include details of:

- Your approach and methodology for assessing demand for types of homes in each area
- Examples of specific design approaches and place-making interventions you consider appropriate for inclusion in these development sites
- Your analysis of growth / value uplift opportunities across the 12 sites
- How you will co-ordinate with other advisors and intermediaries to support and facilitate the transfer of assets
- How you will maximise value for the sale of developed assets
- The marketing you propose to carry out for the development to secure potential purchasers
- The resourcing you propose to deploy to deliver that plan
- Your projected rate of sale and reasons supporting those projections
- Your strategy for maximising value from sales and reasons supporting the effectiveness of that approach

There are no word limits for the Final Tender responses to this question.

4. SAMPLE PACKAGE SCHEME DEVELOPMENT PROPOSALS

Criteria 4 – Sample Package Scheme Development Proposals
Q.4.1 Development 1 Outline Master-Plan and Housing Design (Scored 0-10)
<p>Please provide a design and planning submission for Development 1 (comprising of the Waterloo Estate site and the Queen Street site) to include:</p> <ol style="list-style-type: none"> 1. Identification and illustration of key site constraints and opportunities impacting on the location, form, type and quantum of development 2. Diagrams, plans and images to illustrate: <ul style="list-style-type: none"> • Overall approach to site layout • Access and connectivity • Parking • Landscape / Public realm • Built form • Massing and height • Key views • Precedent images for elevational treatments (representative of your approach to this site) 3. Commentary on residential mix, specification, target market 4. Proposals to amend/modify/improve the baseline position (set out in the design brief) including quantum and tenure mix 5. Planning opportunities and constraints 6. Summary accommodation schedule with tenure, building types, gross and net residential areas 7. Plan to increase local biodiversity with planting and wildlife areas in developing the sites. <p>NB Please refer to benchmark specifications supplied with this ITCD</p> <p><i>There are no word limits for the Final Tender responses to this question.</i></p>

Criteria 4 – Sample Package Scheme Development Proposals
Q.4.2 Development 2 Outline Master-Plan and Housing Design (Scored 0-10)
<p>Please provide a design and planning submission for Development 2 (comprising of the Napier House and New Plymouth House site) to include:</p> <ol style="list-style-type: none"> 1. Identification and illustration of key site constraints and opportunities impacting on the location, form, type and quantum of development 2. Diagrams, plans and images to illustrate: <ul style="list-style-type: none"> • Overall approach to site layout • Access and connectivity • Parking • Landscape / Public realm • Built form • Massing and height • Key views • Precedent images for elevational treatments (representative of your approach to this site) 3. Commentary on residential mix, specification, target market 4. Proposals to amend/modify/improve the baseline position (set out in the design brief) including quantum and tenure mix 5. Planning opportunities and constraints 6. Summary accommodation schedule with tenure, building types, gross and net residential areas 7. Plan to increase local biodiversity with planting and wildlife areas in developing the site. <p>NB Please refer to benchmark specifications supplied with this ITCD</p> <p><i>There are no word limits for the Final Tender responses to this question.</i></p>

Criteria 4 – Sample Package Scheme Development Proposals
Q.4.3 Development 3 Outline Master-Plan and Housing Design (Scored 0-10)
<p>Please provide a design and planning submission for Development 3 (comprising of the Serena, Solar and Sunrise site) to include:</p> <ol style="list-style-type: none"> 1. Identification and illustration of key site constraints and opportunities impacting on the location, form, type and quantum of development 2. Diagrams, plans and images to illustrate: <ul style="list-style-type: none"> • Overall approach to site layout • Access and connectivity • Parking • Landscape / Public realm • Built form • Massing and height • Key views • Precedent images for elevational treatments (representative of your approach to this site) 3. Commentary on residential mix, specification, target market

4. Proposals to amend/modify/improve the baseline position (set out in the design brief) including quantum and tenure mix
5. Planning opportunities and constraints
6. Summary accommodation schedule with tenure, building types, gross and net residential areas
7. Plan to increase local biodiversity with planting and wildlife areas in developing the site.

Please note that the entirety of this site will be retirement accommodation.

NB Please refer to benchmark specifications supplied with this ITCD

There are no word limits for the Final Tender responses to this question.

Criteria 4 – Sample Package Scheme Development Proposals

Q.4.4 Stakeholder Engagement and Communication (Scored 0-10)

Please provide details of the stakeholder engagement and consultation and communications plan you intend to put in place in relation to developing the Sample Package Scheme Development Proposals. Your response should provide a timetable and resourcing plan to carry out the consultation and programme of communications.

The proposals should set out:

- an effective plan to identify relevant Stakeholders in relation to the 3 Developments of the Sample Package Scheme and schedule accessible consultation opportunities for them to participate in
- the information that the consultation process would seek to identify relevant to the 3 Developments of the Sample Package Scheme and the reasons it is important for the successful delivery of the scheme
- how the consultation information will be collated, provided and presented to the Authority
- how you would work with the authority to address issues anticipated to result from the consultation exercise
- the communications programmes and events that would be deployed during and on completion of each and all of the 3 Developments of the Sample Package Scheme development to promote projects to Stakeholders and the community.

There are no word limits for the Final Tender responses to this question.

Criteria 4 – Sample Package Scheme Development Proposals

Q.4.5 Programme (Scored 0-10)

Please provide a high-level programme for the delivery of the Sample Package Scheme Development Proposals.

The Programme should:

- Show all key work stages for each of the 3 Developments
- Show all key milestones for each of the 3 Developments

The Programme should be supported by a commentary explaining how those key milestones are properly

resourced and deliverable to provide confidence that the Sample Package Scheme Development Proposals will be delivered on time. The commentary should also provide details of contingency and business continuity measures that will be put in place to ensure the resilience of the proposed programme.

There are no word limits for the Final Tender responses to this question.

5. ADDITIONAL SITES

Criteria 5 – Sample Package Scheme Development Proposals
Q.5.1 Additional Sites Strategy (Scored 0-10)
<p>The joint venture commencement programme will be to deliver the development across the 12 initial sites. However, the joint venture will also need to have a strategy to seek and realise housing led development commercial opportunities beyond the development of these 12 initial sites.</p> <p>Please provide details of your overview approach, business plan and strategy in relation to future opportunities within the Borough of Havering over the duration of the arrangements beyond the development of these 12 initial sites. This may include (but is not limited to) strategic review and financial appraisals of other existing Authority sites for commercial development as well as further potential land assembly and acquisition opportunities to be jointly invested in and realised through the Joint Venture.</p> <p><i>There are no word limits for the Final Tender responses to this question.</i></p>

6. SOCIAL VALUE

Criteria 6 – Social Value
Q.6.1 Social Value Proposal (Scored 0-10)
<p>The Partner will be operating within the Borough over the long term and will be expected to apply its skills and ability to contribute towards the strategic social and economic development and regeneration of the area.</p> <p>The Authority is committed to delivery of social value linked to the development and regeneration of the sites. The Authority is looking to the Partner to drive benefits in terms of:</p> <ul style="list-style-type: none">• Providing apprenticeships and other skills development, work experience and opportunity access programmes to be provided in the Borough to secure skills to support the delivery of development programme and leave a legacy of workforce investment. The details of commitments, the quality and duration of the training programmes and support proposed should be included.• Offering curriculum support to schools with contractors sharing knowledge and expertise about their discipline.• Creating supply chain opportunities for SMEs and social enterprises.• Supporting initiatives like targeting hard to reach groups and offering training opportunities.• Investing in delivering facilities such as libraries and leisure facilities to communities and making them available for community use. <p>The deliverability of your proposal may be illustrated by relevant examples of social value in past projects. The Authority will be assessing the quality of the proposal and also the level of clear formal commitments, inputs and outputs put forward.</p> <p><i>There are no word limits for the Final Tender responses to this question.</i></p>

7. LEGAL AND COMMERCIAL

Criteria 6 – Legal
Q.7.1 Acceptance of Contractual Documents
<p>Bidders are required to submit a mark-up (with supporting commentary and reasoning to explain changes) to the contractual documents consisting of the Members Agreement and the Development Agreement.</p> <p>The final mark-up submitted as part of the Final Tender should reflect the positions agreed with the Authority at the conclusion of the dialogue stage.</p>

APPENDIX 3

FINANCIAL CRITERIA EVALUATION METHODOLOGY

Criteria 8 Financial Proposals

For the Final Tender evaluation the Financial Proposal will be an assessment of the Form of Tender put forward by the Bidder in accordance with the requirements of Appendix 4.

The financial model will be assessed in terms of the robustness and credibility of the assumptions, and the financial offer being made. The following scoring methodology will be used to assess bids:

Criteria	Formula	Max Score	Bidder 1	Bidder 2	Bidder 3	Highest Offer
Robustness and Credibility	Evaluation	10.00	8.00	8.00	5.00	8.00
Surplus	As submitted		1,000,000	1,200,000	2,000,000	2,000,000
Council Share of Surplus	As submitted		45%	50%	40%	50%
Potential surplus to Council	Bidder RLV x Council Share		450,000	600,000	800,000	800,000
Weighted surplus to Council	Bidder RLV x Council Share x Robustness Factor		360,000	480,000	400,000	480,000
Total	Bidder Weighted Surplus to Council/Highest Weighted Surplus to Council x 20		15.0	20.0	16.6	

The Authority is seeking financial offers that are considered to be deliverable, and therefore credibility and robustness will be scored 0-10 as follows:

ITCD FINANCIAL EVALUATION - ROBUSTNESS SCORING MATRIX		
SCORE	COMMENTARY	
	CONFIDENCE IN ASSUMPTIONS	RISK TO DELIVERABILITY
0	No information provided so unable to score	
1	Extremely low	Extremely high

2	Very low	Very high
3	Low	High
4	Moderately low	Moderately high
5	Moderate	Moderate
6	Moderately high	Moderately low
7	High	Low
8	Very high	Very Low
9	Extremely high	Extremely Low
10	Fully robust and credible	

In evaluating credibility and robustness of the financial submission the financial model and commentary supplied by bidders will be assessed with the following factors considered:

- Build costs
- Overheads, finance costs & profit
- Allowances made for abnormals, risk and other cost items
- Sales values and income assumptions, including capital values and timing of income generation
- Programme durations

APPENDIX 4

FINANCIAL SUBMISSION FORM OF TENDER

For the purposes of the Final Tender evaluation, the Financial Submission will consist of a business plan model for the three sample sites. Responses should comprise:

1. Please provide a **live financial model** in Excel format showing the financial appraisal of the three sample Developments (covering the 4 sites). The model should demonstrate all key elements including:

REVENUES

Residential Affordable (an average offer price of £172,000 per plot for the affordable rented units, and 40% of open market value (the sales receipt at point of sale) for any shared ownership units)

Residential Market

Non-residential uses

Ground rents

NB Please refer to benchmark specifications supplied with this ITCD (document titled *LB Havering Specification for Regeneration Scheme 8th Sept 2017*) in arriving at your scheme revenues

EXPENDITURES

Professional fees

CIL / S106 (at a fixed value to be confirmed by the Authority)

Construction broken down into buildings, externals, abnormals, OHP

Finance

PROGRAMME

Overall phasing

Site by site periods for pre-construction, construction and sales/lettings

Cashflow for each site and consolidated

OUTPUTS

Residual land value

Distribution of returns to the JV partners

SENSITIVITY ANALYSIS

Demonstrating scenarios where viability cannot be achieved

All business plan inputs should be on the basis of current values and current costs.

2. In addition to your own financial model we have provided a series of **summary sheets** that should be populated with data from your model. Instructions for completion of the summary sheets are included within the Excel file.

3. The Financial Model and Summary Sheets should also be accompanied by a **commentary** including explanation of your approach to:

- Key development appraisal assumptions
- The set up period of the Joint Venture
- An outline of how you intend to fund the Joint Venture
- The phasing of individual sites
- Balancing maximising development value and development output over the duration of the partnership including the market indicators and factors that would influence your choice of timing of the sequence of development of specific sites
- Achieving financing and sales efficiencies in the development site sequencing
- Integrating more commercially challenging sites or more difficult to develop sites into the programme as early as possible in a deliverable and financially sustainable way
- Your proposed structure for returns to the JV partners

There are no word limits for the Final Tender commentary response to this question.

APPENDIX 5

HEADS OF TERMS AND CONTRACTS

The Heads of Terms are included in the procurement documents available electronically through <https://www.capitalesourcing.com/web/login.shtml>

Other project documents are also included in the procurement documents available electronically through <https://www.capitalesourcing.com/web/login.shtml>

APPENDIX 6

GLOSSARY OF TERMS

The capitalised words and expressions in this ITCD have the meanings set out below unless the context specifically requires otherwise. References to the singular include the plural and vice versa.

"Advisers"

means all professional advisers of the Authority involved in the procurement of the Project

"Bid"

means each of the written proposals submitted by a Bidder as part of this procurement process at any stage of the procurement

"Bidders"

means individuals and/or organisations to whom this ITCD has been issued by the Authority

"Concession Documents"

means any document issued by the Authority as part of this procurement process

"Confidential Information"

means all information designated as confidential and disclosed to the Bidders by the Authority or its Advisers in order for them to formulate and prepare their Bid; or which may be supplied by the Authority or its Advisers at a future date (whether in written or visual format or otherwise)

"Consortium"

means either an entity which is to be formed by a group of Organisations or a group of Organisations acting jointly as the Bidder

"Consortium Member"

means where the Bidder is a consortium, any individual economic operator forming part of that consortium

"Final Tenders" the Bid submitted in responses to the ISFT

"Organisation"

means a sole trader, partnership, limited partnership, limited liability partnership, co-operative or company and any analogous entity established inside or outside the UK and should be interpreted accordingly

"Preferred Bidder"

means the Bidder which has been assessed by the Authority as having the most economically advantageous Final Tender

APPENDIX 7
CERTIFICATES

TENDER FOR HAVERING ESTATE REGENERATION PARTNER PROJECT

CERTIFICATE OF NON- COLLUSION

In the case of a Consortium, each Consortium Member must complete and return this Certificate.

To the London Borough of Havering (“the Authority”)

The essence of the public procurement process is that the Authority shall receive bona fide competitive Tenders from all Bidders. In recognition of this principle I/We certify that this is a bona fide Tender, intended to be competitive and that I/we have not fixed or adjusted the amount of the Tender or the rates, financial responses and prices quoted by or under or in accordance with any agreement or arrangement with any other party.

I/We also certify that I/we have not done and undertake that I/we will not do at any time any of the following acts:

- a) communicate to a party other than the Authority the amount or approximate amount of my/our proposed Tender (other than in confidence in order to obtain quotations necessary for the preparation of the Tender);
- b) enter into any agreement or arrangement with any other party that he shall refrain from tendering or as to the amount of any Tender to be submitted;
- c) offer or agree to pay or give or pay or give any sum of money inducement or valuable consideration directly or indirectly to any person for doing or having done or causing or having caused any act or omission to be done in relation to any other tender or the proposed Tender; or
- d) enters into any type of agreement or arrangement with any other party aimed at distorting the outcome of the competition

In this Certificate:

- the word “person” includes any person, body or association, corporate or incorporate
- the phrase “any agreement or arrangement” includes any transaction, formal or informal whether legally binding or not.
- the word “Tender” includes all tender submissions including ITPD submissions, Final Tender submissions together with associated clarifications provided by the Bidder

1 **SIGNED**
POSITION

2 **SIGNED**
POSITION

On behalf of

Date

TENDER FOR HAVERING ESTATE REGENERATION PARTNER PROJECT

CERTIFICATE OF NON - CANVASSING

In the case of a Consortium, each Consortium Member must complete and return this Certificate.

To London Borough of Havering ("the Authority")

I/We hereby certify that I/we have not in connection with the award of the contract for the project or any other proposed contract for Havering Estate Regeneration Partner Project

- canvassed any member, employee, agent of the Authority
- undertaken to unduly influence the decision-making process of the Authority
- undertaken to obtain confidential information that could confer upon an undue advantage in the award of the contract

and that no person employed by me/us or acting on my/our behalf has done any such act.

I/We further hereby undertake that I/we will not in the future do or seek to do the prohibited acts referred to above and that no person employed by me/us or acting on my/our behalf will do any such act.

1 **SIGNED**
POSITION

2 **SIGNED**
POSITION

On behalf of

Date

London Borough of Havering

INVITATION TO SUBMIT FINAL TENDERS (“ISFT”)

Havering Estate Regeneration Partner Project

IMPORTANT NOTICES

This Invitation to Submit Final Tenders (ISFT) has been prepared by the London Borough of Havering (of the Town Hall, Main Road, Romford, RM1 3BD) ("**the Authority**") and is for use by those invited to bid for the Havering Estate Regeneration Partner Project, their professional advisers, and other parties essential to preparing the bid for the project and for no other purpose.

You are deemed to fully understand the process that the Authority is required to follow under relevant European and UK legislation, particularly in relation to public procurement rules.

Bidders' attention is drawn to the further notices set out in **Appendix 1 (Important Notices)** which form part of the conditions of participation in this procurement process.

1 INTRODUCTION

General

- 1.1 Thank you for participating in competitive dialogue in relation to the call for competition advertisement placed in the Official Journal of the European Union with reference number 2017/S 094-185114.¹
- 1.2 Three bidders, including your organisation, have been invited to submit final tenders. This Invitation to Submit Final Tenders document ("ISFT") provides further details of the process.
- 1.3 The three bidders invited to submit Final Tenders are:



[REDACTED]

Competitive Dialogue

- 1.4 This procurement is to achieve the selection of a provider to partner with the Authority to form a long term corporate joint venture property vehicle (on a 50:50 ownership basis) to secure investment and expertise to deliver the Authority's HRA housing led regeneration strategy ("the Project").
- 1.5 The Authority is procuring the Project using an approach similar to the competitive dialogue procedure (as described in Regulation 30 of the Public Contracts Regulations 2015 (as amended)), which provides the opportunity for a structured approach to procurement. The Authority reserves the right to deviate from the formalities of the Public Contracts Regulations 2015 (as amended) in conducting the competition due to the flexibilities permitted by the Concession Contracts Regulations 2016.
- 1.6 The ISFT aims to:
 - provide information to Bidders on the Project and the opportunities available;
 - set out clearly the Authority's requirements;
 - provide information on the Authority's approach to the competitive dialogue procurement process;
 - set out the deliverables required from Bidders at the final stage of the procurement; and
 - set out the evaluation criteria that the Authority will use to assess Bidders' Final Tender responses.
- 1.7 Details of the submission deadline for Final Tenders can be found in **Section 3** below.

¹

<http://ted.europa.eu/udl?uri=TED:NOTICE:185114-2017:TEXT:EN:HTML>

- 1.8 The issue of the ISFT is an invitation to Bidders to submit Final Tenders. The questions that Bidders are required to answer are set out in **Appendix 2 (Quality Questions)** and **Appendix 4 (Financial Submissions)** to this document.
- 1.9 The evaluation criteria against which Bid responses will be assessed and the evaluation methodology applied is provided in **Section 4** below.
- 1.10 Final Tenders should be based on the solution(s) presented and specified at the conclusion of the dialogue, contain all the elements required and necessary for the performance of the project and should meet all the Authority's requirements. **Final Tenders are expected to be final as there is limited opportunity to vary tenders after submission.** However, the Authority may request Bidders to clarify, specify or optimise their tender. Any activity which leads to changes to a Bid must not change the basic features and essential aspects of a Bid, the requirements of this ISFT or distort competition.
- 1.11 **Bidders are reminded to review all clarifications issued through the portal to ensure that clarification messages from the Authority are taken account of in their Final Tenders.**
- 1.12 Following the submission of Final Tenders, the Authority expects to undertake a process to identify a Preferred Bidder that provides the most economically advantageous tender which the Authority is minded to appoint.
- 1.13 Prior to selection of a Preferred Bidder, the Authority will have to obtain approval from the Cabinet of the Council. On approval, a Preferred Bidder will be appointed and a Preferred Bidder letter issued inviting the Preferred Bidder to work with the Authority to finalise the contractual arrangements to deliver the Project.
- 1.14 Following appointment of a Preferred Bidder there is a further opportunity to negotiate to confirm commitments contained in the tender in order finalise terms provided, again, that there are no substantial changes to the tender, the requirements of the procurement process and that this does not risk distorting competition or causing discrimination.
- 1.15 The Authority reserves the right to vary the selection procedure to support continued competition, avoid unnecessary bidding costs and adhere to subsequent technical or legal guidance.

2 NEEDS AND REQUIREMENTS FOR THE PROJECT

Overview

- 2.1 The Project involves delivering the following:
- 2.1.1 The Authority's HRA housing led regeneration strategy. The initial programme is anticipated to involve 12 sites across the borough delivering in the region of 3000 new homes and the scheme will involve opportunities for development sales. The opportunity will focus on Authority owned sites throughout the borough (including but not limited to the initial 12 sites) and potentially other sites owned or acquired by the Authority (including through the Joint Venture) during the joint venture period. The Joint Venture will focus on delivering housing led

development within the borough for the commercial private sale sector, shared ownership and affordable housing.

- 2.1.2 The housing led development of sites may also involve a degree of mixed-use development including, but not limited to office, commercial, leisure, retail, community and public realm space being delivered ancillary to the residential focus and as part of the overall complex.

The initial 12 sites are as follows:

The Initial 12 Sites		
Ref.	Site	Area
1	Waterloo Estate	Romford
2	Queen Street	Romford
3	Oldchurch Gardens	Romford
4	Serena, Solar and Sunrise	Hornchurch
5	Maygreen Crescent, Park Lane	Hornchurch
6	Dell Court	Hornchurch
7	Royal Jubilee Court	Gidea Park
8	Napier House and New Plymouth House	Rainham
9	Delderfield House	Romford/Cranham
10	Brunswick Court	Romford/Cranham
11	Chippenham Road, Farnham Road, Hildene Avenue	Harold Hill/Gidea Park
12	Delta TMO Estate	Harold Hill/Gidea Park

- 2.1.3 The priority sites are those which comprise the Sample Package Scheme of 4 sites (divided into 3 Developments) which will consist of:

Sample Package Scheme Sites		
Ref.	Site	Development
1	Waterloo Estate	Development 1
2	Queen Street	
3	Napier House and New Plymouth House	Development 2
4	Serena, Solar and Sunrise	Development 3

- 2.1.4 In connection with the delivery of these and other future housing schemes, the partner will be required to provide services including master planning; strategic development consultancy advice; environmental consultancy advice; technical and building services; architectural design; urban design and landscaping; physical construction and development; land assembly; possible refurbishment of assets and marketing and disposal of development assets.

- 2.2 The Project's key needs and requirements are set out in:

- 2.2.1 the Contracts referred to in **Appendix 5 (Contracts)**;
- 2.2.2 the Memorandum of Information; and
- 2.2.3 all other documents on the portal should also be referred to in order to gain an overview of the Project's needs and requirements.

- 2.3 These documents are included in the Concession Documents available electronically through Capital e-sourcing
<https://www.capitalesourcing.com/web/login.shtml>

3 TIMEFRAME AND PROCESS

Indicative Project Timeframe

- 3.1 The table below sets out the key dates in the procurement process. At this stage, the timetable is subject to confirmation and the Authority reserves the right to amend this indicative timeframe as the project progresses.

Indicative Date	Stage
24.11.2017	End of Competitive Dialogue stage and issue of Invitation to Submit Final Tenders (“ISFT”).
24.11.2017 – 04.12.2017	Period for remaining bidders to finalise tenders.
29.11.2017 17:00 hours	Deadline for ISFT clarification questions from shortlisted bidders
07.12.2017 13:00 hours	Deadline for return of Final Tenders.
07.12.2017 – 18.12.2017	Clarifications and evaluation of Final Tenders.
18.12.2017 – 17.01.2018	Authority internal approval process for Preferred Bidder appointment. Period for confirming commitments of the Preferred Bidder's Final Tender and finalising the terms of the contract and the Authority's internal approvals for reaching a contract award decision and referral onto Full Council for the funding arrangements.
17.01.2017	Notification to Cabinet of the Authority's final contract award decision in respect of the Preferred Bidder.
25.01.17	Issue of contract award notifications and debriefing information to unsuccessful participants commencing the 10-day standstill period.
6.02.2018	Expiry of standstill period.

<i>To be confirmed</i>	Contract close with successful Bidder.
<i>To be confirmed</i>	Appointed provider to start on the property development

Members Agreement and Draft Development Agreement

- 3.1.1 A final mark-up of the Members Agreement and Draft Development Agreement is required to be submitted as part of the Final Tenders and such final mark-up should reflect the positions agreed with the Authority at the conclusion of the dialogue stage.

Concession Documents

- 3.2 The Concession Documents consist of:

- 3.2.1 The Concession Notice
- 3.2.2 The Selection Questionnaire
- 3.2.3 The Memorandum of Information
- 3.2.4 The Heads of Terms
- 3.2.5 The Invitation to Participate in Dialogue
- 3.2.6 LBH Final Tender Summary Sheets Financial Proforma
- 3.2.7 Programme and meeting dates
- 3.2.8 Site specific briefs
 - a. Napier and New Plymouth site brief
 - b. Solar Serena Sunrise site brief
 - c. Waterloo Estate and Queen Street site brief
- 3.2.9 Red line plans
 - a. Napier and New Plymouth redline plan
 - b. Serena Solar Sunrise redline plan
 - c. Waterloo redline plan

Additional documents made available at this ISFT stage include:

- 3.2.10 Draft Members Agreement
- 3.2.11 Draft Development Agreement
- 3.2.12 Draft Development Management Agreement
- 3.2.12 Benchmark Specification (*LB Havering Specification for Regeneration Scheme 8th Sept 2017*)
- 3.2.13 Clarification log

Bidders should note that the Members Agreement and Development Agreement have been subject to further updates (including Schedules) during the competitive dialogue period.

- 3.3 These documents are included in the Concession Documents available electronically through Capital e-sourcing
<https://www.capitalesourcing.com/web/login.shtml>

Final Tender Submission

- 3.4 Bidders should present their responses as per the instructions below.
- All responses should be in English, text submitted in A4, with a font size of Arial 12 and any financial references should be in Pounds Sterling.
 - Completed responses should be signed by a partner or director of the Bidder.
 - Bidders are required to submit completed responses in electronic format only and submitted via <https://www.capitalesourcing.com/web/login.shtml>
 - The Authority reserves the right, at its discretion, to reject Bids delivered after the date and time specified. Please see **Appendix 1 (Important Notices)**.
 - The Authority reserves the right, at its discretion, to request clarifications in writing or further relevant information from any bidder after the submission of responses.

Ongoing Questions

- 3.5 Any queries arising from this ISFT and the Concession Documents provided which may have a bearing on the Final Tender submissions to be made by Bidders should be raised.
- 3.6 All queries in relation to the ISFT stage of this procurement must be made via the clarifications process through <https://www.capitalesourcing.com/web/login.shtml> by no later than **29th November 2017 at 17:00 hours**. The Authority reserves the right not to respond to clarifications in respect of the ISFT stage submitted after this period.
- 3.7 Where the Authority considers that questions are material to the procurement process and the fullest understanding of its objectives, these questions and their subsequent replies will be disseminated to all Bidders. The Authority will keep confidential all information relating to its dialogue in relation to Bidders' proposals and will not share this information with any other Bidder.
- 3.8 Bidders should note, in relation to all responses to questions that the Authority and its advisers offer no guarantee that such information in response to questions will be made available at this stage and are not warranting the accuracy of any responses.

Confidentiality and Freedom of Information

- 3.9 The Authority acknowledges the need during the competitive dialogue to treat Bidder's solutions confidentially. If during the process any questions asked of or information provided to the Authority is considered by the Bidder to be confidential, the request must be clearly marked "in confidence – not to be circulated to other

bidders” and Bidders must set out the reason(s) for the request for non-disclosure to other Bidders.

- 3.10 The Authority will consider such requests and will act reasonably as regards the protection of commercially sensitive information relating to the Bidders but will have sole discretion as to such disclosure, subject to complying with the Authority’s duties under the Freedom of Information Act (2000) and the Environmental Information Regulations (2004).

Return of Certificates

- 3.11 The Authority requires Bidders to make certain undertakings if they wish to remain in the competition. These undertakings include signing the following documents, which must be completed and submitted by uploading electronically via <https://www.capitalesourcing.com/web/login.shtml> at Final Tender stage. Copies of the certificates are provided in **Appendix 7**

- Certificate of Non-Canvassing
- Certificate of Non-Collusive Tendering

4 EVALUATION

This section sets out the evaluation criteria and selection process against which Final Tenders will be assessed.

Bidders are required to respond to each of the questions set out in **Appendix 2 (Quality Questions)** and complete in full the requirements in **Appendix 4 (Financial Submission)** for the Final Tender Submission.

4.1 Compliance

4.1.1 Prior to carrying out the detailed scoring of Bids, an assessment of the Bidders' responses to the Bid deliverables at each stage of the procurement will be made to ensure that sufficient information at the required standard has been provided as requested. Bids which are substantially incomplete or which are non-compliant with the requirements set out in this ISFT may be rejected.

4.1.2 The Authority reserves the right to call for information from Bidders to amplify and clarify their Bid responses.

4.2 Evaluation Methodology

4.2.1 Following compliance checks, each Bid will be evaluated and scored against the evaluation criteria and weightings set out in this Section below and Bidders ranked in line with their scores.

4.3 Evaluation Criteria and Weightings

4.3.1 The evaluation criteria and weightings that will be applied by the Authority for the Final Tender evaluation of the competitive dialogue procedure are shown in **Table 1** below.

4.3.2 The detailed evaluation criteria (and sub-criteria) and weightings that will be applied by the Authority when evaluating the Final Tender are shown in **Table 2** below.

4.3.3 The Authority reserves the right to update and refine the quality questions (**Appendix 2**) and sub-criteria as well as the Financial Evaluation approach, methodology and sub-criteria (**Appendix 3 and Appendix 4**) for the ISFT stage of the Competitive Dialogue process.

4.4 Scoring

4.4.1 In this competitive dialogue competition process, the Bids will be assessed on the basis of the most economically advantageous tender.

4.4.2 The scoring of Bids will be based on a detailed analysis of the responses in for criteria in accordance with the methodology below.

Quality Criteria

- 4.4.3 In relation to the Quality criteria (and sub-criteria) each question will be scored in application of the following scoring scale:

QUALITY SCORING SCALE	
Score	Commentary
0	Very weak or no answer
1	Weak – well below expectations
2	Poor - well below expectations
3	Poor - below expectations
4	Satisfactory but slightly below expectations
5	Meets expectations
6	Slightly exceeds expectations
7	Good - well above expectations
8	Very good
9	Outstanding
10	Exceptional

- 4.4.4 In applying the scoring scale, each Bid will be evaluated according to its quality and deliverability. The term 'quality' in this context refers to performance and fitness for purpose of the proposal and therefore covers any aspect of a submission that affects the performance of the contract. 'Deliverability' refers to the likelihood that all aspects of a particular submission could in fact be delivered by the Bidder concerned.
- 4.4.5 The Quality Criteria (Criteria 1 to 6 and sub-criteria questions) remain the substantially the same at ISFT as they did at ITCD although there have been some minor amendments. Bidders should review the details of this ISFT in finalising their Bids. The Authority is expecting Bidders to submit their revised proposals that have been developed through the final stage of dialogue.
- 4.4.6 In responding to the Quality Criteria bidders are encouraged to make their responses specific to this venture and to the London Borough of Havering. This is the final opportunity for Bidders to put forward specific proposals as to how they will deliver this venture.

Legal & Commercial Criteria

Bidders should note that the Legal & Commercial Criteria has been adapted and updated from the ITCD to take into account of the evaluation of proposals and commitments as well as amendments to the contractual documents.

4.4.7 Evaluation of all amendments to the contractual documents consisting of:

- Draft Members Agreement
- Draft Development Agreement
- Draft Development Management Agreement
- Build Licence (or alternatively a building lease proposed by the Bidder which should aim to reflect the risk transfer of the Build Licence)

proposed in a Bidder's submission shall take into account the overall impact of a number of factors including:

- (i) the degree of acceptance of the terms of the contractual documents and where amendments are made to the terms whether the allocation of risk in respect of the project is beneficial or detrimental to the Authority; and
- (ii) where proposals and commitments are put forward in respect of the contractual documents whether it is beneficial or detrimental to the Authority.

4.4.8 The assessment of the contractual documents will be given a raw score of between zero and five, this raw score will then be applied to the weighting for the Legal & Commercial Criteria.

4.4.9 Amendments, proposals and commitments will be evaluated and allocated a score by reference to the degree to which such provisions conform to the provisions of the contract and the risk allocation reflected therein as well the overall benefit or detriment of the overall response.

4.4.10 A Bidder's score may result from a single amendment, proposal and/or commitment or a combination of amendments, proposals and/or commitments as to its assessed overall impact.

4.4.11 The scoring methodology is set out below.

LEGAL & COMMERCIAL SCORING SCALE	
Score	Meaning
5	Amendments, proposals and commitments overall giving rise to added value for the Authority: proposed amendments, proposals and commitments are overall very or wholly advantageous to the Authority and will bring significant benefits to the Authority with persuasive reasoning and identification of benefits provided to support derogations.

4	Amendments, proposals and commitments overall moderately advantageous for the Authority: proposed amendments, proposals and commitments are overall moderately advantageous to the Authority with reasoning & identification of benefits provided to support derogations.
3	Amendments, proposals and commitments overall meets expectations: the submission contains no or minor amendments with reasoning & identification of benefits provided to support derogations and this combined with the impact of proposals and commitments overall meets expectations.
2	Amendments, proposals and commitments overall moderately disadvantageous for the Authority: amendments do not meet the Authority's required risk position and are of moderate disadvantage to the Authority due to the number and/or seriousness of the derogations proposed and this combined with the impact of proposals and commitments is overall moderately disadvantageous to the Authority.
1	Amendments, proposals and Commitments overall detrimental to the Authority: amendments that do not meet the Authority's required risk position and are of major disadvantage to the Authority due to the number and/or seriousness of the derogations proposed and this combined with the impact of proposals and commitments is overall disadvantageous to the Authority.
0	Amendments, proposals and Commitments overall significantly detrimental to the Authority: amendments that do not meet the Authority's required risk position and are of major disadvantage to the Authority due to the number and/or seriousness of the derogations proposed and this combined with impact of proposals and commitments is overall significantly disadvantageous to the Authority.

- 4.4.12 The Authority reserves the right to disqualify any Bidder that scores 1 or below in the Legal & Commercial Scoring Scale for this element of their tender. A score of 1 or below would potentially place the Authority in a significant position of risk so this has been set as a threshold below which a bid may be deemed non-compliant.

Financial Criteria

- 4.4.13 The financial criteria will be scored by applying the methodology set out in **Appendix 3 (Financial Criteria Evaluation Methodology)** in respect of the financial proposals to responses provided by Bidders in their Financial Submissions in the format set out in **Appendix 4 (Financial Submissions)**.

Table 1: Evaluation Criteria and Weightings for the Final Tender Evaluation Stage

No.	Criteria	Weighting for Final Tender Evaluation (ISFT Stage)
1	Partnering	20%
2	Construction Programme Delivery	10%
3	Market Positioning	10%
4	Sample Package Scheme Development Proposals	20%
5	Additional Sites	2.5%
6	Social Value	7.5 %
7	Legal & Commercial	10%
8	Financial Proposals	20%

Table 2: Detailed Criteria and Weightings for Final Tender Evaluation

No.	Criteria	Criteria Weighting	Level 1 Sub-Criteria	Evaluation	Level 1 Sub-Criteria Weighting
1	Partnering	20%	Q.1.1 Joint Venture Leadership Management and Partnership Working	Scored 0-10	10%
			Q.1.2 Joint Venture Resourcing	Scored 0-10	10%
2	Construction Programme Delivery	10%	Q.2.1 Supply-Chain Selection, Co-ordination and Management	Scored 0-10	2.5%
			Q.2.2 Construction Project Management	Scored 0-10	2.5%
			Q.2.3 Construction Health and Safety Approach and Measures	Scored 0-10	2.5%
			Q.2.4 Minimising Construction Energy, Water and Waste	Scored 0-10	2.5%
3	Market Positioning	10%	Q.3.1 Market Positioning	Scored 0-10	10%
4	Sample Package Scheme Development Proposals	20%	Q.4.1 Development 1 Outline Master-Plan and Housing Design	Scored 0-10	5%
			Q.4.2 Development 2 Outline Master-Plan and Housing Design	Scored 0-10	5%
			Q.4.3 Development 3 Outline Master-Plan and Housing Design	Scored 0-10	5%
			Q.4.4 Sample Package Scheme Development Proposals - Stakeholder Engagement and Communication	Scored 0-10	2.5%
			Q.4.5 Sample Package Scheme Development Proposals – Construction Programme Plans	Scored 0-10	2.5%
5	Additional Sites	2.5%	Q.5.1 Additional sites	Scored 0-10	2.5%
6	Social Value	7.5%	Q.6.1 Social Value Proposal	Scored 0-10	7.5%
7	Legal & Commercial	10%	Q.7.1 Legal Documents Response	Scored 0-5	10%
8	Financial Proposals	20%	Q.8.1 Financial Model and Commentary (see Appendix 3 and Appendix 4)	Scored (see Appendix 3 and 4)	20%

APPENDIX 1

IMPORTANT NOTICES

1 CONFIDENTIALITY

- 1.1 The procurement process may involve the Authority providing Confidential Information to the Bidders. The Bidders shall at all times:
 - 1.1.1 treat all Confidential Information as confidential;
 - 1.1.2 not disclose, copy, reproduce, distribute or pass the Confidential Information to any other person at any time;
 - 1.1.3 not use the Confidential Information for any purpose other than for the purposes of making (or deciding whether to make) a Bid in relation to the Project ("Bid"); and
 - 1.1.4 comply with the provisions of paragraph 6 below (which contains restrictions on publicity activity within any section of the media or similar)
- 1.2 Bidders shall procure that, if it is a Consortium, each Consortium Member who receives any of the Information is made aware of, and complies with, the confidentiality obligations in this section.
- 1.3 Bidders may disclose, distribute or pass the Confidential Information to another person (including, but not limited to, for example, employees, consultants, subcontractors or advisers, the Bidder's insurers or the Bidder's funders) if either:
 - 1.3.1 this is done for the sole purpose of enabling a Bid to be made and the person receiving the Confidential Information undertakes in writing to keep the Information confidential on the same terms as set out in this ISFT; or
 - 1.3.2 the Bidder obtains the prior written consent of the Authority in relation to such disclosure, distribution or passing of the Information
- 1.4 The Authority may disclose detailed information relating to Bids to the Authority's members, directors, officers, employees, agents or advisers and they may make the key Bid documents available for private inspection by the Authority's members, directors, officers, employees, agents or advisers.
- 1.5 The Authority also reserves the right to disseminate Information that is materially relevant to all Bidders (even in the event that the Information has only been requested by one Bidder), subject to the duty to protect any Bidder's commercial confidence in its Bid. It is the responsibility of the Bidder to avoid such disclosure by stating in writing to the Authority that the request is clearly marked "Commercial in confidence - not to be circulated to other Bidders" and the Bidder must set out a proper and relevant reason or reasons for the request for non-disclosure to other Bidders.
- 1.6 The Authority reserves the right to:

- 1.6.1 provide general information about the successful SQ submissions to unsuccessful applicants in order to provide debriefing information in accordance with principles under EU procurement rules;
 - 1.6.2 provide information about successful Bid(s) to unsuccessful bidders as part of debriefing obligations under Regulation 40 of the Concession Contracts Regulations 2016 (including but not limited to the financial or price score of the successful Bid(s));
 - 1.6.3 provide information about the winning tender to unsuccessful bidders as part of debriefing obligations during the standstill period in accordance with Regulation 47 of the Concession Contracts Regulations 2016 (including but not limited to the financial or price score of the successful tender);
 - 1.6.4 publish information in the Official Journal of the European Union (OJEU) in accordance with Regulation 32 Concession Contracts Regulations 2016 concerning any contract awarded (including but not limited to the value of any contract awarded).
- 1.7 The Authority will act reasonably as regards the protection of commercially sensitive information relating to the Bidder, subject to the Authority's duties under the Freedom of Information Act 2000 and the Environmental Information Regulations 2004 (see below).

2 FREEDOM OF INFORMATION ACT 2000 AND ENVIRONMENTAL INFORMATION REGULATIONS 2004

- 2.1 The Authority is subject to the requirements of the Freedom of Information Act 2000 (the "Act") and the Environmental Information Regulations 2004 ("EIR"). Accordingly, all information submitted to it may need to be disclosed by the Authority in response to a request under either the Act or the EIR (a "Request").
- 2.2 In making any submission during this procurement process, each Bidder acknowledges and accepts that information contained therein may be disclosed by the Authority under the Act or EIR without consulting the Bidder, although the Authority will endeavour to consult with the Bidder and consider its views before doing so.
- 2.3 If Bidders consider that any information made available to the Authority is commercially sensitive, they should identify it and explain (in broad terms) what harm may result from disclosure, and the time period applicable to that sensitivity. Even where information made available to the Authority is marked commercially sensitive, the Authority shall be entitled (acting in its sole discretion) to disclose it pursuant to a Request. Please also note that information marked "confidential" or equivalent by Bidders does not bind the Authority to any duty of confidence by virtue of that marking.
- 2.4 Exemptions to disclosure pursuant to a Request do exist and the Authority reserves the right to determine (acting in its sole discretion) whether there is any available exemption and whether to disclose any information made available to it by Bidders pursuant to any Request. If you are unsure as to the Authority's obligations under

the Act or EIR regarding the disclosure of sensitive information please seek independent legal advice.

3 CONFLICTS

- 3.1 The Authority requires all actual or potential conflicts of interest to be declared and resolved to the Authority's satisfaction during the dialogue stage and prior to the delivery of a Bidder's Final Tender submission. Failure to declare such conflicts (including new conflicts which may arise during the competition) and/or failure to address such conflicts to the reasonable satisfaction of the Authority could result in a Bidder being disqualified at the sole discretion of the Authority.

4 CANVASSING AND NON-COLLUSION

- 4.1 The Authority reserves the right to disqualify (without prejudice to any other civil remedies available to the Authority and without prejudice to any criminal liability which such conduct by a Bidder or Consortium Member (as the case maybe) may attract) any Bidder or Consortium Member who (or its directors or any other person who has powers of representation, decision or control of the Bidder or Consortium Member), in connection with this ISFT:
- 4.1.1 offers any inducement, fee or reward to any member or officer of the Authority or any person acting as an adviser for the Authority in connection with this ISFT;
 - 4.1.2 does anything which would constitute the offence of within the meaning of section 1(2) of the Public Bodies Corrupt Practices Act 1889 or section 1 of the Prevention of Corruption Act 1906, where the offence relates to active corruption;
 - 4.1.3 does anything which would constitute the offence of bribery, where the offence relates to active corruption;
 - 4.1.4 does anything which would constitute bribery within the meaning of section 1 or 6 of the Bribery Act 2010;
 - 4.1.5 canvasses any member or officer of the Authority or any person acting as an adviser for the Authority in connection with this ISFT;
 - 4.1.6 contacts any officer of the Authority prior to financial close about any aspect of the ISFT in a manner not permitted by this ISFT (including without limitation contact for the purposes of discussing the possible transfer to the employment of the Bidder of such officer);
 - 4.1.7 fixes or adjusts the amount of his Bid by or in accordance with any agreement or arrangement with any other Bidder or Consortium Member of any other Bidder (other than its own Consortium Members or supply chain);
 - 4.1.8 enters into any agreement or arrangement with any other Bidder (or Consortium Member of any other Bidder) to the effect that it shall refrain from making a Bid or as to the amount of any Bid to be submitted;
 - 4.1.9 causes or induces any person to enter such agreement as is mentioned in either paragraph 8.1.7 or 8.1.8 or to inform the Bidder (or a Consortium

Member of the Bidder) of the amount or approximate amount of any rival Bid;

- 4.1.10 canvasses any person connected with this ISFT who is not one of its own Consortium Members or one of its own team;
 - 4.1.11 offers or agrees to pay or give or does pay or give any sum of money, inducement or valuable consideration directly or indirectly to any person for doing or having done or causing or having caused to be done in relation to any other Bid (or proposed Bid) any act or omission;
 - 4.1.12 communicates to any person other than the Authority the amount or approximate amount of his proposed Bid (except where such disclosure is made in confidence in order to obtain quotations necessary for the preparation of a Bid);
 - 4.1.13 enters into any agreement with any other Bidder (or a Consortium Member of any other Bidder) aimed at distorting the outcome of the competition;
 - 4.1.14 undertakes to unduly influence the decision-making process of the Authority; or
 - 4.1.15 undertakes to obtain confidential information that could confer upon an undue advantage in the award of the contract.
- 4.2 Bidders will be required to complete and submit certificates of non-collusion and non-canvassing at the Final Tender submission stage.

5 INTELLECTUAL PROPERTY

- 5.1 This ISFT (and all Procurement Documents) may not be reproduced, copied or stored in any medium without the prior written consent of the Authority except in relation to the preparation of a Bid.
- 5.2 All documentation supplied by the Authority in relation to this ISFT (and all Procurement Documents) is and shall remain the property of the Authority and must be returned on demand, without any copies being retained. Bidders are not authorised to copy, reproduce, or distribute the information in the Procurement Documents at any time except as is necessary to produce a Bid.

6 PUBLICITY

- 6.1 Bidders shall not undertake (or permit to be undertaken) at any time, whether at this stage or after financial close, any publicity activity with any section of the media in relation to the Project other than with the prior written agreement of the Authority. Such agreement shall extend to the content of any publicity. In this paragraph the word "media" includes (but without limitation) radio, television, newspapers, trade and specialist press, the internet and email accessible by the public at large and the representatives of such media.

7 LIABILITY OF THE AUTHORITY AND ITS ADVISERS

- 7.1 In the Concession Documents, "the Authority" includes all or any of the Authority and its members, officers and Advisers, and the directors, officers, members, partners, employees, other staff, agents or advisers of any such body or person.
- 7.2 The Concession Documents have been prepared by and on behalf of the Authority for the purposes of:
 - 7.2.1 providing an application procedure for individuals or organisations interested in tendering for the Project; and
 - 7.2.2 to assist persons interested in tendering for the Project role in making their own evaluation of the potential opportunity
- 7.3 The Concession Documents are intended only to provide a background explanation of the Project and are not intended to form the basis of any decision on whether to enter into any contractual relationship with the Authority. The Concession Documents do not purport to have been independently verified. The Concession Documents should not be relied on as an investment recommendation of the Project made by the Authority to the potential contractor.
- 7.4 The Authority and its Advisers:
 - 7.4.1 do not make any representation or warranty (express or implied) as to the accuracy, reasonableness or completeness of the Concession Documents provided. Any persons considering entering into a contractual relationship with the Authority should make their own investigations and independent assessment of the Authority and its requirements for this scheme and should seek their own professional technical, financial and legal advice; and
 - 7.4.2 exclude all liability for any loss or damage (whether caused by contract, tort (including negligence), misrepresentation or otherwise) (other than in respect of fraud or fraudulent misrepresentation or personal injury or death) in relation to the Concession Documents and/or arising as a result of reliance on the information in the Concession Documents or any subsequent information made available to Bidders. Any and all liability is expressly excluded to the maximum extent permissible by law.
- 7.5 Only the express terms of any written contract relating to the Project (as and when it is executed) shall have any contractual effect in connection with this Project.
- 7.6 The publication of the Concession Documents in no way commits the Authority to award any contract to deliver the Project. The Authority reserves the right to vary or change all or any part of the procedures for the procurement process at any time or not to proceed with the procurement.
- 7.7 For the purposes of the procurement, all Advisers referred to in this document are acting exclusively as the advisers to the Authority and will not be responsible or owe any duty of care to anyone other than the Authority.

8 PROVISION OF FURTHER INFORMATION TO BIDDERS PRIOR TO MAKING A BID

- 8.1 The Authority is relying on the information provided by Bidders during the procurement process (including but not limited to Bids and SQ submissions). If, at any time during this procurement process there are any material changes to that information, the Bidder must advise the Authority as soon as practicable (even if this is prior to the submission of a Bid). Upon receipt of such information, the Authority shall be entitled to revisit the selection and/or evaluation of the Bidder and exclude the Bidder if necessary, as a result of that process.

9 BIDDING PROCESS AND COSTS

- 9.1 The Authority reserves the right at any time:
- 9.1.1 to require a Bidder and/or its Consortium Members to clarify their Bid(s) in writing and/or provide additional information (failure to respond adequately may result in a Bidder not being successful); and/or
 - 9.1.2 to reduce the number of Bidders in the procurement process
 - 9.1.3 to amend the terms and conditions of the procurement process;
 - 9.1.4 not to consider Bids other than those specified;
 - 9.1.5 to negotiate with one or more of the Bidders during the competitive dialogue to obtain arrangements which best meet its requirements;
 - 9.1.6 to issue amendments or modifications to the ISFT;
 - 9.1.7 to alter the timetable to contract award;
 - 9.1.8 to cancel or withdraw from the tender process at any stage; and
 - 9.1.9 not to award a contract.
- 9.2 All Bidders are solely responsible for their costs and expenses incurred in connection with the preparation and submission of Bids and participation in this and all future stages of this procurement. Under no circumstances will the Authority be liable for any costs or expenses borne by Bidders or any of its supply chain, partners or advisers in this procurement process.

10 THE AUTHORITY'S RIGHT TO REJECT BIDS

- 10.1 The Authority reserves the right to reject or disqualify a Bidder and/or any of its Consortium Members at any time during the procurement procedure where:
- 10.1.1 a Bid is submitted late, is completed incorrectly, is materially incomplete or fails to meet the Authority's submission requirements which have been notified to the relevant Bidder;
 - 10.1.2 the Bidder and/or any of its Consortium Members are unable to satisfy the terms of Regulation 38(8) to 38(25) of the Concession Contracts Regulations 2016 at any stage during the tender process;
 - 10.1.3 the Bidder and/or its Consortium Members are guilty of material misrepresentation in relation to its application and/or the process (including but not limited to the SQ selection stage of the competition);

- 10.1.4 the Bidder and/or its Consortium Members contravene any of the terms and conditions of this ISFT; or
- 10.1.5 there is a change in identity, control, financial standing or other factor impacting on the selection and/or evaluation process affecting the Bidder and/or its Consortium Members.
- 10.2 The disqualification of a Bidder will not prejudice any other civil remedy available to the Authority and will not prejudice any criminal liability that such conduct by a Bidder may attract.
- 10.3 The Authority reserves the right to require Bidders at any moment during the procurement procedure to submit all or any of the supporting documents (or to supplement or clarify certificates received) where it is necessary to ensure the proper conduct of the procurement procedure for the purposes of:
 - 10.3.1 establishing the absence of grounds for exclusions under Regulation 38 (8) to 38(25) of the Concession Contracts Regulations 2016; and/or
 - 10.3.2 establishing whether the Bidder meets (or continues to meet) the relevant SQ selection criteria relating to economic and financial standing; and/or technical and professional ability; and/or
 - 10.3.3 establishing whether the Bidder fulfils (or continues to fulfil) the rules and criteria for reducing the number of Bidders being invited to the Competitive Dialogue tender stages of the competition.
- 10.4 Furthermore, before awarding the contract, the Authority reserves the right to require the Preferred Bidder to submit up-to-date supporting documents (or to supplement or clarify certificates received) for the purposes of:
 - 10.4.1 establishing the absence of grounds for exclusions under Regulation 38 (8) to 38 (25) of the Concession Contracts Regulations 2016; and/or
 - 10.4.2 establishing the continued fulfilment of the SQ stage selection criteria and requirements (including where relevant the continued possession or attainment of quality assurance standards and environmental management standards (or evidence of their equivalents)).

11 BIDDER CHANGES TO CONSORTIUM MEMBERSHIP

- 11.1 The Consortium Members of any Bidder and the principal relationships between Consortium Members may not be changed in relation to this procurement process unless the Authority's prior consent has been given, and subject to:
 - 11.1.1 any replacement Consortium Member being satisfactorily pre-qualified by the Authority; and
 - 11.1.2 any other condition which the Authority may specify having been met.
- 11.2 The Authority reserves the right, at its absolute discretion, to refuse to allow any change in the Consortium Members of any Bidder and/or the principal relationships between Consortium Members.

- 11.3 The Authority reserves the right, at its absolute discretion, not to consider any Bid where there is a change in the Consortium Members of any Bidder and/or the principal relationships between Consortium Members.

12 GOVERNING LAW

- 12.1 All negotiations will be conducted, and all documents and Bids will be prepared, in the English language. The negotiations and all subsequent contracts negotiated will be subject to English law and the exclusive jurisdiction of the English courts.

13 ACCEPTANCE OF BIDS

- 13.1 Bidders are reminded that no offer or Bid is deemed accepted until the relevant contractual documents have been duly signed on behalf of the Authority, the successful Bidder and all other relevant parties and declared unconditional. No dialogue or communication with the Authority, whether prior to or after the commencement of the ISFT stage, up to and including any notification of the Preferred Bidder award decision commencing the standstill period, shall imply acceptance of any offer or constitute an indication that the Bidder will be awarded the contract.
- 13.2 Please note that only the express terms of any written contract which is finally agreed between the Authority and the successful Bidder and which is duly declared unconditional shall have any contractual effect.

APPENDIX 2

QUALITY AND FINANCIAL QUESTIONS BIDDERS ARE REQUIRED TO ANSWER AT THE FINAL TENDER SUBMISSION STAGE

1. PARTNERING

Criteria 1 – Partnering
Q.1.1 – Joint Venture Leadership Management and Partnership Working (Scored 0-10)
<p>Clear accountability and key personnel availability are key criteria for a successful partnership working.</p> <p>Please outline your leadership and management structure including proposed JV Board Directors and the senior management team operating the JV.</p> <p>The key points of contact, and roles and responsibilities for individuals proposed (including an Organogram and CVs of key personnel setting out their relevant experience) should be included as part of your response.</p> <p>The Authority is seeking a JV partner that will deal with issues in a proactive and responsive manner with a single point of contact for operational delivery and accountability. Should issues arise during the joint venture please outline your lines of escalation and availability which demonstrate accountability and commitment to resolving issues.</p> <p><i>There are no word limits to the Final Tender responses to this question.</i></p>

Criteria 1 – Partnering
Q.1.2 – Joint Venture Resourcing (Scored 0-10)
<p>The JV staffing and resource plan should be submitted to set out the staffing and resourcing to be provided by the Partner; resource that would have to be externally sourced through the Partner's supply chain; as well as any resource that the Authority would be expected to provide towards achieving the optimal resourcing structure. This may involve both specific resources to be put in place as well as resourcing methodology and approach to secure support to meet the needs of the JV.</p> <p>The resource plan for the JV should seek to demonstrate that the Partner has a proposal with robust capacity, competency and management structures to deliver the range of services and objectives as defined below whilst being balanced with efficiency and adaptability in meeting demand.</p> <p>The resource plan should address the following range of services and objectives:</p> <ul style="list-style-type: none">• design• planning• marketing sales & sales• supply-chain procurement• development and construction management function• finance and treasury management <p><i>There are no word limits for the Final Tender responses to this question.</i></p>

2. CONSTRUCTION PROGRAMME DELIVERY

Criteria 2 – Construction Programme Delivery
Q.2.1 – Supply-Chain Selection, Co-ordination and Management (Scored 0-10)
<p>The partnership will involve delivering construction at multiple sites over the duration of the joint venture.</p> <p>Please provide details of how you will appoint, manage and co-ordinate the construction supply-chain to deliver development across the sites that will demonstrate:</p> <ul style="list-style-type: none"> • Processes for effective needs assessment and planning of supply-chain requirements • High quality standards in the contractors and suppliers appointed for site developments and across the development programme • Efficiencies in your procurement approach to deliver initial and ongoing value for money for each site development and across the development programme • Effective monitoring, reporting and management of supply-chain performance. Cost-control and quality assurance • Rigorous inspection regimes, sub-contractor induction, monitoring and vetting, the supply chain's ability to deliver resilience and contingency measures. • Processes in place to ensure supply-chain resilience and contingency measures • Communications, logistics and management processes to be able to effectively co-ordinate the supply-chain to deliver the site programmes to timetable. <p><i>There are no word limits for the Final Tender responses to this question.</i></p>

Criteria 2 - Construction Programme Delivery
Q.2.2 – Construction Project Management (Scored 0-10)
<p>The construction phases of site development will require the Partner to provide effective construction project management. This should demonstrate day to day accountability for on-site process for scheme progress and managing project risks.</p> <p>Please outline your processes and procedures that your day-to-day project manager will put in place to keep the Authority informed on a regular basis.</p> <p>Should issues arise during the construction stages please outline your lines of escalation and availability which demonstrate accountability and commitment to resolving issues.</p> <p>Your response provided should seek to demonstrate:</p> <ul style="list-style-type: none"> • proactive approach to managing delivery and issues arising • manage day to day operational delivery effectively • reporting systems and client engagement mechanisms you propose to adopt to ensure that the Authority is made aware at the earliest opportunity of relevant issues or problems affecting programme, cost or quality <p><i>There are no word limits for the Final Tender responses to this question.</i></p>

Criteria 2 - Construction Programme Delivery
Q.2.3 Construction Health and Safety Approach and Measures (Scored 0-10)
<p>Please provide details of the approach and measures you will implement to ensure effective health and safety measures are put in place for the protection of contractor staff and the public during construction.</p> <p>Your response should seek to demonstrate:</p> <ul style="list-style-type: none"> • your approach to contingency advance planning to prepare for health and safety hazards, incidents and emergencies which may occur on site • how you assess and identify for each site health and safety risks (and possible emerging risk on an on-going basis) in operating in the site and resource appropriate measures accordingly; • Your communications plan in respect of emerging or actual health and safety incidents which enables your organisation to respond promptly to the health and safety issues; mobilise and co-ordinate contingencies measures; and to keep the Authority informed. • Your strategy and methodology in dealing with arising incidents on site in order to ensure health and safety incidents do not impact on the overall project timescales. <p><i>There are no word limits for the Final Tender responses to this question.</i></p>

Criteria 2 - Construction Programme Delivery
Q.2.4 Minimising Construction Energy, Water and Waste (Scored 0-10)
<p>Please provide details of your approach and measures that you will implement to minimise the amount of energy, water and waste produced in delivering the programme of construction under the joint venture. Your response should describe measures in relation to performing construction services for the Authority as well as materials used during construction.</p> <p><i>There are no word limits for the Final Tender responses to this question.</i></p>

3. MARKET POSITIONING

Criteria 3 – Market Positioning

Q.3.1 –Market Positioning (Scored 0-10)

Please provide your approach to Sales & Marketing across the programme of sites. Your response should include details of:

- Your approach and methodology for assessing demand for types of homes in each area
- Examples of specific design approaches and place-making interventions you consider appropriate for inclusion in these development sites
- Your analysis of growth / value uplift opportunities across the 12 sites
- How you will co-ordinate with other advisors and intermediaries to support and facilitate the transfer of assets
- How you will maximise value for the sale of developed assets
- The marketing you propose to carry out for the development to secure potential purchasers
- The resourcing you propose to deploy to deliver that plan
- Your projected rate of sale and reasons supporting those projections
- Your strategy for maximising value from sales and reasons supporting the effectiveness of that approach

There are no word limits for the Final Tender responses to this question.

4. SAMPLE PACKAGE SCHEME DEVELOPMENT PROPOSALS

Criteria 4 – Sample Package Scheme Development Proposals
Q.4.1 Development 1 Outline Master-Plan and Housing Design (Scored 0-10)
<p>Please provide a design and planning submission for Development 1 (comprising of the Waterloo Estate site and the Queen Street site) to include:</p> <ol style="list-style-type: none"> 1. Identification and illustration of key site constraints and opportunities impacting on the location, form, type and quantum of development 2. Diagrams, plans and images to illustrate: <ul style="list-style-type: none"> • Overall approach to site layout • Access and connectivity • Parking • Landscape / Public realm • Built form • Massing and height • Key views • Precedent images for elevational treatments (representative of your approach to this site) 3. Commentary on residential mix, specification, target market 4. Proposals to amend/modify/improve the baseline position (set out in the design brief) including quantum and tenure mix 5. Planning opportunities and constraints 6. Summary accommodation schedule with tenure, building types, gross and net residential areas 7. Plan to increase local biodiversity with planting and wildlife areas in developing the sites. <p>NB Please refer to benchmark specifications supplied with this ISFT</p> <p><i>There are no word limits for the Final Tender responses to this question.</i></p>

Criteria 4 – Sample Package Scheme Development Proposals
Q.4.2 Development 2 Outline Master-Plan and Housing Design (Scored 0-10)
<p>Please provide a design and planning submission for Development 2 (comprising of the Napier House and New Plymouth House site) to include:</p> <ol style="list-style-type: none"> 1. Identification and illustration of key site constraints and opportunities impacting on the location, form, type and quantum of development 2. Diagrams, plans and images to illustrate: <ul style="list-style-type: none"> • Overall approach to site layout • Access and connectivity • Parking • Landscape / Public realm • Built form • Massing and height • Key views • Precedent images for elevational treatments (representative of your approach to this site) 3. Commentary on residential mix, specification, target market 4. Proposals to amend/modify/improve the baseline position (set out in the design brief) including quantum and tenure mix 5. Planning opportunities and constraints 6. Summary accommodation schedule with tenure, building types, gross and net residential areas 7. Plan to increase local biodiversity with planting and wildlife areas in developing the site. <p>NB Please refer to benchmark specifications supplied with this ISFT</p> <p><i>There are no word limits for the Final Tender responses to this question.</i></p>

Criteria 4 – Sample Package Scheme Development Proposals
Q.4.3 Development 3 Outline Master-Plan and Housing Design (Scored 0-10)
<p>Please provide a design and planning submission for Development 3 (comprising of the Serena, Solar and Sunrise site) to include:</p> <ol style="list-style-type: none"> 1. Identification and illustration of key site constraints and opportunities impacting on the location, form, type and quantum of development 2. Diagrams, plans and images to illustrate: <ul style="list-style-type: none"> • Overall approach to site layout • Access and connectivity • Parking • Landscape / Public realm • Built form • Massing and height • Key views • Precedent images for elevational treatments (representative of your approach to this site) 3. Commentary on residential mix, specification, target market

4. Proposals to amend/modify/improve the baseline position (set out in the design brief) including quantum and tenure mix
5. Planning opportunities and constraints
6. Summary accommodation schedule with tenure, building types, gross and net residential areas
7. Plan to increase local biodiversity with planting and wildlife areas in developing the site.

Please note that the entirety of this site will be retirement accommodation.

NB Please refer to benchmark specifications supplied with this ISFT

There are no word limits for the Final Tender responses to this question.

Criteria 4 – Sample Package Scheme Development Proposals

Q.4.4 Stakeholder Engagement and Communication (Scored 0-10)

Please provide details of the stakeholder engagement and consultation and communications plan you intend to put in place in relation to developing the Sample Package Scheme Development Proposals. Your response should provide a timetable and resourcing plan to carry out the consultation and programme of communications.

The proposals should set out:

- an effective plan to identify relevant Stakeholders in relation to the 3 Developments of the Sample Package Scheme and schedule accessible consultation opportunities for them to participate in
- the information that the consultation process would seek to identify relevant to the 3 Developments of the Sample Package Scheme and the reasons it is important for the successful delivery of the scheme
- how the consultation information will be collated, provided and presented to the Authority
- how you would work with the authority to address issues anticipated to result from the consultation exercise
- the communications programmes and events that would be deployed during and on completion of each and all of the 3 Developments of the Sample Package Scheme development to promote projects to Stakeholders and the community.

There are no word limits for the Final Tender responses to this question.

Criteria 4 – Sample Package Scheme Development Proposals

Q.4.5 Programme (Scored 0-10)

Please provide a high-level programme for the delivery of the Sample Package Scheme Development Proposals.

The Programme should:

- Show all key work stages for each of the 3 Developments
- Show all key milestones for each of the 3 Developments

The Programme should be supported by a commentary explaining how those key milestones are properly

resourced and deliverable to provide confidence that the Sample Package Scheme Development Proposals will be delivered on time. The commentary should also provide details of contingency and business continuity measures that will be put in place to ensure the resilience of the proposed programme.

There are no word limits for the Final Tender responses to this question.

5. ADDITIONAL SITES

Criteria 5 – Sample Package Scheme Development Proposals
Q.5.1 Additional Sites Strategy (Scored 0-10)
<p>The joint venture commencement programme will be to deliver the development across the 12 initial sites. However, the joint venture will also need to have a strategy to seek and realise housing led development commercial opportunities beyond the development of these 12 initial sites.</p> <p>Please provide details of your overview approach, business plan and strategy in relation to future opportunities within the Borough of Havering over the duration of the arrangements beyond the development of these 12 initial sites. This may include (but is not limited to) strategic review and financial appraisals of other existing Authority sites for commercial development as well as further potential land assembly and acquisition opportunities to be jointly invested in and realised through the Joint Venture.</p> <p><i>There are no word limits for the Final Tender responses to this question.</i></p>

6. SOCIAL VALUE

Criteria 6 – Social Value
Q.6.1 Social Value Proposal (Scored 0-10)
<p>The Partner will be operating within the Borough over the long term and will be expected to apply its skills and ability to contribute towards the strategic social and economic development and regeneration of the area.</p> <p>The Authority is committed to delivery of social value linked to the development and regeneration of the sites. The Authority is looking to the Partner to drive benefits in terms of:</p> <ul style="list-style-type: none">• Providing apprenticeships and other skills development, work experience and opportunity access programmes to be provided in the Borough to secure skills to support the delivery of development programme and leave a legacy of workforce investment. The details of commitments, the quality and duration of the training programmes and support proposed should be included.• Offering curriculum support to schools with contractors sharing knowledge and expertise about their discipline.• Creating supply chain opportunities for SMEs and social enterprises.• Supporting initiatives like targeting hard to reach groups and offering training opportunities.• Investing in delivering facilities such as libraries and leisure facilities to communities and making them available for community use. <p>The deliverability of your proposal may be illustrated by relevant examples of social value in past projects. The Authority will be assessing the quality of the proposal and also the number of clear formal commitments, inputs and outputs put forward.</p> <p><i>There are no word limits for the Final Tender responses to this question.</i></p>

7. LEGAL AND COMMERCIAL

Criteria 6 – Legal & Commercial
Q.7.1 Contractual Documents Response
<p>Bidders are required to submit a mark-up (with supporting commentary and reasoning to explain changes, proposals and commitments) to the contractual documents consisting of:</p> <ul style="list-style-type: none"> the Members Agreement the Development Agreement the Development Management Agreement the Build Licence (or alternatively a building lease proposed by the Bidder which should aim to reflect the risk transfer of the Build Licence) <p>The response should also incorporate how the Bidder will address the issue covering the <i>Phasing or viable and less viable Sites</i> clarification (as set out in the Authority's clarification issued to Bidders on 2nd November) and this is to be evaluated as part of the overall holistic assessment of the Contractual Documents response. The relevant clarification is repeated below for reference.</p> <p>The final mark-up submitted as part of the Final Tender should reflect the positions discussed with the Authority up to the conclusion of the dialogue stage.</p>
<p style="text-align: center;">Authority's clarification issued to bidders 2nd November:</p> <p style="text-align: center;">Phasing of viable and less viable Sites</p> <p>Bidders are aware that the Regeneration of all 12 Sites is dependent on Sites being "bundled" so that each Phase of Sites delivers a positive residual land value even if individual Sites would not do so, looked at in isolation. The three initial developments have been chosen for that reason and it will be necessary that later Phases will be bundled in the same way so that all 12 Sites can be delivered viably.</p> <p>However, even if Sites are bundled in viable Phases, this does not of itself guarantee that all the Sites in a Phase will be completed. The worst case scenario is that the most viable Site(s) within a Phase are completed; there is a downturn in the market (or for any other reason the JV comes to an end) and the less viable Sites are not built. The Council, therefore, needs to be sure that all the Sites within a Phase are both started and completed in a timely manner.</p> <p>Bidders should describe how they will address this issue covering the following areas in respect of phases of sites:</p> <ul style="list-style-type: none"> In respect of the Sample Package Scheme involving the initial 4 Sites (over 3 Developments) what commitment can be given to ensuring a start of construction on each Site within a specified time period? The Council's requirement is that there will be no more than 6 months between the start on Site on the first and last Site within the initial Phase of Sites across the three initial Developments and bidder's proposals must comply with or improve upon this requirement. What commitments can be given to ensuring that all Sites within the Sample Package Scheme of the initial three Developments are completed, once started. This might include restrictions on how many Units on the viable Sites can be sold before practical completion of the less viable Sites What similar commitments can be given in relation to ensuring a start of construction of each Site within a defined time period for each future Phase "bundle" of Sites for the remaining 8 Sites? What sanctions the JV would suffer if the commitments referred to above are not met both in respect of the Sample Package Scheme and also in relation to each future Phase "bundles" of Sites for the remaining 8 Sites. What amendments to the legal documentation are proposed to incorporate the above to reflect commitments in respect of the Sample Package Scheme and also in relation to each future Phase "bundle" of Sites for the remaining 8 Sites.

APPENDIX 3

FINANCIAL CRITERIA EVALUATION METHODOLOGY

Criteria 8 Financial Proposals

For the Final Tender evaluation the Financial Proposal will be an assessment of the Form of Tender put forward by the Bidder in accordance with the requirements of Appendix 4.

The financial model will be assessed in terms of the robustness and credibility of the assumptions, and the financial offer being made. The following scoring methodology will be used to assess bids:

Criteria	Formula	Max Score	Bidder 1	Bidder 2	Bidder 3	Highest Offer
Robustness & Credibility	Evaluation	10.00	8.00	8.00	5.00	8.00
Potential return to Council	As submitted		450,000	600,000	800,000	800,000
Weighted return to Council	Return x Robustness Factor		360,000	480,000	400,000	480,000
Total	Bidder Weighted Surplus to Council/Highest Weighted Surplus to Council x 20		15.00	20.00	16.67	

The Authority is seeking financial offers that are considered to be deliverable, and therefore credibility and robustness will be scored 0-10 as follows:

ISFT FINANCIAL EVALUATION - ROBUSTNESS SCORING MATRIX		
SCORE	COMMENTARY	
	CONFIDENCE IN ASSUMPTIONS	RISK TO DELIVERABILITY
0	No information provided so unable to score	
1	Extremely low	Extremely high
2	Very low	Very high
3	Low	High

4	Moderately low	Moderately high
5	Moderate	Moderate
6	Moderately high	Moderately low
7	High	Low
8	Very high	Very Low
9	Extremely high	Extremely Low
10	Fully robust and credible	

APPENDIX 4

FINANCIAL SUBMISSION FORM OF TENDER

For the purposes of the Final Tender evaluation, the Financial Submission will consist of a business plan model for the three sample sites. Responses should comprise:

1. Please provide a **live financial model** in Excel format showing the financial appraisal of the three sample Developments (covering the 4 sites). The model should demonstrate all key elements including:

REVENUES

Residential Affordable (an average offer price of £172,000 per plot for the affordable rented units, and 40% of open market value (the sales receipt at point of sale) for any shared ownership units)

Residential Market

Non-residential uses

Ground rents

NB Please refer to benchmark specifications supplied with this ISFT (document titled *LB Havering Specification for Regeneration Scheme 8th Sept 2017*) in arriving at your scheme revenues

EXPENDITURES

Professional fees

CIL / S106 (at a fixed value to be confirmed by the Authority)

Construction broken down into buildings, externals, abnormals, OHP

Finance

PROGRAMME

Overall phasing

Site by site periods for pre-construction, construction and sales/lettings

Cashflow for each site and consolidated

OUTPUTS

Residual land value

Distribution of returns to the JV partners

SENSITIVITY ANALYSIS

Demonstrating scenarios where viability cannot be achieved

All business plan inputs should be on the basis of current values and current costs.

2. In addition to your own financial model we have provided a series of **summary sheets** that should be populated with data from your model. Instructions for completion of the summary sheets are included within the Excel file.

3. The Financial Model and Summary Sheets should also be accompanied by a **commentary** including explanation of your approach to:

- Key development appraisal assumptions
- The set up period of the Joint Venture
- An outline of how you intend to fund the Joint Venture
- The phasing of individual sites Balancing maximising development value and development output over the duration of the partnership including the market indicators and factors that would influence your choice of timing of the sequence of development of specific sites
- Achieving financing and sales efficiencies in the development site sequencing
- Integrating more commercially challenging sites or more difficult to develop sites into the programme as early as possible in a deliverable and financially sustainable way
- Your proposed structure and timing for returns to the JV partners, linked to your site phasing/package strategy

- Your proposed structure and timing for super-profit returns to the JV partners, linked to your site phasing/packaging strategy
- Your proposed Development Management fee structure
- Your proposed Construction Management fee structure (if applicable)

4. A proof of funds letter, or similar from your funders to provide evidence that funds are available to deploy to the venture

Raising of debt funding assumptions and requirements in completing your Financial Submission Form of Tender

The Authority's position on the funding of the JV for the Regeneration for the initial 4 Sites (over the 3 Developments) for the purposes of responses to Appendix 3 (Financial Criteria evaluation) and Appendix 4 (Financial Submission) is as follows:

- funding will be comprised of a 30% equity 70% debt split
- The 30% equity will be provided to the JV by way of (i) a loan note in respect of Council land or cash contribution (15%) and (ii) equity provided by the PSP (15%)
- The Council will not be contributing more than 15% of the equity investment
- The PSP will arrange 70% debt funding on behalf of the JV.

Bidders must return solutions that confirm that they will be able to deliver in compliance with the above, setting out details of how they will deliver this

The Authority reserves the right to reject a Final Tender Bid which does not comply with these assumptions and requirements.

There are no word limits for the Final Tender commentary response to this question.

APPENDIX 5

CONTRACTS

The Draft Members Agreement
The Draft Development Agreement
The Draft Development Management
The Draft Build Licence

are included in the procurement documents available electronically through
<https://www.capitalesourcing.com/web/login.shtml>

Other project documents are also included in the procurement documents available electronically
through <https://www.capitalesourcing.com/web/login.shtml>

APPENDIX 6

GLOSSARY OF TERMS

The capitalised words and expressions in this ISFT have the meanings set out below unless the context specifically requires otherwise. References to the singular include the plural and vice versa.

"Advisers"

means all professional advisers of the Authority involved in the procurement of the Project

"Bid"

means each of the written proposals submitted by a Bidder as part of this procurement process at any stage of the procurement

"Bidders"

means individuals and/or organisations to whom this ISFT has been issued by the Authority

"Concession Documents"

means any document issued by the Authority as part of this procurement process

"Confidential Information"

means all information designated as confidential and disclosed to the Bidders by the Authority or its Advisers in order for them to formulate and prepare their Bid; or which may be supplied by the Authority or its Advisers at a future date (whether in written or visual format or otherwise)

"Consortium"

means either an entity which is to be formed by a group of Organisations or a group of Organisations acting jointly as the Bidder

"Consortium Member"

means where the Bidder is a consortium, any individual economic operator forming part of that consortium

"Final Tenders" the Bid submitted in responses to the ISFT

"Organisation"

means a sole trader, partnership, limited partnership, limited liability partnership, co-operative or company and any analogous entity established inside or outside the UK and should be interpreted accordingly

"Preferred Bidder"

means the Bidder which has been assessed by the Authority as having the most economically advantageous Final Tender

APPENDIX 7
CERTIFICATES

TENDER FOR HAVERING ESTATE REGENERATION PARTNER PROJECT

CERTIFICATE OF NON- COLLUSION

To the London Borough of Havering (“the Authority”)

The essence of the public procurement process is that the Authority shall receive bona fide competitive Tenders from all Bidders. In recognition of this principle I/We certify that this is a bona fide Tender, intended to be competitive and that I/we have not fixed or adjusted the amount of the Tender or the rates, financial responses and prices quoted by or under or in accordance with any agreement or arrangement with any other party.

I/We also certify that I/we have not done and undertake that I/we will not do at any time any of the following acts:

- a) communicate to a party other than the Authority the amount or approximate amount of my/our proposed Tender (other than in confidence in order to obtain quotations necessary for the preparation of the Tender);
- b) enter into any agreement or arrangement with any other party that he shall refrain from tendering or as to the amount of any Tender to be submitted;
- c) offer or agree to pay or give or pay or give any sum of money inducement or valuable consideration directly or indirectly to any person for doing or having done or causing or having caused any act or omission to be done in relation to any other tender or the proposed Tender; or
- d) enters into any type of agreement or arrangement with any other party aimed at distorting the outcome of the competition

In this Certificate:

- the word “person” includes any person, body or association, corporate or incorporate
- the phrase “any agreement or arrangement” includes any transaction, formal or informal whether legally binding or not.
- the word “Tender” includes all tender submissions including ITPD submissions, ITCD submissions and Final Tender submissions together with associated clarifications provided by the Bidder

1 **SIGNED**
POSITION

2 **SIGNED**
POSITION

On behalf of

Date

TENDER FOR HAVERING ESTATE REGENERATION PARTNER PROJECT

CERTIFICATE OF NON - CANVASSING

To London Borough of Havering ("the Authority")

I/We hereby certify that I/we have not in connection with the award of the contract for the project or any other proposed contract for Havering Estate Regeneration Partner Project

- canvassed any member, employee, agent of the Authority
- undertaken to unduly influence the decision-making process of the Authority
- undertaken to obtain confidential information that could confer upon an undue advantage in the award of the contract

and that no person employed by me/us or acting on my/our behalf has done any such act.

I/We further hereby undertake that I/we will not in the future do or seek to do the prohibited acts referred to above and that no person employed by me/us or acting on my/our behalf will do any such act.

1 **SIGNED**
POSITION

2 **SIGNED**
POSITION

On behalf of

Date

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8.16 Indicative Estate Regeneration Budget

	£
Project Delivery Management	200,000
External Legal Advice	150,000
Internal Legal Charges	75,000
HRA Finance Advice	50,000
Tax Advice	50,000
Communications/ Printing	15,000
Property Due Diligence	125,000
Total	665,000

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Appendix 8.17

Sales and Marketing Strategy

In November 2016, work commenced to establish a 'Baseline' financial model to demonstrate viability of the 12 Site Regeneration Programme, both on a site-by-site basis and across the entire portfolio.

The initial revenue forecast was based upon independent market research via local estate agents, supported by evidence-based land registry data, derived from comparable new build activity (where available) in the immediate localities of the 12 Sites.

These assumptions were then reviewed by Savills who led the multi-disciplinary specialist team appointed by the Council. Savills recommended base revenues would attract a regeneration factor comprising a 5% premium compounded over the development lifecycle of the project. In addition, a high level summary was commissioned from local agents Glenny and this is attached.

Bidders shortlisted to participate in the competitive dialogue procurement process have since instructed internal sales and marketing teams, and/or external sales agencies to provide detailed sales and marketing reports to inform their own financial viabilities including wider demographic data to support a sales and marketing strategy. One of the requirements of that emerging strategy was to show how the new homes being built would be targeted at local people and to evidence affordability at local income levels.

In November 2017, 'Bidder C' commissioned CBRE to undertake a comprehensive sales and marketing analysis for Phase One of the 12 Site Regeneration Programme. The report considers a broad range of factors which influence the financial outcomes, such as:

- Place-making and regeneration premium
- Pricing analysis of estate regeneration
- Characteristics of the target market
- Build specification
- Diversification of product
- Incentives
- Sales and marketing strategy

The report also included a plot-by-plot revenue analysis and forecast predicated on first sales arising in 2021. These range from £484ft² to £617ft².

Bidder C financial analysis assumes average private sales values equivalent to £513ft².

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HAVERING COUNCIL'S HOUSING REGENERATION PROGRAMME

HOUSING REGENERATION PACK

(2) Local Lettings Plan (Proposed)

This document forms the Council's Local Lettings Plan setting out the re-housing options and allocation principles and procedures for secure (and introductory tenants) of the Council affected by the Housing Regeneration Scheme

1. INTRODUCTION

- 1.1. This Local Lettings Plan is made pursuant to the provisions of s.166A(6) Housing Act 1996 (as amended) and/or s.21 Housing Act 1985 and sets out the principles and procedures adopted by the Council for the allocation of housing to Council tenants who will be affected by the Regeneration Schemes as defined below.
- 1.2. The Local Lettings Plan also takes account of the following legislation:
- Homelessness Act 2002
 - Housing Act 1985
 - Housing Act 1996
 - Housing Act 2004
 - Housing and Regeneration Act 2008
 - Human Rights Act 1998
 - Land Compensation Act 1973
 - Planning and Compulsory Purchase Act 2004
 - Town and Country Planning Act 1990
 - Housing and Planning Act 2016, Pt 4 Ch.6
- 1.3. The Local Lettings Plan has the following objectives:
- 1.3.1. Ensure the delivery of the development proceeds on time by facilitating the moves of affected tenants from the estates into alternative suitable homes
- 1.3.2. Fairly manage the rehousing and payment compensation process
- 1.3.3. Use the development opportunity to improve housing conditions in the borough
- 1.3.4. Create a sustainable community in each regeneration area
- 1.4. The Local Lettings Plan forms part of the Council's overall Allocation Scheme pursuant to s.166A(1),(6) Housing Act 1996.
- 1.5. Section 25.2 of the Housing Allocations Scheme (2016) states:
- "Local lettings schemes can be put in place for a specific area or estate on new developments which is agreed with the Provider in response to particular local circumstances. They will include a clear commitment to equality of opportunity, the provision of clear and accurate information to applicants and an appeals mechanism. In order to implement the policy we may have to select applicants for an offer of social housing who are in a lower band than we would usually offer to.*
- We may also make targeted offers in order to identify suitable applicants in particular circumstances in order to implement a local lettings policy. In such cases the offer will be made to the applicant with the earliest priority date in the highest band that will meet the criteria within the local lettings policy".*

- 1.6. The Local Lettings Plan will be subject to consultation with Council tenants and private registered providers of housing in accordance with s.166A(13) Housing Act 1996 and s.105 Housing Act 1985, for a period of 12 weeks.

2. DEFINITIONS AND ELIGIBILITY

APPLICATION

- 2.1. The Local Lettings Plan applies to the temporary and/or permanent rehousing of all Council tenants who are affected by the Regeneration Schemes in respect of the following properties:

SITE	TOTAL No of PROPERTIES*
1. Waterloo Road Estate	285
2. Napier House and New Plymouth House	98
3. Maygreen Crescent and Park Lane Estate	93
4. Oldchurch Gardens Estate	84
5. Chippenham Rd, Farnham Rd, and Hildene Ave	57
6. Queen Street Sheltered Housing Scheme	31
7. Maygreen Crescent and Park Lane Sheltered Housing Scheme	40
8. Solar, Serena, Sunrise Court Sheltered Housing Scheme	55
9. Brunswick Court Sheltered Housing Scheme	47
10. Dell Court Sheltered Housing Scheme	29
11. Royal Jubilee Court Sheltered Housing Scheme	79
12. Delderfield House Sheltered Housing Scheme	14
13. Delta TMO	60
14. Bridge Close	37

- Please note that these figures include all Council properties regardless of tenure.

DURATION

- 2.2. The Local Lettings Plan will cease to apply upon the completion of the Regeneration Schemes. The Council's main Allocation Scheme will continue to apply throughout and thereafter to all Council tenants.

COUNCIL TENANTS

- 2.3. For the purposes of the Local Lettings Plan, Council tenants are secure (or introductory) tenants who rent a home from the Council, including those who live in sheltered housing

HOUSEHOLD MEMBERS

- 2.4. All household members will be considered as part of the eligible tenant's household. This includes:
- Secure and joint tenants of the council
 - Co-habiting partners and spouses living together in a settled relationship with the eligible tenant for at least 12 months prior to the serving of the initial demolition notice.
 - Non-dependent children living continuously as part of the settled household since the start of tenancy or who have lived with the household since birth.
 - Children born since the start of the tenancy or other dependent children where the eligible tenant has principal care of the child on a permanent basis. Birth certificates will need to be produced to confirm relationship and dependency.
 - An adult relative who has become a settled member of the household because they are in need of support and cannot live independently. This may be an elderly relative or someone who is disabled. Such persons must have resided with the household for a minimum of 12 continuous months before being considered as part of the household.
 - Live-in carers providing full time care to a member of the household.
- 2.5. The Council will consider any exceptions not covered by the criteria above on a case-by-case basis. Approval will be given by the Housing Demand Services Manager.
- 2.6. The following household members will be excluded from being rehoused:
- Unauthorised occupants including friends, lodgers and sub-tenants living with the tenant;
 - Squatters;
 - Any household member who has moved in and caused overcrowding;
 - Children of the tenant whose main, principal home is elsewhere;
 - Any other person the Council deems ineligible.
- 2.7. If the composition of any household changes or is expected to change (i.e. pregnancy) the main tenant is required to inform the Council as soon as reasonably possible. Evidence will be required to support any change to a household's composition. The Council reserves the right to refuse the addition of a household member or members if it considers, in its absolute discretion the evidence submitted is considered insufficient

3. RE-HOUSING OPTIONS FOR COUNCIL TENANTS

- 3.1. The Council will rehouse any Council tenant being displaced from their home as a result of the Housing Regeneration Programme, with the following exceptions:
- 3.1.1. The Council will **not** rehouse any tenant against whom an outright possession order has been made by a Court for breach of their tenancy conditions for example, due to rent arrears or anti social behaviour;
 - 3.1.2. The Council will not rehouse any tenant against whom a suspended possession order has been made if the terms of suspension of the Order have been breached and/or if any breaches are not remedied;
 - 3.1.3. The Council will not rehouse any introductory tenant who fails to satisfactorily complete the introductory period and where a Notice has been served under s.128 Housing Act 1996 (save where the Notice is suspended on statutory review);
 - 3.1.4. Tenants who have rent arrears will not be eligible to move into a new-build property in the redeveloped site, unless they have maintained payments of current rent plus their agreed arrears repayment plan for a continuous period of six months.
- 3.2. Tenants have a right of appeal to the Appeals & Reviews Officer against a decision not to rehouse.
- 3.3. The rehousing options available to Council tenants are set out below:

OPTION 1 – MOVE TO AN EXISTING COUNCIL PROPERTY ELSEWHERE IN THE BOROUGH.

- O1.1.** Council tenants who wish to move to an existing council property elsewhere in the borough will be given the opportunity to do so.
- O1.2.** Tenants will be entitled to **two direct offers** of alternative accommodation.
- O1.3.** For tenants who would like to move outside of London, the Council will identify suitable vacancies including through the Seaside and Country Homes

OPTION 2 – MOVE TO AN EXISTING HOUSING ASSOCIATION PROPERTY ELSEWHERE IN THE BOROUGH.

- 02.1.** Council tenants who wish to move to a property owned and managed by a Housing Association elsewhere in the borough will be given the opportunity to do so.
- 02.2.** Tenants will be entitled to **two direct offers** of alternative accommodation.
- 02.3.** Tenants who choose this option will be supported by the Regeneration Housing Officer to ensure they understand the differences between the Council and Housing Association tenancies and can afford the rent.

OPTION 3 – MOVE TO A SHELTERED HOUSING OR EXTRA-CARE SCHEME PROPERTY ELSEWHERE IN THE BOROUGH (SUBJECT TO ELIGIBILITY FOR THE PARTICULAR SCHEME)

- 03.1.** Council tenants who are eligible and wish to move to a property in either a Sheltered or an Extra Care housing scheme elsewhere in the borough will be given the opportunity to do so.
- 03.2.** Dedicated scheme officers will also provide residents with on-site support including for the viewing and moving processes.
- 03.3.** Tenants who meet the following criteria will be eligible for offers in a sheltered scheme:
 - 60 years and over; or
 - Aged 55 to 59 years and in receipt of Personal Independence payments; and
 - Single or joint applicants with no children; and
 - In need of the housing support provided by the scheme.
- 03.4.** Tenants will be nominated for consideration by a Panel for Extra Care accommodation. Extra Care housing is for people who require a high level support due to:
 - Frailty;
 - Ill-health; or
 - Restricted mobility.
- 03.5.** Tenants will be entitled to two direct offers of alternative accommodation.

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OPTION 4 – PURCHASE OF AN AFFORDABLE HOME ELSEWHERE THROUGH A LOW COST HOME OWNERSHIP SCHEME

- O4.1.** Council tenants who are working and have savings will be supported in the process to purchase an affordable home.
- O4.2.** A number of affordable homes are being built in the borough under Shared Ownership and Shared Equity schemes and tenants can also be supported to purchase such properties, as well as properties on the open market. Further details are set out in Appendix 1.
- O4.3.** Officers will be able to provide housing advice on whether this is an affordable and viable option based on individual financial circumstances.

OPTION 5 – RENT A PROPERTY ELSEWHERE WITH A PRIVATE LANDLORD

- O5.1.** The Council can help tenants to move to a property in the private rented sector. This may be a good option for a tenant who would like to move near a support network in another borough or outside London.
- O5.2.** The Council can provide assistance by liaising about affordable private rented accommodation with landlords in or outside of the borough as well as offering financial assistance towards the required deposit and first month's rent through the Council's 'Find Your Own' scheme.

OPTION 6 – MOVE TO A NEW PROPERTY IN THE NEW DEVELOPMENT ONCE COMPLETED

- O6.1.** The Council will build new council housing across a number of sites in the borough as part of the Housing Regeneration Programme. Priority for the new build homes will be given to those who have had to move because of the regeneration programme. Tenants who express an interest in moving back to one of the new homes within the redevelopment area once the properties are built will be given the opportunity to do so.
- O6.2.** This option will apply to tenants who have initially:
 - moved to a council or housing association property elsewhere within the borough
 - moved to a sheltered housing property elsewhere in the borough
- O6.3.** Tenants who have rent arrears will not be eligible to move into a new-build property in the redeveloped estate, unless they have maintained payments of current rent plus their agreed arrears repayment plan for a continuous period of six months.

4. ALLOCATION & ELIGIBILITY PRINCIPLES AND PROCEDURES

- 4.1. Officers will carry out one to one meetings with Council tenants to help with completing the relevant 1-2-1 & Decant Assessment Forms and establish the needs of the family including whether or not they would like to register an interest to return to a new build property in the redeveloped area when they are become available.
- 4.2. As part of this process, the following information will be gathered:
- Proof of tenancy
 - Housing composition (verifying who lives at the home and that all household members are eligible for rehousing)
 - Rehousing option preference
 - Bed size requirement
 - Type of property preferences (floor level, block type and house type)
 - Location of property preferences (area preference in Havering or out of borough)
 - Preference to be near to friends, family, current neighbours (as a group move) or support service
 - Any medical, health, mobility, social or risk factors that should be considered
 - Current location of children's schools and workplace
 - Preference of when they would like to move (i.e. as soon as possible, within the next year or two years+)
 - Equalities information for monitoring purposes
- 4.3. The information will also shared with the Council's development partner, helping to understand what existing tenant's accommodation needs are for the new provision.
- 4.4. The tenant will be notified of the outcome of the application following assessment of their eligibility and needs. This notification will:
- Confirm the Housing Needs Band that the tenant has been placed in
 - Confirm the size (and if applicable, the type) of property the tenant is eligible for
 - Confirm the tenant's effective date
 - Include a reminder about informing the Council of any change in the household's circumstances
 - Provide details of the Appeal process
- 4.5. The tenant will be awarded the Emergency Rehousing (ER) Priority Band based on the requirement for them to move as a 'decant' for regeneration purpose. The effective date will be based on the date their first Council tenancy commenced.
- 4.6. Where the tenant is already on the housing register, the application will be updated with the relevant housing priority band and effective date.

IDENTIFYING AND MAKING AN OFFER OF ACCOMMODATION

- 4.7. Tenants will be entitled to a maximum of two direct offers of accommodation.
- 4.8. The Council will check whether a vacant property is suitable for a tenant on the regeneration decant waiting list.
- 4.9. Once a suitable property has been identified, the Council will contact the tenant (usually by telephone) to give the details of the property that is being offered and make an arrangement for the tenant to view the property. This will be followed by a formal offer letter.
- 4.10. The tenant will be asked to view the property within 14 days and then to sign the tenancy agreement. If they do not consider the property is suitable for themselves or their household, they will be asked to complete a form setting out their reasons for refusing the offer. If a tenant fails to view the property then this will be deemed a refusal of the offer.
- 4.11. A tenant can ask for a Review of the suitability of the accommodation offered regardless of whether they accept the offer or not by a Reviews Officer. The reasons will be considered as part of the Review and a decision will be made as to whether the offer was reasonable or not.
- 4.12. If the offer is considered unreasonable, the offer will not count against the tenant. This means that they will still be entitled to two further offers.
- 4.13. If the offer is considered reasonable, it will count as the first offer. This means that the tenant will be left with one more offer to be made.
- 4.14. If the tenant is dissatisfied with the outcome of a Review decision, they may Appeal to the Appeals Officer
- 4.15. Should the tenant refuse both direct offers of suitable accommodation; the Council may start early possession proceedings in order to obtain vacant possession of the property in time for demolition.
- 4.16. Taking into account the long timescale of the programme and waiting times for rehousing, the Council will check the detail of the needs assessment at the point of making an offer to ensure that there has been no change of circumstances and the offer is suitable.
- 4.17. The Council will liaise with other council services such as the Occupational Therapy Service, Adult Social Care, Children's Services etc. to ensure the tenant's health and support needs are addressed.

ESTIMATED WAITING TIME FOR AN OFFER OF ACCOMMODATION

- 4.18. The timescales of when a tenant may be offered alternative accommodation will depend on:
- The available supply of accommodation that is suitable to meet their housing needs
 - The redevelopment priority of the estate that the tenant is living in.
- 4.19. Offers of accommodation will be prioritised based on the following criteria:
- A tenant from a priority redevelopment site will be matched to a vacant property
 - The housing needs and vulnerabilities of each tenant matched will then be assessed to determine which tenant has priority for the match
 - If there is more than one tenant from the priority site whose needs are suitable for the vacant property, the offer will be made to the tenant who has been a council tenant the longest (based on the tenancy start date)
 - If there is no suitable tenant from the first priority site, the Council will use this criteria to continue to identify a tenant from the second priority sites and so on until the property is let.

BEDROOM SIZE ENTITLEMENT

- 4.20 The size and type of property that an applicant could have will depend on the size of their household.
- 4.21. The table overleaf sets out the Council's bedroom standards:

4.21. TABLE OF BEDROOM STANDARDS

<p style="text-align: center;">1 bedroom property or studio</p> <ul style="list-style-type: none"> Single person or couple with no children
<p style="text-align: center;">2 bedroom property</p> <p>Single person / couple with any of the following:</p> <ul style="list-style-type: none"> one child of any age two children of different sexes where both are under 10 years two children of same sex where both are under 16 years one other person (not the lead tenant's partner or child) or couple
<p style="text-align: center;">3 bedroom property</p> <ul style="list-style-type: none"> Single person / couple with any of the following: two children of different sexes, at least one of which is 10 years or over two children of the same sex where one is 16 years old or over three children of any sex or age four children of the same sex four children with two girls of any age and two boys of any age four children with three of the same sex and one of the opposite sex, where one girl and one boy are both under 10 years one person (not the lead tenant's partner or child), with or without a partner plus one child, or two children of different sexes who are both under ten, or two children of the same sex regardless of age
<p style="text-align: center;">4 bedroom property</p> <ul style="list-style-type: none"> Single / couple with any of the following: four children where the need for a three bedroom property does not apply five children of any sex or age six children of the same sex regardless of their age six children with five of the same sex and one of the opposite sex where there is one girl and one boy both aged under 10 years six children with four of the same sex, two of the opposite sex regardless of the age of the children six children with three girls and three boys where all the bedrooms available to the children can be shared by either a girl and boy under 10 years or the same sex children of any age can share one of the reasons for being eligible for a three bedroom property plus one person (not the lead tenant's partner or child), with or without a partner
<p style="text-align: center;">5 bedroom property</p> <p>Single / couple with any of the following:</p> <ul style="list-style-type: none"> six children where the rules for a four bedroom home do not apply seven children of any sex or age eight children all of the same sex seven of the same sex and one of the opposite sex where one girl and one boy are both under 10 years eight children with five of the same sex and three of the opposite sex, where all four bedrooms available for the children can be shared by either a girl and boy who are both under 10 years or two children of the same sex regardless of age eight children with four girls and four boys one of the reasons for being eligible for a four bedroom property plus one person (not the

lead tenant's partner or child), with or without a partner
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- 4.22. The Council will support tenants in deciding whether the size of any accommodation is affordable for individual families.
- 4.23. In general, the Council's bedroom standard is as follows;
- The bedroom standard allocates a separate bedroom to each: married or cohabiting couple adult aged 21 years or more, pair of adolescents aged 10-20 years of the same sex, pair of adolescents aged 10-20 years of the opposite sex;
 - A single parent is counted as a couple;
 - An unborn baby beyond the first trimester is counted as a child. The Council will require verifying documentation;
 - Single people will usually be offered one bedroom accommodation, studio/bedsit;
 - Two children of the opposite sex under 10 will be expected to share a bedroom.
- 4.24. **Tenants needing larger homes** – For households who require more than four bedrooms, the Council will work with them to consider alternative housing options on a case-by-case basis as there is limited supply of larger council-owned accommodation. For example, the family might wish to consider separate housing for adult children. Such housing situations will be approved by the Housing Demand Services Manager where appropriate.
- 4.25. **Tenants moving into a smaller property** - Under occupiers will qualify for an additional bedroom above their assessed need. For example:
- a tenant in a four bedroom property but the current housing need is assessed for a two bed, will be allowed to keep an additional bedroom and therefore will be offered a three bedroom property; or
 - a tenant in a three bedroom property but the current housing need is assessed for a one bed, will be allowed to keep an additional bedroom and will therefore be offered a two bedroom property.

To qualify for this offer, tenants should have a clear rent account and no history of anti-social or other unacceptable behaviour in their council tenancy.

Officers will complete an affordability assessment to ensure that the tenants can afford to pay the rent for the additional bedroom without discretionary housing payment on a long-term basis. Any shortfall will not be covered by the Council

- 4.26 **Group Moves** - Where it is possible and there is available supply, the Council will seek to facilitate group moves where two or more eligible tenants wish to be rehoused in close proximity to each other, if this is requested. This is to ensure existing communities and support networks can be kept intact so far as reasonably practicable. Tenants will be asked as part of their rehousing application if they wish to express this preference.
- 4.27. **Downsizing** – If a tenant chooses to move in to a smaller property that meets their housing needs as part of the Housing Regeneration Programme, they will be entitled to a downsizing payment of £1000 for the first room and £500 for any subsequent room returned to the Housing Service

TENANCIES

- 4.28. In September 2013 the Council introduced flexible tenancies. For most new Council tenants, the tenancies offered will be fixed term with a 12-month introductory period followed by a 5-year tenancy.
- 4.29. Council tenants moving under the regeneration programme into alternative council accommodation will retain the same tenancy rights as they currently have. This means that secure tenants will be offered a secure tenancy and flexible tenants will be offered another flexible tenancy.
- 4.30. For Council tenants who wish to change their tenancy status from a sole to a joint tenant, or from a joint to a sole tenancy, due to a change in household circumstances, which is agreed by the Council, then:
- 4.30.1. Where there is a joint tenancy and one of the tenants terminates the tenancy, a new tenancy will be issued on the same tenancy status as the previous joint tenancy.
- 4.30.2. Where there is a sole tenancy and the tenant wishes to add a joint tenant a new tenancy will be issued on the same tenancy status as the previous single tenancy.
- 4.31. A tenant on an existing flexible tenancy with an introductory period who is rehoused into another Council property will be granted another flexible tenancy with a continued introductory period from their previous tenancy.
- 4.32. **Tenants who move into a Housing Association property (Registered Provider accommodation):** tenants will be granted an assured tenancy in accordance with the policy of that landlord (i.e. periodic or fixed term tenancy). Assured tenancies give tenants similar rights as a Council secure tenancy but without the Right to Buy. Housing Officers will be able to provide more information on differences between Council and Housing Association tenancies.
- 4.33. In split household scenarios, secure tenancy provisions will remain with the primary tenant and any split household rehoused into a council property will be offered a flexible tenancy or the equivalent, which may be offered by Registered Providers.
- 4.34. The same principles will apply to those tenants opting to return to a new build home in the redeveloped area once completed and ready for occupation.
- 4.35. All Council tenancies will be granted in accordance to current legislation in operation at the time the tenancy is offered and in line with the Council's Tenancy Policy.

RENTS

- 4.36. Rents for new homes will be at Council rent levels set in accordance with then Government guidelines

5. NOTICES OF PROCEEDINGS FOR POSSESSION AND COURT POSSESSION ORDERS

- 5.1. Council tenants will note that the procedure for issuing formal Notice of Seeking Possession and Court Orders for Possession in order to ensure that legal and vacant possession of the site can be provided to the Council's development partner will be conducted on an estate-by-estate basis, with Notices and Court claims for possession being served on all tenants at the same time;
- 5.2. This will mean that, in some cases, Notices of Seeking Possession, and Court claims for possession may be commenced before Council tenants have received any offers of alternative accommodation under this Policy;
- 5.3. The Council confirms therefore that no Order for Possession will be enforced by the Council until such time as two offers have been made to Council tenants under this Policy, and any period of Review or Appeal has expired;
- 5.4. Legal and Court costs will not be sought against Council tenants save where a legal Defence is filed and the case is adjourned, or where it has been necessary to issue proceedings because two offers have been refused.

6. REVIEWS AND APPEALS

- 6.1. Applicants have the right to information about the decisions which are taken in respect of their rehousing application or suitability of the accommodation that has been offered. Applicants also have rights to review or appeal against rehousing decisions.
- 6.2. Applicants who are unhappy with a rehousing decision should in the first instance contact their Housing Officer who will be able to explain or clarify the situation, and whether there is a Right of Review or Right of Appeal, as set out in this Policy
- 6.3. Allocation and eligibility decisions under this Policy have a direct right of appeal to the Appeals and Reviews Officer
- 6.4. If the applicant is unhappy with the outcome of a Review, they can submit a formal appeal which will be considered by the Appeals and Reviews Officer, who is more senior than the original decision-maker, and who was not involved in making the original decision.
- 6.5. A request to appeal can be emailed to: housingapplicationappeal@havering.gov.uk. Where an applicant cannot make a request in writing; they can get help from their Housing Officer to do this on their behalf, or ask the Council to hear their case orally.
- 6.6. Applicants intending to make an appeal may want to take independent legal or specialist housing advice, for example the Citizens Advice Bureau or other advisory agency. Housing Officers will be able to provide guidance on how to access the services of independent advice agencies.
- 6.7. The formal appeal will be carried out on paper without an oral hearing and a decision issued within 14 days.

25 September 2017

APPENDIX 1 – LOW COST HOME OWNERSHIP INFORMATION

About Shared Ownership Schemes

Shared ownership schemes offer a way of part owning and part renting a property and is aimed at helping people who cannot afford to purchase a property on the open market.

To purchase a shared ownership home, applicants could use the funds from the sale of their property, any home loss payment (if entitled), any savings and any mortgage entitlement. An initial share of no less than 25% and no more than 75% of the full market value of the property would have to be purchased. Rent would be paid on the remaining share of the property which would be owned by the Local Authority, Housing Association or through a development partner. The rent level would be set by the provider. The rent that is paid could be no more than 3% of the value of the share in the property that is not owned.

Over time, the leaseholder can purchase further shares in the property which is otherwise known as 'staircasing'. In most cases they can if they wish, purchase additional shares up to 95% of the equity in the property.. The cost of increasing the share will depend on the value of the property at the time. Shared ownership leaseholders will have the normal rights and responsibilities of a full owner-occupier however will not usually be able to let or sub-let the property.

Prioritisation

In accordance to the Council's Shared Ownership policy, priority for shared ownership is given to:

- Existing social tenants in Havering, serving military personnel and former military personnel.
- Existing Havering residents
- Eligible applicants who work but do not reside in the Borough

Eligibility

In order to be eligible to purchase a shared ownership property in general, under the Help to Buy initiative applicants must;

- Have a household income of less than £80,000
- Be otherwise unable to afford a suitable property on the open market
- Be able to afford to purchase the largest share they can sustain alongside all associated housing costs
- Not be in rent arrears or in breach of their current tenancy agreement at the time of making the application (in the case of leaseholders, council tenants and private tenants)
In the case of private sector tenants, the Help to Buy agent must also be satisfied that the tenant has not had a history of rent arrears.

Freeholder's applications will be subject to assessment by Help to Buy agents and providers to determine whether they are in housing need and cannot comfortably afford an alternative home. This will be the Council's discretion.

To advise residents on general applicant eligibility and affordability for Help to Buy schemes, the Council will use Government's HCA 'Capital Funding Guide' (2016) which contains rules and procedures surrounding the delivery of affordable housing. The Councils rehousing officer will support applicants with registration on the Help to Buy Scheme for the locality and with initial assessment to ensure basic eligibility criteria is met. .

About Shared Equity Schemes

Shared equity schemes allow applicants to take out a low-interest equity loan which is added to a deposit amount when buying a property. A mortgage is taken on the remainder of the property price. Unlike shared ownership, buying a home with a shared equity loan could mean residents can own 100% of the property.

To purchase a shared equity home, resident leaseholders and freeholders would use the funds acquired from the sale of their home on the estate and any compensation to buy a property on a new development, continuing to invest the same level of mortgage borrowing that was held with the property on the estate.

If the cost of the new property is higher, then the Council or development partner of the scheme would hold on to a share of the property. No rent or interest would be charged on the share of the property that the Council or development partner would hold.

This means that resident leaseholders and freeholders could purchase a new higher value property without increasing their previous level of borrowing. If desired, using the funds acquired from the sale of the existing home, those affected could invest more in the new property.

Affected residents would have the opportunity to increase the share in the property over time by buying up the Council or development partner's equity share.

Eligibility

The eligibility for intermediate housing is determined by the London Mayor. The home that is purchased must:

- be a new build
- have a purchase price of up to £600,000 in England (or £300,000 in Wales)
- be the only one that is owned by the household
- not be sub-let or rented out after purchase

Applicants would need at least a 5% deposit and would need a mortgage of up to 75%. The government may lend up to 40%. Equity loan fees will have to be paid and the loan itself will have to be paid back after 25 years or when the home is sold, whichever comes first, where the amount that is paid back will depend on the market value of the home at the time of sale.

Selling a shared equity home

If leaseholders wanted to sell their new shared equity home, they would keep their share of the proceeds and the Council would keep its share it has in the property. Any increase in property value would be shared between the leaseholder and council according to the proportion of equity owned by each party.

If a leaseholder owned 60% of the value of the property, they would therefore receive 60% of the value if sold and any increase in value.

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Havering
LONDON BOROUGH

HAVERING COUNCIL'S HOUSING REGENERATION PROGRAMME

HOUSING REGENERATION PACK

(3) Regeneration Decant Policy & Possession Procedure (Proposed)

This document provides information on the implementation of the decant procedure and the obtaining of Court Orders for possession in advance of the start of housing regeneration works.

1. APPLICATION OF POLICY

- 1.1. This policy applies to all secure and introductory Council tenants who will lose their home on either a temporary or permanent basis as a result of the Council's Housing Regeneration Programme.
- 1.2. The following sites have been identified as part of this Programme, although properties or estates may be removed or added to the Programme as it progresses:

Table 1.2: Sites identified as part of Housing's Regeneration Programme	
Site	Total Number of Affected Units*
1. Waterloo Road Estate	285
2. Napier House and New Plymouth Estate	98
3. Maygreen Crescent and Park Lane Estate	93
4. Oldchurch Gardens Estate	84
5. Chippenham Rd, Farnham Rd and Hildene Ave	57
6. Queen Street Sheltered Housing Scheme	31
7. Maygreen Crescent and Park Lane Sheltered Housing Scheme	40
8. Solar, Serena, Sunrise Court Sheltered Housing Scheme	55
9. Brunswick Court Sheltered Housing Scheme	47
10. Dell Court Sheltered Housing Scheme	29
11. Royal Jubilee Court Sheltered Housing Scheme	79
12. Delderfield House Sheltered Housing Scheme	14
13. Delta TMO	60
14. Bridge Close	37
TOTAL	1009

* The total number of affected units is an estimated figure (as at September 2017). It includes Council tenanted dwellings, leasehold and freehold properties. This estimate is constantly changing as the letting and buy-back of properties takes place.

- 1.3. Full details of the re-housing options for Council tenants are set out in the Housing Regeneration Programme Local Lettings Plan.
- 1.4. This policy does not apply to Leaseholders or Freeholder owners who will be able to access a dedicated resource to help them through this process and to complete a claim for compensation and Home Loss Payment
- 1.5. This policy does not apply to non-secure tenants living in temporary accommodation provided by the Council under its homelessness or homelessness prevention duties under Part VII Housing Act 1996 or Homelessness Reduction Act 2017 who will be assisted by the Council's Housing Advice and Homelessness Service.
- 1.6. This policy does not apply to private tenants occupying affected properties who will be given advice and assistance by our Housing Advice and Homelessness Team, if necessary, to find alternative privately rented accommodation. Private tenants must make a formal application to the Housing Demand Service for assistance. If they do make such an application, they will be assessed in the usual way, in accordance with homelessness legislation and Government codes of guidance.

2. PHASED DECANT PROCESS

- 2.1. Council tenants who need to be decanted from their homes permanently as a result of the Council's Housing Regeneration Programme will be moved in a planned way.
- 2.2. Each development will have its own phased plan and timetable which will impact and influence the re-housing options available to Council Tenants. For example, it may mean that on some sites or Schemes where regeneration or development occurs that this will happen in Phases with some blocks being demolished before others.

3. TENANTS RETURNING TO NEW-BUILD PROPERTIES

- 3.1. Although there is no legal requirement for the Council to give Council tenants the option to return to the redeveloped site, we are committed to helping those that wish to remain in the area or return to the renewal estate to do so, wherever possible.
- 3.2. Existing secure (& introductory) Council tenants whose homes are due to be demolished will have priority for the new replacement homes being provided on their Estate before they are made available to any other applicants, subject to housing need.

- 3.3. For tenants who have chosen to return to one of the new-build properties, the construction phasing of the regeneration programme may mean that tenants are unable to move directly into a new home on the same site or Scheme as new units may not be ready until later in the redevelopment process.
- 3.4. In these circumstances tenants will have the choice to move to another home temporarily until the new-build property is ready or to move to another Council home permanently.
- 3.5. On other schemes where demolition and construction happen in separate phases, we expect that some tenants in the latter phases will have access to new homes from earlier phases and will not require temporary re-housing. Please also note that not all redeveloped sites or schemes will offer sheltered housing schemes.

4. PROCESS FOR ALLOCATION OF ALTERNATIVE HOUSING

- 4.1. Once Decant Status is authorised, Council tenants will be placed in the **Emergency Rehousing Band** on a phased basis and will receive up to **two direct offers** of alternative housing.
- 4.2. If the second offer is unreasonably refused then a further offer of accommodation will only be considered in exceptional circumstances, and the Council may commence proceedings for possession immediately.

5. SECURITY OF TENURE WHILST IN TEMPORARY ACCOMMODATION

- 5.1. Tenants occupying temporary accommodation will not be returning to their former homes due to their demolition as part of the regeneration programme. Tenants moved into temporary accommodation will be provided with the same security of tenure in this instance that they had at their original home either as a lifetime or flexible fixed term tenant. The tenancy will however will include a provision that the property is provided as temporary accommodation and requiring the temporary tenant to move to the permanent accommodation once this becomes available.

6. SECURITY OF TENURE IN PERMANENT ACCOMMODATION

- 6.1. When tenants are moved permanently to alternative accommodation they will take on a new tenancy, with their original tenancy status, either secure lifetime or secure fixed term/flexible tenancy depending on the original terms of their tenancy.

7. NOTICES OF SEEKING POSSESSION

- 7.1. The Housing Act 1985 requires that the Council serve Notices of Seeking Possession upon tenants prior to seeking possession for the purposes of housing regeneration and development.
- 7.2. The Council will rely upon Ground 10 Schedule 2 Housing Act 1985 which provides that it is a ground for possession where:

“The landlord intends, within a reasonable time of obtaining possession of the dwelling-house—

(a) to demolish or reconstruct the building or part of the building comprising the dwelling-house, or

(b) to carry out work on that building or on land let together with, and thus treated as part of, the dwelling-house, and cannot reasonably do so without obtaining possession of the dwelling-house.”

- 7.3. Depending upon the development scheme, the Council may also rely upon Ground 10A:

“The dwelling-house is in an area which is the subject of a redevelopment scheme approved by the Secretary of State or the Regulator of Social Housing or Scottish Homes in accordance with Part V of this Schedule and the landlord intends within a reasonable time of obtaining possession to dispose of the dwelling-house in accordance with the scheme”

- 7.4. It is anticipated that Notices of Seeking Possession will be served up to 12 months' prior to the Council requiring possession to commence the redevelopment.
- 7.5. If there are other breaches of tenancy, then other Grounds for Possession may be included in the Notice.

8. COURT POSSESSION ORDERS

- 8.1. In order to ensure the smooth hand-over of the site to the Council's development partners to commence demolition and construction on time, the Council will commence possession proceedings against Council tenants up to 12 months' prior to requiring vacant possession.

- 8.2. Possession claims will be issued against all Council tenants on a site-by-site basis. It is likely that at the time that possession claims are commenced, not all Council tenants will have received their direct offers.
- 8.3. Possession Orders which are obtained against secure tenants will not be enforced until such time that the tenant has received the offers to which they are entitled.

10. COURT COSTS

- 9.1. The Council will not seek to recover any Court or legal costs in respect of the decanting process against tenants.
- 9.2. However, where a tenant files and serves a formal Defence which results in the possession claim being adjourned to another date or on directions for trial, then the Council may apply to the Court for its legal costs from the tenant.

10. DOWNSIZING

- 10.1. If a tenant chooses to move in to a smaller property that meets their Housing needs as part of the Housing Regeneration Programme, they will be entitled to a downsizing payment in accordance with the Council's current Downsizing Policy for any subsequent room given back to the Housing Service

11. HOME LOSS PAYMENTS AND DISTURBANCE COMPENSATION

- 11.1. Tenants who are decanted for works may be entitled to statutory Home Loss or Disturbance payments. Further information will be provided by the Council in its published Housing Regeneration Programme information.

12. THE TENANT'S RESPONSIBILITIES DURING DECANTING

- 12.1. Where a tenant is decanted, they will be expected to pack up all their belongings: a free packing service can be provided upon request.
- 12.2. Tenants must ensure that they have taken steps to ensure that their fridges and freezers are cleaned, having been emptied and defrosted, if necessary, before the removal company is due to arrive.

- 12.3. If the tenant is being transferred to alternative accommodation, they will be responsible for clearing their belongings from the property and for giving vacant possession of that property. Any items left behind will be cleared and there will not be any opportunity to reclaim them, or to claim compensation to the value of them. The cost of clearance and disposal of any items will be recharged to the tenant.
- 12.4. The tenant is required to provide access to contractors, as necessary. They must also take responsibility for their own fixtures and fittings or DIY improvements, unless the property is to be demolished, in which case they must sign a disclaimer stating that they do not require any compensation for the loss of these items. There will be a pre-void visit where such items will be identified and the tenant informed about the work that is required before they move out. Failure to undertake such work could result in the tenant being recharged, in accordance with the appropriate policy.
- 12.5. The tenant is expected to make other members of their household aware of the decant arrangements and to move on the agreed date. In addition, they must make appropriate arrangements for any pets and ensure they are not abandoned in the property after they have moved out.
- 12.6. If the household has home contents or other insurance, the tenant is advised to notify their insurance company about the change of address.
- 12.7. Tenants are expected to take appropriate steps to clear any areas where work is to be undertaken.

13. VULNERABLE TENANTS

- 13.1. Where we deem a tenant incapable of being able to facilitate the removal and storage of curtains and carpets for themselves (where the tenant is vulnerable), and if it is reasonable to assume that the carpets in the existing property will be damaged during the works in any room, these will be lifted and stored by a nominated contractor. Following completion of the works, the contractor nominated by Housing Services will arrange to re-lay them. *Liability for the damage to the carpets will remain with the contractor.*
- 13.2. In such instances, we will nominate a contractor to remove all curtains that it is reasonable to expect will be affected by the works and make arrangements for storage.
- 13.3. The liability for damage during storage in respect of the curtains and carpets will rest with the nominated contractor's insurers.

- 13.4. Tenants who are capable of doing this themselves will be expected to do so and we will not be offering any removal, storage or re-fit service except where a tenant is vulnerable.
- 13.5. The Council will cultivate the garden of the decanted property to a reasonable standard if it becomes overgrown during the period it is empty, where the tenant is incapable of doing this for themselves because they are vulnerable. This will be done before the tenant moves back in. Where there is no vulnerability on the part of the tenant, this remains the responsibility of the tenant and we will not be offering this assistance.

14. MONITORING AND REVIEW

- 14.1. This policy will be reviewed in three years from the date it has been published and will be reviewed by the lead officer sponsoring this policy.

Housing Services

25 September 2017

HAVERING COUNCIL'S HOUSING REGENERATION PROGRAMME

HOUSING REGENERATION PACK

(6) Re-housing options for non-secure tenants in temporary accommodation

This document provides information on the Council's re-housing options for non-secure tenants accommodated by the Council under its homelessness duties, in temporary Council accommodation, privately leased or HMO properties affected by the Housing Regeneration Scheme

v.1

1. RE-HOUSING OPTIONS FOR NON-SECURE TENANTS IN TEMPORARY ACCOMMODATION

- 1.1. This document provides information to persons who are accommodated pursuant to the Council's homelessness or homelessness prevention duties under Part VII Housing Act 1996 (or the Homelessness Reduction Act 2017) in temporary accommodation.
- 1.2. This applies to tenants in non-secure Council accommodation, private-sector leased properties or tenants in Houses of Multiple Occupation (HMOs).
- 1.3. These categories of tenants are not included in the re-housing and allocation provisions of the Local Lettings Plan which only applies to secure and introductory tenants.

2. PRIVATE-LEASED PROPERTIES

- 2.1. For privately-leased properties, the Council will liaise with private owners for the termination of leases to ensure that vacant possession is provided for the purposes of the Housing Regeneration Programme.

3. RE-ASSESSMENT OF HOUSING NEEDS

- 3.2. The Council will support affected tenants through the Council's Housing Advice & Options Service to ensure that their needs are re-assessed, and if eligible, alternative accommodation provided.
- 3.3. The Council may also be able to offer financial assistance towards the costs of a tenancy deposit and first month's rent in a private rented home with a private landlord.



Havering
L O N D O N B O R O U G H

HAVERING COUNCIL'S HOUSING REGENERATION PROGRAMME

HOUSING REGENERATION PACK

(5) Information for private tenants

1. RE-HOUSING OPTIONS FOR PRIVATE TENANTS

- 1.1. This document sets out information for private tenants living in properties affected by the Housing Regeneration Scheme:

Summary of assistance for Private Tenants
<ul style="list-style-type: none">• Be offered timely re-housing advice through the Council's Housing Advice and Housing Options Team;• Be entitled to claim for the costs of moving out of the affected property providing specified criteria is met;• Subject to eligibility, apply for Council financial assistance to cover a tenancy deposit and first month's rent of a home in the private rented sector.
Rehousing Options
Option Move to alternative private rented accommodation with a private landlord (within or outside the borough)

- 1.2. The Council has no formal statutory obligation to rehouse private tenants of leaseholders or freeholders who are currently living in a property affected by the regeneration programme. This includes lodgers of tenants who are not considered to be part of the tenant's household. However, the Council is committed to offering relevant support to enable affected tenants to find a replacement home.
- 1.3. It is the Council's aim to ensure that tenants and their landlords are provided with regular open communication about the programme and estimated timescales.
- 1.4. The making of a Compulsory Purchase Order by the Council will have the effect of terminating any private tenancy agreements in affected properties.
- 1.5. The Council will assist private tenants through the Housing Options and Advice Service in order to find alternative suitable and affordable private rented accommodation. This can be arranged through referral to letting agencies and private landlords.
- 1.6. The Council's Housing Options Officers will provide tailored housing advice to enable private tenant understand their accommodation options
- 1.7. The Council's Housing Options Officer will work with private tenants to ensure those

affected understand the options available to them in a timely manner .

- 1.8. The Council's Housing Options and Advice Service will support affected tenants by providing details of local letting agencies operating in and outside of the borough, liaising with such agencies and landlords, helping households to complete applications and advising on benefit entitlements.

2. FIND YOUR OWN SCHEME

- 2.1. If eligible, the Council may also be able to provide financial assistance by paying deposit and first month's rent through its 'Find your Own' scheme.

25 September 2017

WATERLOO ESTATE UPDATE



AUGUST 2016

www.havering.gov.uk/askhousing
www.facebook.com/haveringhousing

Estate regeneration moves ahead

Havering Council has decided to move ahead with plans for a major regeneration of the Waterloo Estate.

Residents attending the drop-in consultation on Wednesday 20 July were largely supportive of proposals which will see the existing buildings demolished and a new, modern estate built on the site.

Havering Council's Interim Director of Housing, Neil Stubbings, said: "There is major investment taking place in central Romford over the next 10 years with the Romford Housing Zone, Crossrail improvements at Romford Station and the major transformation planned for Romford Market and we want to make sure that the Waterloo Estate is not left behind.

"We want it to be a place where people choose to live rather than one they wish to avoid. These proposals will help us achieve that objective while at the same time building extra Council homes for Havering people to rent."

Long term

Neil added: "This project will take place over a number



of years. It is likely to take at least two years before a development partner is in place and they will then need to work with us to design the new estate.

"We will be setting up a residents' group to work with us on the designs and layout of the estate so that it will meet peoples' needs as well as architect's ambitions.

"We are looking to build attractive homes that are energy efficient with modern facilities and built to a high standard in well-landscaped grounds – we want this to be an estate that makes us all proud."

During the next few months there will be a number of opportunities for residents to meet with us and discuss the plans and how they impact on them.

There will be drop-in meetings as well as the opportunity to book one to one meetings with Housing Services Community Engagement Officers.

More information is available at

www.havering.gov.uk/WaterlooEstate

Leaseholders can sell now

If you are a leaseholder living on the Waterloo Estate the Council is willing to buy your property as soon as you are ready to sell.

The package on offer will vary depending on your property but is likely to include:

- Market value for your property plus an extra percentage on top – possibly 10 per cent
- Payment of legal fees

- Other reasonably incurred costs if agreed before they are incurred

Every leaseholder should have received a letter from Havering Council's Interim Director of Housing, Neil Stubbings, explaining more about the offer available.

If you did not receive the letter please let us know using the form at www.havering.gov.uk/askhousing.

If you wish to arrange a meeting to discuss selling your property please complete the form at www.havering.gov.uk/askhousing and we will get in touch to arrange a meeting.

What happens next?

- We've organised a meeting so you can be updated on what is happening.
- The meeting will be from 6pm to 7pm so people at work can call in.
- There will also be the opportunity to have one to one meetings to discuss individual needs.
- Work is unlikely to start before 2018.



Come and find out more

The latest news about the regeneration of the Waterloo Road estate will be explained by Interim Director of Housing, Neil Stubbings at a meeting from 6pm to 7pm on Tuesday 6 September at The Salvation Army Hall, High Street, Romford, RM1 1JJ.

If you can't visit on the day please let us know using www.haverling.gov.uk/askhousing and we are happy to arrange to talk about the options.



Individual Meetings

If you are a Council tenant and would like a one-to-one meeting to discuss your personal circumstances please log on to www.haverling.gov.uk/WaterlooEstate and choose a time slot using the online booking form.

We will be holding the one to one meetings, between 10am and 6pm, at the CCTV Control Room, Waterloo Gardens, Romford, RM7 9BE on:

- Thursday 29 September
- Wednesday 19 October
- Thursday 20 October



The drop-in session on Wednesday 20 July saw residents meet with senior housing officers to discuss the proposals.

Who can I contact?

If you have a question about the consultation please email Chelsea.potts@haverling.gov.uk
General estate enquiries www.haverling.gov.uk/askhousing

Keeping in Touch

- You can keep in touch with the latest news and information from Housing Services through our email newsletter.
- Go to www.haverling.gov.uk/enews and choose *At the Heart* online.



There is also information available at www.haverling.gov.uk/WaterlooEstate
You can also 'Like' us on Facebook at www.facebook.com/haverlinghousing



WATERLOO ESTATE UPDATE



NOVEMBER 2016

www.havering.gov.uk/askhousing

www.facebook.com/haveringhousing

Cabinet give go ahead to regeneration plans

At its meeting on Wednesday 12 October, Havering Council's Cabinet agreed the Housing Regeneration Programme should go ahead following three months of consultation with residents.

Residents had an opportunity to discuss the proposals with Havering Council Housing Services Interim Director of Housing, Neil Stubbings. He briefed them on the report at a meeting on Tuesday 6 September.

The Cabinet report agreed that in an early phase of the regeneration programme:

- The Waterloo estate in Romford, including the Queen Street sheltered housing scheme, should be redeveloped for general needs housing
- The Oldchurch Gardens estate in Romford should be redeveloped for general needs housing
- The Maygreen Crescent and Park Lane estate in Hornchurch, including the Park Lane sheltered housing scheme should be redeveloped for general needs housing
- Napier House and New Plymouth House, in Rainham, should be demolished and should be redeveloped for general needs housing



- Serena, Solar and Sunrise sheltered housing scheme, in Hornchurch, should be redeveloped as an older persons' village

Later in the programme:

- Two additional storeys of flats be built on top of existing flats above shops in Chippenham Road, Farnham Road and Hilldene Avenue
- Royal Jubilee Court sheltered housing scheme should be redeveloped as an older persons' village
- Dell Court sheltered housing scheme should be redeveloped as flats for older people
- Delderfield House sheltered housing scheme should be redeveloped for general needs housing and
- Brunswick Court sheltered housing scheme should be redeveloped as extra care and dementia care sheltered housing.

These proposals and timescales are subject to discussion with the Council's development partner, following their appointment which is expected to be in late 2017.

More information is available at www.havering.gov.uk/WaterlooEstate



Help to buy your own home

If you have been Council tenants for five years or more, and meet certain conditions, you could get up to £30,000 towards the purchase of a new home.

This allows you to purchase a home in any area you choose but does require you to give up your secure tenancy with the Council.

If you are interested in more details do contact Chelsea.potts@havering.gov.uk.

Next meeting

The next meeting to brief residents on the proposals will be from 6pm until 7pm on Wednesday 23 November at The Salvation Army Hall, High Street, Romford, RM1 1JJ.

If you can't make that meeting please let us know using

www.havering.gov.uk/askhousing and we will be happy to arrange to talk to you about the options.



Council to issue Demolition Notices

Following a Cabinet decision on Wednesday 12 October 2016 to proceed with a Housing Regeneration Programme to build more than 2,500 new homes in Havering during the next 10 years, Demolition Notices are set to be delivered to around 900 properties including all properties on the Waterloo estate.

The Demolition Notice is a formal, legal document the Council must serve on tenants telling them they intend to demolish the building which includes the tenant's home and it must explain why the Council is planning to carry out the demolition.

The issuing of Demolition Notices is a formal process the Council must do but it does not mean bulldozers will be moving in next week.

Indeed work is not likely to start on any of the Housing Regeneration Programme sites until 2018 but these notices must be served now so tenants know what is happening and to suspend any further Right to Buy applications on the estates which will be regenerated.

Every resident who receives a Demolition Notice will also receive an information sheet and is able to have a one to one meeting with a Council officer who will be able to answer any further questions they may wish to raise.

More information:

www.havering.gov.uk/HousingRegeneration

Leaseholders can sell now

If you are a leaseholder living on the Waterloo estate the Council is willing to buy your property as soon as you are ready to sell.

Already several residents have had valuations done for their property and are hoping to move to their new homes before Christmas or early in 2017.

The package on offer will vary depending on your property but is likely to include:

- Market value for your property plus an extra percentage on top – possibly 10 per cent
- Payment of legal fees
- Payment of Stamp Duty



- Other reasonably incurred costs if agreed before they are incurred

If you wish to arrange a meeting with our specialist officer, Ian Nolan, to discuss selling your property please complete the form at

www.havering.gov.uk/askhousing and we will get in touch to arrange a meeting.

Resident's Group formed

Around 20 residents from across the Waterloo Estate attended a meeting to launch the Resident's Group.

The meeting elected Shane Marshall as Chair and Brian Moore as Vice Chair.

This group will be consulted by the Council regarding future plans for the estate regeneration between the normal meetings for all residents.

Who can I contact?

If you have a question about the consultation please email Chelsea.potts@havering.gov.uk
General estate enquiries www.havering.gov.uk/askhousing

Keeping in Touch

You can keep in touch with the latest news and information from Housing Services through our email newsletter.

Go to www.havering.gov.uk/enews and choose *At the Heart* online.



There is also information available at www.havering.gov.uk/WaterlooEstate

and on the Housing Regeneration Programme at www.havering.gov.uk/HousingRegeneration

You can follow us on Twitter [@LBHHousing](https://twitter.com/LBHHousing)

You can also 'Like' us on Facebook at www.facebook.com/HaveringHousing





COUNCIL, 24 JANUARY 2018

REPORT OF CABINET

Submission Procedural Requirements for the Havering Local Plan

A report due to be considered by Cabinet on 17 January 2018 (attached) outlined progress on the Havering Local Plan since its publication in August and September 2017 and sought Member approval for a number of material modifications to the Proposed Submission Havering Local Plan in preparation for submission of the Plan to the Secretary of State. These covered areas such as explicit support for the use of brownfield land for residential development apart from land that has already been protected for other uses such as industrial and explicit support for the use of the River Thames as for freight and transport. Details of all proposed material modifications are given in the Cabinet report.

Subject to approval by Cabinet, Council is recommended to:

- (i) Agree that the material amendments as set out in section 3.1 of this report, be made to the proposed submission documents, and to the proposed Submission Havering Local Plan**
- (ii) Delegate authority to the Director of Neighbourhoods, following consultation with the Cabinet Member for Housing, to make and approve the final wording of the material amendments to the proposed Submission Havering Local Plan, and to the proposed submission documents for submission to the Secretary of State;**

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CABINET

17 January 2018

Subject Heading:

Submission Procedural Requirements for the Havering Local Plan

Cabinet Member:

Councillor Damian White
Deputy Leader and Cabinet Member for Housing

SLT Lead:

Steve Moore
Director of Neighbourhoods

Report Author and contact details:

Lauren Miller, 01708 433051,
Lauren.miller@haverling.gov.uk

Policy context:

National Planning Policy Framework (2012)
London Plan 2015 (consolidated with Alterations since 2011)
A City for all Londoners: London Mayor (2016)
Havering Vision – Havering - Making a Greater London (2017)
Havering Local Development Framework (2008)

Financial summary:

There are no direct financial implications as a result of the recommended modifications to the Local Plan.

Is this a Key Decision?

No

When should this matter be reviewed?

Not applicable

Reviewing OSC:

Towns and Communities

The subject matter of this report deals with the following Council Objectives

Communities making Havering
Places making Havering
Opportunities making Havering

[x]
[X]
[x]

Connections making Havering

[x]

SUMMARY

The purpose of this report is to:

- outline progress on the Havering Local Plan since the publication in August and September 2017 (under Regulation 19); and
- secure Member approval for a number of material modifications to the Proposed Submission Havering Local Plan in preparation for submission of the Plan to the Secretary of State

RECOMMENDATIONS

That Cabinet endorse and make the following recommendations to Council.

That Council:

- (i) Agree that the material amendments as set out in section 3.1 of this report, be made to the proposed submission documents, and to the proposed Submission Havering Local Plan
- (ii) Delegate authority to the Director of Neighbourhoods, following consultation with the Cabinet Member for Housing, to make and approve the final wording of the material amendments to the proposed Submission Havering Local Plan, and to the proposed submission documents for submission to the Secretary of State;

REPORT DETAIL

1. Purpose and content of this report

1.1 This report is to:

- outline progress on the Havering Local Plan; and

- secure Member approval for a number of material modifications to the Proposed Submission Havering Local Plan in preparation for submission of the Plan to the Secretary of State

1.2 The report:

- Sets out the reasons why approval is sought to make material modifications to the proposed Submission Havering Local Plan
- Outlines the contents of the proposed material modifications to be made to the Proposed Submission Havering Local Plan

2. Public Consultation

- 2.1 In July 2017 Council agreed to publish the Proposed Submission Version of the Local Plan and supporting evidence base for statutory consultation. The consultation took place between 7th August and 29th September 2017.
- 2.2 In total there were 129 respondents raising 466 comments. Over the course of the preparation of the Local Plan 83 sites located within the Green Belt have also been submitted to the Council for potential release.
- 2.3 The underlying purpose of a consultation is to identify any additional information or views of which the council was previously unaware so as to enable members of the public to be fully engaged in the preparation of the Local Plan.
- 2.4 As a result of the consultation, certain additional information emerged. In particular, a number of gypsy and traveller families, who had previously declined to cooperate with the Council, provided detailed information to enable their needs to be assessed. As a result, and in accordance with the Council's overriding duty to plan to meet all the objectively assessed need in its area, and for the local plan to have a robust evidence base, it is felt appropriate to allocate a number of additional sites where gypsies and travellers are already in occupation (i.e. no new sites that are currently unoccupied) but where their needs are now capable of proper assessment.
- 2.5 Furthermore, the additional information and views expressed during the consultation have given rise to the need to modify the plan in a number of detailed technical respects. These proposed modifications do not alter the fundamental thrust and approach of the Havering Local Plan.
- 2.6 The council has received Counsel's advice as to whether or not each of these proposed modifications should be regarded, in planning terms, as "material" or "non-material". The Council's previous resolution of July 2017 delegated authority to the Director of Neighbourhoods in consultation with the Cabinet Member for Housing to make "non-material" modifications. However, no

provision was made for the making of “material” modifications. Accordingly, the Council has been advised that it is prudent to seek appropriate Council authority to make such modifications. The resolution set out in this report indicates the scope of the “material” modifications which it is necessary to make to the Local Plan prior to its final submission to the Secretary of State. Members should note that the resolution does not disturb the previously granted delegation to the Director of Neighbourhoods to make the necessary “non-material” modifications.

- 2.7 This matter comes before Members as a matter of some urgency since the Council is currently without an up-to-date adopted local plan. The necessary conclusion of budgetary matters in the months ahead means that the time available to the Council to give consideration to matters relating to the local plan is necessary limited. It is therefore sensible to consider and determine this resolution at the council meeting due to be held in January 2018 in order that officers can finalise the local plan, submit it to the Secretary of State and begin the process of detailed preparation for the Independent Examination. Members will be aware that in the preparation of the Local Plan it would be prudent to be conscious of the ongoing preparation of the London Plan.

3. Proposed material modifications

- 3.1 Accordingly it is recommended that the following material modifications are made to the Proposed Submission Documents in preparation for submission to the Secretary of State:

Note: The commentary below reflects advice from Counsel advising the Council on the preparation of its Local Plan. More detailed explanation in respect of the modifications can be found in appendix 1 (which is to follow).

- i. Explicit support for the use of brownfield land for residential development apart from land that has already been protected for other uses such as industrial.
- ii. Subject to proposals being compatible and respecting the existing local character of the area, support for residential development around stations
- iii. Explicit support for the use of the River Thames for freight and transport
- iv. A lower level of affordable workspace to be sought (reduced from 20% to 10%) to reflect concerns raised through the consultation about the viability of such a requirement.
- v. Updated Gypsy and Traveller provision to reflect the additional need identified through the interviews that have been secured following the consultation period. The allocation of sites at Church Road and Willow Tree

- Lodge for continued Gypsy and Traveller use in order to meet the additional identified need. (nb – these sites are already occupied)
- vi. Flexibility for development proposals to provide the appropriate mix of housing sizes (number of bedrooms)
 - vii. Provision to ensure that development proposals enhance the biodiversity and water quality of the River Rom.
 - viii. Provision to ensure that such development does not adversely impact on biodiversity and green infrastructure
 - ix. Provision to ensure that all Major Development proposals are supported by a Health Impact Assessment that includes consideration of Active Design as set out in Sport England and Public Health England's Active Design Guidance
 - x. Support the growth potential of the borough in logistics activities
 - xi. Refinement to the employment land policy provisions to better reflect the requirements of the national planning policy framework
 - xii. Updated position on planned education provision
 - xiii. Updates to the proposals map to ensure that it accurately reflects the Local Plan following consultation
 - xiv. Additional evidence base support the protection of the Green Belt
 - xv. Additional evidence base to justify the approach to housing delivery.

4. Next Steps

- 4.1 Subject to the approval of the material modifications above, officers will now finalise the Havering Local Plan Submission Documents and prepare for formal Submission to the Secretary of State. It is envisaged that Submission will take place by the end of February 2018 at the latest.

REASONS AND OPTIONS

Reasons for the decision:

A number of modifications are required to be made to the Havering Local Plan following the consultation period and in preparation for the submission of the Havering Local Plan to the Secretary of State.

The Council's previous resolution of July 2017 delegated authority to the Director of Neighbourhoods in consultation with the Cabinet Member for Housing to make "non-material" modifications. However, no provision was made for the making of "material" modifications. Accordingly, the council has been advised that it is prudent to seek appropriate Council authority to make such modifications.

Other options considered:

The Havering Local Plan could be submitted without the recommended modifications. This option has been rejected as it would increase the risk of the Local Plan being found unsound during the Examination in Public.

IMPLICATIONS AND RISKS

Financial implications and risks:

The recommendations stated within this report have no direct financial implications.

The Local Plan is being delivered through funding identified of a Planning Delivery Grant, external funding and Directorate budgets. In addition there is the potential use of the Business Risk Reserve to the value of £166,200.

There is a risk that appropriate costs exceed the funding provision available for this plan, and any overspend would therefore need to be funded by the Council.

Legal implications and risks:

It is a statutory requirement for the Council to have a Local Plan in place and ensure it is relevant. The statutory provisions under which a Local Plan is made are within the Planning and Compulsory Purchase Act 2004 (as amended) and regulations made under the Town and Country Planning (Local Planning) (England) Regulations 2012 and the Environment Assessment of Plans and Programme Regulations 2004. To not prepare a Local Plan runs the risk that the Secretary of State will 'step in' and prepare a Local Plan for the borough.

The Proposed Submission version of the Local Plan has been the subject of an assessment of the legal implications and risks in the original report to Cabinet dated 19 July 2017 and those legal comments do not alter as a result of this request to Cabinet and then full Council.

The Cabinet and consequently the Council is being asked to approve the making of material modifications to the Havering Borough Council draft Local Plan that is to be submitted to the Secretary of State.

The Local Plan should be based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area. The Council has recently completed the Regulation 19 consultation process, and as a result of consideration of the consultation responses, the amendments outlined in this report are requested.

The Local Plan is then to be submitted to the Secretary of State for examination, along with the Sustainability Appraisal, evidence base and a statement of representations and main issues in line with Regulation 22 of the Town and Country Planning (Local Planning) (England) Regulations 2012. Whilst the National Planning Policy Framework does not compile a prescriptive list; the evidence should be focused tightly on supporting and justifying the particular policies in the Local Plan.

It is important that the Council submit as sound a Local Plan as is possible, which includes taking into account the consultation responses. Following submission of the Local Plan to the Secretary of State an Independent Inspector will assess the plan to determine whether it has been prepared in line with section 20 of the Planning and Compulsory Purchase Act 2004 and Regulations 23 – 24 of the Local Plan Regulations 2012. If the Inspector considers that the Local Plan has not been prepared in accordance with the Regulations then the Inspector may direct the Council to repeat part of the pre-submission process or start the process again. Exceptionally, under Section 21(9)(a) of the Planning and Compulsory Purchase Act 2004 the Secretary of State has the power to direct a local planning authority to withdraw its submitted plan.

The risk of legal challenge will be avoided if Havering's Local Plan meets the objectively assessed needs of the Borough and the evidence is consistent with and has regard to the statutory framework and the requirements of the National Planning Policy Framework.

The draft Local Plan and process undertaken to date, has been reviewed by Counsel and is considered to meet the statutory requirements as set out in these tests for consultation.

Human Resources implications and risks:

A full Human Resources Assessment was undertaken of the Local Plan as set out in the Cabinet and Council reports for the Proposed Submission Havering Local Plan in July 2017. There are no further human resources implications arising from this Cabinet report and decision.

Equalities implications and risks:

A full Equalities Impact Assessment was undertaken of the Local Plan as set out in the Cabinet and Council reports for the Proposed Submission Havering Local Plan in July 2017. There are no further equalities implications arising from this Cabinet report and decision.

BACKGROUND PAPERS

None

Appendix 1 – Material Modifications

- i. Explicit support for the use of brownfield land for residential development apart from land that has already been protected for other uses such as industrial.

This change is to better reflect the NPPF which the Council is obliged to follow which states:

‘Planning policies and decisions should encourage the effective use of land by re-using land that has been previously developed (brownfield land), provided that it is not of high environmental value’.

- ii. Subject to proposals being compatible and respecting the existing local character of the area, support for residential development around stations.

This change is to better reflect the NPPF and the current London Plan which seek to direct development to the most accessible locations. The Council will seek to ensure that in all cases new development properly reflects the particular character of Havering.

- iii. Explicit support for the use of the River Thames for freight and transport

This change will enable the Council to support and promote the use of the River Thames for freight and transport. This is desirable in its own right and will assist in maintaining amenity in Havering and will contribute towards reducing congestion on the borough’s highway network and improving road safety.

- iv. A lower level of affordable workspace to be sought (reduced from 20% to 10%)

This change is to reflect concerns raised during the consultation about the viability of such a requirement. The change will provide the affordable workspace policy with a more reasonable basis and will be more business friendly.

- v. Updated Gypsy and Traveller provision to reflect the additional need identified following additional interviews with families who previously declined to be interviewed. The allocation of sites at Church Road and Willow Tree Lodge for continued Gypsy and Traveller use in order to meet the additional identified need. (nb – these sites are already occupied).

As a result of the consultation, certain additional information emerged. A number of gypsy and traveller families, who had previously declined to cooperate with the Council, provided detailed information to enable their needs to be assessed. This change is therefore to ensure that the Council complies

with its overriding duty to plan to meet all the objectively assessed need in its area, and for the local plan to have a robust evidence base.

- vi. Flexibility for development proposals to provide the appropriate mix of housing sizes (number of bedrooms).

The Local Plan seeks to ensure that an appropriate mix of housing is delivered in accordance with the housing need identified in the evidence base. However, it is recognised that in some cases it may be necessary to apply a more flexible approach to facilitate development.

- vii. Provision to ensure that development proposals enhance the biodiversity and water quality of the River Rom.

The Council recognises the importance of maintaining and enhancing the water environment including river courses. The change is to ensure that there is adequate policy provision to secure these enhancements. It will assist the Council in delivering high quality places where people want to live.

- viii. Provision to ensure that backland development does not adversely impact on biodiversity and green infrastructure.

The Council recognises the importance of biodiversity and green infrastructure such as rear gardens because this is a fundamental part of the suburban character of Havering and contributes strongly to its attractiveness as a place where people want to live. The change is to ensure that there is adequate policy provision protect and maintain these important characteristics.

- ix. Provision to ensure that all Major Development proposals are supported by a Health Impact Assessment that includes consideration of Active Design as set out in Sport England and Public Health England's Active Design Guidance.

This change reflects Sport England's consultation response which highlights the importance of this guidance. The Council recognises the importance of the community having the opportunity to choose and enjoy a healthy and active lifestyle.

- x. Support the growth potential of the borough in logistics activities.

Having regard to Havering's location in outer London and being well placed with regard to the strategic highway network serving the south east and further afield, as well as the opportunities for growing the economy of the borough it is important that potential growth in logistics is supported.

- xi. Refinement to the employment land policy provisions to better reflect the requirements of the national planning policy framework.

To ensure that the policies in the Plan provide adequate protection for industrial land whilst acknowledging that in some cases there may be a need to balance the case for industrial uses with other priorities.

xii. Updated position on planned education provision

The Council recognises that the provision of social infrastructure is a very dynamic and rapidly changing context in which planning for the borough has to take place. The change is to acknowledge this and to assist the Council in ensuring that there is a satisfactory provision of important social infrastructure such as schools and health facilities available to the communities in the borough.

xiii. Updates to the Proposals Map to ensure that it accurately reflects the Local Plan following consultation

The Council recognises the importance of the Proposals Map within the portfolio of documents making up the Local Plan. It is important that the Proposals Map accurately records and translates planning policies into an understandable and accessible form for users of the Plan.

xiv. Additional evidence base to support the protection of the Green Belt

More than 80 proposals have been submitted to the Council requesting sites to be removed from the Green Belt. The Council in the Local Plan is committed to ensuring that there is a robust green belt. The Council has undertaken significant testing of each of these proposals against both the requirements of the National Planning Policy Framework and in terms of whether they would represent sustainable development. It has prepared a further evidence base document to explain the work that it has undertaken and to clearly demonstrate that all the sites have been assessed and that the green belt is defensible and there is no planning justification for the removal of these sites from the green belt.

xv. Additional evidence base to justify the approach to housing delivery

The Council is aware that a number of representations to the Local Plan have commented on the approach to housing delivery. In order to address these and to demonstrate confidence in the approach in the Local Plan the Council has undertaken further work in regard to housing delivery to ensure that its evidence base is fully up to date and robust.

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COUNCIL, 24 JANUARY 2018

REPORT OF AUDIT COMMITTEE

TREASURY MANAGEMENT MID-YEAR UPDATE, 2017/18

Audit Committee, at its meeting on 28 November 2018 considered the mid-year Treasury Management update report. Members were informed that the Chartered Institute of Public Finance and Accountancy's Treasury Management Code (CIPFA's TM Code) required that Authorities reported on the performance of the treasury management function to full Council at least twice yearly (mid-year and at year end).

The attached report covers treasury activity and the associated monitoring and control of risk.

In accordance with CIPFA's TM Code,

Audit Committee accordingly refers the report to Council for consideration and noting.

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AUDIT COMMITTEE

28 NOVEMBER 2017

Subject Heading:

**TREASURY MANAGEMENT MID YEAR
UPDATE 2017/18**

SLT Lead:

**Debbie Middleton
Interim Chief Financial Officer**

Report Author and contact details:

**Reena Patel / Stephen Wild
Treasury Manager / Head of Pensions
and Treasury
01708432485
Reena.Patel@onesource.co.uk**

Policy context:

**The Code of Practice on Treasury
Management 2009 requires that
Council be provided with a mid-year
report on treasury activities.**

Financial summary:

**There are no direct financial
implications from the report.**

The subject matter of this report deals with the following Council Objectives

Communities making Havering	[x]
Places making Havering	[x]
Places making Havering	[x]
Connections making Havering	[x]

SUMMARY

The Chartered Institute of Public Finance and Accountancy's Treasury Management Code (CIPFA's TM Code) requires that authorities report on the performance of the treasury management function to Full Council at least twice per year (mid-year and at year end).

The Authority's treasury management strategy for 2017/18 was approved at a meeting of the Authority in February 2017.

The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. This report covers activity on treasury managed investments and borrowings and the associated monitoring and control of risk.

The key highlights of the Mid-Year report are as follows:

- Investment portfolio return was 0.69% outperforming its Benchmark by 0.39%, the Budgeted rate of return by 0.09% despite 3 month LIBOR falling steadily over the quarter.
- The Arlingclose 13 London Borough average was 0.48% in Q2 on comparable internally managed investments.
- No breach of the Authority's prudential indicators and treasury indicators.

RECOMMENDATIONS

- To note the treasury management activities for the half year detailed in the report
- To note the regulatory update on "Ring Fencing" set out in **section 1.2** of this report.
- To note the regulatory updates on published FCA rules in relation to the second Markets in Financial Instrument Directive (MIFID II) included in **section 1.3** of this report and the recent consultation by CIPFA on the Prudential and Treasury Management codes.
- To note the changes brought about by *IFRS 9 Financial Instruments*, the new accounting standard for investments, borrowing, receivables and payables, which will apply to local authorities from the 2018/19 financial year onwards as detailed in **Appendix D**.
- To note the upcoming launch of a consultation exercise by DCLG to update the statutory guidance on Minimum Revenue Provision and Local Authority Investment Activity as detailed at the end of **section 1.2**

1. External Context

1.1. Economic Backdrop

UK Consumer Price Inflation (CPI) index rose with the data print for August showing CPI at 2.9%, its highest since June 2013 as the fall in the value of sterling following the June 2016 EU referendum result continued to feed through into higher import prices. The new inflation measure CPIH (Consumer Prices Index including owner occupiers' housing costs) was at 2.7%.

Economic activity expanded at a much slower pace as evidenced by Q1 and Q2 GDP growth of 0.2% and 0.3% respectively. With the dominant services sector accounting for 79% of GDP, the strength of consumer spending remains vital to growth, but with household savings falling and real wage growth negative, there are concerns that these will be a constraint on economic activity in the second half of calendar 2017.

The Bank of England's (BoE) Monetary Policy Committee (MPC) made no change to monetary policy at its meetings in the first half of the financial year. The (MPC) sets monetary policy to meet the 2% inflation target, to help sustain growth and employment. At its meeting ending on 1 November 2017, the MPC voted by a majority of 7-2 to increase Bank Rate by 0.25 percentage points, to 0.5% the first upward move in 10 years. The BoE predict that the bank rate will start drifting up gradually going forward.

In the UK, some borrowers have started to pass through the rise in UK official interest rates into modestly upward revised rates for investors. This could present a modest increase in the investment income earned for the current financial year but not enough to warrant an increase in budgeted investment income.

Credit Background

There were a few credit rating changes during the quarter. The significant change was the downgrade by Moody's to the UK sovereign rating in September from **Aa1 to Aa2** which resulted in subsequent downgrades to sub-sovereign entities including local authorities.

The ratings agency also:

- affirmed Royal Bank of Scotland's and NatWest's long-term ratings at Baa1,
- placed Lloyds Bank's A1 rating on review for upgrade,
- revised the outlook of Santander UK plc, and Nationwide and Coventry building societies from negative to stable,
- downgraded the long-term rating of Leeds BS from A2 to A3. The Authority had no exposure to Leeds BS at the end of Q2.
- downgraded long-term ratings of the major Canadian banks on the expectation of a more challenging operating environment. The Authority's treasury advisers, Arlingclose remain comfortable with lending to these banks for a maximum period of six months.

The Authority had no exposure to Canadian banks at the end of Q2, and as per Arlingclose's advice the duration of lending to these banks has been reduced to a maximum of six months on the Authority's lending list.

- downgraded the ratings of the large Australian banks to Aa3 from Aa2 on its view of the rising risks from their exposure to the Australian housing market and the elevated proportion of lending to residential property investors.

The Authority had £10m exposure with an Australian bank (Australia and New Zealand Banking Group) at the end of Q2, with a rating of Aa3. The maturity profile is as below:

Date	Amount
18/12/2017	£5m
11/01/2018	£5m

Ring-fencing, which requires the larger UK banks to separate their core retail banking activity from the rest of their business, is expected to be implemented by the end of 2019.

In May, following Arlingclose's advice, the Authority reduced the maximum duration of unsecured investments with Bank of Scotland, HSBC Bank and Lloyds Bank from 13 months to 6 months as until banks' new structures are finally determined and published, the different credit risks of the 'retail' and 'investment' banks cannot be known for certain.

1.2. Regulatory Updates

MiFID II: Local authorities are currently treated by regulated financial services firms as professional clients who can “opt down” to be treated as retail clients instead. But from 3rd January 2018, as a result of the second Markets in Financial Instruments Directive (MiFID II), local authorities will be treated as retail clients who can “opt up” to be professional clients, providing that they meet certain criteria.

In order to “opt up” to professional, the Authority must have an investment balance of at least £10 million and the person authorised to make investment decisions on behalf of the Authority must have at least one year’s relevant professional experience. In addition, the firms must make an assessment that the person has the expertise, experience and knowledge to make investment decisions and understand the risks involved.

A decision to maintain “Retail” status is expected to limit the investment options available, compared to “Professional” status. It is also important to note that the option to “opt-up” is not a one off exercise. It will need to be undertaken with each and every counterparty / fund manager that a client may wish to transact. Without “Professional” status, the Authority will be unable to deliver its Treasury Management Strategy and as a consequence investment income assumed in the budget strategy.

The Authority meets the conditions to “opt up” to professional status and intends to do so in order to maintain their current MiFID status.

The Authority intends to carry out the opting up process through a portal provided by CIPFA: the CIPFA/PS Link MiFID II portal which is more efficient than writing separately to each counterparty.

CIPFA Consultation on Prudential and Treasury Management Codes:

Following consultation on the relevance, adoption and practical application of the Treasury Management and Prudential Codes, CIPFA has proposed changes to the Prudential Code.

The proposed changes to the Prudential Code include the production of a new high-level Capital Strategy report to Council which will cover the basis of the capital programme and treasury management.

The prudential indicators for capital expenditure and the authorised borrowing limit would be required to be included in this report but other indicators may be delegated to another committee if desired by Council. Other proposed changes include applying the principles of the Code to local authority subsidiaries.

Proposed changes to the Treasury Management Code include the potential

for non-treasury investments such as commercial investments in properties in the definition of “investments” as well as loans made or shares brought for service purposes. Another proposed change is the inclusion of financial guarantees as instruments requiring risk management and addressed within the Treasury Management Strategy. Approval of the technical detail of the Treasury Management Strategy may be delegated to a committee rather than needing approval of full Council.

CIPFA intends to publish the two revised Codes towards the end of 2017 for implementation in 2018/19, although CIPFA plans to put transitional arrangements in place for reports that are required to be approved before the start of the 2018/19 financial year. The Department of Communities and Local Government (DCLG) and CIPFA wish to have a more rigorous framework in place for the treatment of commercial investments as soon as is practical. It is understood that DCLG will be revising its Investment Guidance (and its MRP guidance) for local authorities in England and a consultation is due to be published imminently.

Further, it is expected that the Chancellor's budget on 22 November will introduce new restrictions upon the ability of local authorities to borrow to fund commercial investment. An assessment of the potential impact upon the Council's regeneration and housing company investments will be undertaken in light of these announcements and consultations as they become clear.

2. Treasury Management Summary

The treasury management position as at 30th September 2017 and the change over the period is shown in table 1 below.

Table 1: Treasury Management Summary as at 30th September 2017

	31.3.17		30.9.17	30.9.17
	Balance	Movement	Balance	Rate
	£m	£m	£m	%
Long-term borrowing	210.234		210.234	3.60
Short-term borrowing	2.512	2.638	5.150	0.21
Total borrowing	212.746	2.638	215.384	3.52
Long-term investments	40.000	5.000	45.000	1.11
Short-term investments	130.808	8.996	139.804	0.56
Cash and cash equivalents	30.096	-9.051	21.045	0.50
Total investments	200.904	4.945	205.849	0.69
Net borrowing	11.842	-2.307	9.535	2.83

3. Borrowing Strategy During Half Year

3.1 The 30th September 2017 borrowing position is show in table 2 below.

Table 2: Borrowing Position

	Balance at 01/04/17 £m	Raised £m	Repaid £m	Balance at 30/09/17 £m	Weighted Average Rate %
Loans					
PWLB	203.234	-	-	203.234	3.60
Banks (LOBO)	7.000	-	-	7.000	3.60
Local Authorities and Other (Short Term Borrowing)	2.512	25.250	22.612	5.150	0.21
Total Loans	212.746	25.25	22.612	215.384	3.52

4. Investment Activity

4.1 The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. The investment position during the half year is shown in Table 3 below.

The Guidance on Local Government Investments in England gives priority to security and liquidity and the Authority's aim is to achieve a yield commensurate with these principles.

Table 3: Investment Activity

	Balance at 01/04/17 £m	Raised £m	Repaid £m	Balance at 30/09/17 £m	Weighted Average Rate %
Investments					
Fixed Deposits	162.000	104.500	90.500	176.000	0.70
Money Market Funds	6.920	239.050	244.130	1.840	0.24
Call Accounts	23.176	17.192	21.163	19.205	0.52
Covered Bonds	8.808	0.000	0.004	8.804	0.95
Total investments	200.904	360.742	355.797	205.849	0.69

- 4.2 At 30 September 2017, investments were spread amongst 13 counterparties in comparison with an average of 15 counterparties in the Arlingclose universe of 13 London Boroughs. **Appendix A** shows the breakdown of counterparties and investments for the authority.

Appendix B provides a summary of Arlingclose's quarterly benchmarking report.

5. Budgeted Income and Return

- 5.1 The Authority measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates, as shown in table 4 below:

Table 4: 2017/18 Treasury Investment Performance to 30/9/17

	Benchmark Return 3 month LIBOR (Average Quarterly Rate) %	Budgeted Rate of Return %	Budgeted Interest (Full Year) £m	Actual Rate of Return %	Actual Interest to end of Quarter £m
Quarter 1	0.31	0.60	1.350	0.68	0.372
Quarter 2	0.30	0.60	1.350	0.69	0.367
Total			1.350		0.739

- 5.2 The Authority outperformed its benchmark during the half year by 0.39%. This was achieved by locking into longer term deposits to mitigate the impact of falling 3 month LIBOR.
- 5.3 The Authority's 2017/18 budgeted rate of return was set at 0.60% and at the end of quarter 2; the authority outperformed its budgeted rate of return by 0.09%. The investment returns in the Arlingclose universe of 13 London Borough's was 0.48% as reported in the quarterly benchmarking.

6. Current Investment Opportunities

- 6.1 The Authority is made aware of long term investment opportunities by other oneSource Authorities, brokers or investment advisers.

- 6.2 Cabinet on the 13th September approved changes to the Treasury Management Strategy Statement (TMSS) which will now facilitate investment in a wider range of products.
- 6.3 In 2016/17, oneSource authorities (Newham and Bexley) and Warrington Council have invested in 5 year solar bonds. Subsequent to Cabinet's approval of the recommended changes to the TMSS, this authority now has the option of investing £3m in Solar bonds and the S151 Officer in consultation with the lead member for financial management will decide whether to take up this option.

7. New borrowing

- 7.1 Affordability and the "cost of carry" remained important influences on the Authority's borrowing strategy alongside the consideration that, for any borrowing undertaken ahead of need, the proceeds would have to be invested in the money markets at rates of interest significantly lower than the cost of borrowing.
- 7.2 As short-term interest rates have remained, and are likely to remain at least over the forthcoming two years, lower than long-term rates, the authority determined it was more cost effective in the short-term to use internal resources instead, referred to as internal borrowing.
- 7.3 As a result no long term borrowing was undertaken during the half year but this will be kept under continuous review as capital investment plans are developed and spending is monitored.
- 7.4 Market opportunities that may provide borrowing rates at less than equivalent PWLB will be considered, where such borrowing opportunities become available. The S151 Officer will consider the cost of carry before making a decision to borrow in advance of need or forward fixing borrowing rates. Such opportunities could be used by the Authority after careful consideration to potentially pay for the Authority's prefunding of the LGPS past service cost and deliver General Fund savings. However the S151 Officer will ensure that full cost of the capital programme over the same period and its affordability is adequately addressed before making a decision whether to use cash balances to prefund pension fund annual past service cost pension contributions for the next 3 years.

8. Compliance with Treasury and Prudential Limits

- 8.1 It is a statutory duty for the Authority to determine and keep under review the affordable borrowing limits. The Authority's approved 2017/18 Treasury and Prudential Indicators (affordability limits) were included and approved by Full Council as part of the Treasury Management Strategy Statement (TMSS) in February 2017. The changes to the 2017/18 TMSS presented to this Committee in June 2017 were approved by Full Council on the 13th September 2017 meeting. These changes as reported will enable the Authority to invest in secured bonds in unrated companies. Officers are currently reviewing those opportunities in consultation with the adviser after taking careful regard of risk.
- 8.2 During the half year, the Authority has operated within the treasury limits and Prudential Indicators set out in the authority Treasury Management Strategy Statement and in compliance with the authority's Treasury Management Practices. An update on indicators and limits are reported in **Appendix C** of this report.

IMPLICATIONS AND RISKS

Financial implications and risks:

There are no direct financial implications arising from this report.

Legal implications and risks:

There are no apparent legal implications or risks from noting this report.

Human Resources implications and risks:

There are no HR implications from this report

Equalities implications and risks:

There are no Equalities implications arising from this report

BACKGROUND PAPERS

1. 2017/18 Treasury Management Strategy
2. 2016/17 Treasury Management Annual report and Proposed Changes to 2017/18 Treasury Management Strategy
3. Arlingclose Investment Benchmarking Q2 2017



Table 1 breakdown of Deposits at 30th September 2017

Institution Type	30th September 2017 Actual £m	31 March 2017 Actual £m
UK Banks		
Goldman Sachs INT"L Bank	23.100	18.000
Lloyds Bank PLC	15.000	24.000
Close Brothers Ltd	5.000	-
Royal Bank of Scotland	0.100	-
Santander UK PLC	0.005	20.176
Santander UK PLC (Covered Bond)	3.804	3.808
UK Building Societies		
Coventry Building Society	-	5.000
Nationwide Building Society	5.000	13.000
Yorkshire Building Society (Covered Bond)	5.000	5.000
Local Authorities & Other Public Sector		
Birmingham City Council	15.000	-
BlackBurn with Darwen Borough Council	5.000	-
Cheshire East Council	5.000	-
Eastleigh Borough Council	5.000	5.000
Falkirk Council	5.000	
Highland Council Inverness	5.000	12.000
Lancashire County Council	15.000	15.000
London Borough of Islington	5.000	5.000
Mid Suffolk District Council	5.000	
Newcastle Upon Tyne City Council	10.000	5.000
North Lanarkshire Council	5.000	5.000
Northumberland County Council	15.000	15.000
Stockport Borough Council	5.000	-
Non UK Banks		
Australia		
Australia & New Zealand Banking Group	10.000	3.000
Commonwealth Bank of Australia	5.000	10.000
Canada		
Bank of Montreal	-	4.000
Netherlands		
Cooperative Rabobank	10.000	15.000
Singapore		
Development Bank Singapore	7.000	2.000
United Overseas Bank	15.000	9.000
Money Market Funds		
HSBC Global Liquidity Fund Class G MMF	-	6.920
BNP Paribas Insticash Sterling MMF	1.840	-
TOTAL INVESTMENTS	205.849	200.904



Investment Benchmarking

30 September 2017

	Havering	13 London & Met Boroughs Average	135 LAs Average
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Internal Investments	£205.8m	£102.9m	£63.5m
External Funds	£0.0m	£4.4m	£10.3m
TOTAL INVESTMENTS	£205.8m	£108.9m	£73.7m

Security

Average Credit Score	4.05	4.45	4.44
Average Credit Rating	AA-	AA-	AA-
Average Credit Score (time-weighted)	3.72	4.63	4.32
Average Credit Rating (time-weighted)	AA-	A+	AA-
Number of Counterparties / Funds	13	15	16
Proportion Exposed to Bail-in	32%	63%	64%

Liquidity

Proportion Available within 7 days	1%	50%	44%
Proportion Available within 100 days	40%	72%	67%
Average Days to Maturity	271	137	40

Market Risks

Average Days to Next Rate Reset	266	153	66
External Fund Volatility	0.0%	0.3%	1.8%

Yield

Internal Investment Return	0.69%	0.48%	0.48%
External Funds - Income Return		1.53%	3.48%
External Funds - Capital Gains/Losses		0.73%	1.17%
External Funds - Total Return		2.26%	4.65%
Total Investments - Income Return	0.69%	0.56%	0.89%
Total Investments - Total Return	0.69%	0.62%	1.12%

Notes

- Unless otherwise stated, all measures relate to internally managed investments only, i.e. excluding external pooled funds.
- Averages within a portfolio are weighted by size of investment, but averages across authorities are not weighted.
- Credit scores are calculated as AAA = 1, AA+ = 2, etc.
- Volatility is the standard deviation of weekly total returns, annualised.

Compliance Report

All treasury management activities undertaken during the half year complied fully with the CIPFA Code of Practice and the authority's approved Treasury Management Strategy. Compliance with specific treasury limits is demonstrated in tables below.

1.1 Interest Rate Exposures

1.1.1 This indicator is set to control the Authority's exposure to interest rate risk on its debt portfolio. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of gross principal borrowed will be:

Table1: Interest rate exposure activity

	2017/18 Limit %	2017/18 Q2 Actual %	2018/19 Limit %	2019/20 Limit %
Upper limit on fixed interest rate exposure	100	94.36	100	100
Upper limit on variable interest rate exposure	25	5.64	30	35

Fixed rate borrowings are those borrowings where the rate of interest is fixed for the whole financial year. Instruments that mature during the financial year are classed as variable rate.

1.1.2 Having larger amounts of fixed interest rate borrowing gives the Authority greater stability with regards to its interest payments and reduces the risk of higher interest costs should interest rates rise. Traditionally local authorities have taken advantage of fixing interest rates long term to reduce interest rate exposure. The table excludes Salix Finance loans as these are held at zero interest hence no interest rate exposure.

1.2 Maturity Structure of Borrowing

1.2.1 This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

Table 2: Loan maturity structure

	Upper %	Lower %	Actual %
Under 12 months	40	0	5.57
12 months and within 24 months	40	0	0.00
24 months and within 5 years	60	0	0.52
5 years and within 10 years	75	0	9.54
10 years and above	100	0	84.37

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

1.3 Principal Sums Invested for Periods Longer than 364 days

- 1.3.1 The purpose of this indicator is to control the authority's exposure to the risk of incurring losses by seeking early repayment of its investments.
- 1.3.2 The limits set in the 2017/18 treasury management strategy in comparison to the quarter one is set below. It is the authority's policy to classify available for sale investments with maturities exceeding one year as short term investments.

Table 3: Investments for periods longer than 364 days

	2017/18 Limit £m	2017/18 Actual £m	2018/19 Limit £m
Limit on principal invested beyond year end	75	45	75

1.4 Liquidity Treasury Indicator

- 1.4.1 The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments overnight and within a rolling three month period without additional borrowing.

Table 4: Liquidity activity as 30/09/2017

	Target £m	Actual £m
Total cash available by the next working day	5.000	1.940
Total cash available within 3 months	30.000	52.000

1.5 Gross Debt and the Capital Financing Requirement (CFR)

1.5.1 In order to ensure that over the medium term debt will only be for a capital purpose, the Authority should ensure that debt does not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years. This is a key indicator of prudence.

Table 5: Gross debt and the CFR

	31.03.17 Actual £m	31.03.18 Estimate £m	31.03.19 Estimate £m	31.03.20 Estimate £m
Long Term External Debt	210.234	210.234	210.234	256.234
CFR	250.578	280.794	325.527	371.890
Internal Borrowing	40.344	70.560	115.293	115.656

1.5.2 Total debt is expected to remain below the CFR during the year. The actual debt levels are monitored against the Operational Boundary and authorised Limit for External Debt, below.

1.6 Operational Boundary for External Debt

1.6.1 The operational boundary is based on the authority's estimate of most likely, i.e. prudent, but not worst case scenario for external debt.

Table 6: Operational Boundary

Operational Boundary	2017/18 £m	2018/19 £m	2019/20 £m
Borrowing	276.300	310.600	341.400
Other long-term liabilities	2.000	2.000	2.000
Total	278.300	312.600	343.400

1.7 Authorised Limit for External Debt

- 1.7.1 The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the authority can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

Table 7: Authorised limit for external debt

Authorised Limit	2017/18 £m	2018/19 £m	2019/20 £m
Borrowing	303.900	341.700	375.500
Other long-term liabilities	2.000	2.000	2.000
Total Debt	305.900	343.700	377.500
Long Term Debt	210.200	210.200	210.200
Headroom	95.700	133.500	133.500

IFRS 9 Financial Instruments

Introduction

IFRS 9 Financial Instruments is the new accounting standard for investments, borrowing, receivables and payables, which will apply to local authorities from the 2018/19 financial year onwards.

Although the first set of accounts under the new standard won't be prepared until April 2019, two of the changes may impact upon the revenue account balance on transition, and therefore need considering when setting the 2018/19 budget in the coming months.

The first change relates to the impairment of financial assets, where potential losses on investments must be charged to revenue in case actual losses are incurred in future. The largest impact will arise on loans and receivables to high risk debtors where a provision is not already in place.

The second impact arises from changes in the treatment of unrealised gains and losses on certain investments, where movements in market value must now be charged to revenue.

Impairment of Financial Assets

The new impairment rules require a loss provision to be created for most financial assets, including investments and service loans. The loss provision is created by a debit to the CI&ES, which in the absence of mitigating regulations will result in a charge to the General Fund.

The size of the provision, and hence the charge to revenue, depends on the type of asset, the risk of default and the likely loss given default.

Classification and Measurement of Financial Assets

Local authorities currently classify the vast majority of their financial assets as either "loans or receivables" or "available for sale". In either case, changes in fair value due to market fluctuations do not impact upon revenue. But the change to IFRS 9 means that more financial assets will be classified as "fair value through profit and loss" (FVPL) where changes in fair value DO impact upon revenue.

IFRS 9 requires financial assets to be accounted for at FVPL unless the following conditions are met:

- the authority does NOT hold the asset principally in order to sell it to another party,
AND EITHER
- the contractual cash flows are solely payments of principal and interest,
OR

- the asset is an equity instrument and the authority has designated it at “fair value through other comprehensive income”.

Pooled funds and equity investments

An equity investment is an instrument that evidences ownership of a share of an entity's net assets after all of its liabilities have been deducted. This includes ordinary shares in companies and units in collective investment schemes. IFRS 9 requires equity investments to be accounted for at FVPL (where movements in the share/unit price affect revenue) unless the investor makes an irrevocable election to designate the investment as held at “fair value through other comprehensive income” (FVOCI). FVOCI accounting is very similar to the current “available for sale” accounting where dividend income is taken to revenue but changes in fair value are taken to a revaluation reserve.

The Authority has three financial assets which are currently classified as “available for sale”, and as the Authority does not hold the asset principally to sell to another party there would be no change to the accounting treatment of these financial assets as a result of IFRS 9.

The Authority also has a 100% shareholding in its subsidiary, Mercury Land Holdings. The equity investments in MLH are currently being accounted for in line with IFRS 3, Business Combinations and as such IFRS 9 is not applicable to this element.

The Authority also provides long-term finance in the form of a loan to MLH. The loan is due to be repaid on an annuity basis over forty years. The authority intends to hold the loan over this period. The loan to MLH would be classified as a financial asset in the Authority's singly entity accounts and as such would be accounted for under IFRS 9.

IFRS 9 requires that a provision is made in the Income and Expenditure Statement to recognise the expected loss on this loan, in case actual losses are incurred in the future.

In the absence of mitigating adjustments, the loss provision created above will result to a charge in the General Fund.

Glossary of Terms

Appendix E

A bond is a debt instrument in which an investor lends money for a specified period of time at a fixed rate of interest. The issuing entity could be corporate, financial or government.

A floating rate note (FRN) is a money market instrument with a Floating/variable rate of interest, which re-fixes over a reference rate, for example 3 month LIBOR.

Bail in is rescuing a financial institution on the brink of failure by making its creditors and depositors take a loss on their holdings. A **bail-in** is the opposite of a **bail-out**, which involves the rescue of a financial institution by external parties, typically governments using taxpayer's money.

Certificates of deposit (CDs) are a negotiable form of fixed deposit, ranked pari passu with fixed deposits. The difference is that you are not obligated to hold the CD to maturity, you can realise the cash by selling in the secondary market.

Coupon is the total amount of interest a security will pay. The coupon period depends on the security. A CD will often pay interest at maturity, while a bond may pay semi annually or annually and an FRN will most likely pay every 3 months.

Covered bond Covered bonds are conventional bonds (fixed or floating) issued by financial institutions, that are backed by a separate group of loans, usually prime residential mortgages. This lowers the creditor's exposure to default risk, enhancing the credit. This is why the issue is usually rated AAA, higher than the rating given to the issuer reduces exposure to bail-in risk.

Credit rating A measure of the credit worthiness of a borrower. A credit rating can be assigned to country, organisation or specific debt issue/ financial obligation. There are a number of credit ratings agencies but the main 3 are Standard & Poor's, Fitch or Moody's.

MIFID is the Markets in Financial Instruments Directive. A European Union Directive.

Principal is the total amount being borrowed or lent.

Spread is the difference between the buy and sell price of a security. It can also be the gap, usually in basis points, between the yield of a security and the benchmark security.

Treasury bills (T-bills) are UK government rated, short-dated form of Government debt, issued by the Debt Management Office (DMO) via a weekly tender. T-bills are normally issued for one, three or six month duration.

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COUNCIL, 24 January 2018

REPORT OF THE CHIEF EXECUTIVE

**SUBJECT: OVERVIEW AND SCRUTINY RULES – EXCEPTION TO THE
CALL-IN (REQUISITION) PROCEDURE**

SUMMARY

Under paragraph 18e of the Overview and Scrutiny Procedure Rules, the Leader of the Council is required to submit reports to Council on decisions taken by himself, Cabinet or individual Cabinet members, or key decision made by a member of staff in the circumstances set out in Rule 18 (exemption to the call-in (requisition) procedure) within the previous 3 months.

This report deals with 1 such decision:

- 1) Response to MOPAC's Public Access & Engagement Strategy Consultation

RECOMMENDATIONS

That the report be noted.

REPORT DETAIL

- 1 Rule 18 of the Overview and Scrutiny Committee Procedure Rules provides that:

(a) The call-in procedure shall not apply where a decision being taken by Cabinet or an individual Cabinet member, or a key

decision made by a member of staff is urgent. A decision will be urgent if any delay likely to be caused by the call-in process would seriously prejudice the Council's or the public interests. The record of the decision and notice by which it is made shall state whether in the opinion of the decision making person or body, the decision is an urgent one, and therefore not subject to call-in.

- (b) The decision making person or body can only take an urgent decision under (a) above and avoid the call-in procedures after obtaining agreement from the Chairman of the Board that the decision be treated as urgent.

2 **Response to MOPAC's Public Access & Engagement Strategy Consultation**

- 2.1 On behalf of Cabinet, the Community Safety Team Leader sought agreement from the Chairman of the Overview & Scrutiny Board to exempt from call-in a non-key decision by the Leader of the Council to respond to MOPAC's Public Access & Engagement Strategy Consultation.
- 2.2 The Chairman of the Overview & Scrutiny Board, Councillor Gillian Ford, gave her agreement to the exemption from call-in for the following reason:
- 2.3 Submission of the consultation was delayed as it was considered important to incorporate all councillors concerns raised at the all-Member briefing on the 28th of September. The report was subsequently signed off by Leader to meet the response deadline.

Financial Implications and Risks:

While there were financial implications around the decision described in this report, there are none directly associated with this report.

Legal Implications and Risks:

There are no immediate legal implications directly associated with this report.

Human Resource Implications and Risks:

There are none directly associated with this report.

Equalities and Social Inclusion Implications and Risks:

There are none directly associated with this report.

Staff Contact:	Andrew Beesley
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Background paper List

None

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COUNCIL, 24 January 2018

REPORT OF THE CHIEF EXECUTIVE

Vacancy for position of Vice-Chairman of Adjudication & Review Committee

Following the resignation of Councillor John Mylod from the Residents' Group, a vacancy has arisen for the position of Vice-Chairman of Adjudication & Review Committee.

Nominations can be received from the Conservative Group, UKIP Group, Residents' Group, East Havering Residents' Group and Independent Residents' Group, each of which have allocated seats on this committee.

RECOMMENDATIONS

- 1 That nominations be received for the appointment of the Vice-Chairman of the Council's Adjudication & Review Committee.

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Andrew Blake-Herbert
Chief Executive

Background Papers

None.

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REPORT OF THE CHIEF EXECUTIVE

SUBJECT: ALLOCATION OF SEATS ON THE COMMITTEES OF THE COUNCIL

- 1 In accordance with the Constitution, the Council appointed its Committees at the Annual Meeting in May. It was reported at the previous meeting of Full Council in November 2017 that Councillor Mylod had ceased to be a member of the Residents' Group and became an Independent Member on the Council. Subsequently, on 5 January 2018, Councillor Mylod joined the Conservative Group.
- 2 This report seeks to address the change in the make-up of the Council by re-visiting the allocation of seats on Committees in accordance with the Local Government (Committees and Political Groups) Regulations 1990. As a consequence of Councillor Mylod joining the Conservative Group, the Independent Residents' Group loses 1 seat from its allocation (a seat on Audit Committee). In accordance with political balance rules, the seat on the Audit Committee is then passed to the Conservative Group.
- 3 A brief summary of the legal requirements on political balance and their impact on the present makeup of the Council is set out at Appendix 1. Greater detail is provided in Annex B.
- 4 There are no additional financial implications or risks arising from this report.
- 5 There are no legal, human resources or equalities and social inclusion implications or risks attached to this report.

RECOMMENDATIONS

That Council agrees to the seat allocation for political balance as set out in Annex A.

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Andrew Blake-Herbert
Chief Executive

Background Papers List

None

APPENDIX 1

POLITICAL BALANCE PRINCIPLES

The Council has a duty to make only such decisions as give effect, **so far as reasonably practicable**, to certain principles set out in the relevant legislation. The relevant principles are, in order of priority:

1. Not all of the seats on any Committee may be allocated to only one Group (note - the Cabinet is not a Committee).
2. The majority of seats on each Committee must be allocated to the Group having a majority of Members of the Council.
3. The total share of all the seats available for all Committees allocated to each political Group and to Members not in a Group must be proportionate to that Group's/Members' share of the total Council membership.
4. So far as can be done without conflicting with the other principles, the total number of seats on each Committee allocated to a political Group or to Members not in a Group must be proportionate to that Group's/those Members' share of total Council membership.

In practice, Committees are balanced against the overall total of Committee places and then, so far as that overall total allows, each Committee is balanced on its own. With the distribution of seats on the Council that results from the election, it is inevitable (a) Groups/Members will not all be able to be represented on every Committee and (b) that one Group's representation on some Committees will be at the expense of another's.

The minimum number of councillors in a group for it to exist is two.

The Council may make arrangements different from those prescribed **provided that no Member of the Council votes against** those different arrangements.

To make such a decision each member of the Council must at least be sent an agenda indicating that the approval of alternative arrangements is to be considered. The agenda for this Council meeting meets this requirement. To accommodate this requirement this report should be treated as giving due notice so that there is no impediment to such a proposal being made.

Once the allocation of seats to Groups in accordance with the statutory procedure is undertaken, the Council is under a duty to make appointments to the Committee so as to give effect to the wishes expressed by that Group about who is to be appointed to their allocated seats.

The “wishes of the Group” may be communicated to the Proper Officer and will be implemented forthwith. Changes may be effected at any time by notice to the Proper Officer and will be notified to all Members in the next available edition of the weekly Calendar Brief.

It should be noted that the Constitution provides that the Chairmen and Vice-Chairmen of Committees are appointed by Council and any change in membership affecting a Chairman or Vice-Chairman will therefore require consideration by Council.

RECOMMENDED SEAT ALLOCATION

Having regard to the principles of political balance and of seat allocation referred to in Appendix 1, the following allocation of seats is recommended on the basis that, taking all factors into account, it shows a “reasonably practicable” allocation of seats and is therefore the default position.

		CONS	RESIDENTS	EHRG	UKIP	IRG	LAB
Governance	13	5	3	2	1	1	1
Licensing	11	6	2	1	1	1	0
Regulatory Services	11	5	2	2	1	1	0
Highways Advisory	11	4	2	2	1	1	1
Adjudication	10	4	2	2	1	1	0
Pensions	7	3	1	1	1	1	0
Audit	6	3	1	1	1	0	0
Rainham & Sth HX WP	6	2	1	1	1	1	0
O&S Board	16	7	3	2	2	1	1
Children's	9	4	2	1	1	1	0
Crime & Disorder	6	2	1	1	1	1	0
Towns & Communities	9	4	2	1	1	1	0
Environment	6	2	1	1	1	0	1
Health	6	3	1	1	0	0	1
Individuals	7	3	1	1	1	1	0
Total seats allocated	134	57	25	20	15	12	5

- Committee seats are allocated, and each Committee is balanced, as “reasonably practicably” as possible

POLITICAL BALANCE PRINCIPLES

- 1.1 In allocating seats on Committees to the Groups, the Council has a duty to make only such decisions as give effect, **so far as reasonably practicable**, to certain principles set out in the relevant legislation. The relevant principles are, in order of priority:
1. Not all of the seats on any Committee may be allocated to only one Group (note - the Cabinet is not a Committee).
 2. The majority of seats on each Committee must be allocated to the Group having a majority of Members of the Council.
 3. The total share of all the seats available for all of the Council main Committees allocated to each political Group must be proportionate to that Group's share of the total Council membership.
 4. So far as can be done without conflicting with the other principles, the total number of seats on each Committee allocated to a political Group must be proportionate to that Group's share of total Council membership.
- 1.2 Moreover, in determining entitlements to seats, any members who are not in a Group are disregarded, as they are not entitled to a seat on any Committee; but the proportions on which entitlements are calculated must relate to the total number of Councillors.
- 1.3 **In practice, Committees are balanced against the overall total of Committee places and then, so far as that overall total allows, each Committee is balanced on its own.** With the distribution of seats on the Council that results from the election and recent changes in political make-up, it is inevitable (a) that the smaller Groups will not be able to be represented on every Committee, (b) that one Group's representation on some Committees will be at the expense of another's and (c) that, with calculations made as accurately as possible, one or more Groups may have actual seat numbers that differ from their entitlements.
- 1.4 The Council may make arrangements different from those prescribed **provided that no Member of the Council votes against** those different arrangements.
- 1.5 To make such a decision each member of the Council must at least be sent an agenda indicating that the approval of alternative arrangements is to be considered. The agenda for this Council meeting meets this requirement. To accommodate this requirement this report should be treated as giving due notice so that there is no impediment to such a proposal being made.
- 1.6 Once the allocation of seats to Groups in accordance with the statutory procedure is undertaken, the Council is under a duty to make appointments to each Committee so as to give effect to the wishes expressed by that Group about who is to be appointed to their allocated seats.

- 1.7 The “wishes of the Group” may be communicated to the Chief Executive (or the Committee Administration & (Interim) Member Services Manager on her behalf) by notice in writing by the Group Leader (or on his/her behalf by a recognised deputy) and will be implemented forthwith. Changes may be effected at any time by notice to the Chief Executive (or Committee Administration & (Interim) Member Services Manager) and will be notified to all Members in the next available edition of the weekly Calendar Brief.
- 1.8 It should be noted that the Chairmen and Vice-Chairmen of Committees were appointed by Council and any change in membership affecting a Chairman or Vice-Chairman would therefore require consideration by Council, and be dealt with by formal motion where necessary.
- 1.9 The Health and Wellbeing Board, while a Council Committee, is an executive Committee with separate statutory rules on membership. As with the Cabinet therefore, the Health and Wellbeing Board is not included in this seat allocation process.

PRINCIPLES FOR ALLOCATION OF SEATS ON COMMITTEES

- 2.1 The principles of seat allocation follow the requirements of the political balance principles, using a formula that takes account of the respective sizes of the Groups and the number of seats on Committees available for distribution among the Groups.

Basic allocation of seats

- 3.1 The Regulations specify that the minimum size of a Group is two Members. As seats are allocated on the basis of Groups, Members who do not belong to a Group do not have a right to be allocated any Committee seat.
- 3.2 The seat entitlements of the Groups are determined by a formula using the percentage of seats held by each Group, operating through a sequence of stages as follows:
 - **First**, the percentage of each Group’s membership of the Council is calculated.
 - **Next**, that percentage is then applied to the number of seats available on each Committee to determine each Group’s potential entitlement to seats on that Committee (rounded to the nearest whole number following the mathematical convention that numbers below 0.5 are rounded down, and those 0.5 or more are rounded up).

In some cases, a Group may be entitled to a seat even though, rounded down, its potential entitlement appears nil (i.e. less than 0.5), as there is a specific number of seats available on each Committee and no Group may have more seats on any Committee than its entitlement.

Those figures are then applied to the total number of seats available on each Committee, the seats being allocated in order, highest entitlement first, until all seats have been allocated.

- **Finally**, fine adjustment is required to ensure that, so far as reasonably practicable, the total of seats allocated reflects the overall proportion of Council membership held by each Group and the numerical strength of its entitlement to seats on particular Committees. For that purpose, at this stage the seat allocation of particular Committees will be adjusted from the ideally-balanced number reached in earlier stages of the process. This can result in a group being allocated more seats than appears to be its strict entitlement: this is the inevitable result of tensions within the political balance rules, which require different balancing arrangements as between the overall number of seats available, and the number of seats on each Committee.

Specific allocations

- 4.1 For the allocation of seats on specific Committees, several permutations are possible. Although the Council's Constitution does specify particular numbers of seats to each Committee, it is expressed as being "or such other number as the Council may agree", so there is discretion as to Committee sizes.
- 4.2 Once the number of seats available on each Committee has been determined, the allocation of seats to the individual Groups would then need to be adjusted between the Groups to achieve, so far as possible and practicable, an allocation that gives each Group its proportionate share of seats overall while ensuring that each Committee is proportionately balanced. In practice, it will be impossible to achieve both aims without enlarging Committee memberships to an unworkable size, so a degree of compromise is required.

Sub-Committee of the Governance Committee

- 5.1 The Appointments Sub-Committee does not count for the purpose of determining the overall political balance but must nevertheless be politically balanced itself. The allocation of seats is as follows:

Sub-Committee	CONSERVATIVE	RESIDENTS	EHRG	UKIP	IRG
Appointments	7	3	1	1	1

- 5.2 Members of the Sub-Committee do not have to be Members of the Governance Committee, though some overlapping membership is desirable.

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FULL COUNCIL, Wednesday 24 January 2018

MEMBERS' QUESTIONS

Machines in Council Owned car Parks

- 1) **To the Cabinet Member for Environment and Community Safety (Councillor Osman Dervish)**
From Councillor Jody Ganly
Would the Cabinet Member confirm what a person should do if they arrive at a council owned car park and the machine(s) are "not in use"?

Issue of Planning Decisions

- 2) **To the Cabinet Member for Housing (Councillor Damian White)**
From Councillor Phil Martin
Does this Council accept that it has a statutory responsibility is to endeavour to issue planning decisions 13 weeks after the receipt of a planning application?

Children in Care

- 3) **To the Cabinet Member for Children and Learning (Councillor Robert Benham)**
From Councillor Michael Deon Burton

Freedom of Information replies from 351 councils show that 150 Vietnamese children rescued from traffickers and placed in council care have gone missing since 2015, almost 90 of whom have never been found. It is feared that they could have fallen back into the hands of slave masters. Most of those to have gone missing did so within just two days of being placed into care. Similar concerns about Albanian children have also been raised.

Minded of Baroness Butler-Sloss, chair of the all-party parliamentary group on human trafficking and modern slavery credible beliefs there are far more youngsters at risk. How many children have gone missing after being placed in Havering Council Care since January 1st 2015? Please provide an explanation of Havering Councils specific safeguards which have been put in place to stop this happening.

Heating and Hot Water Service Charlbury Crescent Sheltered Accommodation

**4) To the Cabinet Member for Housing (Councillor Damian White)
From Councillor Keith Darvill**

Why was there a long delay in repairing the defect in heating and hot water system at the Charlbury Crescent Sheltered Accommodation recently?

Performance of Schools in Havering

**5) To the Cabinet Member for Children and Learning (Councillor Robert Benham)
From Councillor June Alexander**

Havering is now considered to have the 2nd worst Secondary Schools in London. Would the Cabinet Member confirm why has this been allowed to happen and what steps are being taken to remedy this situation?

**6) To the Cabinet Member for Children and Learning (Councillor Robert Benham)
From Councillor Ian de Wulverton**

What is Council doing to ensure that every parent is able to send their children for 30 hours free child care in Havering?

Tri-Borough Policing Project

**7) To the Cabinet Member for Environment and Community Safety (Councillor Osman Dervish)
From Councillor Jeffery Tucker**

Please provide an update regarding the Executive view of and response to the Tri-borough pilot and police station and safer neighbourhood bases closures

Planning Applications

**8) To the Cabinet Member for Housing (Councillor Damian White)
From Councillor Ray Morgon**

Would the Cabinet Member confirm how many planning applications received between September 2016 to September 2017 have not yet been determined, together with the date of the oldest application?

Improvements to Brook Street Roundabout

- 9) To the Cabinet Member for Environment and Community Safety, (Councillor Osman Dervish)
From Councillor Patricia Rumble

What step is the council taking together with other partner agencies to minimise the disruption to the residents in Woodstock Avenue and Kenilworth Avenue when the proposed improvements to Brook Street Round about get underway

Terms & Conditions Review

- 10) To the Leader of the Council (Councillor Roger Ramsey)
From Councillor David Durant

Based on 4300 employees, as a result of the review of terms and conditions how many employees, as a percentage, got contractual wage rises and wage cuts, and overall by how much?

Residents' Complaints Procedure

- 11) To the Cabinet Member for Financial Management, Transformation and IT (Councillor Clarence Barrett)
From Councillor Stephanie Nunn

Would the Cabinet Member confirm why residents are still being told that complaints have to be made online only?

Land Development in the Borough

- 12) To the Cabinet Member for Housing (Councillor Damian White)
From Councillor Ian de Wulverton

What is the council doing to enable developers to bring forward developments on derelict land and prevent land banking in the borough?

Parking Enforcement Officers

- 13) To the Cabinet Member for Environment and Community Safety (Councillor Osman Dervish)
From Councillor Barry Mugglestone

Would the Cabinet Member agree that following negative feedback from residents, businesses and reports in the local media that he should revisit the training, prioritisation and deployment of permanent or temporary Parking Enforcement Officers?

Reduction of Homelessness in the Borough

**14) To the Cabinet Member for Housing (Councillor Damian White)
From Councillor Barbara Matthews**

Would the Cabinet Member confirm what actions will be taken to reduce the level of homelessness in the borough and will he provide his backing to schemes run by charities to help accommodate those who unfortunately find themselves homeless?

New Dwellings in South End Road, Hornchurch

**15) To the Cabinet Member for Housing (Councillor Damian White)
From Councillor Reg Whitney**

Would the Cabinet Member confirm the date of completion for all the new dwellings on the former Sheltered Housing site along South End Road, Hornchurch?

COUNCIL, 24 January 2018

A HARE LODGE DEMOLITION

Motion on behalf of the Independent Residents' Group

Council regrets the Executive decision not to appeal the Inspector's decision to demolish Hare Lodge without first making public the external legal opinion on which the decision was reputedly based and now calls on the Executive to belatedly make this legal opinion public.

Amendment by the Conservative Group

This Council notes the Executive decision taken following the consideration of specialist legal advice not to proceed with a judicial review application to the High Court in respect of the Inspector's decision to allow the appeal against the refusal by the Regulatory Services Committee of the application to demolish Hare Lodge and notes further that a synopsis of the advice has already been given.

B CHAFFORD SPORTS COMPLEX

Motion on behalf of the Independent Residents' Group

Council calls on the Executive to reach agreement with Harris Academy, Rainham, and SLM to keep Chafford Sports Complex open until a new leisure centre is built in the south of the borough.

Amendment by the Conservative Group

This Council notes that its officers are currently examining with Harris Academy Rainham and SLM the legal and financial arrangements required to maintain for public use the Chafford Sports Complex following the acquisition of title to it by the School through a Land Adjudication Tribunal ruling.

C LONDON PLAN HOUSING TARGET

Motion on behalf of the Conservative and East Havering Residents' Groups

This Council notes with grave concern the proposals contained in the draft London Plan recently published by the Mayor of London which proposes a housing target of 1,875 new homes per annum for Havering over the next ten years, which represents a 60% increase on the figure included in the draft Havering Local Plan (1,170). This Council further considers the target as totally unacceptable, unachievable and unsustainable to the point of changing the unique and open character of our borough for the worse. This Council therefore agrees to recommend to the Executive to respond to the consultation, which ends on 1st March 2018, in the strongest possible terms.

Amendment by the Independent Residents' Group

Council calls on the Executive to defend our high value green spaces and Conservation and Special Character Areas from the existing housing target within the Local Plan and further calls on the Executive to respond to the consultation on the new London Plan in the strongest terms to defend the Special Character of Havering from the new target proposed by the London Mayor which threatens to change our borough for the worse.

D USE OF PLASTICS

Motion on behalf of the Residents' Group

This council recognises the serious problems caused by the large use of plastics and calls on the Executive to:

- a) Reduce the Council's own use of plastics
- b) Encourage businesses and residents to reduce their use and
- c) Provide clarity to residents on what plastics can be recycled

Amendment by the Independent Residents' Group

Replace the first sentence with the following sentence.

Council agrees the recycling regime promoted by climate change legislation has made waste disposal very expensive and led to an epidemic of fly-tipping resulting in our rivers and oceans being polluted by plastic. And further agrees the solution is the incineration of waste, reduced landfill taxes and promotion of alternatives to non-

Council, 24 January 2018

biodegradable plastic and calls on the Executive to consider the following measures to reduce the problem in a small way:-

Amendment by the Conservative Group

This Council recognises the serious ecological problems resulting from the excessive and unnecessary use of plastic and also the need to reduce the volume of all household waste generally including recycling items as a result of increasing waste disposal costs. Further it notes that officers have been reviewing the steps which can be taken to address these issues and will be reporting to the Executive once this process has been completed.

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