
CABINET
15 November 2017

PUBLIC AGENDA REPORT

Subject Heading:

Bridge Close – Entering into a Limited Liability Partnership

Cabinet Member:

Councillor Ramsey, Leader of the Council

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

SLT Lead:

Steve Moore
Director of Neighbourhoods

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Policy context:

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 £75.1m of capital expenditure into a Limited Liability Partnership to deliver the regeneration of Bridge Close including a school, health centre and affordable housing. This investment is in excess of the available budget within the Approved Capital Programme and falls outside the approved Treasury Management Strategy. It will therefore require consideration and approval by Full Council. Therefore, subject to Cabinet 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 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 Council of £10.591m is forecast as a result of this regeneration scheme after meeting capital financing costs of borrowing, although a deficit of £1.611m will be incurred over the first five years and will require General Fund revenue resources to support it until net income streams are generated. An estimated capital receipt of £3.1m 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? November 2018

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, Cabinet agreed that Bridge Close, including the houses fronting Waterloo Road and Oldchurch Road, should be brought forward as a residential led development and authorised officers to negotiate suitable arrangements with developers to deliver the Council's vision, and begin the process of acquiring land.
2. In order to ensure the highest quality development it is proposed that the Council should enter into a joint venture limited liability partnership ("JV

LLP”) with First Base Bridge Close Regeneration LLP. The latter is a special purpose vehicle established by Savills Investment Management and First Base Ltd.

3. This report summarises the rationale, intended outcomes and the legal and financial implications. More detailed information is contained within the Council’s Business Case which is appended to this report.
4. Cabinet is asked to recommend to Council the Council’s contribution to the cost of delivering the scheme, noting the significant regeneration for Romford town centre, the contribution towards Havering’s target for housing delivery, and the expected financial returns.

RECOMMENDATIONS

That Cabinet:

1. **Approve** the inclusion of the scheme with a budget of £75.1m within the proposed capital programme that will be considered by Cabinet in December 2017 and recommended to Council for final approval in February 2018.
2. **Note** that a further report addressing the governance framework and staff resources required to develop and deliver the Bridge Close scheme and other economic development schemes will be presented for consideration and approval by Cabinet in December 2017.
3. **Authorise** the Head of Procurement to publish a Voluntary Ex Ante Transparency notice in the Official Journal of the European Union in respect of the appointment of First Base Bridge Close Regeneration LLP as development partner
4. **Agree** to waive the Contract Procedure Rules and Contract Standing orders to the extent necessary to give effect to these decisions.

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

5. **Agree** to establish a Limited Liability Partnership for the purpose of meeting the Council’s regeneration objectives for Bridge Close by entering into a Members’ Agreement with First Base Bridge Close Regeneration LLP (company registration number OC413480 (and called FB BCR LLP)) on the basis of the appended Business Case and the Legal Summary appended to the exempt agenda report.

6. **Agree** to delegate to the Leader, after consultation with the Deputy Leader and Director of Neighbourhoods, the authority to agree the name of the JV LLP, 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;
 - Land Agreement;
 - CPO Indemnity Agreement;
 - Any ancillary agreements or documents necessary to give effect to the setting up of the JV LLP in accordance with this Report and its appendices (all as described in the Legal Summary appended to the exempt agenda report).
7. **Authorise** the JV LLP to enter into the Development Management Agreement with First Base Ltd (company registration number 04541136) when in agreed form.
8. **Agree** to delegate to the Leader, after consultation with the Director of Neighbourhoods, authority to agree the terms of the Development Management Agreement referred to in recommendation 7 on behalf of the Council as Member of the JV LLP established in accordance with recommendation 5.
9. **Agree** to delegate to the Leader, after consultation with the Director of Neighbourhoods, authority to approve the first Business Plan of the JV LLP on behalf of the Council.
10. **Agree** to delegate to the Deputy Leader, after consultation with the Director of Neighbourhoods, authority to approve the consultation and communication plans for the regeneration of Bridge Close.

REPORT DETAIL

1 Background

- 1.1 Bridge Close is a 2.97 hectare site currently occupied by mixed industrial, warehouse and ancillary units under multiple ownerships, an ambulance station, Islamic Cultural Centre and a number of terraced properties which front onto Waterloo Road and Oldchurch Road.
- 1.2 The site is close to Romford Station but access to the Station and the rest of the town centre is poor as the site is bordered by the railway to the north, the River Rom to the east, and the Road Ring on the other two sides, creating an island effect.

- 1.3 Cabinet in June 2016 agreed that the Council should work with landowners and developers to acquire land at Bridge Close, including the houses fronting Waterloo Road and Oldchurch Road, and authorised officers to negotiate suitable arrangements with developers to deliver the Council's vision. At the same meeting Cabinet also agreed to accept Housing Zone status with funding available to support Bridge Close subject to agreement with the Greater London Authority.

Summary of previous decisions

- 1.4 The regeneration of Bridge Close is established Council policy as set out below.

Local Development Framework and Romford Area Action plan 2008

- 1.5 The Romford Area Action Plan adopted in 2008 as part of the Local Development Framework for Havering (also adopted in 2008) contained a specific site allocation for residential development at Bridge Close (reference ROMSSA2).

Romford Development Framework 2015

- 1.6 The Romford Development Framework approved by Cabinet in July 2015 forms part of the evidence base for the emerging Havering Local Plan. It confirmed Bridge Close as a "priority regeneration area for immediate action". The Framework identified parameters for the development, including the East-West link and River Rom, which have informed all subsequent work. The Framework indicated delivery within five years, i.e. by 2020.

Havering Draft Local Plan 2017

- 1.7 Council approved a draft Local Plan in July 2017 which retains Bridge Close as a site for regeneration and housing delivery. The Local Plan emphasises the importance of ensuring infrastructure, including education and local health facilities.

Romford Housing Zone June 2016

- 1.8 Cabinet agreed to accept Housing Zone status for Romford from the Greater London Authority (GLA) with £12.4m grant (£6.5m recoverable) in respect of Bridge Close to support land assembly, an east-west link bridge and improvements to the River Rom.

Bridge Close June 2016

- 1.9 A report on Bridge Close was presented to Cabinet in June 2016. The Cabinet's decisions can be summarised as:

- a vision for Bridge Close encompassing a comprehensive development, quality of design, an East-West link and improvements to the River Rom. The east-west link in particular will benefit the regeneration of the whole of West Romford;
- agreement to enter into direct negotiations with land owners to purchase sites on Bridge Close and delegating the authority to approve the terms of acquisition of sites by private treaty and any financial arrangements for relocation;
- delegation of authority to 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);
- authorising officers to negotiate suitable arrangements with appropriate developers to deliver the Council's vision.

2 Rationale for the proposed JV LLP and for the partner selection

- 2.1 A number of options for delivering the regeneration of Bridge Close have been considered. The 'do nothing' option of relying on the market is discounted because the fragmented land ownership makes it unlikely that a single party would be able to gain control of the whole of the site creating a risk of parcels of land being developed with no benefit for the wider town centre.
- 2.2 The evaluation of delivery options concluded that the Council should enter into a partnership with an experienced and well-resourced developer. The primary advantages of this approach are to:
- ensure a comprehensive development which delivers infrastructure for the new residents of the new development and for the whole of Romford;
 - a level of direct Council control over the quality, timing, and implementation of development (separate from and in addition to its role as planning authority); and
 - a greater influence and control over support given to businesses, community groups and residents displaced or seeking relocation.
- 2.3 Having reached that conclusion, the evaluation of options concluded that the preferred approach is a joint venture limited liability partnership ("JV LLP") with First Base Bridge Close Regeneration LLP ("First Base BCR") which, via subsidiaries, is owned 50% by Savills Investment Management and 50% by First Base Ltd. A reason is that as well as being a vehicle established by a developer and funder of residential and mixed-use developments, First Base BCR holds conditional sale agreements to acquire a significant part of the Bridge Close site including the access road.
- 2.4 The proposed JV LLP will be set up for the specific purpose of developing the Bridge Close site in order to meet the Council's regeneration

objectives. The London Borough of Havering and First Base BCR will each have a 50% membership.

2.5 The JVLLP formed between the Council and First Base BCR will be the 'master developer' for Bridge Close and be responsible for undertaking land assembly, obtaining planning permission, meeting land acquisition and CPO costs, bringing forward viable phases of the development, and the overall management of the scheme once completed. Separate special purpose vehicles, which will be wholly owned and controlled by the JV LLP, may be established to deliver the development subject to prior approval by the Council.

2.6 In addition to being an investor via its stake in First Base BCR, it is proposed that First Base Ltd will provide project and development management services to the JV LLP via the Development Management Agreement.

3 Development Parameters

3.1 Work will begin on the detailed development proposals once funding for the JV LLP is agreed. It is anticipated that a planning application will be submitted in mid-2018.

3.2 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 JV LLP. The key outcomes based on current modelling are envisaged to be:

- 1,070 new homes (including at least 30% affordable homes);
- a 3 form entry primary school;
- a local health facility;
- commercial floor space, likely to be flexible workspace and small retail/leisure;
- a new pedestrian and cycle bridge from Bridge Close to near Romford station;
- environmental improvements to the River Rom; and
- a site of religious worship (on or off-site). Support to the provision of ambulance service facilities to serve the Havering area.

4 Ensuring delivery of infrastructure

4.1 The Council's involvement in the decision making of the JV LLP provides the ability to ensure that the delivery of social infrastructure is a prime objective of the developer (i.e. the JV LLP) as well as a planning requirement.

4.2 The baseline appraisal for Bridge Close would not deliver the level of affordable housing that the Mayor of London would require. This would be a major risk to the project so agreement has been reached that the Council

will use Housing Revenue Account resources to purchase 106 units to increase the level of affordable housing to at least 30%. Financial provision has been made in the Housing Revenue Account business plan reported to this meeting of the Cabinet.

- 4.3 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.
- 4.4 Whilst the JV LLP 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.
- 4.5 The Council has also used its role in the JV LLP to negotiate inclusion of a 3 form entry primary school. The JV LLP will not fund the school but will make a s106/CIL contribution of £9.3m. This does not all relate to education provision but the total anticipated contributions from Bridge Close and nearby residential schemes is projected to be in excess of £15m. The allocation of these resources is a separate decision making process by the Local Planning Authority.
- 4.6 The nature and location of a facility to meet rising demand for primary health services in Romford will be a matter for the Clinical Commissioning Group to consider as part of its Primary Care Capacity Plan for Havering. However, the JV LLP's Business Plan will allocate space for a Primary and Community Care Hub at Bridge Close. External capital and revenue funding will be required; the capital funding could include a s106/CIL contribution.
- 4.7 In the longer term, there is an expectation that the Council, (GF and HRA subject to where the affordable housing is located), will be the freeholder of the entire development and therefore have a greater level of control over the future stewardship of the new development.

5 Programme

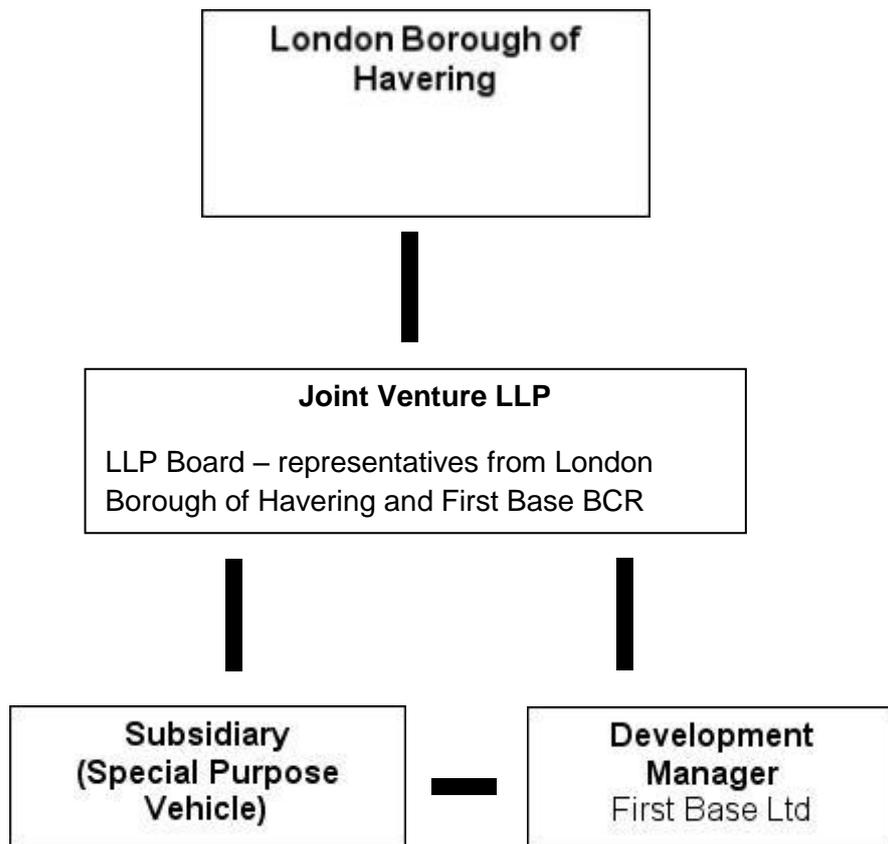
- 5.1 The key milestones are set out in the table below. The detailed project programme, including public engagement and consultation, will be reported regularly through both the Council's and the JV LLP's governance arrangements.

Key anticipated milestones

Milestone	Anticipated Date
Cabinet approval to establish a joint Venture Limited Liability Partnership.	November 2017
Council approval of Capital funding	February 2018
Approval of legal agreements including JV LLP Business Plan	by February 2018
Cabinet approval of Compulsory Purchase Order resolution	June 2018
Submission of 1 st planning application	Summer 2018
Determination of 1 st planning application	January 2019
Appointment of main construction contractor (phase 1)	August 2019
Potential Start on Site	January 2020
First completions	May 2022
Scheme complete	January 2027

6 Joint Venture Limited Liability Partnership Structure

- 6.1 The overall JV LLP structure and governance arrangements are represented in the diagram below and summarised in the Legal Summary appended to the exempt agenda report. Proposals for the Council's own governance arrangements across the regeneration programme will be made in a subsequent report to Cabinet.



6.2 This structure means that the JV LLP will be owned, funded, and managed on a 50/50 basis by the Council and First Base BCR. Decision-making will be by consensus, and where there may be disagreement by escalation or reference to a suitable expert. The relationship between the two corporate members of the JV LLP (i.e. the Council and First Base BCR) will be regulated by a Members' Agreement (equivalent to the Articles of a company). The Council, the JV LLP, and First Base BCR will also enter into an agreement to regulate land assembly. The third key agreement is the Development Management agreement, under which First Base Ltd will provide development management services to the JV LLP (against a specification of services and agreed payment terms). Finally, the JV LLP will indemnify the Council for its CPO costs under a CPO indemnity agreement; these costs being met by the JV LLP, and therefore 50% funded by the Council.

6.3 The legal agreements reflect how similar arrangements between councils and development partners have been structured and detailed. Both the parties to the JV LLP (the Council and First Base BCR) will be obliged to work together to pursue the regeneration objective for Bridge Close, supported by the development manager. The obligations of First Base BCR are to be guaranteed by Savills. The Members' Agreement ensures that

conflicts of interest are declared and that neither member is able to deliberately frustrate the partnership. As private sector partner, First Base BCR are unable to sell their interest in the JV LLP to a third party without first offering that opportunity to the Council (and may not sell to persons unsatisfactory to the Council). The legal agreements all incentivise the partnership to operate in a manner designed to further the regeneration objectives of the Council.

7 Risk Management

- 7.1 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 JV LLP member, will be able to ensure robust and effective risk management including, but not limited to, financial and legal matters.
- 7.2 The JV LLP 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 JV LLP Members (the Council and First Base BCR).
- 7.3 The Council will also have its own arrangements for monitoring and reporting risks at different levels of detail:
- via reports to Members relating to Bridge Close and the JV LLP including the periodic review of the Business Plan;
 - by the Council's client function and Bridge Close 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.

REASONS AND OPTIONS

8 Reasons for the Decision

- 8.1 By entering into the JV LLP, 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 site than if it relied solely on its role as planning authority and its land assembly powers.

9 Other options considered

9.1 A detailed options appraisal of the following options was undertaken:

- Developer led - Council adopts a 'do nothing' approach
- JV LLP with First Base BCR
- Commence an OJEU process to select a developer
- Commence an OJEU process to select a JV LLP partner

9.2 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

10 Financial implications and risks

10.1 The report seeks Cabinet approval in principle to invest a maximum of £75.1m of capital expenditure into a Limited Liability Partnership to deliver the regeneration of Bridge Close including a school, health centre and affordable housing. This investment is in excess of the available budget within the Approved Capital Programme and falls outside the approved Treasury Management Strategy. It will therefore require consideration and approval by full Council. Therefore, subject to Cabinet 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 budget process and will be subject to approval of the Capital Programme and Treasury Management Strategy in February 2018.

10.2 A total revenue surplus for the Council of £10.591m is forecast as a result of this regeneration scheme after meeting capital financing costs of borrowing. Although a deficit of £1.611m will be incurred over the first five years and will require General Fund revenue resources to support it until net income streams are generated. An estimated capital receipt of £3.1m is expected to be realised at the end of the scheme.

10.3 The financial information is detailed in the Exempt Agenda Report.

11 Legal implications and risks

- 11.1 The Council entered negotiations with First Base BCR, with a view to forming a limited liability partnership to carry out a comprehensive redevelopment of Bridge Close. The Council is acting lawfully under the Public Contracts Regulations 2015 (“the PCR”) because First Base BCR have the legal right to acquire (including by way of transfer into the proposed joint venture LLP) land interests in a major portion of the proposed development site.
- 11.2 The Council may therefore rely on Regulation 32 of the PCR because First Base BCR’s land interests negate the requirement to carry out a tender exercise. Under this regulation, the Council may lawfully make a direct award where “the works, supplies or services can be supplied only by a particular economic operator” for “the protection of exclusive rights, including intellectual property rights”.
- 11.3 The Council may justify not going out to competitive tender under the PCR because “no reasonable alternative or substitute” approach exists. In applying this test, the Council must not “artificially narrow the parameters” for proceeding with First Base BCR. This requirement is satisfied because:
- i. even if it were to pursue a CPO, and be successful in doing so, the potential compensation payable to First Base BCR, extra CPO process costs, probable timetable delays, and extra procurement costs in undertaking a competitive process, would be an unreasonable alternative/substitute;
 - ii. to meet the regeneration objectives of the Council for Romford arising from the regeneration opportunity at the proposed development site, no reasonable alternative or substitute site exists;
 - iii. First Base BCR would not voluntarily relinquishing its legal interests in the proposed development site; and
 - iv. a development on the land not held by First Base BCR would not represent a reasonable alternative/substitute means for delivery of a comprehensive development of Bridge Close.
- 11.4 The agreements entered into by First Base BCR, and the chronology of how such agreements were made, as well as the historic discussions between the Council and First Base/SIM Have been reviewed. Having regard to all factors and history members are advised that these land interest may be classed as “exclusive rights” because:
- i. First Base BCR has an absolute right to acquire these land interests. Although the agreements will expire on longstop date the landowners would retain the deposit monies paid; this puts First Base BCR under

commercial pressure to reach completion, and means they have an exclusive right they will seek to protect.

- ii. The agreements are such that the landowners cannot unilaterally terminate the agreements in order to facilitate a competitive tender process by the Council, except by being in breach of the agreements and therefore triggering a claim for compensation by First Base BCR.
- 11.5 The joint venture LLP will not be a contracting authority for the purposes of the PCR because it will not meet the definition of a "body governed by public law". This means that the LLP will not itself be required to comply with the PCR in placing contracts for services or works; meaning that such contracts do not necessarily need to be procured by way of OJEU under the PCR. However, to give assurance that the redevelopment is conducted in a way which ensures value for money, the LLP will adopt a procurement policy with value for money objectives.
- 11.6 Under the Council's constitution, there is a general requirement to follow EU competitive tendering requirements. However, paragraph 14.6.5 of the Council's Contracts Procedure Rules exempts the Council from compliance where there is a specific exemption under EU law (as there is in this case).
- 11.7 A Voluntary Ex Ante Transparency notice ("VTN") will be published in the Official Journal of the European Union to mitigate any procurement risk. In brief, a VTN involves publication of a notice describing the nature of the contracts to be entered into and the reasons (by reference to the Directive/PCR, and facts) for not publishing an OJEU and conducting a competition. Once published, any contractor/developer seeking to object and raise challenge, would need to do so within 10 days (after which any such challenge would be out of time).

Powers

- 11.8 Members are advised that the Council may rely upon the General Power of Competence ("general power") provided for in Section 1 of the Localism Act 2011 to pursue the proposed development scheme and related contractual structure with First Base BCR. Other statutory powers enable the making of the CPO. The general power is a wide power which allows the Council to do anything that an individual may do (subject to public law principles), but it is subject to certain statutory limitations.
- 11.9 Section 4 of the Localism Act 2011 provides that if the Council is exercising the general power for a commercial purpose then it must do so using a company. For this project the Council is proposing to enter into a joint venture arrangement with First Base BCR by way of the LLP. This approach is permissible because the Council's primary purposes in being a corporate member in the LLP are non-commercial and socio-economic in nature. The primary purpose behind the joint venture, and setting up of the LLP, is to

deliver the Bridge Close regeneration project, by way of housing development (to include affordable housing).

- 11.10 There is no current case law on the parameters of section 4 and what amounts to a “commercial purpose” in the circumstances, although many other local authorities have, on legal advice (including by way of Counsel’s opinion), established LLPs on the basis of a regeneration purpose. There is currently a legal challenge against another Local Authority on their use of an LLP, although the facts are not the same as this matter. The outcome of that case is awaited and any implications will be evaluated.
- 11.11 Sections 8 and 9 of the Housing Act 1985 impose a duty on local authorities to review housing needs in their district and provides them with related powers to provide housing accommodation by building and acquiring houses or by converting other buildings into houses. These powers can include provision via third parties.
- 11.12 Section 123 of the Local Government Act 1972 provides the Council with the power to dispose of non-housing land for best consideration. The Council will therefore need to demonstrate its compliance with section 123 when transferring, if any, land into the LLP. In order to demonstrate full compliance with section 123, the Council will need to take any necessary further independent valuation advice where necessary throughout the delivery of the project. However, the agreed position with First Base BCR is that land will transfer a full value and therefore in accordance with section 123.
- 11.13 The Members’ Agreement will allow for the LLP to set up subsidiaries to undertake site developments, by the agreement of the LLP members. This approach may be beneficial for the purposes of raising finance in a cost-efficient way. Any such subsidiary would be subject to prior approval of both LLP members (i.e. by the Council and First Base BCR). The establishment of subsidiaries will be lawful for both the Council and the LLP, where supported by a Business Plan in furtherance of the regeneration of Bridge Close and therefore the purpose for which the LLP is established.

State aid

- 11.14 State aid legal compliance will be managed on an ongoing basis. All land transfers from the Council to the LLP will need to be for full value so as to avoid a transaction being deemed to include the grant of state aid. Transfer at an open market value based on an independent valuation will comply with these guidelines.
- 11.15 The Council intends to invest on commercial terms that would be acceptable to a prudent private sector investor in the same circumstances. In doing so, the Council may rely upon the Market Economy Investor Principle and the proposed structure (contractual and investment) should be kept under

review as the project progresses to make sure that the Council's investment (by way of either land or finance), is always State aid compliant.

- 11.16 GLA funding will be used to support Bridge Close and it will be for the Council to ensure that (i) the GLA funding is only used in accordance with any specific requirements in the funding agreement (for example, to only apply the funding to any specified permitted costs), and (ii) that all such funding is State aid compliant (as required by the GLA). The LLP will be under a parallel obligation to ensure such compliance.

General

- 11.17 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.

- 11.18 The LLP 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 LLP) from its functions as a planning authority. This also has bearing on the appointment of nominees to the LLP's board.

Risks

- 11.19 The principle risks in the project are as follows.

a) Other forms of legal challenge – It is always possible for third parties to make challenge under 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 LLP, and taking a share of the development risk in the project. These risks would include the normal development risks, such as LLP or joint venture partner defaults or insolvency, 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 LLP. Also, the decision making and business planning

structure of the LLP enables the Council to participate in decisions at both board and corporate member level.

11.20 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.

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

12 Human Resources implications and risks:

12.1 The Bridge Close project will require continued involvement of officers from the Development team and other Council services. Bridge Close forms part of the Council's overall regeneration programme and a separate report setting out the Director of Neighbourhood Services' proposed arrangements will be presented to Cabinet in December 2017.

13 Equalities implications and risks:

13.1 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 a relevant protected characteristic and persons who do not share it 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, 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.

13.2 The Equality Impact Assessment for Bridge Close flows from the Council's Equality Impact Assessments for the Havering Estate Renewal Programme and the Local Lettings Plan. To inform the Bridge Close Equality Impact Assessment, engagement with affected residents and businesses has been undertaken, alongside a review of the wider Romford Town ward to establish a demographic profile of those affected. This broadly considered the impact of the proposal on these stakeholders, within the context of the protected characteristic. The Equality Impact Assessment will continue to be monitored and updated as part of a process of continuous engagement with stakeholders.

- 13.3 Overall, there will be some adverse impact from the redevelopment of Bridge Close, particularly as a result of the displacement and disruption caused to existing businesses, staff, residents and their families, and some religious groups. To reduce this impact, the Council is working closely with those affected and offering a full package of support, through access to dedicated advice and assistance, through the offer of financial compensation, by offering a range of options to help residents move to a new home and providing businesses and other groups with help in finding and relocating to new premises, as well as additional support to encourage business improvement and sustainability in the future.
- 13.4 The Council believes that the benefits of the Bridge Close redevelopment will outweigh some of the adverse impacts identified. The redevelopment of Bridge Close is predicted to be largely positive, presenting far reaching benefits and opportunities for Romford, Havering and its diverse communities. This includes making a significant contribution to the provision of new and high quality mixed tenure housing, which will be well managed, and sustainable, helping to reduce fuel poverty and contributing to the quality of life for people of all ages, genders, ethnicities and faiths/beliefs. Regeneration of the area will also support economic growth and prosperity across Havering, through creating new mixed workspace and community facilities, which will support business growth, enterprise and inward investment, as well as local jobs, apprenticeships and wider employment opportunities. The development will also help to create a greater sense of place and platform for learning, creativity and culture, whilst also supporting education, health, leisure and recreation. The introduction of robust estate management services across the development will also aid in preventing crime and social disorder, whilst the new neighbourhood will encourage social inclusion, community cohesion and equality, helping to foster positive relations amongst existing and new communities.
- 13.5 The development will also improve the local environment by helping to reduce the barrier effect of the Ring Road, creating a safer and more welcoming environment. The introduction of a new east-west pedestrian and cycle bridge will provide greater access and connectivity to the town centre and rail station, encouraging use of public transport, walking and cycling. A rejuvenated public realm and enhanced River Rom will create an improved blue and green amenity, both for the enjoyment of local people and visitors alike. The development will reintegrate Bridge Close with Romford town centre and in doing so will complement the town centre and help the areas expansion as retail and residential quarter, providing more choice and opportunity for the future and new health and education facilities as well as affordable housing for local people.

BACKGROUND PAPERS

There are none