



**Havering**  
LONDON BOROUGH

18/26  
Decision Now  
Made + Exempt  
Appendices

## Notice of KEY Executive Decision containing exempt information

This Executive Decision Report is part exempt and Appendices A to D are not available for public inspection as they contain or relate to exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972. They are exempt because they refer to commercially sensitive information, and the public interest in maintaining the exemption outweighs the public interest in disclosing the information

<b>Subject Heading:</b>	Agree the Heads of Terms of all loan agreements relating to 75 North Street
<b>Cabinet Member:</b>	Councillor Roger Ramsey Leader of the Council
<b>SLT Lead:</b>	Steve Moore, Director Neighbourhoods
<b>Report Author and contact details:</b>	Chris Hilton Assistant Director, Development.
<b>Policy context:</b>	The establishment of the Company was agreed in May 2015. The key rationales were to generate a financial return to the Council, contribute to the delivery of housing supply, ensure a right mix of housing for the borough and support the growth and regeneration needs of the Council.
<b>Financial summary:</b>	This report seeks approval of the Heads of Terms on the Loan to Mercury Land Holdings from the London Borough of Havering to fund the acquisition and development of 75 North Street

**Key Executive Decision – Part Exempt Report**

<b>Reason decision is Key</b>	(a) Expenditure or saving (including anticipated income) of £500,000 or more  (b) In excess of 10% of the gross controllable composite budget at Head of Service/ Assistant Chief Executive level (subject to a minimum value of £250,000)
<b>Date notice given of intended decision:</b>	18 <sup>th</sup> December 2017
<b>Relevant OSC:</b>	Towns and Communities Overview and Scrutiny Committee.
<b>Is it an urgent decision?</b>	No
<b>Is this decision exempt from being called-in?</b>	No

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

Communities making Havering	<input type="checkbox"/>
Places making Havering	<input checked="" type="checkbox"/>
Opportunities making Havering	<input checked="" type="checkbox"/>
Connections making Havering	<input type="checkbox"/>

## **Part A – Report seeking decision**

### **DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION**

#### **1. Overview**

The purpose of this report is to enact a delegation that was made by the November 2017 Cabinet relating to the Leader of the Council agreeing the HoT on the Loan Agreement for 75 North Street Hornchurch.

#### **2. Background**

At its meeting on 17 November 2017 (the November Report) Cabinet delegated approval of the Company Business Plan that incorporated the proposed development of the site at 75 North Street, Hornchurch subject to several matters including due diligence.

In January 2018 following satisfactory due diligence being received the Leader approved the Company Business Plan and North Street Business Case.

Cabinet also approved the recommendation that the Company should receive state aid compliant loans and funding from the Council subject to due diligence and agreement of inter alia heads of terms.

A separate Non-key Decision by Officers will be taken on the approval of the related Cathedral Court re-finance.

#### **3. Recommendations**

This paper seeks the approval of the Leader of the Council after consultation with the Cabinet Member for Housing Company Development & oneSource Management, the Director of Legal and Governance and s151 Officer to:

- i. Approve the attached Heads of Terms on a Loan Agreement for the acquisition and development of 75 North Street, Hornchurch, RM11 1ST

The Recommendation relates to the delegation approved under Recommendation 4 of the November 2017 Cabinet Report:

- i. Agree that the Leader of the Council after consultation with the Cabinet Member for Housing Company Development & oneSource Management, the Director of Legal and Governance and the s151 Officer will agree the Heads of Terms of all loan agreements.

### **AUTHORITY UNDER WHICH DECISION IS MADE**

The Recommendation of this decision relates to the delegation approved under Recommendation 4 of the November 2017 Cabinet Report:

**Key Executive Decision – Part Exempt Report**

- i. Agree that the Leader of the Council after consultation with the Cabinet Member for Housing Company Development & oneSource Management, the Director of Legal and Governance and the s151 Officer will agree the Heads of Terms of all loan agreements.

**STATEMENT OF THE REASONS FOR THE DECISION**

This decision is requested as state aid compliant loans and funding from the Council. This will provide a long term revenue stream for the Council in the form of interest payments from the Company to the Council and the financial objectives of the Council within the MTFS.

**OTHER OPTIONS CONSIDERED AND REJECTED**

A review of the alternative options of seeking to undertake funding from an alternative lender will not provide the Council with returns in the MTFS so this option was rejected. The do nothing option was also rejected as it would also not generate a return to the Council

**PRE-DECISION CONSULTATION**

The Leader of the Council after consultation with the Cabinet Member for Housing Company Development & oneSource Management, Director of Legal and Governance, the s151 Officer and the Director of Neighbourhoods have been consulted through correspondence and meetings.

**NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER**

Name: Chris Hilton

Designation:

Signature:

Date:

## Part B - Assessment of implications and risks

### LEGAL IMPLICATIONS AND RISKS

The Council as lender has been advised by Trowers and Hamlin LLP who has drafted and provided advice on the Heads of Terms, state aid compliance and due diligence. These reports are included as an appendix

The November Report contained legal implications which are applicable to this decision

The November Report contained legal implications which are applicable to this decision, however, the following are of particular note:

Section 1 of The Localism Act gives the Council a power of general competence which enables it to set up a company. The Council has trading powers under Section 95 of the Local Government Act 2003.

### FINANCIAL IMPLICATIONS AND RISKS

The November 2017 Cabinet Report contained financial implications and risks relevant to this report.

Additional risks and due diligence are appended.

### HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

Resource within the London Borough Of Havering and oneSource will be required to administer the loan and its repayment period. Sufficient resource has been allocated in the loan agreement documentation for this. Any additional people resources required will be funded from within the Loan Agreements and sourced via the Councils usual recruitment and/or agency worker processes.

### EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

These are covered in the Housing Company Equality Impact Assessment document, and in the future policies the Housing Company will develop for lettings.

### BACKGROUND PAPERS

None

### APPENDICIES

<b>Appendix A</b>	North Street Heads of Terms	Exempt
<b>Appendix B</b>	Financial model review of rates	Exempt
<b>Appendix C</b>	Financial due diligence	Exempt
<b>Appendix D</b>	Legal Opinion	Exempt

## Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me in compliance with the requirements of the Constitution.

### Decision

Proposal agreed

Proposal NOT agreed because

### Details of decision maker

Signed



Name:

ROGER RAMSEY

Cabinet Portfolio held: Leader of the Council

Date: 22/3/2018

### Lodging this notice

The signed decision notice must be delivered to the proper officer, Debra Marlow, Principal Democratic Services Officer in Democratic Services, in the Town Hall.

### For use by Committee Administration

This notice was lodged with me on 22/3/2018

Signed

